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POTUS [President of the United States] Trip to Venezuela, Brazil and Argentina (October 12-18, 1997) [Folder 2] [1]

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THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

For Immediate Release

October 12, 1997

PRESS BRIEFING BY
DEPUTY NATIONAL SECURITY ADVISOR JIM STEINBERG

By Telephone

8:18 P.M. (L)

MR. STEINBERG: Good evening, ladies and gentlemen. The Presidents met this evening for about 50, 55 minutes. President Caldera began by welcoming President Clinton, and then President Clinton presented a number of topics of concern. He began by thanking President Caldera for his leadership and particularly for his efforts in supporting democracy, rooting out corruption and supporting human rights over his very long career, and his courage in pressing ahead with economic reforms.

President Clinton in his comments focused on four issues principally. First he began with the economic issues and the need to move forward at the same time with opening markets and participating in the global economy while making sure that our governments were strong enough to make sure that everyone participated in the benefits of globalization.

He talked about the process that was launched at Miami towards the free trade area of the Americas, looking forward to launching a negotiation in Santiago.

Second, the President discussed the issue of counternarcotics. He thanked President Caldera for his efforts in that respect, in particular, for working with us toward the U.S.-Venezuela alliance which will be signed tomorrow and indicated that he hoped that over time that we could extend these kinds of bilateral agreements toward a broader, more multilateral arrangement involving all the countries of the hemisphere.

Third, President Clinton turned to issues concerning energy and the environment. He thanked President Caldera and Venezuela for its reliability as an energy partner over all these years and the willingness to open even further Venezuela to foreign investment including U.S. investment. And he also thanked him for his efforts to strengthen Venezuela's contribution towards clean energy and the environment. He particularly mentioned the Venezuela action plan on carbon emissions, and the President discussed his hopes that we would be able to move forward with both developed and developing countries sharing their appropriate responsibilities to deal with the problem of carbon emissions and climate change.

Finally, President Clinton raised the issue of Colombia, indicated that he was interested in learning more from President Caldera of his assessment of the situation there and its impact on Venezuela. President Caldera, in return, began with a discussion of the situation in Colombia, and particularly their concerns about the impact on the border and the cross border relations there and their hopes that the government of Colombia would work even more closely with them to deal with the problems of cross-border operations.

President Caldera indicated that he -- unlike situations in the past when a neighboring country stationing an army on the border might be a cause of concern, this is a situation in which Venezuela welcomed more strenuous efforts by Colombia to deal with that situation. President Caldera indicated his concern about the growing linkage between some of the guerrillas and the narco traffickers. That led him into a discussion of the narcotics problem. He indicated that Venezuela took very seriously its responsibilities to deal with the problem of narcotics transiting through his country. He noted that Venezuela was not a producer, although is now beginning to have something of its own domestic consumption problem; but agreed that both the consuming, producing and transiting countries all needed to work together more effectively.

He also indicated that he was increasingly concerned about the problem of money laundering and was looking for new ways to take measures to deal with that.

Finally, he also addressed the issue of climate change, noted the efforts that Venezuela was making to deal with that problem and observed that although Venezuela was -- that the oil sector was very important to its economy, that even if all fossil fuels were ultimately eliminated, that Venezuela could

still play an important role in energy because of its wonderful sunshine and the possibilities for solar energy.

He also touched on the importance of common efforts on human rights as an issue that concerned us all, and that all the countries of the hemisphere ought to work together to achieve.

President Caldera also touched on his hopes that the issues involving Venezuela's certification by the FAA could be resolved, and President Clinton promised to redouble our efforts to try to work with Venezuela to address that problem. And that concluded the discussion.

Questions.

Q What is our assessment of the Colombian -- situation in Colombia?

MR. STEINBERG: As you know, for a long time, we've obviously been concerned about the drug trafficking problem in Colombia. Colombia is the largest recipient of counterdrug assistance by the United States, and although we have had concerns about the leadership of the government there which has led to our decertification, we have worked closely with those sectors of the Colombian law enforcement community and the business community which are working very hard to deal with that. And we are also concerned about the growing linkages between some elements of the guerrillas and the narco-traffickers. And that's why we are particularly interested to get Caldera's assessment of the problem.

Q What guerrillas are you talking about?

MR. STEINBERG: There are two guerrilla movements that are active in Colombia -- the FARC and the ELN. President Caldera indicated that at least in the case of Venezuela that the biggest problem that they were having was with the ELN, which operates in the border area around Venezuela.

Q What about the stability of the Colombian government?

MR. STEINBERG: I think that we very much hope that as Colombia moves into elections next year that this be an opportunity for the strengthening of Colombian democracy and for moving forward and to deal with these problems; that we very much look forward to being able to have even a stronger relationship with all aspects of the Colombian government. But

that's an opportunity that will be available to the Colombian people.

Q Are the two guerrilla groups that you mentioned a threat to either the Colombian or the Venezuelan government in terms of political power or efforts to overthrow the government?

MR. STEINBERG: Certainly, President Caldera's assessment was that they were not a direct threat to Venezuela, but that he was concerned about these kinds of cross-border operations which could affect their kidnappings and the like among Venezuelans in the area -- so it's not a direct threat to Venezuela.

I think with respect to Colombia the situation is obviously very worrisome. Municipal elections are coming up in Colombia very shortly. There have been a number of political candidates who have been assassinated by the guerrillas. It's not a question of, I think at this point, of the government itself collapsing, but it's certainly a very serious challenge in many parts of the country to the government's control over the countryside.

Q Is the concern over the guerrilla threat causing the administration to rethink its policy of isolating and ostracizing -- given that General McCaffrey's about to --

MR. STEINBERG: I think we believe very strongly that the focus of our policy ought to be on dealing with the narcotics problem, and that one of the most effective ways to try to restore confidence is by effective measures to deal with that. So that will continue to be the focus of our policy.

The questioner mentioned, will this come up in connection with General McCaffrey's visit, and he will, in fact, be going to Colombia to discuss how to strengthen cooperation on counternarcotics.

Q You mentioned U.S. investment in the Venezuelan oil industry. Could you elaborate on that a little bit?

MR. STEINBERG: In the past couple of years, the government of Venezuela has taken a number of steps to liberalize the opportunities for foreign countries to invest in the oil sector, and the United States has been one of the principal countries that has been active in that. I don't have the numbers handy with me, but we have been one of the principal investors in the oil sector. And so the opening up of this market for foreign

investment has been enormously attractive to the U.S. companies and they have been able to take advantage of that.

Last question.

Q Did the President mention this theme of making sure that everybody comes along with the benefits of liberalization? Does he have specific plans for the U.S. --to unleash as he's going around on this trip to help poor people get the benefits?

MR. STEINBERG: I think it's something you will hear a great deal about on this trip in terms of how we can make sure that all countries and all people can come along. Some of it has to do with political democratization and greater participation, which he discussed with President Caldera. You'll be hearing a lot from the President about education and developing the skills that allow people to participate, and the kinds of partnership and training and education that make that possible and trying to give people an opportunity to try to participate, and how developing and developed countries can work together to expand their cooperation.

Thank you all very much.

END

8:27 P.M. (L)

U.S. DEPARTMENT OF STATE
Office of the Spokesman

(Caracas, Venezuela)

FOR IMMEDIATE RELEASE

October 12, 1997

REMARKS BY SECRETARY MADELEINE K. ALBRIGHT AND
FOREIGN MINISTER MIGUEL ANGEL BURELLI RIVAS

SIGNING OF AGREEMENTS:
MUTUAL LEGAL ASSISTANCE TREATY
AGREEMENT ON COOPERATION IN SCIENCE AND TECHNOLOGY
AGREEMENT ON MUTUAL ASSISTANCE BETWEEN CUSTOM ADMINISTRATIONS

Casa Amarilla
Caracas, Venezuela
October 12, 1997

FOREIGN MINISTER BURELLI RIVAS: Excellency, Madam Secretary of State, Ambassador Davidow, Ambassador Rabbitt, Ambassador Maisto, President of CARE, Ambassador of Venezuela in Washington, the Directors of this Ministry. The agreements we have just signed, plus those we will sign tomorrow in Miraflores, are part of what we had wished to accomplish on the occasion of President Clinton's visit to Venezuela. The media seem to believe that agreements are signed because presidents arrive, without realizing that in such cases what is politically important is the presence of the President himself.

We would have wished to celebrate this historic visit with the signing of several other agreements we have been negotiating and continue to negotiate, but those agreements have not yet matured. Permit me to inform you, Madam Secretary of State, how highly gratified we are at your presence here and I would like to take the opportunity here, in this my first opportunity to do so, that is, in my first public opportunity, to tell you that the foreign ministers of the Rio Group were very impressed by the gesture you made in inviting us to exchange ideas during the General Assembly session of the United Nations in New York. The Rio Group, Madam Secretary, as a political forum for concerted action, is a proper interlocutor, and hence the President of the United States, you yourself, and America's foreign policy have in all of us friends who wish to forge together with you peace in the hemisphere and the universe. God willing, these meetings which you have so wisely proposed will continue in the future to facilitate understanding and cooperation among neighbors who should not nurture mistrust between them.

Welcome, Madam Secretary. We hope that the fact that you are getting to know Venezuela, as well as the signing of these agreements, will encourage you to see us for what we unwaveringly and ineluctably are, and are obliged under all circumstances to be: good friends and neighbors.

Thank you.

SECRETARY ALBRIGHT: Mr. Foreign Minister, members of the Venezuelan government, ambassadors, ministers, excellencies, members of the American delegation:

It is a great pleasure to be here in Venezuela, and to begin my visit by signing three important agreements that reflect the breadth of interests shared by the people of Venezuela and the people of the United States.

The United States has allies, friends and interests in many parts of the globe. But we have no more natural partners than those with whom we share this hemisphere. We are bound together by our revolutionary past, our belief in human freedom, and our faith in a better future.

Two hundred years ago, Venezuela gave the world Simon Bolivar, who inspired freedom-loving Americans throughout this hemisphere. And just two weeks ago, Venezuela provided the last ratification needed to bring the OAS's Washington Protocol into effect, sending a strong message that coups, or any seizure of power outside the law, have no place in the democratic Americas.

Today our nations are as solid in our support for democracy and as close in our trade and economic ties as we have ever been. We have a firm foundation for cooperation in new areas.

But the same growth and integration we celebrate when it comes to trade also makes national boundaries increasingly vulnerable to criminals and drug traffickers. We have both an interest and a responsibility to cooperate in meeting these threats.

The agreements we are signing today will advance our efforts to seize opportunities and confront challenges.

The Mutual Legal Assistance Treaty strengthens our joint efforts in fighting drug traffickers, money launderers, terrorists and other criminals. It will facilitate activities from investigating crimes and interviewing witnesses, to freezing assets and collecting fines. The Treaty will make our law enforcement agencies confident partners, not just occasional allies.

And this Customs Cooperation agreement, building on the excellent relations between our customs services, will strengthen our joint efforts to combat money laundering, tax fraud, smuggling and other crimes. It will enable us to improve customs procedures on both sides.

The Science and Technology Agreement we are signing provides an umbrella for concrete cooperation in areas such as clean energy technology and parks management, on which our Cabinet colleagues will sign agreements tomorrow. And it will encourage more cooperation among our most talented scientists, perhaps on subjects we can barely imagine today.

As important as these agreements will be to our partnership, even more important is the breadth of cooperation we have developed based not on treaties, but on shared interests and values.

Our governments worked closely together to help build peace in Haiti and Central America.

Our political parties and trade unions have extensive ties

Our trade is high and growing -- in energy, in consumer goods, in services. not to mention baseball scouts, haseball academies, and baseball stars.

More and more of our students are choosing to study in each other's countries, and more and more of our citizens are traveling between our two nations.

That kind of education -- whether on a two-day trip, such as mine, or a two-year Fulbright fellowship -- is what best prepares each and every one of us for a new partnership in a new century, reaching toward fulfillment of a shared American dream.

And I would like to thank you Mr. Minister for your very kind words about the Rio Group meeting.

One of the great joys of having this particular position is that I am able to invite all of you to get together, and I look forward to doing this often in the future.

Muchas gracias.

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THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

Embargoed Until Monday October 13, 1997

FACT SHEET

U.S.-VENEZUELAN PARTNERSHIP FOR THE 21ST CENTURY:
PROMOTING COMMON SOLUTIONS FOR ENERGY DEVELOPMENT, TRADE AND
INVESTMENT, AND PROTECTING THE ENVIRONMENT

The United States and Venezuela have long enjoyed close ties in the fields of energy, commerce and the environment. In the last few years, with the opening of Venezuela's oil industry to foreign investment, relations in the energy field have become deeper and more comprehensive. Venezuela is now the United States' leading supplier of foreign oil, and the United States' number one export market worldwide for oil and gas goods and services, totaling over \$700 million in 1996 alone.

To solidify this beneficial relationship, the two Presidents agreed:

- **Energy Cooperation:** Secretary of Energy Federico Pena and Secretary of Energy and Mines Erwin Arrieta signed a Memorandum of Understanding on Energy Cooperation that will promote the development of diversified, competitive energy markets, greater energy efficiency, and the use of environmentally friendly energy sources through joint research, training, equipment exchanges and the promotion of joint ventures. This agreement also provides a framework for collaboration on Venezuela's ambitious program encouraging the conversion of Caracas' vehicle fleet to natural gas.
- **Climate Change:** To address the critical link between energy use and the climate change challenge confronting the world community, the United States has provided one half million dollars to Venezuela to develop a Climate Change study, providing a greenhouse gas inventory and mitigation analysis, and a Climate Change Action Plan.
- **Fulbright Energy for the 21st Century Scholarships:** The Presidents announced the expansion of the Fulbright Scholarship program to include Venezuelan students who, with the financial support of both the public and private sectors in both countries, will pursue studies in energy and the environment in the United States.

- **Bilateral Investment Treaty:** The two Presidents also agree to conclude as quickly as possible a treaty to promote and protect investment in each other's country. This treaty will require among other things a level playing field for US companies doing business in Venezuela by ensuring equal treatment under Venezuelan laws.
- **Environmental Cooperation:** The United States and Venezuela signed a Memorandum of Understanding for a five-year program of cooperation and exchanges in park management and conservation. This agreement will build on a major World Bank loan to modernize and expand Venezuela's park system and to develop an eco-tourism industry to help diversify Venezuela's economy. In addition, the United States announced that the Army Corps of Engineers will provide technical assistance to the Venezuelan Government on navigating the Maracaibo and Orinoco shipping channels, the main route for oil tankers. This project will help protect the environment by preventing further oil spills.
- **Science and Technology:** Secretary of State Albright and Foreign Minister Burelli signed an updated agreement to promote cooperative activities in science and technology with protection for intellectual property rights of investors in both countries. The most recent projects supports \$50 million in exports to Narze Engineering Company of Chicago for safe drinking water in Venezuela. The Trade and Development Agency recently announced over \$1 million in feasibility studies for environmental clean up projects.

As an example of the growing importance of our relations with Venezuela in the fields of energy, trade and the environment, the Overseas Private Investment Corporation (OPIC), currently provides \$370 million in risk insurance and financing to U.S. companies operating in Venezuela.

Examples of recent and pending OPIC projects in Venezuela include:

- Wilpro Energy Services of Oklahoma and Camco International of Texas have announced a \$245 million gas compression and pipeline project, supported in part by a \$165 million OPIC loan guarantee. This project will result in the export of over a hundred million dollars in goods and services from companies across the United States, including contracting services from Missouri, compression equipment from Ohio, piping from California and motors from Texas. The project also will have a direct impact on cleaning the environment by reducing the amount of gas that is emitted into the atmosphere.

- OPIC is providing \$25 million in insurance coverage to a joint venture between Science Applications International Corporation of California and PDVSA, Venezuela's national petroleum company, to manage PDVSA's computer networks. This project, SAIC's first foreign venture, will supply information technology, hardware and software support and computer system security, thus allowing PDVSA to privatize and outsource formerly internal functions.

Projects supported by the Export-Import Bank of the United States are another important example of the synergy between our commercial and environmental policies and the natural advantages U.S. companies enjoy in this part of the world. Ex-Im Bank approved a record \$344 million in financing to support U.S. exports to Venezuela in fiscal year 1997, more than double the amount financed during the previous two years combined.

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THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

Embargoed Until Monday October 13, 1997

FACT SHEET

U.S.-VENEZUELA PARTNERSHIP AGAINST CRIME

Recognizing the challenge of international crime to the security and prosperity of the 21st Century, President Clinton and President Caldera took strong action today to challenge drug traffickers and other international criminals who conduct, operate and organize criminal activity. These agreements, signed by senior officials including Secretary of State Albright and Foreign Minister Burelli, will strengthen the cooperation between the United States and Venezuela in their effort to combat this dangerous threat, including:

- **Declaration of Alliance Against Drugs.** The Declaration recognizes the growing threat posed by illegal narcotics to our societies and expresses the determination of both governments to increase cooperation to combat drug trafficking and to make concrete advances to reduce drug use, production and trafficking. Among the Declaration's provisions are the following elements of cooperation:
 1. Increase the exchange of intelligence information.
 2. Improve the counter-narcotics capabilities of government institutions, including the judiciary, police, prosecutors, customs, and intelligence agencies.
 3. Target criminal organizations and arrest their principal members.
 4. Reduce the demand for drugs by emphasizing educational program, especially for our youth.
 5. Strengthen controls aimed at preventing money laundering and the supply of precursor chemicals for the manufacture of illicit drugs.
 6. Build on existing drug interdiction efforts through negotiation of a comprehensive maritime agreement to prevent drug trafficking by sea.
 7. Strengthen multilateral mechanisms for hemispheric cooperation against drugs.

Building on the cooperation already underway in these areas, the United States and Venezuela signed a number of important agreements that will deepen bilateral cooperation against crime.

- **Mutual Legal Assistance Treaty.** The agreement obligates both governments to help each other investigate, prosecute and prevent criminal offenses. Assistance in this area will include taking testimony, providing documents, locating suspects and witnesses, transferring persons in custody, executing requests for searches and seizures, and forfeiting assets.
- **Joint Intelligence Coordination Center (JICC).** Located in Caracas, this center is part of a U.S. Drug Enforcement Agency (DEA) program to facilitate the exchange of vital information and intelligence to combat drug-trafficking and money laundering. The United States Government, through the Department of State's counter-narcotics program, will provide computer equipment and training for this center. The new JICC will exchange time-sensitive information about narcotics-related crime with the DEA's El Paso Intelligence Center (EPIC) in El Paso, Texas.
- **Mutual Customs Assistance Agreement.** This agreement, the first between both countries, will facilitate the exchange of information and assistance necessary to improve the customs operations of both countries, especially in preventing money laundering, tax fraud through the undervaluation of imported goods, and smuggling. The agreement establishes channels of regular and frequent cooperation in developing and improving customs training programs; establishing secure and reliable channels of communication for the rapid exchange of customs-related information; exchanging technical assistance, especially expert advice; and upgrading customs technology and procedures.
- **Counter-Narcotics Assistance.** The two governments also formalized agreement on the provision of approximately \$11.5 million of equipment and training for Venezuela to use in support of its counter-narcotics operations. This equipment includes two C-26 observation aircraft, six riverine patrol craft, one landing craft, and communications gear. More recently, in September 1997, the President directed an additional drawdown of approximately \$1 million in patrol boat spare parts (for two 82-foot coastal patrol boats transferred to the Venezuelan Navy pursuant to other authority), 100 PRC-77 field radios, and training related to Venezuela's canine drug detection program.

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

For Immediate Release

October 12, 1997

PRESS BRIEFING
BY MIKE MCCURRY

Tamanaco Inter-Continental Hotel
Caracas, Venezuela

5:09 P.M. (L)

MR. MCCURRY: Good afternoon and welcome to Venezuela. General McCaffrey is right now having a meeting with his counterpart and he will be here to provide part two of the set up briefings that we've given you for tomorrow. Secretary Pena, as you know, already talked to you about the energy aspect of the bilateral meeting that we'll have tonight. And General McCaffrey will talk a little bit about our cooperation with the government of Venezuela on countering narco trafficking.

And I can do whatever you want me to do. Do you want me to do the readout on tonight's bilateral now? Might as well.

Q Are you going to do any kind of readout on it later?

MR. MCCURRY: Yes. What we'll do -- at least Jim Steinberg, if not others, will brief the pool. But why don't I tell you a little bit about what we expect to cover in the bilateral meeting, assuming that some of that will be consistent with what is in the readout.

I think, first, the President will take the opportunity to praise President Caldera's life-long support of democratic change here in Venezuela, and take note of the significant progress that has been made toward democratization and economic liberalization during his service.

He will certainly encourage the government of Venezuela stay focused on economic liberalization, on judicial reform and

efforts to support the hemispheric move to free trade here. We are strong supporters of efforts to open markets here in Latin America and a large part of the economic growth that this hemisphere experiences -- North and South -- is because of trade liberalization. That is an important message of this entire trip, that commerce with these countries, between these countries and with the North is a positive thing for the peoples of this entire hemisphere. And that's a message I think you'll hear the President reinforce.

He certainly will spend some time, as Secretary Pena indicated, talking about ways in which we can promote the use of clean, renewable sources of energy. Venezuela's importance as the number one supplier of oil to the United States is so significant the all aspects of the efforts we're making to cooperate in energy research and development are likely to be a critical part of the conversation tonight.

The President will also talk about the improved counternarcotics cooperation that we've seen with the government of Venezuela. There's really been a turnaround there and a much more aggressive effort to work together to combat drug trafficking. This is -- as I think many of you know, Venezuela is, while it's a significant, although minor, originator of drugs that are in international commerce, its importance as a transit point is where we focus our cooperative efforts on counterdrug trafficking.

And they will probably talk about other regional issues, regional security issues, preview all those things that were on the agenda at the Summit of the Americas in Miami and that are part of the work plan that we are pursuing together with other democratic governments in this region as we think ahead to Santiago in 1998.

Those subjects and more to be covered in tonight's bilateral meeting and to be reported to you live in a briefing to your pool sometime after 8:00 p.m. tonight.

Q Mike, one on domestic matters. Does the White House have any particular reaction to the Attorney General's comments today, particularly where she -- it was in response to a question when she said she might take the investigation as far as interviewing the President?

MR. MCCURRY: I believe the Attorney General indicated she might want to pursue those conversations. Certainly if she did,

the President, through his attorney, David Kendall, would respond consistent with the cooperation we've extended to the Justice Department in pursuing the matter.

Q Did the President read the text of what she said this morning, or did he see it?

MR. MCCURRY: He has not. I think he got a very brief synopsis from people back home that watched it relayed as were in route here.

Q So does that mean if she asks for an interview of the President he would grant it?

MR. MCCURRY: I think it would depend on whether she does. She didn't indicate she would, she said she might. We would certainly consider it, consistent with the cooperation we've extended to her investigation.

Q So you're basically saying this probably would work out if it needs to?

MR. MCCURRY: I can't make and announce a decision that the President and his attorney would likely pursue, but I think I'm giving you some sense of what the spirit of the consideration of the issue would be.

Q It's open to question --

MR. MCCURRY: I think I gave you a pretty clear statement on that.

Q Do you know when the next batch of videotapes is going to be released?

MR. MCCURRY: No, but I think they want to do it swiftly. And I expect that they've been working all weekend long on it and will work on it tomorrow, even though it's a holiday. And we'll see where we are Tuesday when business opens up.

Q Mike, did you see the letter that Secretary Babbitt wrote saying that he had been inaccurate or simply made it up before when he said that Ickes pressured him not to intervene in the Wisconsin casino issue?

MR. MCCURRY: I didn't see it, I saw the reporting about it. It looked like the Secretary was trying to make sure the record was correct, and it's important for him to do that.

Q It sounds like he just made it up before, though. Is that of any concern?

MR. MCCURRY: Well, you can characterize things like that; I don't.

Q But didn't he admit that, Mike? That's in the reporting. He said that he had just --

MR. MCCURRY: I think the letter speaks for itself.

Q Mike, there are some reports out today that some of the tapes that would be forthcoming this week have the President congratulating John Huang and Charlie Trie for raising so much money.

MR. MCCURRY: I wouldn't be surprised because it's the same clip that you all have been playing for months and months now -- if it's the one event I'm thinking of where he clearly did do that and which you have played over and over again for the benefit of the American people.

Q So you don't think there are more private events where he did the same thing?

MR. MCCURRY: I haven't looked at all of those, but my guess is, at least in that one instance which you've already aired over and over again, we know of at least that one instance. So it wouldn't be a surprise to me if that same tape that your network pools have was captured by WHCA.

Q That's a tape where he thanks Huang, not Trie.

Q There was a story this morning in The Washington Post that talked about an oil pipeline that went across Northern Iraq. Is that a new pipeline or is that the old one that you were concerned with?

MR. MCCURRY: I think that was a discussion of proposed pipeline routes. I don't believe that pipeline exists at this point. But there have been various proposals on how to produce it or how to augment existing pipeline routes. And you know our position on that -- as the Caspian Field has developed, we

believe there should be multiple pipeline routes that make sure that the investment in energy resource and development in that region does not become tied up in some of the regional conflict and instability that exists there -- the reason for multiple pipelines. Our position is there should be multiple pipelines.

Q Some of the media in Brazil are reporting that the President's trip is not necessarily all that welcome to Brazil, that he could get a chilly reception, at least from some quarters. Are you concerned that some of the folks in Brazil aren't all that happy about U.S. policy --

MR. MCCURRY: They have a vibrant democratic debate and they debate relations with the North much the way we in the North debate relations with this hemisphere. So we'll see what kind of reception we get when we get there.

Q What can you say about the book that was given to businessmen that had the reference to endemic corruption that has now been changed?

MR. MCCURRY: I believe the State Department has briefed on that and indicated that they're altering the text.

Q Just a general question on the trip. When Bush came down here in '90, thinking there would be attention on the region and his policies and so on, they were surprised to see that basically he had, as one person said, had disappeared for a week, that nothing was written about policy toward the region. How does the President counter that lack of interest in South America?

MR. MCCURRY: There's not much we can do to instruct all of you what to write, what to report. We're doing some significant work here in a region that has undergone extraordinary change, and the pace of that change has accelerated since 1990. And the importance of this region to the people of the United States has grown because of the economic and political change occurring here in Latin America. And I think a lot of that is probably apparent to people who were on that trip in 1990 and are going to be on this one with the President. Hopefully, some of that will be reflected in the reporting back home. There's already been some --

Q How do you explain the historical apathy toward the region on the part of the American people?

MR. MCCURRY: Well, the American people don't often understand how dependent our lives are becoming on the types of changes that are occurring in an increasingly interdependent global economy. And one thing that we are doing on this trip is reminding the American people that when these countries accelerate in the changes that are making a material difference in the quality of life here, it creates opportunities for workers who export goods and services from the United States to countries like these that we are visiting.

Q Clinton is going to meet with members of the opposition and they are going to talk about corruption and lack of security -- what is Clinton going to say? What is going to be the message of Clinton?

MR. MCCURRY: Well, his message in Argentina will be that democratic processes are good and strengthen a democratic people. As you know, in Argentina they are in the midst of a campaign period; there is a very active opposition. President Menem's party will be contesting in bi elections and the elections coming up, I believe, in just over a week. And the fact that there is a vigorous political debate in Argentina is something the President will note and will say is a hallmark of an emerging democracy, which we consider a good thing.

Q Have you seen this open letter that a group of environmentalists have written here in Venezuela to the President urging that the United States cut back in terms of the oil development in this country for ecological reasons as well as the greenhouse effect potential?

MR. MCCURRY: I have not seen that letter specifically, but I'm aware that there is a debate here in Venezuela that mirrors the debate in our own country about the degree we should enforce steps that would result in binding reductions in greenhouse gas emissions. That is an area in which there is a considerable dialogue between the government of Venezuela and the United States.

The President, if this subject arises tonight in his bilateral meeting, will stress to President Caldera how important we take the engagement of the developing world in any international regime to reduce greenhouse gas emissions. Our argument is that all countries have to be a part of the solution. And I think that an economy like Venezuela's that depends largely on export-driven oil exports will, of course, be concerned about what the economic impact would be.

So they have a debate here between those that rely on that fundamental element of their domestic economy and then those, simultaneously, who are concerned about the long-term effect of dependence on carbon-based fuels, what the impact will be on global climate change. It's a healthy debate that is mirrored in the debate that takes place in the United States.

Q -- the current status of the investment and tax figures which were supposed to have been signed on this visit but aren't ready yet?

MR. MCCURRY: They are under active discussion and we certainly will take the opportunity of the President's visit here to encourage the government of Venezuela to make progress in negotiating a bilateral investment and tax treaty.

Q Can you explain why it's better for the United States to be dependent on Venezuelan oil as opposed to Saudi oil?

MR. MCCURRY: I don't think it's an either-or, or better, or less better situation. It is a fact and it's an important fact I think most Americans don't know. The Middle East is a region that has endured great conflict. The United States, within just a matter of years, was involved in a major military deployment there. So it is an area that is fraught with some of the questions of regional insecurity that we deal with in that region.

In contrast, Venezuela is here in the southern part of this hemisphere at a time in which there is growing respect for civil institutions, growing respect for military cooperation in the region, and important advances with respect to democracy, human rights. So I think it's significant that we do rely on Venezuelan imports, but the structure of the global oil market is something that not likely is going to diminish the importance of oil reserves that are imported from the Middle East.

Q Is McCaffrey still planning to go to Colombia after this to meet with President Samper?

MR. MCCURRY: General McCaffrey does have some additional stops after we depart on Friday. I believe Colombia is one of them. You may want to ask him. He should be by here in about a half hour or so. But I think he is planning to go to Colombia and he's got at least one or two other stops. He told me; I forget what they are now.

Q Mike, who rode up on the plane with the President today?

MR. MCCURRY: All told, let's see -- the Secretary of State, the Secretary of Commerce, Secretary of Energy, members of the congressional delegation that are accompanying us that were introduced at the arrival ceremony. I think most of our senior delegation introduced at the arrival ceremony were on Air Force One.

Q -- business leaders also?

MR. MCCURRY: Not that I saw. I'll go back and check the manifest or maybe, Joe, can you check the manifest, too?

Q Does the President expect much protest and in the other countries on his change in policy of lifting the arms embargo?

MR. MCCURRY: There may be discussion of it, but I think that, since we have taken that decision and briefed on it some months ago, most governments in the region understand our policy and understand the criteria we will use on a case-by-case basis to evaluate proposed transactions. And while there has been concern expressed, I think that any concern that would flare up here and make that a major issue of these meetings is probably diminished.

Q Do you know if President Clinton has been to South America as governor or at any other point in his life?

MR. MCCURRY: Kathy, I'll have to check on that. He's -- not that I'm aware of, but I'll go back and ask him. He has not been? Joe says he had to ask him last week, and he said no. Not ever? Not ever. Prior to.

Other subjects?

Q -- clear on the readout on --

MR. MCCURRY: McCaffrey will come and tell you about -- he will probably give you a better sense of some of the announcements we will make tomorrow on drug trafficking. And again, we will lay some kind of embargo around that to give you something to work with tomorrow. And if we get any sign that those embargoes are not holding on the other side of the

equation or for whatever reason, we'll consider lifting that if we need to. But I think that we're just trying to preserve that so everyone's got a leader for tomorrow. But he'll be here, and then we'll do something for the pool.

You guys aren't watching the game?

Q We don't get it.

MR. LOCKHART: One and one in the fifth.

MR. MCCURRY: One and one in the fifth. There you go. All right.

Q Will McCaffrey be here about 6:00 p.m.?

MR. MCCURRY: He told me -- his meeting was wrapping up at about 5:30 p.m., and he thought he could probably be here around 6:00 p.m. So we'll get him on as soon as he gets here. And then I guess that's -- one of the reasons, obviously, we're doing these sort of preview briefings tonight is because we're on such a clipped schedule tomorrow to get out. So if you will try to be around at some point -- I guess I'll try to be around, and Joe will be around at some point during the morning tomorrow to deal with anything we need to deal with.

Q -- the remarks for tomorrow?

MR. MCCURRY: His remarks will set the scene -- appropriately so for Columbus Day, about the important ideas we share. He previewed a little bit of that with the concept of a new world in the arrival statement today. But Columbus Day is celebrated here in Venezuela just like it is in the United States, and I think talking about the extraordinary possibilities that exist as we discover the new reasons to cooperate in the post-Cold War era and looking ahead to the 21st century and defining that and setting the scene for our engagement in this region is what the President would like to address tomorrow, with some specifics about matters that are important with our relationship to Venezuela -- energy being very high among them -- and also respect for democratic institutions and the nurturing and deepening of democratic institutions.

I just made that up, but it sounded pretty good.

Q I won't follow up on that. (Laughter.)

MR. MCCURRY: All right, see you later on.

END

5:29 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

For Immediate Release

October 12, 1997

REMARKS BY PRESIDENT CALDERA
AND PRESIDENT CLINTON
AT ARRIVAL CEREMONY

La Carlotta Air Base
Caracas, Venezuela

3:10 P.M. (L)

PRESIDENT CALDERA: Mr. President of the United States of America, Mrs. Clinton: It is a very pleasurable duty for me to greet you today on behalf of the government and the people of Venezuela, and to express to you and your wife our most cordial and warm greetings.

You come representing people that is our friend. We are both united by geographical and historical links. But we are linked as well by the requirements of our two nations. As the President of the most important country of the world, we know that your coming here today will put Caracas in the eyes of all the observers on this Earth and will have analysts study the significance of your coming here. We know that your visit here today is really -- has been an incentive for us to prepare the signature of many agreements and also to prepare a declaration of intention of other agreements, the intention of which is shared, but the details of which have yet to be finalized.

So we know that you come as a contribution -- we know that we are linked with you with a solid friendship. We know that we both have a solid commitment to our people. We know we both have a commitment in the fight for liberty, a commitment for democracy which must be reenforced in all nations of the globe as is stated in the Preamble of the Venezuelan Constitution.

We know you come here -- we both have a commitment for peace, which is so necessary. We know we have a commitment, a

joint commitment, against corruption, against delinquency, against drug trafficking that threatens the values of our youth. We know we share a commitment for the same values and also for a fight against poverty, which undermines the faith for the future of so many people. But besides all this, and above all this, we know that we share a commitment for a clear, crystalline liberty.

We know you, Mr. President, are very much committed towards globalization and want the United States to play this role, so that globalization will mean the improvement of the lot of all, and not sometimes the worsening of conditions for some. We know that this is your very special commitment and we Venezuelans share it.

So let me now say, Mr. President, Mrs. Clinton, welcome to Venezuela. Welcome to the land of Bolivar. Welcome to South America. (Applause.)

PRESIDENT CLINTON: President and Mrs. Caldera, ladies and gentlemen, on behalf of the entire American delegation and all the American people, let me first say, saludos, amigos. It is good to be in Venezuela.

When the first explorers came to the Americas centuries ago, there was no distinction in their minds between North and South America -- it was simply the new world. Now we have an opportunity to bring the Americas together again. A land united by shared values from Alaska to Patagonia. A place the rest of the world can look to and say, this is where the future lives.

Indeed, we are present at the future. Every country but one in our hemisphere is now a democracy. Command economies have given way to free markets and the more widespread prosperity they bring. We tear down trade barriers and create good jobs for all our people in the Americas, North and South.

Even as our governments are devoted to free markets and enterprise, we assume the necessary responsibility for meeting their challenges -- to educate our children, to protect their health and the environment, to defend their liberty and human rights. If we stay this course, in the 21st century the Americas can be a stronghold for security and prosperity; a model to the world that democracy, open markets and cooperation can deliver blessings to all our people.

Venezuela has been a driving force in this quiet revolution. Your democracy is strong after weathering difficult challenges. Your economy is growing in the wake of real sacrifice. The strength you find in Venezuela's diversity is indeed an inspiration to every nation in our hemisphere.

The United States is proud of its partnership with Venezuela, proud that we share a fundamental optimism about the future and a common resolve to work toward securing the benefits of peace and prosperity. From an abiding faith in democracy to a willingness to fight crime and corruption, from energy development to environmental protection, from music to baseball, we are united by our concerns and by our passions.

Thirty-six years ago, John Kennedy became the first American President to visit Venezuela. And speaking to the people here, he cited his predecessor, Franklin D. Roosevelt, and his earlier efforts to promote friendship between the nations of this hemisphere -- and I quote -- "united by nature and united in their common aspirations." Today, I proudly follow in the footsteps of both men, committed to sustain their impulse to reach across borders and learn from our friends and neighbors, for our mutual benefit.

As we stand on the edge of a new century in a new millennium, we are very much like the first explorers who came here centuries ago -- we can see a new world in the making. That is our chance and our responsibility. Let us seize it together.

Thank you. (Applause.)

END

3:27 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

Embargoed For Release
Until 7:00 A.M. EDT
Monday, October 13, 1997

PRESS BRIEFING BY
SECRETARY OF ENERGY FEDERICO PENA

Tamanaco Inter-Continental Hotel
Caracas, Venezuela

4:20 P.M. (L)

MR. LOCKHART: As discussed before, Secretary Pena has joined us here now to discuss the agreement we will sign tomorrow. This information and briefing is embargoed until 7:00 a.m. Eastern Time tomorrow morning.

Secretary Pena.

SECRETARY PENA: Thank you very much, Joe. Good afternoon, everybody. Let me, before I talk specifically about the agreement we'll sign tomorrow, perhaps put this in a little broader context.

As you know, the President focused in the first part of this year in strengthening democracy and security and prosperity in Europe, and now in this part of the year, we are focused on the hemisphere. This comes out of, obviously, the Summit of the Americas, which was an historic and momentous meeting in and of itself. But we're going to now build on that and carry on our work here in the Americas as respects helping democratic governments, opening up markets, and continuing cooperation.

Here in Venezuela, we have an agreement which we'll sign tomorrow, and let me put that in context because I think many Americans don't understand, frankly, the very significant relationship that the United States and Venezuela has in the energy sector. And it is important both from a national security perspective, and also an economic perspective.

For every one percent growth in the Latin American economy, U.S. exports are over \$5 billion in terms of goods and services to Latin America, and those exports support 100,000 jobs in the United States.

Now, we have been working, as you know, very hard since the Summit of the Americas to continue our trade and our relationships throughout the hemisphere, and our relationship with Venezuela has been quite longstanding, particularly in the energy sector. Venezuela is the largest supplier of oil to the United States. If you were to ask someone in the United States today, who is our largest importer of oil, one might think of Saudi Arabia. It is Venezuela. Eighteen percent of the oil that we import comes from Venezuela.

Venezuela is also one of the biggest investors in our refining and our gasoline retail market. People might be interested to know that the Citgo Company -- and you may have seen Citgo throughout the United States -- is a Venezuelan company. It is one of the largest retail operators in the United States with 15,000 service stations in the United States. So it's very clear that from a Venezuelan perspective, their investment, their exports to the United States is vital to their economy.

Conversely, U.S. companies have come to play an increasingly important role in Venezuela's energy market. The United States is currently the largest investor in Venezuela's economy, and we want to maintain that status.

The opportunities for private investment in Venezuela's oil area is estimated to be \$30 billion over the next 10 years. The Venezuelan government projects that they will need \$30 billion of investment to fully utilize the energy possibilities in this country.

In the last two rounds that the Venezuelan government had in allowing for competition from international oil companies, U.S. firms won nearly \$700 million in that round. So this is truly a win-win partnership and relationship between the United States and Venezuela.

We obviously want to continue that relationship and expand on it. So, tomorrow, we are going to sign a new energy bilateral agreement. This will build on an agreement that we had had for some time, going back to 1980. However, it will

expand our relationship with Venezuela to go into some new areas -- energy efficiency, renewable energy, energy regulation and energy information. Let me be a little more specific.

We are going to agree to conduct joint studies and projects to facilitate energy planning and the formulation of policies which are related to energy production and use. We are going to work with them to help them further establish the regulatory system, particularly as they go about deregulating their electricity market. As you know, in the United States we are now thinking about and are working on a deregulation effort in the area of electricity; that is also happening here in Venezuela.

We're going to help them with promotion of trade and investment that fosters greater productivity, sustainability, and reliability of their energy markets. We are going to design training activities and educational materials to strengthen their institutional capabilities, particularly in the promotion of cleaner and the more rational use of conventional energy, energy efficiency and renewable energy. We're going to exchange scientific and technical information in this area. And a number of other things -- we're going to exchange the training of personnel from both of our countries. We're going to continue to exchange information and collaboration on sources of support to develop studies and energy analyses, and also we're going to assist them in the purchase or the loan of equipment which is needed to carry out many of these areas.

So we're going to sign this agreement tomorrow. It's going to broaden our relationship and hopefully build on a longstanding relationship we've had with Venezuela for a number of years.

Let me say that since the Summit of the Americas, Venezuela and the United States have led -- have essentially cochaired the energy sector of the Summit of the Americas. And I want to publicly congratulate the Venezuelans for their leadership in the hemisphere in the energy arena.

We have been working, for example, on an initiative to bring electricity to the rural areas throughout the Americas, using renewable energy such as solar and wind power -- something which many of the countries in this part of the world are interested in pursuing. We want to use economically competitive and environmentally friendly systems which will literally bring light to parts of this hemisphere which do not have electricity.

We're working very hard as we build to the new summit, which will be held in April in Santiago -- energy will be an important part of that. And obviously, we are very focused now on global climate change. I'm having a meeting this afternoon with my counterpart, Minister Arrieta, to talk about this. We want to work and have worked with Venezuela, for example, in helping them produce a rough draft of a climate change strategy for Venezuela which we think will be very helpful as we work together with a number of countries in the hemisphere, moving towards Bonn and then into Kyoto.

So let me just conclude my comments by giving you a little more information about the role of U.S. companies in the three areas of energy in this country. Number one is marginal oil fields. They have focused in trying to generate more production out of their marginal oil fields in that area. The United States companies have invested or won \$680 million in bonuses.

Secondly, is their strategy which you call apertura, which means opening -- opening up to new oil fields. There this involves joint ventures between U.S. companies and another company. Of the 18 of those joint ventures which have been signed, nine have involved U.S. companies.

And lastly, the Venezuelan government has embarked on something called strategic association. This is where their state oil company called PDVSA negotiates an agreement with a private party. They have conducted five of those and those are in the heavy oil area. U.S. companies have won three of the five in heavy oil.

So you can see that U.S. companies are doing very well here. And, of course, it is, again, another example of the win-win relationship between the United States and Venezuela.

Let me end there and take your questions.

Q Could you talk a little bit about the President's meeting tomorrow with the oil executives and what's kind of the topic of discussion there?

SECRETARY PENA: Well, there will be a number of us speaking tomorrow with U.S. business people, but it will be focused on energy. Obviously, I'll be addressing, much as I did today, the longstanding relationship between the United States and Venezuela, for all the reasons that I've articulated. We're

going to talk about how we can expand that. Secretary Daley will talk a bit more expansively about general trade issues, and Secretary Albright will talk about that in the context of foreign affairs.

But we hope that we can hear from U.S. companies and others about their concerns, how both governments can work more constructively together to address perhaps some of the issues that U.S. companies have in particular.

We sense that clearly the Venezuelan government would like to have more U.S. investment, more international investment. I gave you the estimate of their needs that they're going to have for the next 10 years, and so they really welcome and need international investment. And a number of U.S. companies have been very pleased with the opening of the market here and, frankly, the success that our companies have had in investing here. So we're going to talk about all of that.

The one point that we do want to emphasize, however, is this notion of how we can continue this relationship by being mindful of the environment, how we can continue to foster clean energy investment practices which U.S. companies happen to have on a worldwide basis and we want to continue to share those. And lastly, how we can continue to work together on global climate change. And I'll be talking about that tomorrow in my address to the group.

So I think all those issues will come up tomorrow, but overall I would summarize by saying we've got a very positive relationship now, one that is important from our national security perspective and being less reliant on more unstable parts of the world, one that is good for our U.S. companies which invest here and one that is good for the Venezuelan economy which is so reliant on their oil exports to the United States.

Q Secretary Pena, what's your outlook for U.S. dependence on Venezuelan oil in the future? Will it be more dependent on it, or less, or do you have plans for that?

SECRETARY PENA: One of our strategies in the Department of Energy is to diversify the source of oil from throughout the world and to be less dependent on unstable parts of the world. So we're very pleased that Venezuela is our largest exporter of oil to the United States, and we're very pleased to be their -- our largest importer there.

So we would like to see that expand. Please remember that Canada and Mexico are also large importers of oil to the United States, which we also favor. But to the extent that we can be more reliant on hemispheric oil and less reliant on more unstable parts of the world, that will ensure to our national security benefit, and frankly, it will help us integrate the economy of the hemisphere, which, as you know, is one of our long-term strategies.

So for both those reasons, we want to continue to see Venezuela export more oil to the United States and we want to import more oil from the hemisphere.

Q Secretary Pena, I understand the Venezuelans plan to double their oil production over the coming years. How much of that is tied to the U.S. market, and to what extent was the U.S. involved in encouraging that?

SECRETARY PENA: Well, we do encourage their further production of oil, and you're right, they want to double their production to about 6.9 million barrels per day. And we believe that with that, the percent of oil that we're importing from Venezuela will increase, for the reasons that I talked about earlier. And so, we generally support their increase in production. We would like to see, of course, more U.S. companies involved in that production. We think that U.S. companies bring the very best practices in terms of efficient and clean operations to a country like Venezuela. And so for all those reasons, we think this is a very important relationship both for the United States and Venezuela. And we support their commitment to try to double their capacity in about 10 years.

Q When you talk about clean energy practices, what are you talking about?

SECRETARY PENA: Well, U.S. companies are known worldwide for their exploration practices, for their development practices in being respectful to the environment, in basic things like seismic technologies, actual development of oil, et cetera. And we want to expand that and share that with the Venezuelan government. And then beyond that, as you know, we're very committed also to clean energy practices. So we're interested in having further discussions with them about solar energy, renewable energy and more energy efficient practices.

Q Two questions. First of all, how much oil of its oil does the U.S. get from Saudi Arabia in percentage terms? And secondly, I may have missed it, but do you or any members of the delegation plan to meet with some of the environmental groups who are concerned about the environmental effects of expanded oil production?

SECRETARY PENA: Let me give you the latest figure in a second. But, generally speaking, Mexico, Saudi Arabia and Canada take turns being number two and number three on a monthly basis in their imports to the United States. But I will get you a specific figure. It is slightly below the Venezuelan number, but let me get that to you in a second. But Venezuela has emerged as our number one importer.

Q (Question asked and answered in Spanish.)

Q Sir, you were talking about helping them get loans for equipment. Is there a dollar figure attached to that, and can you be a little more specific?

SECRETARY PENA: We don't have a dollar figure yet, but this is an area where we think we can be helpful. As you know, there are a number of financial institutions that are available to be a part of this. But it's a topic that they want to discuss with us further. So we will engage and hopefully come up with some creative ideas on how we can make this machinery and equipment more available to Venezuela.

Q Are you talking about OPIC or Ex-Im Bank loans? Is that what you mean?

SECRETARY PENA: Those are some of the sources that we might be able to pursue. In fact, OPEC is already involved in Venezuela.

Q Could you answer that in English, actually? The trade and the investment and double taxation --

SECRETARY PENA: The point I was making is that we have not finalized the negotiations, and Secretary Daley will talk about that tomorrow, I'm sure. But we very much hope we can complete those negotiations and that will I think further improve the tax climate to encourage even more U.S. investment in Venezuela. So we think we're moving in the right direction.

Q But in the absence of that deal, how greatly is U.S. affected?

SECRETARY PENA: I've already given you I think a very good summary of how U.S. companies are already investing here. We can see that only improve and increase with the addressing of the tax issue.

Q Second question, are you going to meet with the ecological groups who are complaining --

SECRETARY PENA: Apparently I don't have a session scheduled with them on this trip.

Q What do you say to them in their criticism that developing the oil industry here is ruining the ecological balance?

SECRETARY PENA: Well, we want to work very closely with Venezuela to make sure that they continue to use best practices. Again, U.S. companies we believe have some of the best practices in the world, and we can share that with them. And secondly, we are going to, in the agreement we're going to sign tomorrow, begin to address questions like renewable energy, solar energy, energy efficiency.

So for all those reasons, we think the agreement we're going to sign will help us broaden our relationship and begin to address some of the environmental questions that are being raised by some of these groups.

Q Can we get a list of the executives invited tomorrow from your office?

SECRETARY PENA: I believe so.

Q When you meet with your counterpart this afternoon on greenhouse gases and climate change, what exactly do you say for your part when the United States hasn't finalized its own policies towards greenhouse gases and the Kyoto Summit?

SECRETARY PENA: Well, generally speaking -- as you know, the President has said that we want to, as part of whatever commitment we make in terms of targets or timetables, to also support joint implementation, which allows U.S. companies to invest, for example, in the developing economy and get credit for the reduction of emissions there. We want to support a

global emissions trading system and we're trying to develop support among a number of countries which are going to Bonn to support that kind of an effort.

So those are the topics that we're going to discuss, frankly, throughout the hemisphere to generate more international support for those two concepts, which we think are very important to a commitment to climate change which will allow us to meet those targets and timetables without having the kind of negative impact on our economy.

Q How would you characterize Venezuela's stance today?

SECRETARY PENA: Well, we have, as I said, already helped, working very closely with Venezuela, develop a rough draft of a climate change strategy for their own country. So we'd like to further that work, and, again, by talking about joint implementation, emissions credits, and other tools the President believes are very important to our strategy going into Bonn and Kyoto, hopefully further those throughout the hemisphere and get more international support for this.

Q How do you reconcile, though, your commitment to reducing harmful emissions and the impact on global warming with the desire to increase the production of Venezuelan oil to nearly 7 million barrels a day?

SECRETARY PENA: Well, we all know that at least in the short- to mid-range, oil is going to be a very important -- going to continue to be a very important part of our economy. The key is to find a way to use the best development practices, refinery practices to reduce emissions. The key is to find a way, as we're doing with the partnership for a new generation of vehicles to develop a new car for the next century in cooperation with the Big Three to reduce emissions from those new cars.

So there is a consistency in what we are doing in providing for our national security by looking to more favorable parts of the world for oil and also looking to more sustainable practices in that area.

In addition to that, we're going to continue to foster renewable energy, solar energy, energy efficiency to complement those strategies that we're using in the energy production area. So I think there is a complementary aspect here, which I think makes sense.

Q (Asked and answered in Spanish.)

SECRETARY PENA: What I said was General McCaffrey will be here this afternoon to speak more specifically about the problem of drugs and the threat and the impact it's having on economic development and oil and gas exploration.

Thank you all very much.

END

4:44 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

Until 7:00 A.M. EDT
Monday, October 13, 1997

PRESS BRIEFING
BY DIRECTOR OF THE OFFICE OF NATIONAL
DRUG CONTROL POLICY, GENERAL BARRY MCCAFFREY

Tamanaco Inter-Continental
Caracas, Venezuela

6:06 P.M. (L)

MR. MCCURRY: It gives me a lot of pleasure to introduce the Director of the Office of National Drug Control Policy, General Barry McCaffrey.

This is going to get cumbersome and it, no doubt, will screw everyone up, but we're going to try to do the following: The General has had some good sessions that he will talk to you about. And some other folks in our government have been talking about some of the things we are working on cooperatively with the government of Venezuela. We are going to try to keep this as a live, on-the-record briefing. There is a portion of this briefing where the General has agreed to give you a little snapshot of the agreement we'll sign tomorrow on counterdrug trafficking strategy. That portion of the briefing we'll try to embargo until tomorrow at 7:00 a.m., so it's consistent with the embargo that we've got on the paper that we're going to give you.

Is that to everyone's satisfaction? We'll try it and hopefully it will work. The General is good about it, telling me he's got a very well-organized presentation that will make that possible.

Thank you, General.

GENERAL MCCAFFREY: Let me give you a quick overview of our discussions with the Venezuelans while we're here. And I just finished a session with Minister Carlos Tablante, who's their Drug Czar.

There are three principal things we're going to try and accomplish before we leave. First of all, the Secretary of State has already signed this afternoon a customs agreement, number one, which will try and outline mechanisms of cooperation related to the interdiction of drugs.

Venezuela sits on one of the principal drug smuggling routes out of Colombia. As you're aware, a good bit of the some 850 metric tons of cocaine that's produced each year is actually transformed -- in Colombia and then goes out either off the north shore by boat, out of ports on the Pacific side, by light aircraft up into Central America. And then one of the other major and growing smuggling routes is by air, sea and land through Venezuela -- perhaps 100-plus metric tons of cocaine a year; perhaps 10 metric tons of heroine a year.

The seizures have gone up dramatically. The Orinoco River represents not only a smuggling route out, but also an opportunity to bring precursor chemicals in that are headed into Colombian production facilities. So the customs agreement is an important one.

The second thing the Secretary of State will sign is a mutual legal assistance treaty -- MLAT. And if you read that -- I'm sure it's available for you -- it will start establishing better mechanisms for the two judicial systems to cooperate on a wide range of court cases and investigations. So rather than going through the old notion of -- there are principal points of contact identified in the two countries and this will have, we think, significant impact on the drug issue.

And then, finally, tomorrow Madeleine Albright will sign with the Foreign Minister of Venezuela a strategic alliance against drugs, which I'll talk about in a bit, which will begin to set up a better integrated U.S. and Venezuelan effort on a wide range of points of contacts.

There are three documents I'll hold up and make sure you're aware of them. Two of them go as a matched pair. One is the U.S. national drug strategy, and the other is the Venezuelan national drug strategy, which had been recently completed. It's a fairly comprehensive and pretty sophisticated piece of work.

They have put a great burst of energy into this in the last year. The Minister they have charged with this responsibility is very focused on a central part of his effort, which is prevention of drug abuse, particularly among children. They have begun a very sophisticated and wide-spread campaign on radio, TV, the Internet, to talk to their children about the dangers of drug abuse. Really a first-rate piece of work. So Tablante has visited me in Washington. We've shared thoughts over the past year. We think he's on track and intend to form a partnership.

Now, let me, finally, tell you that the EMBARGOED piece -- if I may ask for your agreement to that -- is the details of the agreement that Madeleine Albright will sign tomorrow. There's a handout that Mike McCurry's people put together that you have available. It has seven principal points. When you actually read the text of the document -- we've bagged them up in seven areas -- but when you read the text of the document, there are 13 points of commitment. And perhaps the most significant is -- point number one -- is an agreement that we will both cooperate to reduce the demand for illicit drugs through the sharing of experts and educational programs on prevention programs aimed at kids.

I won't read through all 13 of them, but they cover every aspect. And if I may offer an analog -- it's the beginnings of the kinds of cooperation we're trying to build in the high-level contact group with Mexico. So we commit to, for example, establishing a money-laundering mechanism, a permanent group that can meet and discuss this.

Now, having said that, a lot of these are already ongoing. The Venezuelans have established a financial enforcement center. Stan Morris, from the U.S. Finance Enforcement Center, has already been down here and they are putting that together. I would also suggest to you that we have already begun cooperation on a joint intelligence coordination center, a JIC, which is again located with Minister Tablante CNA headquarters -- an attempt by him to pull together not only the National Guard and the judicial police, but also members of the Armed Forces.

I would suggest to you that down the line what we'll try and do is connect their Joint Intelligence Center -- coordination center -- into our own EPIC -- El Paso Intelligence Center -- at some point, once we've established the procedures for vetting people and passing information without blowing operations.

Final thought, if you will, on Venezuelan attitudes. USIA information sheet, that I'll make sure you have access to, talks about the rather obvious thing that Venezuelans and U.S. have tremendously positive impressions of one another. When you look at Venezuelan Gallup polls, they're up on -- 76 percent very, or fairly good opinion in the United States. One stat I would flag your attention to -- the opinion of the U.S. counternarcotics assistance is up at 81 percent very or fairly favorable. So Venezuelans in general look positively on cooperation with the United States in the counternarcotics problem.

Now, the reason for it is there are growing rates of drug abuse in this country, along with every other nation in the hemisphere. The last places drug abuse reach was Argentina and Chile, and it's now a factor in those two countries also.

On that note, why don't I stop and respond to your own questions.

Q Is there a ship rider agreement among the things that are going to be signed tomorrow?

GENERAL MCCAFFREY: ON BACKGROUND, there's a 1991 ship rider agreement. There has been an additional protocol signed about three months ago that covered U.S. boarding parties on third country national ships. We had a problem over the last year where there were four blown boardings, where we couldn't get permission with an LDET about a Dutch or British or other foreign vessel, aboard a Venezuelan vessel. That's been solved with a protocol. We are committed to future development of broader maritime treaty cooperation. So that is not nailed down; that's a point of commitment to continue discussions.

Q How big of the problem of drugs in the United States originates from Venezuela?

GENERAL MCCAFFREY: Let me tell you the figure I use, and I think it's sort of a flaky one. There's about 10 metric tons of heroin coming out through Venezuela, transiting somewhere. It would be my own guess that some of that ends up in the United States. As you may know, last year, for the first time in our history, 62 percent of our heroin seizures were South American seizures. It's a deceptive statistic because I think it reflects good police work by the customs and DEA in two airports -- Miami and New York -- more than it does necessarily gauge on how much heroin is coming out of Colombia.

But having said that, Colombia produced 6.5 metric tons of heroin. So some of it's coming out through Venezuela and into the U.S. On cocaine, we assert that a little over a 100 metric tons transits Venezuela, of which probably half goes to Europe, and half to the U.S. So if you believe my stats, that's 50 metric tons into the U.S., with a demand that we say is about 300 metric tons a year -- a sixth of it.

Q The mutual legal assistance treaty was signed today --

GENERAL MCCAFFREY: -- and a customs agreement.

Q -- and a customs agreement. And tomorrow is the strategic alliance against drugs.

GENERAL MCCAFFREY: Exactly. So those three documents form a real core group of enhanced cooperation. One important aspect, indeed a central aspect, of which is the drug criminal issue.

Q So the only information that's embargoed is the third treaty --

GENERAL MCCAFFREY: That's it. The nature of the 13 points, which you have in a handout -- Mike would like to save that until 7:00 a.m. tomorrow morning, so that the two Secretaries can sign that alliance. But the fact they're going to sign an alliance is fair game.

Q For this agreement to work, this agreement with Venezuela --

GENERAL MCCAFFREY: If we had the same things, what?

Q -- would it be better if you also had something similar with Brazil -- can you compare there what you have there, what you intend to achieve on the trip to Brazil? If you have those same figures --

GENERAL MCCAFFREY: Well, one of the things President Clinton, Secretary Madeleine Albright and I are doing is we tabling throughout these three countries, and I will go on to Bolivia and then Colombia for four days over the weekend and next week -- we're tabling a State Department document on multilateral cooperation in the control of drugs.

So I think the notion on the table -- and this is not a substitute for certification, it's the opening of a conceptual debate on how can the hemisphere work the drug issue in a partnership. The target is to have an informed discussion in Santiago in April.

Brazil is obviously an important part of that equation. Now, what I would suggest to you is that Brazil is vital to the leadership of the hemisphere. We have far greater forms of dialogue and cooperation today than we've ever had in our history. They are very receptive, for example, to the discussion of this topic the day after tomorrow. I will meet with all their chiefs of military services at their request, and their Secretary of Defense. I will meet with their Minister of Justice. I will meet with the Alliance for Drug-Free Brazil. I will go to a school prevention program and a treatment program. So I think the lines of discussion have been really opened in the last two, three years. It's remarkable change.

Now, the transit zone problem affects Brazil also. As we successfully -- we meaning Peru, Colombia and the United States -- confronted the air bridge from Peru, Bolivia, up north into Colombia, a lot of that traffic went to river and coastal smuggling, but other aspects of it is now going out of Bolivia, south into Argentina, and out of Bolivia and Peru and Colombia and into Brazil. So it is having a tremendous impact on Brazil -- environmental damage, rising rates of crime in Rio. They have made some incredible seizures -- multi-ton seizures of cocaine. They're extremely concerned about it, and interested in cooperation, as long as we do it with absolute deference to the sovereignty of Brazil. So, I think that's what we're going to talk about with the Brazilians.

Q Secretary Pena said you'd talk a little bit about how drugs are affecting the oil industry, the development of the oil industry here. Can you help us with that?

GENERAL MCCAFFREY: How drugs are affecting the oil industry?

Q The drug trafficking, yes.

GENERAL MCCAFFREY: On the surface of it, I don't know of any connection. The oil industry -- petroleum industry is increasing their production output. The problem with drug trafficking is that Venezuela represents a huge river in an air flight path, in a massive road-crossing from Colombia to get

drugs out without facing up to our increasingly successful sea and air interdiction out of Colombia. So there's 30,000 trucks and vehicles a day, for example, crossing that border between Colombia and Venezuela -- massive cross-border vehicle traffic. And it represents a way to smuggle cocaine and heroin out to ships or light aircraft out into the eastern Caribbean, or north into the United States. But I don't see a real connection. You'll have to excuse me with the oil industry.

Q The things that in the -- with Colombia, guerrillas supported by drug cartels have done in Colombia 49 attempts to oil industry in Colombia. And we have very close --so how important is this to United States to be in Venezuela, the number one provider of oil to the United States before this menace. We have this problem just with our neighbor. So that can happen in Venezuela.

GENERAL MCCAFFREY: I may have missed the first part. You're talking about incursions -- border incursions?

Q Yes, we have that in Venezuela. And also, guerrillas supported by drugs --

GENERAL MCCAFFREY: Yes, well. I understand. Your question is a good one. Poor Colombia is faced by some -- we say 15,000 guerrilla forces of the FARC and ELN. They're armed with very sophisticated weapons. They have taken control of perhaps 40 percent of the countryside, particularly the parts of the frontier that border on aspects of Venezuela. They are trained to intimidate the electoral process in Colombia successfully, telling people they may not run for mayor, they may not stand for public office, assassination of government officials. And we are aware that it's a tremendous threat, cross-border threat to Venezuela. And I think it's one that both Venezuelan and Colombian authorities are concerned about and are discussing and are trying to face up to.

Q But what is the position of the United States? How important is that for the United States?

GENERAL MCCAFFREY: I think two democracies -- two partners are both very important to us. Venezuela's obviously important to us, culturally, historically, economically, with it's oil deliveries. The security of both these nations is important to all of us in the hemisphere.

Q Who did Secretary Albright sign the agreements with today?

GENERAL MCCAFFREY: I assume the Venezuelan Foreign Minister.

Okay. Thanks again.

END

6:25 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

For Immediate Release

October 13, 1997

REMARKS BY PRESIDENT CLINTON
AND PRESIDENT CALDERA
AT SIGNING OF U.S.-VENEZUELA AGREEMENTS

Miraflores Palace
Caracas, Venezuela

10:00 A.M. (L)

PRESIDENT CALDERA: This simple ceremony, together with the ceremony that was held yesterday in the Casa Maria in the Foreign Office, mean the commitment of our two countries, Venezuela and the United States, to the signature of important agreements.

We have wanted to benefit from the visit of President Clinton, to be able to put the final words on the negotiations that had been already underway and the documents that have been signed now, and also to advance negotiations regarding other documents where there are still different points of view in both countries. However, all of these negotiations and documents ratify the advisability and the need for our countries to enter into agreements of this nature.

For us, it is a great honor to see the President of the United States enter South America through the gateway of Caracas, and in doing so, ratify his message of goodwill to the people of this hemisphere and of the entire globe.

So we invite all of you present here to accompany us to the National Pantheon, where President Clinton is going to give his message to the hemisphere from the steps of the burial place of the father of our homeland.

Thank you. (Applause.)

PRESIDENT CLINTON: President Caldera, Foreign Minister Rivas, Energy Minister Arrieta, Dr. Tablante, Secretary Pena, Secretary Albright, Special Envoy McLarty, to all the Venezuelan and American officials here, ladies and gentlemen.

Mr. President, our hemisphere is coming together in a spirit of mutual respect and equality rooted in democracy, which you have championed for so long. And now we can become a stronghold for security and prosperity, and an example to the world that market democracies can deliver for all our people.

These agreements on energy and counternarcotics are practical results of the partnership between the United States and Venezuela, which is strong and growing stronger.

Last year Venezuela became the United States' number one supplier of foreign oil. But for the last 80 years, Venezuela has been a rock of stability, staying out of the oil embargo, stepping in to boost production in moments of crisis from World War II to the Gulf War. The investments we have made in each other's energy sectors have created good jobs and spurred innovation in both our countries. The people of the United States are grateful for the benefits of our modern partnership.

Today's energy agreement will strengthen that partnership for tomorrow, helping us to provide cleaner energy from more sources to more people more efficiently.

Let me thank Secretary Pena and Minister Arrieta for their hard work and their teamwork in getting this done, and for the example of leadership they set for our entire hemisphere.

The Alliance Against Drugs we embrace today also enhances our partnership and our future. For throughout the Americas, drugs threaten the very fabric of civil society. They destroy lives. They spread violence to our streets and playgrounds. They corrupt and kill law enforcement officials. They create instability that can sweep across borders. Drugs are not simply a problem for the United States or for Venezuela; they are our common problem, and we must fight back together.

In the United States we are working hard to reduce demand, with the largest antidrug effort in our history. But we must also be relentless in attacking supply. The Alliance Against Drugs is an important step forward. New equipment and training for Venezuela's drug fighters, including patrol boats and surveillance planes; deeper cooperation between our law

enforcement communities to speed prosecutions and extraditions; a Joint Intelligence Coordination center to share information and coordinate antidrug operations -- each of these initiatives will make us stronger in the fight against drugs, and our children safer for the future.

Mr. President, Minister Rivas, Dr. Tablante, Secretary Albright, General McCaffrey, thank you for making the United States-Venezuela Alliance Against Drugs a reality. And let me thank all of you here for taking the partnership between our two countries into the 21st century.

Thank you very much. (Applause.)

END

10:15 A.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Caracas, Venezuela)

For Immediate Release

October 13, 1997

REMARKS BY THE PRESIDENT
TO THE PEOPLE OF VENEZUELA

Plaza El Panteon
Caracas, Venezuela

11:10 A.M. (L)

THE PRESIDENT: Mr. President, let me begin by thanking you for your warm introduction and your invitation to speak at this sacred place. I am deeply honored to be the first foreign leader ever to address the people of Venezuela at the Tomb of Simon Bolivar.

To the people of this city, I thank you for the extraordinary welcome you have given to Hillary and me, and to our entire delegation. Todo esta chevere en Caracas. (Applause.) Todo esta chevere en Venezuela. (Applause.)

Let me welcome especially all the young people who have come here today and say a special word of appreciation to the National Youth Orchestra, which played our National Anthems and my favorite march so magnificently. It is to the young and their future that I wish to speak on this day. (Applause.)

It is especially fitting that we meet here at the Panteon National, for the liberator belongs not only to Venezuela and the other nations of the Andes, Bolivar belongs to all the Americas. He stands alongside Washington and San Martin and the pantheon of liberty's heroes. He was the first to imagine a hemisphere of democracies, united by shared goals and common values. His example stirred the hearts of men and women throughout our region. Indeed, today we in the United States can

still mark the frontier of our nation in the 1820s by finding our towns, our counties, our villages named Bolivar in the states of Missouri, Ohio, Tennessee and West Virginia.

When the liberator died, his vision of freedom and peace in the Americas seemed an impossibility. How I wish he were here today to see his spiritual heirs here in Venezuela and throughout the Americas turning his dream into a reality.

Our hemisphere is growing closer every day. Driven by shared values and common purposes, we have put the age-old dream of a democratic and prosperous family of the Americas within our reach. In the last decade, every nation in the Americas but one has embraced democracy, giving its people a vibrant free press, free elections and the rule of law. Decades of coups and bloody civil wars have given way to the peaceful transition of power. Stifling command economies have been replaced by free markets, giving innovation and more jobs and higher incomes. We are joined in the search for social justice within market economies. And we are all working to leave our children a planet as healthy and bountiful as the one we inherited.

I come here today to salute the people of Venezuela for the extraordinary part you are playing in this quiet revolution of the Americas, and especially to salute President Caldera for a lifetime of leadership for liberty. You, Mr. President, have carried the torch that Bolivar lit for more than half a century, and we are all in your debt. (Applause.)

Other nations in our hemisphere have been drawn to the path you have blazed. For Venezuela is a world center of energy -- oh, yes, petroleum, but also energy for peace and freedom; energy for democracy and prosperity; and I might add, energy for world-class baseball players. (Applause.)

Your democracy has weathered powerful challenges, but never wavered. Under the leadership of President Caldera, you are building a state that is popular, just and moral; a state in which, as Bolivar said, the rule of law will signify the triumph of equality and freedom.

Americans look to Venezuela and see a growing economy, renewed and strengthened by sacrifice. We know the hardships you have endured, but look what you have achieved. you have cut your debt and cut inflation by more than half. You are moving industries into the competitive free market. You are opening your doors to foreign investment to create new opportunities for

Venezuelan workers. And your determination will pay off, in more jobs, higher incomes, and better prospects for your children in the coming century.

We Americans also look to Venezuela and see an example of how different people can come together as one community and one nation. On this day, we recall the moment when Columbus joined the peoples of the Old World and the New World. Venezuela shows all of us how we can draw strength from the joining of different peoples.

From Bosnia to Central Africa, from Northern Ireland to the Middle East, one of the greatest challenges to peace and freedom in the world comes from people who hate others because of their religious or racial or ethnic differences. And they claim those differences as justification for taking away their political rights, their homes, their freedom, sometimes even their very lives.

Venezuela has shown us a better way. Here, the children of Europeans, indigenous Americans, and Africans live together as one people. Here, every Venezuelan is a ciudadano. (Applause.)

For all the progress we have made together to advance democracy, free markets and full citizenship, we much acknowledge that a great challenge remains to make these forces work to the benefit of all our people. To do that we will have to intensify our efforts for economic growth, social justice and environmental protection and against the common threats to our security.

At the Summit of the Americas in Miami, our nations pledged to create a free trade area of the Americas by 2005, uniting the creative energies of 800 million of us, from Alaska to Argentina. We will tear down the barriers of the past and open wide the doors of the 21st century. (Applause.)

The speedy exchange of goods, ideas and investment will bring benefits of the new economy to all people, including the people of Venezuela -- from the oil workers of Monagas to the ranchers of Llanos to the entrepreneurs of Maracaibo.

I want the United States to do its part, and I am seeking the fast track negotiating authority from Congress that every American President has had for over 20 years, so that we can work with our partners to open markets, create jobs and raise living standards for all. (Applause.)

We must also recognize that no democracy, including the United States, has yet found the perfect formula for growing a free economy while preserving and extending the social contract for all our people. That is why we must work harder together to alleviate poverty, lift the conditions of working people throughout the hemisphere and give everyone a chance to be a winner in the new economy.

While we do not have all the answers, we do know we must begin with the reality that whether we all like it or not, global economic integration is on a fast track. And, therefore, we must give all our people the tools necessary to compete and succeed in it.

Because we want all our people to succeed we have, from the Summit of the Americas in Miami to next year's summit in Santiago, put education at the center of our cooperation. All our children must be ready for tomorrow. (Applause.)

And we owe it to our children to see that today's progress does not come at tomorrow's expense. We must do more all across the Americas to improve our stewardship of the environment, clean our air, clear our water, keep toxic chemicals out of our soil and reduce the volume of greenhouse gases we put into our atmosphere, risking dramatic and dangerous changes in the climate for our children and our grandchildren. (Applause.)

And just as we work together to seize the opportunities of this new era, so we must also move together swiftly and strongly against the new threats it has produced. In both our countries drugs poison our children and threaten our neighborhoods. The United States is working to reduce drug demand at home and to attack drugs all along the pipeline that brings them into our streets and our schools. Today our government signed wide-ranging agreements that join us in an alliance against drugs. Thank you, Venezuela, for the tough stand you are taking in this fight for our common future. (Applause.)

And I thank President Caldera for leading this hemisphere in the fight against corruption. Corruption destroys confidence and fragile democracies, erodes free markets, saps the strength of law enforcement. It undermines all we are working so hard to build. Venezuela's leadership has lead to a common commitment to fight corruption, to beat it back, to stamp it out. (Applause.)

To the people of Venezuela, I want you to know the United States is determined to work with you in a spirit of respect and equality, as friends and partners, to claim the benefits and carry the burdens of this new era. (Applause.)

Now, on this day when we remember Columbus' remarkable arrival over 500 years ago in the Americas, we embark on a new voyage toward a new century and a new millennium, steering our course by the stars of freedom and democracy, partnership and respect, prosperity and security, not for just a few, but for all our citizens. (Applause.)

Here, before the Tomb of Simon Bolivar, let us pledge to redeem in full the vision of the liberator. More than 160 years ago, he spoke to us of a Western Hemisphere that commanded envy and respect, as he said, "not so much by virtue of her ahead and wealth, but by her freedom and her glory."

Today, I pledge to you, hijos de Bolivar, that by our work, now and into the new millennium, we will secure that freedom, and with it, the glory of all the people of the Americas.

Thank you and God bless you. (Applause.)

END

11:40 A.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Brasilia, Brazil)

For Immediate Release

October 13, 1997

REMARKS BY THE PRESIDENT TO THE POOL

Aboard Air Force One

3:15 P.M. EDT

Q Are you going to get a bad reception in Brazil?

THE PRESIDENT: I don't think so. You know, historically, there have been strained relations between the United States and Brazil. I met with President Cardoso when he was President-elect at the Summit of the Americas, and of course he's been to see me. And we worked very hard on this. I think it will be a very good trip.

Q Janet Reno says she might want to interview you as the investigation goes on. Do you have any problem with that?

THE PRESIDENT: As I said before, I'll do anything that is necessary to get her and the Justice Department the information they need. I just want them to have the information they need and then be free to make the right decision.

Q Do you understand why she's mad, and have you done anything to try to prevent it from happening again?

THE PRESIDENT: Of course I do. You think she was mad; you should have been there when I heard about it.

Q So you were mad, too?

THE PRESIDENT: Of course, but I'm -- first of all, I think Lanny Breuer was on television yesterday explaining what happened on the delayed notification. And, you know, I think he made a mistake -- but he said that. And he's worked very hard at his job. And they're all -- as you can imagine, they've got

all this work that any White House Counsel would have and then all this to do. But I think it was a good thing that he and Mr. Ruff went on and explained the facts of what happened.

And as far as WHCA is concerned, what they -- I don't think they intended to mislead anybody. They've been working hard to try to find all the information they've got. I think they've got a few more tapes which, as I understand it, won't surprise any of you that have been going to the fundraisers with me for the last years. They basically just -- as I understand it, that's what they are, they show events. And they're going to turn them over.

Q -- any of these tapes of you directly soliciting or anything like that. You don't think --

THE PRESIDENT: Look at them. I think they're perfectly fine. But I want the committee to have them, the Justice Department to have them.

WHCA tries to take a little snippet of everything that I'm involved in so they have it recorded for history. It's fine. I do want to make it clear that -- as I understood the inference of the first -- I was unaware of this because I never saw the request for information or the efforts to provide it. But I think Mike has made it clear that we never had any sort of secret taping system like was -- the Kennedy or Nixon or Johnson administrations did. We've never done anything like that.

Q Mr. President, is Congress nitpicking with you -- the committee nitpicking by wanting all this information and wanting names of people who handled the tapes and all these other, what seem minute details? Is that nitpicking?

THE PRESIDENT: We had given them 100,000 pieces of information before -- the committee -- and we'll give them whatever they need to do their job.

But I think they'll find, for example, on handling the tapes -- you know, all these WHCA people that I've dealt with, they're career service people, they're not political, they're trying to do their job, as they see it, to get some video record of the things a President does. And they're doing their best to fully comply. They're career military people, not politicians, and for all I know they've never been involved in anything like this before, and I think they've done their best. They've

worked like crazy to try to find out if they had anything else on file.

And I think they're doing -- I think the Senate and the House and the Justice Department will be satisfied that all those folks did their best.

Q Attorney General Reno has been under a lot of pressure from a lot of quarters. Having been a state attorney general, what kind of standard do you have for how an attorney general should handle this kind of a situation and deal with the --

THE PRESIDENT: There is one quarter from which there has been no pressure -- ours. I have gone out of my way to have no conversation with her -- about this or, frankly, anything else, which I'm not sure is so good, except I saw her at the event the other day that we did the other day that we did for the police officers, where we announced the trigger locks on handguns.

I think the Republican attacks on her have been completely unwarranted. It's interesting -- it would be hard to make a case that she was reluctant to follow this law. There are facts, there are standards, there are all kinds of procedures set out about how this law is supposed to operate. And she ought to be let alone to implement it.

Q When you say that it's been "not so good" that you haven't been able to always have contact with her -- do you mean there have been times you would have reached out to her on some issue or some subject, that you haven't because you were afraid about how it might be perceived.

THE PRESIDENT: I haven't even entertained it one way or the other. I just think that, at least until she finishes her complete review of this and makes a decision one way or the other, it's better if all the contacts be sort of in official channels unless some huge national emergency arises. You know, Mr. Ruff talks to the Justice Department all the time. I just want to make sure, particularly with all this unwarranted political talk in the air coming from other quarters, I just want to make sure that we don't compound it in any way, shape, or form. I think that these are legal judgments that have to be made on the basis of the facts, on the basis of what the practice is, and of course the law -- all the things that are in that law. It's very explicitly set out, and so I think she should be left alone to do it. That's what I'm trying to do.

Q There is this one tape, in which a fellow who turned out to be a -- says James Riady sent me. And Republicans are trying to make a big deal out of that. What do you say about that? Is there anything nefarious there?

THE PRESIDENT: That's the wealthy Asian who was a resident immigrant that gave the DNC a lot of money over a long period of time? Well, first of all, until the DNC decided to return his contributions, I was unaware that he had given and certainly how much he had given. But I don't think there is anything to be made of that. He was an Indonesian. He was a friend of James Riady, who -- I have known James since the 1970s in Arkansas. So I draw no inference from that and neither should anybody else.

You know, I've already testified -- discussed that, that the Riadys, when they came -- James came to see me in the meeting that's been discussed, he basically said he supported my China policy and urged me to stick with it. That was it.

As I've said repeatedly, a lot of other people, in a way that was totally appropriate, in discussing the Middle East with me or the expansion of NATO or the problems between Greece and Turkey, you know, have been much more explicit and specific in detail than saying, here's what I think we ought to do. That's part of the way a democracy works -- people should express their opinions. I took no offense at it.

Q As you watch these tapes, these moments, the same kind of scene again and again, what goes through your mind? All the work the was involved? I mean, you seem to --

THE PRESIDENT: I haven't watched, so I don't know. But as I have said repeatedly, and I know that some of you have scoffed at me for saying it, the coffees, in particular, I found quite helpful, because they brought in all kinds of people from all over America, and they just talked. Most of the times -- I would say the vast majority of the times -- the issues raised by people at the coffees did not bear directly on their personal business activities. And I wish, I have said repeatedly, that we had at least a print reporter at all these coffees so they would have been reported and there wouldn't have been any undue suspicion about it.

It never occurred to me one way or another, because Presidents have meetings all the time without reporters there. But in this case -- we still meet with groups of people,

although not necessarily just political supporters. I think those kinds of things are good.

But in terms of the fundraisers, when I see the films of those, it just reminds me of how hard we worked last year. And we knew we were going to be outspent, and we just didn't want to be outspent too bad, so we did a lot of fundraisers.

Q Mr. President, Janet Reno by Wednesday has to make a decision about whether to proceed to the next stage of the investigation of the fundraising phone calls. Early reports say she won't go forward because there is no direct proof that you made phone calls. How do you feel facing that deadline and those reports?

THE PRESIDENT: I do not want to say anything that interferes with her decision in any way. I have no comment.

Q Are you saying uncategorically that you would speak to her if she wanted to interview in connection to that?

THE PRESIDENT: I think, first of all, it's up to them to decide -- the task force, the Attorney General -- whether they have the information from me they think they need. If they think they need more, as I have repeatedly said, I will do whatever I can to get them whatever information they think they need.

Q Including speaking to her?

THE PRESIDENT: If she wishes to interview me.

Q Can I switch the subject? Back to Brazil, where do you think this American bashing is coming from? How do you account for it?

THE PRESIDENT: You mean, the recent press lately? Well, I don't know. There is some speculation that there were some problems with the advance team in Brasilia, something like that. Is that right? I don't know about that. I can't comment on it. But this is a rather challenging trip for the advance team because we have so many members of Congress and so many Cabinet members. It's sort of a big group to move around.

I hope that our people haven't done anything inappropriate. I know that that's something we worked very, very hard on. When I became President, I heard sort of generic criticisms that

often the Presidential team -- everywhere, I don't mean my predecessor; I mean, just generically -- sometimes they were thought to be a little overbearing.

So we've done a lot of kind of training work on that topic, and we try not to do that. So I don't know anything about the facts. If we did anything we shouldn't have done, I'm sorry. But I can tell you this, the relationship that I hope that we have with Brazil is better than it's been in a very, very long time, maybe ever -- but certainly in a long time. And the relationship we need to build with Brazil is critical to the future.

If you go back to Ron Brown's list of 10 emerging nations, go back to anybody's analysis of which countries will really have a huge impact on the future, particularly for us in our back yard, Brazil is one of them and one of the leading potential candidates for a much larger role in the world in the 21st century. And I view that as a positive thing.

I think it's an exciting, interesting place with a fabulous culture -- great music. I was down here listening to my Brazilian music I brought along with me.

Q You brought some?

THE PRESIDENT: Oh, yes.

Q What did you bring?

THE PRESIDENT: I've got a lot of my old Antonio Carlos Jobim records. But I also have some newer records back at the house. I left some of them back.

I feel basically quite positive. I think Cardoso has been an exceptional leader -- defending Brazil's national interests, understanding its unique challenges, and trying to form a constructive partnership with us while building a Mercosur alliance and reaching out to other countries on the South American continent. So I feel very upbeat.

But if there are a few scratches on the record that you hear as we go in, keep in mind -- you have to see this against the background of the historic relationship between the United States and Brazil, which was much more tense and conflicted than it is today.

Q Mr. President, for the average person back home, what would you hope that he or she would draw from your experiences that you're having here in South America -- the trip itself, your message?

THE PRESIDENT: Well, I would hope that the average person would think, number one, it's a good thing for America that these countries believe in democracy and free markets, because that means that it's less likely that we'll have the kind of difficulties we had 30 or 40 years -- actually going back to the beginning of the century -- in the Americas because of political upheavals, military dictatorships, things of that kind.

Number two, I am convinced that there is an increasing determination among the South Americans to join us in a common fight against drug trafficking and crime, and that's important.

Number three, I hope they will see through your reporting and the pictures you send back that there is an enormous amount of economic potential down here, and it's a great market for America's goods and services, and we ought to be selling more to these people.

They have been very willing to buy our products. Seventy percent of our increase in trade in the last year has come from Canada to the tip of South America, and we need to do more. I hope that -- and I hope all of you when you leave here -- will think that we made a better case for fast track just by being down here, just by seeing the enormous economic potential and how the Latin Americans can use things that we have to sell in ways that benefit us both.

Q -- until now?

THE PRESIDENT: Well, I think there are a lot of reasons. But I think one problem is, there is a lot of residual over NAFTA. The people who were against NAFTA are against this. But in the case of NAFTA, you had Mexico on our border with 100 million people and a set of very specific terms in the trade agreement, so that there were a lot of winners as well as people who thought they were going to lose. So the scales of the debate were more evenly balanced.

Plus the other consequences -- the political consequences, the immigration consequences, the drug consequences -- as well as the economic benefits, were all much more stark and immediate with Mexico and NAFTA.

The fast track vote is a process vote to give the President the power to present other trade agreements to the Congress. Two categories of them have generally been very popular with both Democrats and Republicans -- that is, anything that expands global trade under the WTO, which is good for us because we're competitive; and sector-specific agreements like the information technology agreement we negotiated, which is going to create tens of thousands, maybe even a couple hundred thousand good American jobs in the next few years.

The third category is where the controversy is. It would give Ambassador Barshefsky the ability to try to negotiate an agreement with other individual countries, except here, the people who weren't for NAFTA or the people who think that it didn't work or the people who were worried about something else, they have their worries out there, but we don't yet have the specific benefits out there, except in a conjecture because I don't have an agreement. NAFTA was a specific agreement.

So, in a way, the opposition can burn a little whiter heat and show a little more intensity. And I think that that's a difficult thing for us.

I also think, in fairness to the Democrats, we have raised the issue -- all of us, I'm not using the Presidential "we" -- our party put the question on the agenda, really, about the role that labor standards and environmental standards should have in the trade equation. And we're having an in-house debate about what the best way to do that is.

You know, Senator Moynihan, for example, who's got a very strong pro-labor record at home and abroad and a very strong trade record, thinks that there shouldn't be trade sanctions applied for specific environmental or labor issues, but we ought to be able to go at it in other ways.

Mr. Gephardt believes we shouldn't have another trade agreement unless it contains trade sanctions for labor and environmental reasons, or at least that we ought to try to negotiate that.

What I tried to do is to leave most of our options open there so that I could get the best agreement I can, but knowing that, regardless, I'm not going to negotiate an agreement that I do not believe is in the best interest of the United States.

Congress will be able to review it and decide whether it helps create jobs and a better future for us.

And I think that engaging these countries will increase our ability to influence them as they try to raise labor standards and deal with environmental issues.

The Venezuelans -- we were talking -- they understand that they can't preserve their democracy in a free market economy unless they try to strengthen the social compact. They've got to figure out a way for more people to do well and they've got to figure out an intergenerational strategy that not only supports education for children but protects the environment.

So I think that we're going in the right direction -- the direction that the opponents of fast track want to go in; that is, those that are really interested in the labor and environmental issues.

There are some people who simply think that globalization always works to our disadvantage, and I just don't agree with that. And I think that it's not a realistic option. The global economy is on a fast track. The Europeans are reaching out to the Mercosur nations. Even though our exports have grown a great deal to Latin America, the European exports have grown even more and now outpace ours.

And their trade union movements in their country, for example, and other people like -- they seem to understand that, because of what they have to sell and because of the trade relationships, they're going to come out, net, ahead. That's what I believe is the case in America and why I'm pushing this so hard.

Q Are you going to win?

THE PRESIDENT: I think so. It's a tough fight, but I think we'll win. But it's just a -- it's really a debate over principle with me, and I believe the United States has to create more high-wage jobs for the future so that we can start growing together again. The last couple of years, we've finally got some indication that the bottom 40 percent of our workers are beginning to raise their incomes equal to and, after taxes maybe even a little more in percentage terms, than the upper 20 percent. But that's after 20 years of complete stagnation.

And the evidence is not clear yet. We have to change the job mix every year. The last two years, more than half our new jobs have paid above-average wages -- dramatic contrast from the '80s and the early '90s. The only way for us to keep that trend going and accelerate it is for us to trade more in areas where we have a competitive advantage, where we make things that are sophisticated with workers who make good incomes -- we make more of that -- that's the first thing.

The second thing is, I believe the United States has to send a signal to our allies, particularly in this hemisphere, and our allies in Asia and in Africa, that we know we're in a new world and it's a which in which we're interdependent and which we want to lead through partnerships.

So I think the political interest we have in having stable countries growing more successful, being firmly democratic, working with us on issues like labor and environmental conditions, argues overwhelmingly for the adoption of fast track and giving the President the authority to go do this work.

There is a principle at stake here, so I would be fighting for it if I thought I had no chance to win, because it relates centrally to the way I see the world unfolding and the ties that I've tried to create for the United States -- in the Americas, in Asia, in Africa, as well as reaffirming our historic ties to Europe.

END

3:45 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Brasilia, Brazil)

For Immediate Release

October 13, 1997

REMARKS BY PRESIDENT CLINTON AND PRESIDENT CARDOSO
AT RECEPTION

Brasilia Room
Ministry of Foreign Affairs
Brasilia, Brazil

8:22 P.M. (L)

PRESIDENT CARDOSO: Mr. President, Mrs. Clinton, ladies and gentlemen, we are gathered here tonight to celebrate a renewal of the friendship between Brazil and the United States of America. Welcome to Brazil, Mr. President. Welcome to Brazil, Mrs. Hillary Clinton.

We welcome you with the interest that is naturally awakened in us by the visit of the President of a great nation, who serves as the representative of a friendly people with whom we share fundamental values and converging views on countless contemporary issues and challenges.

We welcome you as well, Mr. Clinton, as head of state of our principal trading partner, whose importance for our external sector is steadily increasing, thanks to the many new business and investment opportunities Brazil is now offering its partners. We're delighted that you will be visiting not only the capital of Brazil, but Sao Paulo and Rio de Janeiro as well. We hope that by doing so you will secure a fuller understanding of Brazil's vibrant democratic institutions, strong citizenship, stability, transparency in managing the nation's assets, reforms, openness, and growth.

In relations between states, there is no substitute for first-hand knowledge, personal observation, and contact with the people and living forces of a country. This is particularly

true of the Brazilian people, who always extend a warm and open welcome to visiting statesmen.

For this reason, your visit introduces a very important element into the positive relationship that Brazil and the United States have developed over decades and that has taken on a new significance under both of our administrations. It has been more than two years since my own state visit to Washington. Since then, both we and the public have shown keen interest in keeping abreast of the success of the many items of the agenda we agreed to on that occasion, when Brazil and the United States solemnly but enthusiastically resumed their grand partnership.

We are now ready to take another step in the history of the relationship between Brazil and the United States. From the innovative cooperation we are beginning to develop in the field of education, to discussions with the view to creating a free-trade area in the Americas -- an ambitious goal that we share -- our agenda is guided by shared objectives while allowing ample room for the expression of our distinct individualities and our legitimate interests.

Not infrequently, our interests do not entirely coincide. Sometimes they may even conflict. Today, however, we are in a position to deal with this reality more capably than ever before in the history of our relationship.

The excellent relations between our two nations are actually and symbolically summed up in this further meeting of the Presidents of the two countries. This meeting enables us to commemorate our joint achievements, while renewing our commitment to further initiatives and additional success in the same spirit of confidence that should necessarily permeate any mature relationship between two great countries of continental dimensions.

This meeting, Mr. President, is an opportunity for us to reaffirm to our peoples and to the peoples of our hemisphere and of the world the key notion that Brazil and the United States together can help to build a history of liberty, mutual respect, development, and peace in the New World.

We have been allies in two world wars and we have been peacetime partners for over a hundred years under an unwritten alliance forged by such noteworthy leaders as Rio Branco, Joaquim Nabuco, Franklin D. Roosevelt, Cordell Hull (phonetic), and Oswaldo Aranha.

That explains our strong vocation for friendship, understanding, dialogue, and cooperation. That is why we are capable of speaking the same language. Whether we agree or disagree, it makes no difference, because we always seek to reach an understanding.

The joint initiative in education, which we will unveil during your visit, Mr. President, is a symbol of how we can work together to carry out projects of inestimable impact on Brazilian social development and on the relations between our two countries.

Mr. President -- President Clinton, you and I plan to have extended conversations on our joint agenda, the many issues on which we see eye to eye, and a number of problems we face in specific areas of trade. The outcome of this visit will undoubtedly be a firm commitment to continue our cooperation in order to make the relationship between the United States and Brazil ever more productive and dynamic.

Furthermore, we will continue pursuing the broad and candid consultations that have underpinned our participation in a number of significant regional and international initiatives, such as the FTAA, the reform of the United Nations, and the consolidation of the World Trade Organization.

In this context, Mr. President, let me recall that the age of economic globalization in which we are living brings nations closer together. Therefore, inspired by the American Revolution, whose Constitution enshrined the rights, borders, and autonomy of the states that formed the federation, it is our duty to defend ourselves and guarantee the rights of nations -- of each and every nation, from the most powerful to the weakest, from the richest to the poorest. Only then will we inherit the spirit of liberty and democracy that unites us in the same values.

Hitherto, international law has been grounded above all in processes designed to accommodate the interests of different sectors, expressed by attacks and contrast. The time has come for us to move ahead in the international order in pursuit of a configuration based on a broad consensus, in a de facto constitution that protects the cultural diversity, frontiers, and sovereignty of nations and peoples.

The new global order cannot be imposed; it must be shared. It must not demolish but rather foster the well-being of mankind.

This, Mr. President, is the challenge that we face -- you, I, everyone responsible for the destiny of our nations. I hope you, President Clinton, will take away from this visit a comprehensive and accurate picture of Brazil, and that your stay among us will contribute to an enhancement of the understanding between our two countries. So let us work together with the certainty that friendship between the United States and Brazil will foster understanding throughout our region and progress for our peoples.

May Brazilian hospitality be the best form of greeting for our honored guests today. Welcome, Mr. President. (Applause.)

PRESIDENT CLINTON: President and Mrs. Cardoso, members of the Brazilian government, my fellow Americans, honored guests -- let me say, on behalf of all of us who are here, it is wonderful to be in Brazil, but it is especially wonderful for me. I have wanted to come here for a long time, and even more since Hillary returned from her fantastic visit here.

When President Cardoso made his state visit to the United States, I pledged to return the favor. And finally, the day has arrived, and I am in the City of the Sky, glad to be here. Thank you.

Brazil has haunted my imagination for over 30 years, since I first fell in love with your music as a young man. And Brazil has loomed large in my vision of the future of this hemisphere and the world since I became President.

I come to Brazil to strengthen our partnership in a spirit of respect and equality, a partnership rooted in common values and common aspirations.

We have been friends in freedom for a long time. In 1824 the United States was the first nation to recognize Brazil's independence. In World War II, Brazil stood by America's side on the battlefields of Europe with a force of 25,000 troops to fight for liberty's survival.

Now, at the dawn of the 21st century, the freedom we cherish is ascendant. Every nation in our hemisphere but one is a democracy. Open markets are taking root. Cooperation and

trade are expanding. We have an opportunity to make all the Americas a stronghold of freedom and prosperity, of peace and security, advancing our own well-being and serving as a beacon of hope to others.

With the largest populations and the largest economies in the Americas, sharing both the virtues and the challenges of our size and our diversity, Brazil and the United States both have a special obligation to lead this historic revolution now under way in the Americas.

I applaud President Cardoso, his government, and the Congress for all you have done to put your country squarely on the path to prosperity, with difficult decisions on economic reform. I hope your reformers and our actions to balance our budget for the first time since 1969 will lay the foundation for a new burst of growth and opportunity throughout our region.

I hope we can work even more closely together to lift the lives of our people -- by creating new jobs through open markets and open trade, improving education to enable all our children to thrive, expanding access to modern technology to connect all our people to the information age, combatting drugs and organized crime, protecting the wonders of our shared environment, and helping our neighbors throughout the hemisphere to resolve their conflicts peacefully.

Already Brazil has given so much to the United States. You have given us artists like Candido Portinari, whose murals hang in our Library of Congress in Washington; innovative writers like Jorge Amado; and explorers from Alberto Santos Dumont, the father of aviation, to the Brazilian astronaut who will soon come to NASA to train for the international space station. You have given us athletes -- from the magnificent Pele to the World Cup champions who made Los Angeles feel like Rio for a day.

And no matter what language our people speak, you have given us all reason to sing -- from the batucada of Bahia to the bossa nova, from the rhythm of samba to the rock of tropicalismo, from the quiet choro to the lively forro.

In Brazilian music many influences come together to form something wonderful and unique. In the same way, the rich diversity of your people and the American people make both our nations special and strong.

Both of us have a long tradition of welcoming immigrants from distant shores who want to build a better life for their children. We share a belief that we can live together and learn together, work together and grow together, no matter what our color, our creed.

In a world where nations are still torn apart because some people fight over their differences when they should respect, accommodate, even celebrate them, Brazil and the United States have a special ability and a special responsibility to show a better way.

Mr. President, as we reach for the future, America reaches out to Brazil with a hand of friendship and a pledge of partnership. We share a vision of a better tomorrow. When I first met you shortly before you were inaugurated President, I said to myself, there is a person who can imagine the future; I hope we will build it together.

Thank you. (Applause.)

END

8:50 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 14, 1997

PRESS BRIEFING
OMB DIRECTOR FRANK RAINES
NSC SENIOR DIRECTOR FOR DEFENSE POLICY AND ARMS CONTROL BOB
BELL, AND DEPUTY DEFENSE SECRETARY JOHN HAMRE
ON THE LINE-ITEM VETO

The Briefing Room

2:20 P.M. EDT

MR. TOIV: Good afternoon, welcome to the White House and welcome to our listening audience to the south. We have today to brief on the President's exercise of the line-item veto today OMB Director Franklin Raines, Bob Bell who is the NSC Senior Director for Defense Policy and Arms Control, and Deputy Defense Secretary John Hamre.

DIRECTOR RAINES: Good afternoon. My name is Frank Raines. I'm the Director of OMB. I've been asked to begin by reading the statement that the President issued today regarding the line-item veto.

And so this is the President's statement: "Over the past four-and-a-half years, my administration has worked hard to cut the deficit and to ensure that our tax dollars are used wisely, carefully, and effectively. We have reduced the deficit by 85 percent, even before enacting the historic balanced budget legislation this past summer.

The line-item veto gives the President an important tool to save taxpayers' money, avoid unnecessary government spending and ensure that the national interest prevails over narrow interests. It will enable America to continue the fiscal discipline that has helped create our strong economic expansion. And by allowing a President to sign important legislation while cancelling projects that do not meet important national goals, it will change the way that Washington works.

America must -- and will -- continue to have the world's strongest military. We have an obligation to manage our defense budget with both national security and fiscal responsibility in mind. Every penny of our defense dollars should be used to sustain and strengthen the best-trained, the best-equipped, and the best-prepared armed forces in the world.

Today, for the third time, I'm using the line-item veto to cancel 13 projects inserted by Congress into the Department of Defense's appropriations bill. These cancellations will save the American taxpayer \$144 million. This use of the line-item veto will help ensure that we focus on the projects that will best secure our strength in the years to come.

I cancelled the projects because they were not requested in my Fiscal Year 1998 budget and, because either they were not contained in our future years' defense program or the Department of Defense determined that they would not make a significant contribution to U.S. military capability.

In two cases, I cancelled items that had broader policy implications for longstanding U.S. national security policy. I have been assured by the Secretary of Defense that none of the cancellations would undercut our national security or adversely affect the readiness of our forces or their operations in defense of our nation.

As I said last week, I will continue to scrutinize other appropriations bills using appropriate criteria in each instance and I will exercise the line-item veto when warranted."

So that's the statement that the President issued in Brazil in announcing his decisions regarding line-item veto. I'd like to give you an overview of the President's decisions, then Bob Bell will talk in particular about two decisions that have broader policy implications. And then John Hamre, the Deputy Secretary of Defense, will give you a little background on the process that we've gone through in coming up with the President's decisions.

The President used his line-item veto authority today to cancel 13 projects that Congress added to his request for the 1998 Department of Defense Appropriations Act which he signed six days ago. The President's action will save \$144 million in budget authority in 1998.

Overall, the President requested \$243.3 billion for DOD. Congress added a net \$4.2 billion. And within the total that Congress did provide, they added about \$11 billion for over 750 unrequested projects. Congress offset this cost in part by making across-the-board cuts in weapons procurement and R&D programs and cuts in other requested items.

The President, in making his decision, he has accepted the great bulk of the added \$4.2 billion in added funds and the vast majority of the additional projects added by Congress. Indeed, the fact that Congress had added a project was not sufficient grounds for its cancellation. The President's decision to exercise these vetoes is consistent with his legal authorities, his commitment to the nation's security needs and his understanding of the important role that Congress plays in the budget and appropriations process. In each case, the Department of Defense has determined that there is no national security requirement for the item that is being cancelled.

I'd like to now quickly review for you the items that were cancelled. I will do 11 of the items and then Bob Bell will pick up on two of them. You will receive a packet that has a page on each of the items.

The first item cancelled is for the SR-71, and there, it appears -- we have it down as listed as one; there are actually two separate parts to this one item. The SR-71 is a high-speed, high-altitude, long-range, multisensor, all-weather, wide area surveillance aircraft. There is no military requirement to continue to operate the SR-71 and the project is being cancelled because the Department of Defense has determined that it does not now make a significant contribution to U.S. military capability.

The next item was titled in the appropriations report as the Gallo Center. This was a project to demonstrate new technology for the industrial base and to train the industrial base in new technologies, particularly relating to life cycle, environmental and manufacturing technologies related to weapons systems and munitions technology. The Army, where these funds would have been used, does not believe that the additional research merits funding at this time.

The next item was a \$6-million item for Molten Carbonate Fuel Cells technology. This project would provide research and development for alternative fuel cell technology that converts chemical energy to electricity. There are several projects

included in the bill related to the same technology. The ones that had a military application have been retained. This one has been cancelled because it would not make a significant contribution to U.S. military capability.

The next item is \$3 million for Periscopic Minimally-Invasive Surgery. This one, in addition to the next one, the proton beam project, are health-related items of research that do not make a significant contribution to U.S. military capability but, moreover, also have not been subjected to the peer review process which the department utilizes in determining how to make health research investments.

There is a project for the Navy, a \$3-million project, called Terfenol-D. This is a project to try to develop a new application of an alloy to be used with sonar systems and it's an application onto the sonar system. The project is being cancelled because it is not believed that it is necessary for military capability.

The next project is a \$3-million project for a commercial, off-the-shelf airgun as an acoustic source. This was a project to use a commercially available airgun to produce acoustic signatures that would be in theory useful for tracking submarines. It was determined that this would not be sufficiently valuable except in shallow water regions where there's no current requirement for such capability.

The next project is a \$10-million project for a Military Spaceplane. It would have provided research funds for hypersonic technologies and is intended to complement a NASA program. However, the Department of Defense -- this does not meet a Department of Defense requirement and, therefore, it is being cancelled by the President today.

The next one I will mention is an optical correlator technology, a \$1.5-million project for research on this technology, and it's being cancelled because of the lack of contribution to national security.

There is a project for \$2 million for risk-based toxic chemicals research. This is related to remediation of toxic waste at waste sites. It would instead duplicate research that's already ongoing in the Department of Defense and therefore is an unnecessary expenditure.

The next one is Defense Techlink Rural Technology. This was a project to develop a real technology model for a five-state region. And it was being cancelled because of the determination of lack of contribution to national security.

So those are the 11 items that were handled as a result of our analysis here. Bob Bell will now give you information on two other items that are being cancelled not only because of their failure to pass this examination, but also because of our past policy positions.

Bob.

MR. BELL: Thank you, Frank. The first of the two projects is the Clementine Asteroid Intercept Technology Demonstrator. This is a project that was not requested in the President's Fiscal Year 1998 budget request, and it is not in the Pentagon's future years defense program. It's a \$30-million add-on that could over time end up costing in excess of \$100 million.

This is really a program that had its roots in the SDI heyday of the 1980s. In its first version, Clementine I, in the early 1990s, this was a program that applied elements that had been developed during the SDI space-based laser research effort done by SDIO in the 1980s to actually map the lunar surface. And Clementine II, which has the same name and pretty much the same design team but a different and Clementine II, which has the same name and pretty much the same design team but a different concept, doesn't draw on lasers but, instead, draws on some of the work that was done in the early days of SDIO on space-based kinetic kill intercept technologies that were associated with a program that was called Brilliant Pebbles.

The Clementine proposal that we are cancelling with this action today includes an option for orbiting in space a so-called mother ship that would, on three separate occasions in 1998 and 1999, launch micro-satellites, or homing vehicles, that would impact three asteroids that are projected to fly by near earth during this two-year period.

Now, proponents of the program in Congress claim benefits for asteroid research; but this is the Defense budget, not the NASA budget. We believe the main application of this technology more logically would fit within the space-based missile defense mission area. Now, obviously, there is a lot of commonality between the scientific and technological challenge of detecting, tracking and intercepting an incoming asteroid and that of

detecting, tracking and intercepting an incoming missile warhead. There are differences, to be sure, but the point I want to emphasize is that the proposed asteroid intercept tests have not yet been submitted to the Pentagon's Compliance Review Group or to lawyers in the relevant national security agencies for any assessment of the compliance of such tests with the ABM Treaty.

And equally important, our own development program within the Department of Defense for a possible national missile defense deployment option, an option which we believe could be exercised as soon as 2003, does not include space-based weapons in its architecture. Now, the Ballistic Missile Defense Office, BMDO, is carrying out some advanced R&D on possible space-based interceptor technologies involving both lasers and rockets. But that is the kind of very advanced research that is permitted under the ABM Treaty.

So, in summary, the Clementine II program is not needed; it's not in budget, it's not in our future budget; and, we are already conducting advanced research in some related missile defense areas.

The second program is an army kinetic kill anti-satellite, or ASAT interceptor. And as with the Clementine II program, this is a program, again, that was not requested in the President's Fiscal Year 1998 budget, it's not in the Pentagon's future year defense program. It's a \$37.5 million add-on this year that could result in expenditures well in excess of \$100 million if you were to eventually deploy a global operational capability. Now, this is a specific program that this administration terminated in 1993 and that remained dead for two years before Congress resurrected it two years ago. We simply do not believe that this ASAT capability is required, at least based on the threat as it now exists and is projected to evolve over the next decade or two.

To be sure, there are potential adversaries such as North Korea or Iraq which could try to employ space-based assets against our forces in a possible war, including for communications, navigation, targeting or surveillance missions. But we are confident that alternatives exist to negate or disrupt such efforts, including destroying ground stations linked to the satellite or jamming the links themselves.

So, in sum, as with the Clementine II program, this program is not needed; it's not in our budget or our future year defense program; and, alternative approaches are being pursued.

MR. HAMRE: My name is John Hamre. I'm the Deputy Secretary of Defense. I get to do the boring part of this briefing to tell you what we did on a process basis over the last five days. Every year when the appropriations conference concludes, it really represents the conclusion of just a year-long process. We literally have hundreds of hearings, thousands of hours of testimony, probably tens of thousands of meetings, and it results in a bill that has about 5,000 line-items in it, of which 750 were items that were not in the original President's budget.

Far the bulk of those items we know about because we worked with members of Congress during the year to help inform them about what our goals were and our priorities and, in large measure, they were very supportive of the President's overall program. There were about 85 to 90 items that we just didn't know too much about, things where there wasn't a clear track record in the legislative history where you would know exactly what it was that was being proposed. And so we spent the last five days really researching those, working with the Congress, and we worked fairly closely with them.

Once we got their input, got a better idea about what was to be contained in these programs, we then went and took that data and went to each of our military departments and went through and did a fairly serious scrub to find out what is the military value of these programs. And it resulted in the list that you see before you. These are the items for which we really don't have a military requirement in the Department.

So it was fairly detailed. I must say I haven't slept five hours in the last three days, I think. But it's a fairly detailed review, carefully reviewed with members of Congress to understand what was the Congressional intent, reviewing with the military departments in our laboratories, and it resulted in this list.

DIRECTOR RAINES: We would be happy to take any questions that you might have on the President's decision today.

Q In terms of the overall bill and the overall add-ons, the President struck fewer items in this bill in dollar terms and in absolute terms than in the much smaller military

construction bill, and yet you indicated that they provided \$11 billion worth of stuff you had not requested, and, net, you're really \$4 billion, I believe -- the bill is \$4 billion over -- why did the President wimp out?

DIRECTOR RAINES: This legislation is different from the military construction legislation in that the military construction legislation was fairly homogeneous. It was a group of construction projects, and one of the major criteria on those construction projects was whether or not they could be completed during Fiscal Year 1998 or whether they were, instead, keeping us from doing high priority construction projects. And in applying that test, we came up with a number of projects that the President vetoed. I believe it was 38.

This bill is much more heterogeneous. It has the full range of everything from pay for our military to the highest technology projects. We said before that we would choose criteria that were appropriate to each bill. In this bill -- it's a very large bill, we only had five days to look at it -- we did, I think, a pretty good job of identifying those projects which were, in our judgment, had the least justification on their face. And then the Department was able to look at a list and then come to a determination on a systematic basis as to their national security merit. But we don't have any quotas on these bills. We don't have any minimum number of vetoes or a maximum number. It is what comes out of our analysis that we were able to do in the five-day period. We are satisfied that the projects that the President has vetoed here are deserving of being cancelled and other projects may have been close calls. But we tried, in every case, to defer to the judgment of Congress where it was simply a matter of a difference of opinion on items of which there was a close call, and I think that is appropriate in the exercise of the line-item veto.

Q Was some of this, let's say "caution," a result of the charges being hurled at the administration from Capitol Hill, you know, the abuse of power, using the line-item veto in a way that it was not intended, excessive, et cetera, use of the veto?

DIRECTOR RAINES: I don't think so. I think every project included in the appropriations act has a strong advocate. If it didn't have a strong advocate, it wouldn't be there. There are a lot of competing ideas on the Hill, and so I don't think anyone is surprised that those who favor projects would react negatively to their being cancelled.

Our examination of this bill was really driven by the content of the bill and the content of the various proposals that are included within it. Indeed, one might say that it was quite remarkable how much of this bill did reflect items that were in the future year defense plan program. It is -- overwhelmingly, the additions in this bill are things that are included in the future year plan, and so from that standpoint, it is not a bill where Congress has gone way outside of the range of things that our military leaders have identified as their priorities.

Q To follow up on Leo's earlier question, can we assume that you reviewed the 750 projects and found that 737 of them added by Congress do have adequate military justification, do make sense for the national security, both this year and in the out-years, including \$250,000 in research for the building of a new cruise ship for the Hawaiian Islands and 736 other items?

MR. HAMRE: Let me speak, if I may, in general terms to this. I think this bill reflects the fact that we worked very closely with the Congress all year long and the bill largely does reflect the priorities that the President had for national security. So it was not hard for us to go through far the bulk of the items.

There are items that have more -- probably are stronger from a defense perspective than others but, frankly, there are items in our budget request that are more directly related to defense and things that are more secondary in nature but they are still important. For example, we have funds in our bill for economic conversion at the communities that are being closed. That's not purely a defense expenditure, but it's part of being a good neighbor. It's part of being a responsible employer.

What you are seeing are projects, for example, that are in that category, not directly important, probably, for immediate national security, but they are part of a broader fabric where we are a responsible employer and a good neighbor in communities, and that became part of the criteria. It wasn't really different from the way we put our budgets together.

On the issue of the cruise ship that you mentioned, this was a very specific item that we looked at very, very carefully. In one sense, it's not a defense issue at all; this is about finding ways to help build commercial vessels in American shipyards again and provide enough of a market guarantee so that

it's good business sense to build those ships in American shipyards.

What was our interest in DOD? Our interest is trying to find a broader business base for our shipyards. Right now, we're about the only business that's going on in American shipyards and; therefore, we pay virtually 100 percent of the overhead. If we can get commercial ships built in American shipyards, we are going to get a direct benefit in the Department of Defense. And our estimate is, depending on the range of this program, could be from tens to hundreds of millions of dollars of savings for us. So it's not -- it isn't directly a defense issue, but it has direct implications for us.

Q One other question, a specific question, on the SR-71. When did those things go out of the operational inventory?

MR. HAMRE: They were first proposed to be retired in 1989. And I believe that we inactivated the fleet in 1991.

Q And Congress has been trying ever since then to try and keep them alive or held over?

MR. HAMRE: They have been sustained -- they have been sustained since that period through additional funding provided by the Congress.

Q And would these too, if these vetoes are upheld, would that kill the SR-71 operations entirely?

MR. HAMRE: It's really not operational in the sense that it was before 1989 when we were actively using it in reconnaissance. It's now used more for research purposes. And it would, as I understand it, suspend further work in that area.

Q It would ground it entirely?

MR. HAMRE: That's my understanding.

Q How many are there?

MR. HAMRE: I believe that there are three. I think that's the number.

Q It was really a successor to the U-2, wasn't it?

MR. HAMRE: It was but it had a very different operational regime. And, of course, we continue to operate the U-2 but as a tactical reconnaissance asset now. The SR-71 was designed --it flew at very high altitudes and, in many ways, its mission was obviated when other national capabilities emerged in the '80s.

Q -- you've got satellites that can --

MR. HAMRE: Yes, sir.

Q If I could ask one other specific question on an item not cut. There's been a lot of talk about the eight C-130Js added to the budget where I think one has been requested. What was the thinking there?

MR. HAMRE: Well, the average age of our C-130 fleet in the active Air Force is 23 years. That's an old fleet and it gets older basically on a year-to-year basis. Congress found the means to be able to give us eight additional aircraft to help modernize that fleet and we found that had positive value.

Q You talked about how work-intensive this is to go over, to scrub this, to do this in five days. Would you say that while the bill was being written that the objections that the administration had were voiced to members of Congress on most, if not all, of these?

DIRECTOR RAINES: Yes. We, both in our larger communications in statements of Administration policy and in direct communications from the department, have expressed opinions on all -- I believe all -- of these items that have been cancelled.

But, as John Hamre said, one of our projects in the last five days was to even identify the substance of a number of these items because they are only identified in the report or the bill by a title. And so we had to identify well what was meant by this project. And, in some cases, when it was described we knew what that was and it was something we found to be of value. And, in other cases, when it was described we found it not to be something of value.

Q So assuming that the President gets to retain the line-item veto authority and this process goes forward into next year, what is your hope about being able to sit down before the bill comes to the White House in a more intensive way to

identify these items so that it works perhaps in a better fashion for both the White House and Congress?

DIRECTOR RAINES: Well, the President has emphasized that he thinks the most important aspect of the line-item veto is how it will affect future behavior, not necessarily the items in the bills that he's dealing with now. And I think the most important part of changes in future behavior is to have greater communication between the appropriators and the administration so that we're quite clear on what our views are on various subjects and that we are part of the discussions that go on. I think if we can do that successfully in the future, there will be fewer and fewer line-item vetoes because we will have worked out these issues and our concerns would have been adequately represented in their deliberations.

So that's our hope. Our hope is that in the future the President will have no line-item vetoes because all of this has been worked out in the legislative process.

Q Do you see that happening in this process? You've still got a half a dozen more appropriations bills that are being negotiated. Do you see a more responsive or a more communicative Congress or have they got their backs up?

DIRECTOR RAINES: Well, I would say it is very bill-by-bill in this appropriation season. In some cases, we've worked very closely with the subcommittees or with the conference committees, in other cases, not as closely. I think we can all do a better job.

But we view this as a longer-term process, much as when, you know, in 1921 when Congress created the Bureau of the Budget because it found it needed help from the Executive in dealing with budgets. And instead of having individual items sent up by departments, they said, "No, no, let the President do it first and then have him send up something that's comprehensive so we have something to start with." That was a Congressional initiative to help them.

I think that the line-item veto can also be helpful in ensuring that projects have had the opportunity to be scrutinized not just in the legislative process but also utilizing the resources of the Executive Branch.

Q You said that you spent a lot of time conferring with Congress in the last several days. Doesn't this contrast

sharply with way you handle the MILCON bill? Did you make some mistakes do you think in handling MILCON and sort of learned from those lessons and the criticisms on the Hill?

And secondly, how do you explain to the American people that you've gone through one of the largest spending bills that Congress passes every year -- it all being in the hundreds of billions of dollars -- but you could only come up with about \$140 million worth of cuts?

DIRECTOR RAINES: Well, the President's proposal for the Defense appropriation bill was a very closely scrutinized proposal and one that we believe met the national security needs of the nation. We made an adjustment in our investment during the budget process and the budget negotiations, and that resulted in an increase in the resources being provided. So that we have already had a process of scrutinizing this bill and eliminating items that were not needed early on in the process.

So this is the tail-end of the process in which we are looking -- utilizing a means in the line-item veto. It's not perfect. I mean, for example, if there was a case where money was added to an item that the President requested, we have no capability of just knocking out the amount that's added. And so we can only deal with individual items that are specified. So it's not a perfect vehicle. But I believe it is one that is going to produce tremendous results for the taxpayer because of what I said before, and that is that we believe it will affect behavior and indeed I think it already affected behavior in this bill. And we have a bill that's a lot closer to our military plans than some bills in the past.

You had a first question; I've forgotten it.

Q Do you think you've made some mistakes in the way you handled the MILCON bill, you think, in hindsight?

DIRECTOR RAINES: Well, we had some data problems in the MILCON bill --

Q Consulting with Congress before you made the decision?

DIRECTOR RAINES: The MILCON bill actually was quite different. We knew what all those projects were. There was no question as to what they were. There was a question in terms of data collection as to the status of their planning.

In terms of consultation, the one thing I've learned in this town is that it's impossible to do it and it's always in your own interest to do as much as humanly possible. And so I think you will see that we worked very hard at that on all of these, but it will always be inadequate because there are a lot of members of Congress, there are a lot of items, and we've only got five days to accomplish it all.

Q Mr. Raines, there seems to be two baselines with regard to how much money Congress added. You mentioned the \$4.2 billion over the President's initial request, but you also have in the fact sheet a net addition of about \$1 billion. Is that a net addition over what you conceded in the balanced budget agreement?

DIRECTOR RAINES: They have added about \$1.2 billion over what the balanced budget agreement called for, and they did that by transferring funds from other areas, particularly in the Energy Department area. Some of that went to the military construction bill, about \$600 million; \$1.2 billion came to this bill. So that they are over the amount that was implicit in the agreement, but they are not over for the defense function as a whole. So for the defense function they are fine, but they shifted money within the defense function away from the Energy Department-related functions and into military construction and the DoD appropriations bill.

Q In a way, you've conceded \$3 billion, about \$3 billion, in the balanced budget agreement over your January figure?

DIRECTOR RAINES: Yes.

Q And now you are conceding, in effect, another \$1 billion?

DIRECTOR RAINES: Well, it's really -- I don't really look at it as a concession. We opposed the transfer from the Energy function because we believe there is important work to be done there in terms of our stockpile maintenance, as well as the cleanup of former weapons plans. So it would have been our preference to have left the money on the energy side. We believe there are issues there that are going to be needed.

But the only way to really deal with the additional \$1.2 billion would be to veto the entire bill, and given the effort

that Congress made to stick very close to the President's priorities, we did not believe that to be appropriate.

Thank you.

END

2:56 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Brasilia, Brazil)

For Immediate Release

October 14, 1997

PRESS BRIEFING
BY MIKE MCCURRY AND
DEPUTY NATIONAL SECURITY ADVISOR JIM STEINBERG

The Naoum Hotel
Brasilia, Brazil

3:34 P.M. (L)

MR. MCCURRY: I'd like to start with a read out on the President's bilateral meeting with President Cardoso. Deputy National Security Advisor Jim Steinberg is here, along with Ambassador Jim Dobbins, who is the Senior Director at the National Security Council for Inter-American Affairs. And they can tell you more about the excellent meeting that the President's enjoyed today.

MR. STEINBERG: Thank you, Mike. As you know, the principal activity today, in addition to a signing of a number of agreements on which you have fact sheets now, was the bilateral meeting between President Cardoso and President Clinton and their respective teams.

My read out to you is in large part an indirect one because a significant part of the discussion were a one-on-one discussion between President Clinton and President Cardoso that lasted for about 30 to 40 minutes at the beginning of their discussions. After they finished, they came out and gave us a sense of what they talked about, so my readout will be based on our understanding from their reports.

The first topic that they discussed had to do with the relationship between Mercosur and the FTAA and the two Presidents' approach to this question. I think you heard a lot about it at the press conference today, which really reflected the tenor of their general discussions, which is that they both

agreed that the effort for subregional integration through Mercosur and the broader effort to achieve an FTAA are viewed by both Presidents as complementary, that they both serve the broader purpose of promoting growth and more open trade. And they indicated that they were prepared to move forward with both. In particular, President Cardoso indicated that he agreed with President Clinton about their readiness to launch negotiations for an FTAA at Santiago, Chile at the next Summit of the Americas meeting in April.

And, as I say, you heard a great deal in the press conference discussion about their various approaches, the Presidents' strong support for integration, not only as an economic strategy, but also for the broader political and security benefits that come from greater integration. They also briefly discussed the situation in Paraguay and the upcoming elections there and both indicated their strong support for continuing the constitutional processes through democratic elections in Paraguay. As you know, the countries of the region all came together to support democratic processes in Paraguay. It's one of the more significant evolutions of the effort within the hemisphere for all the democratic countries to support democratic process.

They also had a brief discussion concerning the Security Council, particularly the issue of Security Council enlargement. President Cardoso indicated that he was not looking out for the United States to resolve the question of how the issue of a Latin American seat should be resolved.

They had an extensive discussion on the issues of climate change. And both had a chance to talk about their broader philosophies and approach to this problem. Both agreed that it was important for the developed countries to take the lead, but there was an understanding that there was a responsibility for developing countries, as well.

Both President Cardoso and President Clinton indicated that the issue was not trying to limit the growth of developing countries but, rather, as President Clinton also said at the press conference today, to try to take advantage of the fact that today we have technologies available for energy use which were not available at the time that the United States and other developed countries were going through their periods of development. And so it's possible to sustain growth through the use of different kinds of energies the will allow for both growth and lower carbon emissions. And I think that was a very

important development in terms of trying to develop a common strategy which could have positive effects as we move into Kyoto.

Finally, the President had a chance to discuss with President Cardoso a little bit of his philosophy about the importance to the United States of this consolidation of democracy and open markets in this hemisphere and how important it was to the United States' long-term strategy to have key partners in this hemisphere as a kind of a base from which we can extend and broaden our efforts to consolidate democracy and open markets and open economic systems throughout the world.

While the one-on-one meeting was going on, I should say that Secretary Albright and her counterpart, Foreign Minister Lampreia, had a chance to discuss a number of important international issues, including the Angola peace process, the Middle East and the peace process there. They also discussed Paraguay. They talked about some of the business before the Security Council. As some of you may know, Brazil is coming on to the Security Council as a non-permanent member. And they talked about issues such as Iraq and Libya. And they also had a chance to discuss our common efforts to resolve the conflict between Peru and Ecuador.

Following this briefing to the smaller group, the two Presidents joined a larger meeting which included significant numbers of members of the Cabinet of both countries, and on the Brazilian side we had a chance to hear from both their Finance Minister and their Planning Minister, discussing Brazil's approach to its domestic economic strategy of trying to promote growth while sustaining low inflation.

We heard from the Brazilian Education Minister who talked about their strategy for using technology to improve educational opportunity. And Foreign Minister Lampreia also discussed the issues coming up through the FTAA negotiations and again, the relationship with Mercosur.

On the U.S. side, in addition to President Clinton, Secretary Riley and General McCaffrey spoke -- Secretary Riley, obviously on how we plan on cooperating with Brazil and the elements of the agreement that we are signing today; and General McCaffrey praising the Brazilians for the new spirit of cooperation that prevails between our countries across a broad spectrum of common narcotics efforts.

Questions?

Q They said that they discussed some of the trade disputes between Brazil and the U.S. What were they?

MR. STEINBERG: I think, as you heard from President Cardoso and also President Clinton, I think they acknowledged that there are a number of specific trade disputes, but what they both indicated is that they really wanted -- that they understood that there were going to be issues in trade, specific issues, but that it was important for their negotiators to take them on. This was not something the Presidents themselves would try to resolve the disputes, but rather try to give a new impulse to them in terms of trying to resolve them. And again, you heard a number of them mentioned.

Q If negotiations do begin at the next Summit of the Americas for a free trade agreement, will Brazil -- was the agreement that Brazil would negotiate bilaterally or as a member of Mercosur?

MR. STEINBERG: It wasn't presented in either of those terms. I mean, it was presented that as the Finance and Trade Ministers are coming together to try to figure out what the strategy is, the strategy would be for comprehensive negotiations, which means the full range of issues. And what the formats will be and what the range will be is something that needs to be decided probably by the heads at Santiago. There will be meetings of the Trade and Finance Ministers before then. But from our perspective, the most important of what they've agreed to do is that they are going to begin comprehensive negotiations, which means all of the issues including tariffs and market access and the like will all be on the table from the beginning of the negotiations.

Q Isn't that a key point of difference that you still haven't sorted out is whether or not Brazil -- the United States will negotiate with Brazil or with Mercosur?

MR. STEINBERG: I think that there are a number of strategies that we believe are possible to get to the free trade agreements, and the countries themselves will figure out how they want to come to the table. They can participate as having common views or having individual views, but what we want to do is to get all the issues on the table first and then we'll figure out how to structure those negotiations. I don't think that from our perspective, it is -- the countries are going to

come as countries, but obviously they will have the opportunity within Mercosur to decide whether they have common positions and how they're going to approach those questions. So I think that as a procedural matter that the issue will not be framed quite the way your characterizing it.

Q Do you think the administration is prepared to negotiate with Mercosur, instead of an individual country?

MR. STEINBERG: There isn't sort of one answer to that question because there are a number of different issues on the table, whether they're tariffs or market access, and each will have to be dealt with in sort of the appropriate framework. You can't make a single answer to that question, and that's one of things that we need to get into with all the parties.

But what is important is the recognition that we're going to put all these issues on the table. They now have sort of the substantive agenda, in effect; now we can begin to decide on the procedural modalities that they're going to work on. There's a lot of work to do, obviously, we're still a number of years away. But we're not either precluding or deciding any of those questions at this stage.

Q On greenhouse gases, is what the President said different from what he has said in the past about developing countries doing their fair share? And were there any discussions about specifically what Brazil could do to reduce pollution and emissions?

MR. STEINBERG: There were a number of discussions about what Brazil could do, because one of the things that we are doing through some of the agreements that we're working on here are collaborative efforts on things like clean energy and technology transfer.

But what the two Presidents spent most of their time talking about was what kind of international framework could they use in which both the developed and the developing countries would take on obligations with the developed countries obviously taking the lead because of the fact that we have higher living standards, that we have obviously benefitted from the carbon emission up until now; but also the President's very strong conviction that even if the developed countries were to take very stringent measures that the relatively rapid growth of developing countries would mean that the problem would soon be

even worse than it is now, unless the developing countries themselves took on some obligations.

And, again, the idea was to try to find a way to do it which focused on trying to divert the path of energy use away from high carbon usage to relatively low carbon usage while still preserving growth. And because we have the technologies, a lot of this is focusing on how do you transfer the technologies to the developing countries in a way that they can sustain their growth and reduce carbon emissions.

Q Did they also discuss global emissions trading and how something like a framework would work?

MR. STEINBERG: I don't have a lot of the detail, because some of it was discussed in the private session. But they did talk about those kinds of concepts -- joint implementation, global emissions training and the various kinds of strategies that would lead to an efficient use of energy resources; and also providing the right kinds of technologies to developing countries so that they can take this different energy path.

Q Did they agree on anything? Was there a proposal that they agreed on?

MR. STEINBERG: Again, I think that what they talked about was the basic concept and hopefully that this can lead, as we move forward first to Bonn and then to Kyoto, to more formal kinds of ideas.

Q Can either you or Mike give us a little more sense of the timing of a policy announcement on this? Is it going to happen while we're on this trip? The Bonn thing is just like a day or two after we get back. And what might be the forum that the President would announce what his policy is?

MR. STEINBERG: I think at this point the only thing we can say is that the President has indicated that he would like to be able to make an announcement during the course of the Bonn session. At this point, I'm not prepared to be any more specific.

MR. MCCURRY: Also, as I think you know, the President indicated in the press conference that he has used his line item veto today. He has cancelled 13 projects in the Defense Appropriations Act of 1998. That will save \$144 million in authorized spending for fiscal year 1998. We've given you some

materials that detail the projects involved, which are a small fraction of those that were added by the Congress.

Clearly, the President acted in a way that recognizes the importance of Congress' role in shaping appropriations measures. We will have piped into here for you a briefing shortly from the Director of the Office of Management and Budget and the Senior Director for Arms Control on Defense Policy at the NSC, who will be briefing up in Washington with greater detail.

Q The President did seem frustrated by the fact that five of the eight questions on the U.S. side, in fact, dealt with the problems back home. Is there that frustration?

MR. MCCURRY: Well, he addressed that himself. He leaves it up to you to decide what questions to ask. I've had a number of this room on many occasions have said to me that it's sometimes frustrating to you to have to dwell on domestic matters. And, as you know, I tried to create an opportunity last night for the President to address some of these matters in the best setting that was available and that clearly didn't work.

Q I'm not asking whether he was embarrassed, I'm asking whether -- is there White House frustration that your attempt to focus on trade is not piercing the --

MR. MCCURRY: I think that the American people will be interested in what happened on this trip and what causes the President advanced in their name, and I hope they get to read some about that. It would be frustrating if they don't get to.

Q Do you think -- for the press conference?

MR. MCCURRY: I don't know. I don't know what you guys are writing and how you're going to report.

Q In answer to Larry's question about whether, in fact, he's avoiding all contact with Janet Reno is kind of hurting the efficient functioning of the administration, he said whether this puts our system in or out of balance is up to you. But yesterday on Air Force One he clearly hinted that he had some opinions about that. Does he feel that the fact that he now can't talk to her about anything, not even these investigations, is a bad thing?

MR. MCCURRY: I think the President, as you pointed out, addressed that last night, and he answered that question.

Q Mike, can you explain on the controversy over the Commerce Department document how the President can be appalled at what the Commerce Department official had written in there, but what the State Department has now authorized is only slightly more tepid criticism than what was there?

MR. MCCURRY: I think there's a big difference. If you talk to any of the Brazilian people here, the concept of a practice that is endemic in a culture is very different from saying that there is some evidence of corrupt practices. There's a big cultural difference and it resonated clearly here with the people of Brazil and the President took proper note of that.

Q Is the new language that there's widespread corruption in Brazil, is that accurate? Or what is the new language?

MR. MCCURRY: You can ask the State Department. I don't have that available to me.

Q You don't have that, you can't get that for us?

MR. MCCURRY: I don't have that available to me right now, but I understand that it takes note of some of the practices that exist in an effort to properly inform U.S. business interests of what investment opportunities here are like. I'll see if the Justice Department has got anything more.

Q Mike, back on the disagreeable subject. The President said he wasn't aware of any talks to set up an interview with General Reno, but do you now? I mean, it's quite possible, of course, that some talks are going on that he's has not been party to.

MR. MCCURRY: I imagine if there are they would be between his attorney, his private attorney and the Justice Department. And the President has not been in a good position to be briefed on any talks like that.

Q Mike, the President sounded hoarse and gravelly today. Is he all right?

MR. MCCURRY: He's been using his vocal cords a lot. He used them last night on the plane longer than he should have probably.

Q One more on the disagreeable subject. It obviously took a lot of time at the press conference. Was it taking any of his physical time in terms of making calls back to Washington to talk to Ruff or anything of that nature?

MR. MCCURRY: No, the only time that it's taken for him is just to prepare for the questions that we anticipated.

Q How would you define the relationship with Brazil now? That Brasilia wants to be equal, does it mean it's going to be like --

MR. MCCURRY: I think it was -- a number of members of our delegation who participated in bilateral discussions with the government of Brazil really described this as being a sea change in the nature and quality of the relationship.

President Cardoso's description of this meeting as one that was truly excellent, reflecting both a personal relationship he has with President Clinton and the growing ties and bonds between our two countries was significant and very much appreciated by the President and by the delegation. But we really have created here an opportunity for an entirely new level of cooperation on a lot of areas, some of it reflected in the documents that were signed today. And I really think it augurs well for increased U.S. involvement in this region, increased cooperative effort to address items that are on both our bilateral agenda and, given Brazil's leadership role in the hemisphere, on the regional agenda as well.

MR. STEINBERG: Just to add to that, I think one of the things that you could all see today is the personal relationship between these two Presidents is very strong. They share a lot of common interests and a common philosophy about how economic development and social justice, social opportunity go together. And they had a chance, really, to talk about those kind of broader themes, which will have a big impact on how the bureaucracies and as the question at the press conference came about.

I think what you're seeing is really a chance for their individual commitment to the relationship between the two countries to form a basis for moving forward on a lot of other

areas of common interest. And so this provides yet a kind of new impulse in what has been a remarkably growing and strengthened relationship over the years, particularly since President Cardoso has become President.

Q I'm sorry -- to bring up the equality concept -- did you agree on the equality concept and does it mean --

MR. STEINBERG: Absolutely. I think as you heard, the President indicated that what the United States view is that what we want is strong partners. The more we have countries that share our basic approach to governance, that share our conviction that we want to make the world a better place for our people to deal with the international challenges, the better off the United States is.

Although, the United States has many strengths, there are many of these challenges which we can't resolve by ourselves. And so the more countries like Brazil are able to strengthen the quality of life for their own people, improve their economic situation and participate more actively on the international stage. And what we've seen from Brazil is a remarkable, positive development in that respect, which the President very strongly welcomes.

Q -- he's reporting the leadership of Brazil in the hemisphere?

MR. STEINBERG: What I'm saying is that the President supports all the countries, democratic countries playing a broader role on the international stage. And that countries like Brazil, as like many of the democratic partners, the President believes that all of the countries that we're visiting on this trip and all the democracies of this hemisphere have an enormous contribution to make; and that the process that we've launched with the Summit of the Americas, strengthening hemispheric cooperation, suggests that we do this as partners. There's not a question of one being dominant or one being a leader and one being a follower, but rather a partnership of democracies that are committed to the same values, working together to meet common challenges.

Q Yes, but the United States always says it wants leadership, so --

MR. STEINBERG: I think the issue is the question of our moving together. We have no reason to lead or follow if we're all pursuing the same objectives.

Q Can I ask a question? What about Europe in this whole process of unifying the markets? Europe is developing an agreement with Mercosur. Does it worry the United States? And what can you say about the statement that was made yesterday about Brazil and Europe, which says the culture and orientation of Brazil is moving away from Europe and towards the United States? Is that the policy of the U.S. to move apart --

MR. STEINBERG: As you heard both Presidents talk about this issue at great length, this is not a zero-sum game. What we want to see is all of their countries opening their markets and expanding trade. And if the European Union is willing to open its markets more, what's important obviously is that it's on a nondiscriminatory basis, which is the basic rules of the WTO.

But we would very welcome any impulse that would lead Europe or any other country or group of countries to be more open in their trading, because we consider the United States to be perhaps the most open market in the world. And so we encourage all countries and groups of countries to proceed in that direction.

Q Why is the President risking provoking Congress over this line item veto when he's really saving very little money out of the overall spending that's involved?

MR. MCCURRY: Well, these were projects that the President looked at carefully, and they did not meet the criteria that he establish for review of this appropriations bill. They were not projects that he had requested in his 1998 budget. They don't contribute to our national security in the estimation of the President's military experts. And they don't fit with our long-range defense plans.

There were, as you know, 750 projects that Congress added beyond the President's budget request, many of them worthy, and the President, mindful of the role the Congress plays in developing appropriations measures, let many of those stand, even though they exceeded both his own budget request and the terms of the bipartisan balanced budget agreement.

So I think he's acted here in a very prudent way, in a narrow way, consistent with the criteria that he established, and I would suggest, precisely the way that Congress intended when Congress gave the President of the United States the line item veto authority.

Q Mike, are there a lot of projects still in there that he'd really like to veto, but out of deference to Congress he's not going to, that don't meet criteria?

MR. MCCURRY: There are projects there, if you had constructed differently, that you might have been more expansive in the use of line item veto authority -- that's clear. Let me refer all those questions -- you know, you're going to have an opportunity to hear the questions that are asked up in Washington.

Anything else before we have to go?

Q Yes, Mike, can you give us an idea for the people here what the timetable is for the release of more tapes --

MR. MCCURRY: If you're interested in that story, the timing is such that you can contact the Travel Office and drop off the trip and get to Washington in time to cover it probably.

Q This may be a better question for Jim, but I'll let you guys decide. The President today repeatedly tried to dispel suspicions among Brazilians that the U.S. wants to push them around, doesn't take Mercosur seriously, basically that we recognize them as a serious emerging power in the hemisphere. I guess my question is, how did we reach the point where he has to say those things? I mean, has there been such neglect in recent years of the bilateral relationship that these suspicions have been allowed to flourish? Why does he have to do this?

MR. STEINBERG: I think inevitably that there are forces that are interested in trying to find bases of conflict to try to sort of stake out positions that would cause particular problems between the countries. We have a number of specific trade disputes which are at issue between the countries. But I think what is important is that there aren't that many opportunities for the two Presidents themselves to get together and discuss these issues, so it's more to counteract the suspicions about what countries' objectives or their motivations might be.

From the beginning, the President has been very strongly supportive of this. He gave you the example of talking about the European Security Identity. This has very much motivated his overall philosophy. I think what's important is from time to time you have to be very vocal and public to remind people that there is an overriding objective, and that even though we have to deal with very real difficulties on specific issues, that these broader objectives are the guiding ones. And I think it gives an impulse to all the people on both sides, that this is their goal.

Q Jim, can I follow on that? Would a mature, self-confident country get so upset about these things like whether the security -- the advance team was rude? This hypersensitivity almost suggests in some ways that Brazil has yet to really develop the potential that you keep promoting.

MR. STEINBERG: John, you're going to have to retract your statements pretty soon. (Laughter.)

We have a great deal of respect for President Cardoso and his government and the people of Brazil. And we think that this -- we have been treated extraordinarily well. The President has felt this has been an extraordinarily gracious reception. Just the fact last night that the President took the President and the First Lady up to their quarters and they spent time with them showing them around last night really reflects the quality of this relationship. And we're very pleased with the reception we've gotten here.

Q -- did any of this come up in the meeting the two Presidents themselves -- I mean, the rough press --

MR. STEINBERG: Not to my knowledge. And certainly nothing that we've heard has that been an issue.

MR. MCCURRY: All right. Anything else?

Q What is the main difference, if any, between the visit to Caracas and to Brazil in terms of the outcome of the bilateral meetings?

MR. MCCURRY: Well, I think in both cases we had an excellent opportunity to review a range of bilateral issues. There was, not surprisingly, somewhat more focus on energy related issues in the meetings we had in Caracas, given Venezuela's importance in the oil sector. But they were both

meetings which advanced the President's objective of better and closer ties to a region that will increasingly be important to the people of the United States of America, and both sets of meetings quite successful in the President's opinion.

Q -- to organize a summit in November at the White House with Arafat and Netanyahu?

MR. MCCURRY: I'm not aware of any plans of that nature. I think you heard the President say at the time that President Weisman was in Washington that that idea to have utility would require the leaders to be prepared to do summit-type things. And we hope that we will someday be in a position to believe that that is the case, but at the moment the patient diplomacy we're doing is the best formula for success.

All right, see you all in the next country.

END

4:02 P.M. (L)