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Briefing 3/15/93

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PRESS QUESTIONS AND ANSWERS

U.S. ASSISTANCE TO ISRAEL

Q: What is your Administration's position on future assistance levels for Israel?

A:
- The budget I submitted for FY 94 maintains current aid levels to Israel.
- It is our intention to continue significant levels of aid to Israel.

Q: How can you ask Americans to tighten their belts and not ask the largest foreign aid recipient to do the same?

A:
- Israel is in the process of reforming its economy and that is at times a painful process.
- We are encouraging the Israelis to perservere, and we will have an active dialogue on how we can strengthen Israel's economy so it can be more self sufficient. While the Cold War has ended, peace has yet to come to the Middle East and I remain committed to our strong support for Israel.

Q: Are we satisfied with Israel's economic reform efforts? What else should they be doing?

A:
- As I said, we will have an active dialogue on how we can strengthen Israel's economy.

DEFENSE AGREEMENTS WITH ISRAEL

Q: Have you and the Prime Minister agreed to new defense arrangements between the United States and Israel?

A:
- This Administration is unalterably committed to Israel's security and to preserving its qualitative military edge in the region.
- I have reiterated that commitment to Prime Minister Rabin today.
- We will be looking for areas to cooperate more intensively, especially in the area of science and technology.

SCIENCE AND TECHNOLOGY COMMISSION

Q: What is involved in the new Science and Technology commission? What are its objectives? Who will head it?

A:
- We anticipate intensified cooperation in four areas:
  - o Encouraging high-tech industries in the U.S. and Israel to link up in joint projects that will benefit both countries,
  - o Fostering scientific exchanges between U.S. and Israeli universities and research institutions,
  - o Promoting development of agricultural and enviromental technologies,
  - o Assisting in the adaptation of military technology for civilian production.
- I have asked Ron Brown, the Secretary of Commerce to head up the American side.

PEACE PROCESS

Q: How do you view the Israeli proposals for the peace process? Do you feel their positions will lead to a settlement?

A:
- Today, the Prime Minister and I have discussed at length the peace process and I have conveyed to him my deep commitment to helping move the process forward.
- I do not want to discuss specific aspects of the Israeli proposals. This is better left to the negotiators at the table.
- But I will say that the Prime Minister has reiterated his firm commitment to the negotiations for a comprehensive settlement. And I have reiterated my offer for the U.S. to be an active full partner in helping the parties achieve progress toward peace.

Q: Have the parties accepted our invitation to return to the negotiating table? What is the hang up and how will we fix it?

A:
- We do not yet have responses from all the parties. We remain hopeful that all the parties will return to the negotiating table.

JERUSALEM

Q: What is your position on Jerusalem?

A: This is a very sensitive issue. We are not dealing with it now. It should be left to the negotiations.

Q: Will you move the U.S. Embassy to Jerusalem?

A: My position has not changed from the campaign. I said then that I would not do anything to disrupt the negotiations.

Q: Do you recognize Jerusalem as Israel's capital as you stated during your campaign?

A: That is my view but as I said the Jerusalem issue should be left to the negotiations and I am not going to take any step that might disrupt the negotiations.

ARAB BOYCOTT

Q: What is your position on the Arab boycott? What are you doing to end it?

A:
- I am firmly opposed to the boycott which is an anachronism given the negotiations underway between Israel and her Arab neighbors.
- Secretary Christopher made our strong opposition known to Arab governments during his recent visit.
- We are also encouraging other industrialized countries to emulate our anti-boycott measures.

Q: Did Christopher make any progress?

A:
- It is a high priority, and we expect it to be a continuing effort on our part.

SETTLEMENTS

Q: What is our position on Israeli settlements in the Occupied Territories? Do you oppose them?

A:
- I oppose settlements as obstacles to peace, and we welcome Prime Minister Rabin's reorientation of investment away from settlements to Israel proper.

DEPORTEES

Q: Did you press the Prime Minister to take back the deportees?

A: The Secretary of State has been working with Prime Minister Rabin to resolve this issue. We believe we have reached agreement on a solution to that problem. We are hopeful that all the parties will turn up for the next round of negotiations beginning on April 20.

VIOLENCE

Q: Do you agree that Israelis should be armed to deal with the violent attacks from the Palestinians?

A: It's not our business to tell the Israelis how to handle their security. Israel is a democracy and supports the rule of law. I want to express my sympathy for all the victims of this horrible upsurge in violence that seems to be accompanying renewed efforts to make peace.

JONATHAN POLLARD

Q: What is your position on commutation of Jonathan Pollard's sentence?

A: - I will review his case when his appeal reaches my desk.

SALE OF ISRAELI A-4 AIRCRAFT TO INDONESIA

Q. Are we willing to facilitate the sale of Israeli A-4 aircraft to Indonesia?

A. - I have asked the Secretary of State to look into this issue and provide me with a recommendation.

Iain

McLenand

King

Self determination
Traditional (?)

Dee Dee Myers - Please use the attached NYTimes article as background.

March 15, 1993

JAPAN SEMICONDUCTORS

-- We do not appreciate the latest Japanese move to try to shift the blame for the closed Japanese semiconductor market to the cancellation of orders by U.S. semiconductor suppliers.

-- We have heard similar excuses throughout the history of this issue as to why the market-opening objectives of the Semiconductor Arrangement have not been achieved.

-- In our view, these arguments just don't hold up: U.S. semiconductor suppliers are extremely competitive on a global basis.

-- They outsell their Japanese competitors in every market, except Japan. For example, in 1992:

- o U.S. share of the European market was 47 percent, while Japanese share was 36 percent.
- o U.S. share in the rest of the word, excluding Japan, Europe and the United States, was 43 percent, while Japanese share was 37 percent.

-- They have invested a lot of time, resources and energy in trying to serve the Japanese market.

-- In my meetings with senior executives from several U.S. semiconductor companies last week, they assured me that their companies are committed to the Japanese market and have the capacity to serve the Japanese market if only they were given a fair chance to compete.

-- We have informed the Japanese Government that we are willing to look into any specific instances of U.S. semiconductor companies canceling or not fulfilling orders in Japan.

-- (If needed) Even if this story were accurate, please be aware that $60 million in canceled sales, equals approximately three-tenths of one percent of market share.

-- What is needed is not excuses or arguments as to why the objectives of the Semiconductor Arrangement can't be achieved; rather, what is needed are concrete actions by the Japanese to open their semiconductor market to all foreign suppliers.

Drafted: Wendy Silberman 3/12/93

FROM: Dianne Wildman, Deputy Asst. USTR for Public Affairs 395-3350
Office of the U.S. Trade Representative

Japan Blames U.S. Makers In Chip Feud

By ANDREW POLLACK

Special to The New York Times

TOKYO, March 11 — Japan's electronics industry is preparing data to show that American semiconductor companies failed to deliver tens of millions of dollars worth of computer chips ordered by Japanese companies last year, thereby contributing to the United States' failure to achieve a 20 percent share of the Japanese market as called for in a semiconductor trade agreement.

Japanese companies and government officials said that because of a recent boom in demand for computer chips in the United States, American suppliers have diverted some of their products away from Japan and to American customers, causing hardships for Japanese customers.

The Electronic Industries Association of Japan is now surveying chip users in Japan to measure the extent to which American companies have delayed, reduced or canceled deliveries to Japanese companies.

Seen as 'Desperation Move'

An official of the Ministry of International Trade and Industry said that the survey had already found about 7 billion yen, or about $60 million, in canceled deliveries, but that the actual figure could be several times higher. Cancellation of $60 million in chips would reduce the foreign share of Japan's $20 billion chip market by about three-tenths of 1 percent.

The new data collection effort appears to be part of a vigorous effort by Japanese companies to shift blame for failure to meet the 20 percent goal to the American side. The move comes before an important review later this month in Hawaii of progress under the semiconductor agreement.

American industry officials say the

Japan Blames U.S. Makers in Chip Dispute

Continued From First Business Page

charges are preposterous.

"I think it's kind of a desperation move," said Roger Mathus, Tokyo representative of the Semiconductor Industry Association, an American trade group. "I think it's kind of political noise."

The semiconductor agreement, first signed by Japan and the United States in 1986 and then renewed in 1991, set a goal of having chips made by American and other non-Japanese companies account for 20 percent of Japan's market by the end of 1992.

Market share figures for the final quarter of 1992 will not be released until later this month, but it is evident that the figure will fall short of 20 percent — at least using the calculation method adopted by the United States Government. In the third quarter of 1992, foreign share was 15.9 percent under this formula, and industry officials expect it will reach only about 17 percent for the fourth quarter.

The United States Government has repeatedly expressed dissatisfaction with the market share achieved to date. The chairman of the Semiconductor Industry Association said recently that the American industry might not press for sanctions if Japan pledges that foreign chip purchases will average 20 percent of the market in 1993.

Japan's View

Japanese officials say they will resist any calls to come up with new numerical goals. They argue that the 20 percent is an expectation, not a guarantee, and they say that the Japanese market is now open. Foreign market share has more than doubled since 1986, they say, and there are now numerous joint ventures between American and Japanese companies.

"We really feel very strongly," said one official of the Ministry of International Trade and Industry. "We don't think it's justifiable to be criticized for not honoring the agreement just because the results don't reach 20 percent share."

Japan has long argued that the failure to achieve 20 percent share does not result from Japan having a closed market but from the fact that foreign companies do not make the chips Japan needs, such as those for consumer electronics.

Shortage in U.S., Too

There has been a shortage in recent months of certain chips because a personal computer price war has ignited a boom in demand for computers in the United States. In addition, the Intel Corporation has had to turn away orders for flash memory chips because of a manufacturing problem at its Japanese subcontractor.

American industry officials say they are not favoring American customers at the expense of Japanese ones, because American companies are also unable to get all the chips they need.

Referring to Intel's flagship 486 microprocessor, William O. Howe, president of Intel Japan, said, "We have essentially reserved extra capacity for Japanese customers, despite the fact that we are in a world shortage."

NYT 3/12/93

TO: DEE DEE MYERS March 15, 1993

This is the press guidance developed to explain the cancellation of talks between the U.S. and EC on Title VII.

PRESS GUIDANCE

CANCELLATION OF PROCUREMENT NEGOTIATIONS WITH THE EC

U.S. Trade Representative Michael Kantor announced today that negotiations between the United States and the European Community on the subjects of government procurement and telecommunications equipment procurement would not be held next week in Brussels. Ambassador Kantor made this decision in response to the EC's indication that it was unwilling to eliminate the discrimination against U.S. suppliers' bids to European electrical utilities and telecommunications operators. Negotiations had been scheduled for March 15-16 in Brussels.

The discrimination is embodied in the EC Utilities Directive, which became effective in nine of the twelve EC Member States as of January 1, 1993. That Directive imposes a mandatory 3 percent preference in favor of EC bids, and it permits European utilities and telecommunications operators to reject U.S. bids altogether, even if the bids beat the price preference.

U.S. and EC negotiators had met in Washington on February 16 and 17, but had been unable to reach an agreement that would result in the elimination of the discrimination against U.S. bids.

On February 1, USTR Kantor had announced that the U.S. would impose sanctions against EC bids for certain federal government procurement of goods and services effective March 22 if the EC failed to eliminate its discrimination against U.S. bids by that date.

The U.S. remains open to any EC proposals that would lead to the elimination of the discrimination in the Utilities Directive.

FROM: Dianne Wildman, Deputy Asst. USTR for Public Affairs 395-3350
Office of the U.S. Trade Representative

U.S. Department of Transportation

A-fax

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

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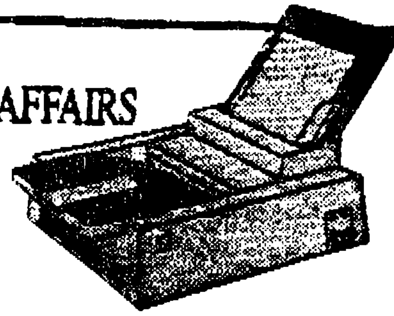

3-15-93
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Comments:

If you do not receive all pages please call Constance Gray

at 366-4570 promptly.

Thank you.

FEMA
1:01

FOR IMMEDIATE RELEASE
Monday, March 15, 1993

DOT
CONTACT: Richard Mintz
Tel.: (202) 366-4570
Ed O'Hara
Tel.: (202) 355-4571

U.S. TO SEEK NEW AVIATION PACT WITH BRITISH
DOT OPENS FORMAL REVIEW OF BA/USAIR DEAL,
APPROVES CODE SHARING, MOST WET LEASES

Saying the existing U.S. - U.K. aviation pact allows domestic airline carriers insufficient access to the British market, Secretary of Transportation Federico Peña today announced his intention to pursue a new agreement. At the same time, the Secretary announced a review of British Airways proposed three-phase investment in USAir and a one-year approval of the carriers' requested code sharing and leasing arrangements. The Secretary also acknowledged USAir's place in a competitive airline industry.

"The administration will adhere to U.S. citizenship law and honor our current bilateral agreements, even as we vigorously defend the rights of U.S. carriers abroad," said Secretary Peña. "Today's decision is consistent with those principles and with our foremost goal of restoring the vitality of the U.S. domestic aviation industry."

In an order issued today, the department set up a public docket and requested specific comments from any interested person on the issue of USAir's continuing status as a U.S. citizen. The order said, "Our review indicates that BA's initial investment of $300 million does not impair USAir's citizenship. In view of the ongoing nature of the investment agreement, there is justification for further analysis with the aid of public comment. In the meantime, we expect and advise the parties not to proceed with the second and third phases of the transaction until we have completed our review of USAir's citizenship."

"To all of those with a stake in USAir, we acknowledge the importance of the airline to its employees, its communities, and its customers and recognize its continued place in a competitive airline industry," said the Secretary. "To the American people, we will work to preserve and increase American jobs, and as importantly, to secure an aviation system that provides affordable, accessible, and safe air service."

Current U.S. law sets specific criteria for establishing the U.S. citizenship of air carriers. These criteria include a 25 percent limit on the ownership of voting stock by foreign interests, at least two thirds of U.S. citizens on the board of directors, and a U.S. citizen as the chief executive officer. The secretary noted that he expected the new National Commission to Ensure a Strong Competitive Airline Industry to undertake a broader examination of U.S. policy regarding foreign investment and its effects on the aviation industry.

"We will do everything we can to ensure the ongoing viability and competitiveness of U.S. air carriers and will work with the Airline Commission to review fully our current aviation laws, policies and agreements," said Secretary Peña. "We recognize that the current U.S.--U.K. bilateral agreement, negotiated by the previous administration, is unfair to U.S. airlines. We will pursue a new agreement this year that incorporates 'open sky' provisions."

The order approved USAir and British Airways operations as code-sharing partners on flights between 38 U.S. cities and London. DOT also approved a request that USAir furnish crews and aircraft (wet-lease arrangements) to operate British Airways flights in the London-Baltimore and London-Pittsburgh markets. But DOT rejected USAir's proposal to provide similar crews and aircraft for British Airways between London and Charlotte, N.C., saying the British carrier does not now hold authority to serve that market.

These operational authorities are provided for in the current U.S.--U.K. bilateral aviation agreement (Bermuda 2) negotiated under the Bush administration. The agreement allowed U.S. carriers access to London's Heathrow Airport in return for British rights to pursue cooperative service arrangements in the U.S. market.

#17 This is the second time that USAir and British Airways have applied for these authorities. Last year, USAir and BA reached an agreement whereby BA would invest $750 million in USAir, in return for a substantial share of USAir's equity, representation on USAir's board of directors and various powers to influence USAir's decisions and operations. That agreement was withdrawn in the face of the perceived likelihood of disapproval by the Department.

On Jan. 21 of this year the two airlines reached a new agreement with a three-phase investment schedule. In the first stage, which has already been consummated, BA invested $300 million, for which it initially acquired 19.9 percent of USAir's voting equity and the right to appoint three of USAir's 16 directors. The second and third stages would involve additional investment of $200 million (within three years), and $250 million (within five years) respectively.

The parties also requested DOT approval for proposed code-sharing and wet-lease arrangements.

On Feb. 1, Delta Air Lines, United Air Lines, and American Airlines filed a petition requesting a public proceeding to review the issues raised by the British Airways' investment.

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DRAFT - 3/15/93 10:00 a.m.

PEÑA STATEMENT ON USAIR

This morning, I have communicated with representatives of the British government my intention to pursue a renegotiation of the current U.S. - U.K. bilateral aviation agreement and I will be meeting shortly with my British counterpart to initiate these discussions. U.S. carriers need a new agreement to gain fair access to the British market and beyond. In the meantime, I believe it is important to act judiciously and expeditiously on the proposed arrangements between British Airways and USAir, consistent with our obligations under the law and with our existing international agreements. Prompt action is not only required, it is important to the employees, communities, and customers of USAir.

One of my top priorities as Secretary of Transportation is to revive the ailing domestic aviation industry. Hundreds of thousands of jobs, the health of hundreds of communities, and the continued competitiveness of one of our leading industries is at stake. Toward that end, members of Congress have joined with the administration to support a 90-day commission to examine the problems, and more importantly, to offer solutions to strengthen this critical American industry.

Even as the commission moves forward, the U.S. government must take an assertive position to defend the rights of U.S. carriers abroad and work toward a global level playing field in aviation. Already, I have initiated action to preserve the rights of U.S. carriers with regards to Japan (in response to a complaint by United Air Lines) and Australia (in response to a complaint by Northwest Airlines), where I believe our bilateral agreements have been breached to the disadvantage of our domestic carriers.

My ability to act, however, is defined by existing U.S. law and by bilateral agreements developed by previous administrations. This administration has had no role in shaping these laws or negotiating these agreements.

It is in this context that I am required to make a decision on the proposed investments and cooperative service arrangements between British Airways and USAir.

This is the second time that these parties have filed an application with the U.S. government. Last year, USAir and British Airways reached an agreement whereby BA would invest $750 million in USAir, in return for a substantial share of USAir's equity, representation on USAir's board of directors and various powers to influence USAir's decisions and operations. This agreement was withdrawn in the face of the perceived likelihood of disapproval by the Department.

On January 21st of this year, the two airlines reached a new agreement with a three-phase investment schedule. In the first stage, which has already been consummated, BA invested $300 million, for which it initially acquired 19.9% of USAir's voting equity and the right to appoint three of USAir's sixteen directors. The second and third stages would involve additional investments of $200 million (within three years) and $250 million (within five years), respectively. The parties also contemplate cooperative arrangements that include code-sharing and wet leases by USAir to BA. The investment agreement also requires USAir to divest its three U.S.- U.K. routes.

On February 1, Delta Air Lines, United Air Lines, Inc. and American Airlines, Inc. filed a petition asking the Department to institute a proceeding to review the investment agreement. On February 3, USAir requested a statement of authorization for the code-sharing arrangement with BA, and on the same date BA applied for exemption authority to allow it to operate over the routes covered by the code-sharing agreement. Finally, on February 12, USAir applied for a statement of authorization for its proposed wet lease to BA.

Let me now summarize the Department's ruling as set forth in the order we are issuing today.

First, the Department will open a formal review of the proposed investment arrangements. Our preliminary finding is that the $300 million investment by British Airways does not impair USAir's "citizenship." However, in view of the ongoing nature of the investment agreement, the Department of Transportation is instituting a proceeding in the Docket 48634 to review the entire transaction and its effect on USAir's citizenship. USAir is directed to file the investment agreement and related documents in that docket by March 19, and all interested persons wishing to comment on the matter are directed to file such comments by April 16, 1993. Answers to the comments will be due on April 30, 1993.

Second, the Department approves the BA/USAir code-sharing request. It is granted for a period of only one year. We also grant USAir's request to lease aircraft and crews (wet leases) to British Airways between London and Pittsburgh and between London and Baltimore. However, we grant this authority to both carriers for a period of only one year.

It is important to note that these operational authorities are provided for in the current U.S. - U.K. bilateral aviation agreement renegotiated in 1991. The agreement allowed U.S. carriers access to London's Heathrow Airport in return for British rights to pursue joint operating arrangements, including code shares, in the U.S. market. U.S. carriers have benefitted under the agreement for the last two years. British Airways is now exercising its rights under the agreement in its proposed arrangements with USAir.

Third, the Department of Transportation has dismissed one element of USAir's wet lease request, namely that portion seeking authority to wet lease aircraft to British Airways in the London-Charlotte market. British Airways is not designated by its homeland under the U.S. - U.K.

Agreement to conduct scheduled operations in this market, and holds no underlying economic authority from the Department to do so.

Fourth, the order makes clear that DOT's prior approval is needed for Phase Two or Phase Three of the transaction to occur. It is also our opinion that Phase Two or Phase Three cannot be completed without action on the part of the U.S. Congress amending our foreign ownership law.

As I stated earlier, I have communicated with the appropriate officials in the British government the need to re-negotiate the current bilateral agreement entered into by an earlier administration. I strongly believe that we must eliminate restrictions that undermine competition and which limit U.S. carriers access to the British markets. I will be meeting with my counterpart, Mr. John MacGregor, Secretary of State for Transport, in the near future to pursue this matter.

Finally, let me send a clear message to all those with an interest in this decision.

To our friends in the U.K., we have fulfilled our obligations under our own law and under our mutual agreement. We contend that the current U.S. - U.K. bilateral agreement, negotiated by an earlier administration, does not offer U.S. airlines sufficient access to British and European markets. Even as we honor the existing agreement, the administration will pursue a new agreement this year that incorporates "open skies" provisions.

To our other trading partners, we have indicated our intent to honor our obligations, and we expect them to do the same. Further, we will continue to move towards a more openly competitive global marketplace, in which our carriers can compete on a level playing field.

To all of those with a stake in a viable USAir, we acknowledge the importance of the airline to its employees, its communities, and its customers and recognize its place in a competitive airline industry.

To our other domestic carriers, let me reaffirm this administration's absolute resolve to vigorously defend the rights of U.S. carriers abroad. We will do everything we can to ensure the ongoing viability and competitiveness of the U.S. aviation industry. Let us work together and with the Airline Commission to review fully our current aviation laws, policies, and agreements. And let me urge the industry to take this opportunity to comment on the record and emphasize to all that the approvals granted to BA and USAir are fixed at one year.

To the American people, we will work to preserve and increase American jobs and, as importantly, to secure an aviation system that provides affordable, accessible, and safe air service.

In closing, let me just restate that the administration will adhere to existing U.S. citizenship law and honor our bilateral agreements, even as we actively defend the rights of U.S. carriers abroad. Today's decision is consistent with those principles and with our foremost goal of restoring the vitality of the U.S. domestic aviation industry.

American Airlines (AA)

Inconsistencies in Arguments Against USAir-British Air Deal:

- AA was permitted to serve London Heathrow Airport two years ago after a US-UK agreement that allowed AA and United to serve Heathrow in exchange, inter alia, or British Airways (BA) being allowed to code-share with any U.S. carrier. AA would now deny BA its legal right to code-share, while it continues to serve Heathrow. (Note: The British cannot be expected to accept such imbalance for very long.)

- AA is most vocal in demanding that the U.S. government protect all its rights abroad, while it calls for us to deny BA its right.

- AA opposes BA's $300 million investment in USAir, while it is attempting to obtain Canadian regulatory approval to invest $200 million in Canadian Airlines International.

- AA has objected to the BA-USAir deal, but not to a similar Air Canada-Continental deal because of its deal with Canadian Airline International. There is no consistency of position.

- AA has argued BA should be allowed to invest in/control a U.S. carrier only after we have achieved full access to all EC markets. The U.K. has offered to negotiate full access to the U.K., but clearly is in no position to deliver the entire EC.

- AA objects to the BA-USAir code-share while it enjoys smaller code-sharing arrangements with carriers such as South African Airways, Qantas and others, and previously with the U.K. airline Cathay Pacific.

Actions Taken By Clinton Administration For American Airlines:

- Secretary Peña has withheld and only gradually released landing/takeoff slots at JFK Airport for two British carriers in order to improve landing/takeoff times at Heathrow for AA's new, second daily round trip between Miami and Heathrow. AA's times have gradually improved.

- DOT has fully supported AA in a complaint against France and Spain for discriminating against AA's computer reservation system in those countries. DOT has expedited an enforcement case it is now developing against those countries. AA will expect us to take sanctions soon against France and Spain.

United Airlines (UAL)

Inconsistencies in Arguments Against USAir-British Air Deal:

- UAL was permitted to serve London Heathrow airport two years ago after a US-UK agreement that allowed UAL and AA to serve Heathrow in exchange for, inter alia, British Airways (BA) being allowed to code-share with any U.S. carrier. UAL would now deny BA its legal right to code-share, while it continues to serve Heathrow.

- UAL would have the U.S. ignore U.K. airline rights, while it insists we uphold its rights worldwide, especially with Japan where at this time we are confronting the Japanese government on behalf of UAL.

- UAL opposes BA's investment in USAir although it nearly consummated its own buyout by BA several years ago. That deal fell through at a late stage for financial reasons.

- UAL opposes code-sharing between BA and USAir yet it enjoyed its own modest code-sharing arrangement with BA several years ago and now code-shares with British Midlands Airlines.

- UAL opposes BA's investment in USAir at the same time these three carriers are joint owners in UAL's computer reservation system, Covia. Furthermore, Covia is planning to merge with European computer system, Galileo, partly owned by BA. This is highly significant since there are only a handful of large computer reservations systems worldwide, and such mergers mean closer relationships between the airline owners.

Actions Taken By Clinton Administration For United Airlines:

- Secretary Peña has issued a ruling threatening sanctions against Japan because United's rights are being violated.

- President Clinton and Secretary Peña have moved to set up a major Airline Commission to review airline problems on an expedited basis. UAL has been the leader in urging such a concept.

Delta (DL)

Inconsistencies in Arguments Against USAir-British Air Deal:

- Delta has opposed all three recent foreign investments in U.S. carriers (BA-USAir, Air Canada-Continental, KLM-Northwest) while for several years it has enjoyed a global partnership with Swissair and Singapore Airlines. These three carriers own 5% of each other's stock and cooperate globally.

- Delta opposes BA's code-sharing with USAir while it currently has its own controversial Swissair code-sharing application pending at DOT.

Actions Taken By Clinton Administration For Delta:

- DOT and State Department are working hard to protect U.S. carrier proposed schedules to Germany this summer. Germany is questioning the level of service our carriers propose. Delta is the largest U.S. carrier to Germany.

FEMA -- Alabama / Emergency
Team

Florida -- disaster

17 other snow
uncovered

Bartholomew
spoke
to all 3
parties

Tuesday
Wednesday

Salvador
* Haven't seen copy, but
* Important milestone
* Truth Commission report
* Implicates US in cover-up
* Want time to comment
* Will do what needs to be
done

* Norway
UK
Turkey
) Individual
Participants

WHITE HOUSE PRESS GUIDANCE -- 11:30 AM
MONDAY, MARCH 15, 1993

Intelligence Budget

Q: Yesterday's (Sunday) New York Times said the Clinton Administration has begun a campaign to protect the intelligence budget. Why in an era of spending cuts is it necessary to preserve this level of spending on intelligence?

A:
-- The President believes that a strong intelligence community is essential to the preservation of our vital interests.

-- At the same times, it is clear that the intelligence community must do more with limited resources. As the President promised during the campaign, this Administration will save a total of $7 billion over the next four years from the previous Administration's request for national and tactical intelligence programs.

-- The Director of Central Intelligence is reviewing ways to consolidate the operation of costly collection systems and to streamline the management of the intelligence community. In addition, under the auspices of the National Security Council, this Administration is engaged in an effort to refine both our national security priorities and the appropriate role for the intelligence community in meeting new challenges.

-- In a very short period of time, we have made good progress. Obviously, much more needs to be done.

-- If based on our review, more savings are appropriate, we will work with the DCI and our oversight Committees to ensure that additional reductions do not impair our nation's security.

Angola: Peace Plan

Q: Does the U.S. have a peace plan for Angola?

A: -- The U.S., together with Portugal and Russia -- the other observers to the Bicesse (BEE-sess) peace accords, continue to work with the U.N. to get the parties back to the table and end the fighting.

-- Years of conflict have proven that this problem will not be resolved on the battlefield and that UNITA and the government have to negotiate a resolution.

Q: When is the U.S. going to recognize the Luanda (MPLA) government?

A: -- This issue remains under active review. Anything we do will be designed to improve the chances for peace.

Q: Has the slow pace of foreign policy appointments hampered the establishment of a clear policy on Angola?

A: -- No. Our policy is quite clear and our pursuit of it has not been affected by the pace of appointments.

Haiti: Refugee Detained

Q: Saturday, the President spoke about the military deserter who was detained by Haitian authorities as he attempted to leave the country. What is he doing about this case?

A: -- We have protested this arrest in the strongest possible terms and at the highest possible levels in Haiti. We are following this matter very closely, will continue to do so until this man is released, and will hold Haitian authorities responsible for the treatment of this individual.

-- We are shocked at this action, which we hope and expect will be speedily rectified.

-- We see this matter as an important test of the willingness of the de facto regime and the Haitian High Command to work for a tangible improvement in the human rights situation in Haiti, and to cooperate with the basic purposes of the international effort this regard.

Q: Doesn't this incident point up the inadequacy of in-country processing?

A: -- We understand that in-country processing is not risk free, but we believe it is far less risky than the alternative: flight by boat. In fact, our strenuous efforts in this incident reflects our commitment to attempting to ensure the safety of those who use the in-country procedures.

-- The overwhelming majority of Haitians approved for refugee status under the in-country refugee program have been allowed to leave Haiti for the U.S. without incident.

-- All refugees departing Haiti are accompanied to the airport by officials from the refugee processing center.

-- This ensures that the Embassy is immediately aware of any problems arising during departure, allowing them to take appropriate action without delay.

EAP PRESS GUIDANCE
March 15, 1993

PAUL
CLARKE
(DRAFT)

KOREA -- NORTH KOREA TO LEAVE NPT?

Q: Can you give us an update on the situation surrounding North Korea's announced intention to withdraw from the Nuclear Non-Proliferation Treaty?

A: -- WE ARE [redacted] CONSULTING WITH CONCERNED COUNTRIES, AT THE U.N. SECURITY COUNCIL, AND WITH INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) OFFICIALS IN VIENNA. ALSO, THE U.S. WILL MEET WITH REPRESENTATIVES FROM THE OTHER TWO NUCLEAR NON-PROLIFERATION TREATY (NPT) DEPOSITORY COUNTRIES THIS WEEK.

-- EXERCISE TEAM SPIRIT CONTINUES AS PLANNED, CONCLUDING ON MARCH 19.

-- U.S. FORCES IN KOREA ARE NOT ON HEIGHTENED ALERT.

Q: What is the procedure for "withdrawal" from the NPT?

A: -- A COUNTRY WISHING TO WITHDRAW FROM THE NUCLEAR NON-PROLIFERATION TREATY (NPT) ON THE GROUNDS OF "SUPREME NATIONAL INTEREST", MUST INFORM ALL PARTIES TO THE NPT OF ITS INTENTION TO WITHDRAW, AS WELL AS THE U.N. SECURITY COUNCIL.

-- THE WITHDRAWAL DOES NOT TAKE EFFECT UNTIL THREE MONTHS AFTER PROPER NOTIFICATION HAS TAKEN PLACE. UNTIL THAT TIME THE WITHDRAWING COUNTRY IS STILL SUBJECT TO THE REQUIREMENTS OF THE NPT.

(IF PRESSED PER PM)

THE USG REPRESENTATIVE WILL BE ROBERT GALLUCCI, ASSISTANT SECRETARY FOR POLITICAL-MILITARY AFFAIRS.