(1) Agree in advance on message w/ Senate (Durbin)

(2) Same spending priorities

(3) Kennedy, Durbin, Daschle.

- Hse - Gephardt

(4) NIH.
Child Care (state)
education
Kid's health

- cessation
- ads
- FDA
- farmers

57% - 43% spending

BR. Should call covered folks.

(5) Civil liability

- No past practices

- Caps $ bill. pass

Dem's to get a deal
- Daschle
- Construction of trust fund

Issues: civil liability
; where $'s go.

I hope we're reading the numbers. Issues vs. pass get child care

CW

Elizabeth R. Newman
09/17/97 11:58:49 AM

Record Type: Record

To: Mary L. Smith/OPD/EOP

cc:
Subject: 1997-09/17 REMARKS BY POTUS ON TOBACCO

---------------------- Forwarded by Elizabeth R. Newman/WHO/EOP on 09/17/97 11:58 AM ---------------------------

SUNTUM_M @ A1
09/17/97 11:38:00 AM

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

cc:
Subject: 1997-09/17 REMARKS BY POTUS ON TOBACCO

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 17, 1997

REMARKS BY THE PRESIDENT
ON TOBACCO SETTLEMENT REVIEW

The Oval Office

10:55 A.M. EDT

THE PRESIDENT: Thank you very much. Mr. Vice President, Secretary Shalala, Secretary Glickman, thank you for your work. Thank you, Bruce Reed. I'd like to say a special word of thanks to David Kessler for the work he did -- historic work he did at the FDA when he was here. Thank you, Dr. Koop, and members of the public community who are here. To members of Congress, the Attorneys General, the representatives of plaintiffs in the private litigation -- and we have one of the injured parties here representing all of the them. We thank all of them for coming today.

This is a time of prosperity and hope and optimism for America, with our economy improving, making progress on our social problems, our efforts to lead the world to a more prosperous and peaceful future making headway. But I think we all know that this country still has some significant challenges, especially in the health field. And if we think about what we want America to be like in the 21st century, the health of our people and especially the health of our children must be paramount in our thinking, in our vision, and in our efforts.

That's why, a year ago, I worked with the FDA and we launched this nationwide effort to protect our children from the dangers of tobacco by reducing youth access to tobacco products, by preventing companies from advertising to our children.

The purpose of the FDA rule was to reduce youth smoking by 50 percent within seven years. Earlier this year, a federal judge in North Carolina said that the FDA has the authority to regulate tobacco products to protect the health of our children. There have also been other examples of litigation progress, as you know, brought by private plaintiffs and by the Attorneys General. Now, these victories for public health drove the tobacco companies to the bargaining table. They extracted concessions that would have been literally unthinkable just a short time ago.

I want to say a special word of thanks to the Attorneys General and the other parties who worked hard to negotiate this settlement. Everyone knows we would not be here had it not been for their foresight, their determination, and their relentless efforts.

Now we have this unprecedented opportunity to enact comprehensive tobacco legislation, working with all the parties involved -- the members of Congress, the attorneys general, the representatives of injured parties, the public health community, the tobacco farmers and others. We have moved from confrontation and denial and inertia to the brink of action on behalf of our children, and that is all to the good.

Today I want to challenge Congress to build on this historic opportunity by passing sweeping tobacco legislation that has one goal in mind: the dramatic reduction of teen smoking. In the coming weeks I will invite congressional leaders from both parties to the White House to launch a bipartisan effort to enact such legislation.

There are five key elements that must be at the heart of any national tobacco legislation. Reducing teen smoking has always been America's bottom line. It must be the industry's bottom line. That is why I believe the first thing any tobacco legislation must include is a comprehensive plan to reduce teen smoking, including tough penalties. These penalties should be non-tax-deductible, uncapped, and escalating to give the tobacco industry the strongest possible incentive to stop targeting children as new customers.

One of the surest ways of reducing youth smoking is to increase the price of cigarettes. Today I call for a combination of industry payments and penalties to increase the price of cigarettes. Today I call for a combination of industry payments and penalties to increase the price of cigarettes by up to a dollar and a half a pack over the next decade, as needed, to meet our youth reduction targets. And I call upon the House to follow the lead of the United States Senate and repeal the provision giving the tobacco industry a $50 billion tax credit.

Second, any legislation must affirm the full authority of the FDA to regulate tobacco products. I believe the FDA's jurisdiction over tobacco products must be as strong and effective as its authority over drugs and devices. In particular, legislation cannot impose any special procedural hurdles on the FDA's regulation of tobacco products.

Third, effective legislation must include measures to hold the industry accountable, especially in any efforts to market products to children, while insisting on changes in the way it does business. I ask the industry again to make a voluntary commitment to stop advertising to children. And I call upon Congress to pass legislation providing for broad document disclosure so that the public can learn everything the tobacco companies know about the health effects of their products and their attempts to market to our children.

Fourth, federal tobacco legislation must aim not only to reduce youth smoking, but to meet other health goals as well. These include the reduction of secondhand smoke, the expansion of smoking prevention and cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for medical research and other important health objectives. We must build on the bipartisan agreement to fund children's health care in the recent balanced budget.

And finally, any tobacco legislation must protect tobacco farmers and their communities. We know that tobacco farmers are honest, hard-working people, most of whom live and work on small, family-owned farms. In some states, entire communities rely on income from the tobacco crop. Any legislation must protect these farmers, their families and their communities from loss of income.

Let me say in closing, I want to thank the Vice President, especially, who cares so passionately about this issue. He's played a key role in our efforts to protect our children from the dangers of tobacco. I've asked him to take the lead in building broad bipartisan support around the country for our plan. I also want to thank Secretary Shalala, Secretary Glickman and Bruce Reed, and all those who work so hard on our administration's analysis of the proposed settlement and where we are.

And finally, let me say again, we wouldn't be here if it weren't for all the people in this room and the countless others they represent around the country. To me, this is not about money. It is not about how much money we can extract from the tobacco industry. It is about fulfilling our duties as parents and responsible adults to protect our children and to build the future of this country. We are doing everything we can in this administration to give parents the tools they need to raise their children, but parents have to be our partners as well. If this is not just about money, we have to recognize that even beyond the tobacco company and all of us in this room, every parent in America has a responsibility to talk to their children about the dangers of tobacco, illegal drugs, and other things that can hurt them. We know if we have strong parental responsibility here, they can make a great deal of difference in protecting our children as well.

If we take responsibility, if we pass this legislation, if we do what we should here, if the tobacco industry will work with us, if other members of Congress in both parties will work with us, we will have gone a very long way toward creating the state of health for our children that will make America an even greater nation in the new century.

Thank you.

Q Mr. President, what are the chances of the Congress adopting your policy? And why is the industry so conspicuously absent?

THE PRESIDENT: Well, first of all, I was encouraged by some of the comments that were made by some industry representatives. I think that they know that they have to have federal legislation. They have an interest in that as well. And I would hope that they would be willing to work with us. But we cannot have the FDA crippled here, and we have to have real and meaningful penalties if the targets for youth smoking are not met. And so I feel very good about that.

I think the Congress -- I think it's highly likely that they will take action. When they take action depends, I think, upon when they can work through the issues for themselves and how they decide how to divide up the work among the committees. But it's not too soon to start. We could have hearings on this fairly soon, and I would hope to work with the Congress to develop a bill that would embody these principles.

Q Mr. President, you haven't said what you're willing to agree to for the tobacco industry. Are you will to agree to immunity from future liability?

THE PRESIDENT: Well, I don't think they've asked for future liability, I think they've asked for immunity from liability for past suits. And the question there would be, what are they willing to agree to. They need to come and meet with us. We need to discuss it, and we need to see whether we can embody these five principles. These are the things I'm interested in.

To me, I'll say again, this is not primarily about money. This is about changing the behavior of the United States, both the behavior of the tobacco companies, the behavior of the American people, the future behavior of our children. I'm trying to create an environment here with these five principles that I believe would achieve that. And if they want to be our partners in it, I think we can get there. And I hope they will be.

Q Are you willing to put your prestige on the line to ensure that this becomes law?

THE PRESIDENT: Well, I think my personal prestige on this has been on the line for more than a year now. (Laughter.) There for a while, I thought more than my prestige was on the line. (Laughter.) You know, for a person involved in public life in Washington today, personal prestige may be an oxymoron. (Laughter.) But at least you still have your neck most days.

Q What do you say to the people --

Q -- protect the well-being of tobacco farmers -- sounds like you're going to take away their livelihood.

THE PRESIDENT: Well, there are a number of things which can be done, and I don't want to get into the details. Secretary Glickman can talk about it. But we have had farmers in various sectors in our agriculture society facing constricted incomes before, and we have done things which helped them. There was a -- for example, I remember a few years ago something that affected dairy farmers in my state. There was a massive buy-out program for dairy farmers, and in a lot of states like Arkansas, there were any number of small farmers that were having a very difficult time who had a chance to start their life on a different basis.

I don't want to minimize this. Tobacco has a very high return per acre. So it's not a simple thing. You can't just say to a tobacco farmer to go plant soybeans, even if the soil will hold them. This is, from an agricultural point of view, economically complex. But, nonetheless, we have a responsibility to these people. They haven't done anything wrong. They haven't done anything illegal. They're good, hard-working, tax-paying citizens, and they have not caused this problem. And we cannot let them, their families or their communities just be crippled and broken by this. And I don't think any member of the public health community wants to do that. And the Agricultural Department and I am personally very committed to this part -- to me, this is one of the five things we have to do.

We're trying to change America and make everybody whole. And they deserve a chance to have their lives and be made whole and go on with the future as well, and I'm determined to see that they're a part of this.

Q What do you say to the attorneys who thought this was a good deal and very proudly proclaimed it?

THE PRESIDENT: Well, first of all, they were a part of all these ongoing reviews. Everybody was heard in this review process. And, secondly, they all recognize, too, that this agreement has to be ratified by Congress. The tobacco companies recognize that. That means that all of us who are part of that process are, in effect, parties to this case, too. And that's the way you need to look at this. We're building on their deal. We're not rejecting their agreement, we're building on it. We're not rejecting what the Attorneys General did, we're building on it. Look, if it hadn't been for what they did, we wouldn't be here.

I realize that there were two great things that started this. One is what Dr. Kessler and what we did at the FDA, and the fact that our administration was the first one ever willing to take this on. The other was the actions by the Attorneys General and the private lawsuits that got the disclosure of the documents that created a codal* change in the public attitude and the public efforts here.

And then long before that, there were the efforts of all of these people here from the public health community who have been telling us all this for years. And they had the public primed for it. Then, the lawsuits brought about the disclosures and then the FDA was moving. Those three things together, I think -- and, of course, now there have been a lot of congressional hearings. Representative Waxman had a full head of hair when he came to Congress before he started -- (laughter.) And so I think you've got to give -- to me, we're building on this progress, and that's the way you have to look at this. We are trying to do the best thing for the country in a way that is consistent with the agreement they made. We're building on the agreement. Were not tearing it down, we're building on it. And I think we can get legislation that will reflect it.

Thank you.

Q What do you think about the string of air crashes, Mr. President, that have happened -- Bosnia, the German representative that was killed?

THE PRESIDENT: It's a terrible thing. We don't have all the facts yet. I was briefed early this morning on it, and, obviously, I'm profoundly concerned for the diplomat and the people that were on the aircraft and their families. But I can't comment on the facts of it until we absolutely know what the facts are.

Q What about the other crashes?

THE PRESIDENT: I must say, we're making -- on balance, we're making some progress in Bosnia again. The events of the last several weeks are hopeful for the peace process and the Dayton Accord.

Q What about the other air crashes here in this country, this string of air accidents? What do you have to say about the air safety and what are you going to be doing about that?

THE PRESIDENT: I had a talk with the Secretary of Defense about them the day before yesterday, and I think we have to, first of all, analyze each and every one to see whether there is some pattern that would require some kind of review by the Air Force or whether it's just an unfortunate stream of coincidences that they all happened at the same time. I noted one that I learned about this morning involved Air National Guard planes, for example. That may or may not have anything to do with any problem with planes or anything like that.

I wouldn't over -- jump to conclusions about this. Remember, every year -- I try to say this once a year, so I want to say it now -- it is easy for the American people to forget the risks that our men and women in uniform undertake. Every year we lose a couple hundred people serving the United States in the military -- in peacetime. It is dangerous work. They have to be well-trained, they have to be skilled, they have to be brave. It is a difficult thing. I am heartsick about the plane we are missing off the coast of Africa that took a de-mining in there to continue our work against land mines.

But I don't want you to jump a conclusion that there is something because all these things occurred within a short space of time because, if you look over the course of a year, we may go months and months and months and nothing happens, but over the course of a year, we lose a significant number of people every year who serve our country in uniform because of the inherent risks involved in what they do.

We will do everything we can to make sure that they're as safe as possible, and if there is a pattern here that has to be looked into on air safety, you can be sure that the Air Force will do that.

Thank you.

Q Are you dreading Chelsea leaving home tomorrow?

THE PRESIDENT: Yes. This morning -- the first thing I did this morning we go look through the boxes and make sure we had all the right things in the right boxes. (Laughter.) But there's nothing I can do about it now. (Laughter.) That's what you raise them for. I'm happy and sad at the same time.

THE PRESS: Thank you.

END 11:17 A.M. EDT

Message Sent To:

McCain Legislation - Provisions Affecting International Trade and Marketing

NOTE: Explanation from the report accompanying the legislation follows each section.

SEC. 1121. LICENSING OF TOBACCO PRODUCT DISTRIBUTION.

(a) In General ._Except for any retailer licensed under section 224 of this Act, no domestic concern may engage in the manufacture, or distribution of tobacco products for sale, in the United States more than 1 year after the date of enactment of this Act, either directly or through its foreign subsidiaries, affiliates, joint ventures, or licensees, unless it is licensed to do so by the Secretary.

(b) Fee ._

(1) In general ._The annual license fee shall be $1 per every 1000 cigarettes manufactured, or distributed for sale, by a domestic concern either directly or through its foreign subsidiaries, affiliates, joint ventures, or licensees and an equivalent amount, as established by the Secretary, for other tobacco products.

(2) Credit ._In any year, a domestic concern shall receive as a credit towards that portion of its license fee under clause (i) which is attributable to the manufacture of tobacco products subject to the Federal excise tax under section 5701 of the Internal Revenue Code of 1986 the amount of tax it paid under that section.

(c) Regulations ._Within 6 months after the date of the enactment of this Act, the Secretary shall promulgate regulations to implement the requirements of this section.

(d) Penalty ._Any domestic concern which engages in the manufacture of cigarettes or other tobacco products either directly or through its foreign subsidiaries, affiliates, joint ventures, or licensees without the license required by subsection (a) shall be considered to have committed a prohibited act under section 301 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331).

(e) Domestic Concern Defined ._For purposes of this section, the term ``domestic concern'' means_

(1) any individual who is a citizen, national, or resident of the United States;

(2) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States; and

(3) includes any person engaged in the manufacture, or distribution for sale, of cigarettes or other tobacco products on Indian lands.

Commentary: Section 1121 provides for a program to license any 'domestic concern ' that manufactures or distributes tobacco products. Tobacco retailers would not be covered by this program. Such manufacturers and distributors would require a license from the Secretary. The fee for that license would be $1 for every 1,000 cigarettes manufactured or distributed. Manufacturing or distributing tobacco products without a license would be a violation of Section 301 of the Federal Food, Drug and Cosmetic Act. The definition of 'tobacco products ' would include more than cigarettes, yet the licensing fee is based solely on a number of cigarettes. An appropriate conversion would be necessary to handle smokeless tobacco products.

The Committee does not intend for this provision to have extraterritorial application.

Subtitle C_International Provisions

SEC. 1131. INTERNATIONAL TOBACCO CONTROL TRUST FUND. (a) Establishment ._There is established in the Treasury an International Tobacco Control Trust Fund (referred to as the

``International Trust Fund") which shall be funded by the license fees collected under section 1121.
(b) Use of International Trust Fund ._Funds from the International Trust Fund shall be available for use as follows:

(1) American Center on Global Health and Tobacco ._Annual funds of $150,000,000 may be used from the International Trust Fund for the American Center on Global Health and Tobacco as provided in appropriation Acts.

(2) Health and human services ._The Secretary of Health and Human Services may use the funds deposited in the International Trust Fund for grants and other forms of assistance to foreign governments, nongovernmental organizations, and international organizations to support tobacco control activities in foreign countries as provided in appropriation Acts.

(3) Enforcement ._The Secretary may use funds deposited in the International Trust Fund for enforcement of any requirements related to the sale, distribution, marketing, or promotion of tobacco products internationally as provided in appropriation Acts.

Commentary: Section 1131 would create within the Department of the Treasury the International Tobacco Control Trust Fund to be funded through the licensing fees established in Section 1121.

Annual funds of $150 million will be available to the American Center on Global Health and Tobacco from the International Tobacco Control Trust Fund. The Secretary may also use the resources in the International Trust Fund 'for grants and other forms of assistance to foreign governments, nongovernmental organizations, and international organizations to support tobacco control activities in foreign countries.' Furthermore, the Secretary may also use resources in the International Trust Fund to enforce 'any requirements related to the sale, distribution, marketing, or promotion of tobacco products internationally.'

SEC. 1132. AMERICAN CENTER ON GLOBAL HEALTH AND TOBACCO. (a) Findings and Purpose ._

(1) Findings ._Congress makes the following findings:

(A) Tobacco use is estimated to have caused nearly 3,000,000 deaths a year worldwide in the early 1990's, and is projected to cause in excess of 10,000,000 additional deaths a year globally by 2030, more than any single disease. More than 70 percent of those deaths are expected in developing countries.

(B) Many countries are unprepared to address increases in tobacco deaths, including the impact on health systems and health costs. While tobacco consumption in the United States and other established market economies has fallen over the last decade, consumption is rising in China, India, East Asia, and former socialist economies. Tobacco companies in the United States and elsewhere have increasingly targeted those markets.

(C) Tobacco use markedly reduces good health and threatens to erode the major health gains in life expectancy of the last century. Only HIV/AIDS infection and tobacco are large and growing causes of death and disease worldwide. The total projected deaths from tobacco over the next 10 years likely will exceed deaths from HIV/AIDS, maternal and childhood conditions, and tuberculosis combined.

(D) The United States consistently has provided leadership and funding to address the world's most pressing public health needs, including HIV/AIDS, hunger, maternal and child health, and immunization.

(E) Through exports and overseas operations, United States tobacco companies sell more cigarettes overseas than they do in the United States. Foreign sales now account for more than half of all sales for the 2 leading United States tobacco product manufacturers.

(F) United States companies spend billions of dollars on aggressive tobacco marketing campaigns overseas that associate smoking with the United States, affluence, freedom, and liberation. In many markets, American companies reach youthful audiences through television and radio advertising, free samples, and other methods that are outlawed in the United States.

(G) In light of the role the United States tobacco companies have played in spreading tobacco use globally, and in light of the large financial benefits they continue to enjoy from tobacco exports, it is appropriate that this section be enacted in order to provide assistance and funding for international public education and mass media programs to inform the public about the hazards of tobacco use.

(H) Smoking in United States films is pervasive and influences persons in other countries who seek to emulate ``American activities" depicted in motion pictures. According to one study, more than half of the top-grossing United States films released between 1991 and 1996 exhibited smoking. In these films, 80 percent of the male lead characters and 27 percent of the female characters smoked. The motion picture industry is painting a distorted picture that smoking is a truly American activity.

(2) Purpose ._The purpose of this section is to establish the American Center on Global Health and Tobacco (herein after referred to as ``ACT"). ACT shall assist organizations in other countries to reduce and prevent the use of tobacco. Activities ACT shall support include_

(A) public education programs that inform the public about the hazards of tobacco use and of environmental tobacco smoke;

(B) mass media campaigns, including paid counter-tobacco advertisements, to reverse the image appeal of pro-tobacco messages, especially those that glamorize and ``Westernize" tobacco use to young people; and

(C) education about the economic and societal costs of tobacco use, and effective tobacco use prevention and cessation strategies that are appropriate for the country involved.

(b) Establishment ._

(1) In general ._There is hereby established in the District of Columbia a private, nonprofit corporation to be known as the American Center on Global Health and Tobacco. ACT shall_

(A) not be an agency or establishment of the United States; and

(B) except as otherwise provided in this section, be subject to, and have all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code section 29-501 et seq.).

(2) Relation to united states ._Nothing in this section shall be construed as making ACT an agency or establishment of the United States, or as making the members of the Board of ACT, or its employees, officers or employees of the United States.

(3) Relation to nongovernmental organizations ._ACT shall have a limited staff, and, to the maximum extent practicable, utilize the available experience and talents of nongovernmental organizations with specialized experience in health, education, media, and tobacco.

(4) Governing board ._ACT shall be governed by a board of up to 25 members including_

(A) on a bipartisan basis, Members of the Senate and of the House of Representatives;

(B) the heads of American public health organizations;

(C) the heads of American media, marketing, and other nongovernment institutions and corporations; and

(D) individuals active in education, public health, and other relevant activities.

(5) International advisory council ._An International Advisory Council consisting of representatives from key global, regional, and national public health organizations, and leading individual educators and health professionals shall provide advisory assistance to ACT.

(c) Funding ._

(1) Definition of trust fund ._In this section, the term ``Trust Fund" means the National Tobacco Settlement Trust Fund established by section 401 of this Act, other than amounts in the State Litigation Settlement Account.

(2) Establishment of global public health and education resource account ._There is established within the Trust Fund the Global Public Health and Education Resource Account that shall be credited with $150,000,000 for each fiscal year.

(3) Transfer authority ._The Secretary of the Treasury shall on October 1 of each fiscal year beginning after the date of enactment of this section, transfer $150,000,000 from the Global Public Health and Education Resource Account of the Trust Fund to the account of ACT to carry out the activities authorized under this section.

(4) Termination of transfer authority ._The authority of the Secretary of the Treasury to transfer funds from the Trust Fund shall expire with the expiration of the Trust Fund.

(d) Requirements for Eligibility for Annual Transfers From the Trust Fund ._

(1) Oversight ._ACT and its grantees shall be subject to the oversight and supervision of Congress, and shall annually submit a report of its activities to Congress in accordance with paragraph (5)(A)(iii).

(2) Compliance ._

(A) Funding contingent on compliance ._Annual payments from the Trust Fund may be made to ACT under this section only if ACT complies with the requirements specified in this section.

(B) Use of funds ._ACT may only fund programs for private sector groups, and may not carry out programs directly. ACT may provide funding only for programs which are consistent with the purposes of this section.

(3) Salaries and compensation ._

(A) No other source of compensation ._Officers and employees of ACT may not receive any salary or other compensation from any source other than ACT for services performed for ACT.

(B) United states officers and employees ._An individual who is an officer or employee of the United States who also serves on the Board of Directors or as an officer or employee of ACT, may not receive any compensation or travel expenses in connection with services performed for ACT.

(4) Stocks and dividends ._ACT shall not issue any shares of stock or declare or pay any dividends.

(5) Audits ._

(A) Independent public accountants ._

(i) In general ._The accounts of ACT shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of ACT are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by ACT and necessary to facilitate the audits shall be made available to the person or persons conducting the audits, and full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(ii) Content of audit ._The report of each audit conducted under clause (i) shall be included in the annual report required under this subsection. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly ACT's assets and liabilities, surplus or deficit, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the income and expenses of ACT during the year, and a statement of the application of funds, together with the independent auditor's opinion of those statements.

(iii) Report ._Not later than December 31 of each year, ACT shall submit an annual report for the preceding fiscal year to the President for transmittal to Congress. The report shall include a comprehensive and detailed report of ACT's operations, activities, financial condition, and accomplishments under this section and may include such recommendations as ACT deems appropriate.

(B) Comptroller general ._

(i) In general ._The financial transactions of ACT for each fiscal year may be audited by the Comptroller General in accordance with such principles and procedures and under such rules and regulations as the Comptroller General may prescribe. Any such audit shall be conducted at the place or places where accounts of ACT are normally kept. The Comptroller General shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by ACT pertaining to its financial transactions and necessary to facilitate the audit. All books, accounts, records, reports, files, papers, and property of ACT shall remain in the possession and custody of ACT.

(ii) Report ._A report of each audit shall be made by the Comptroller General to Congress. A copy of each report shall be furnished to the President and to ACT at the time the report is submitted to Congress.

(6) Recordkeeping ._

(A) In general ._ACT shall ensure that each recipient of assistance from ACT under this section keeps such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(B) Access ._ACT shall ensure that it, or any of its duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of each recipient of assistance from ACT that are pertinent to assistance provided through ACT under this section.

Commentary: Section 1132 would establish the American Center on Global Health and Tobacco (ACT) 'to assist organizations in other countries to reduce and prevent the use of tobacco ' through public education programs and mass media campaigns.

ACT would be a not-for-profit corporation established within the District of Columbia and would not be and agency or establishment of the United States.

ACT would be funded through the creation within the National Tobacco Settlement Trust Fund of the Global Public Health and Education Resource Account which is to be credited with $150 million each fiscal year. The $150 million would be transferred each October 1 from the Resource Account to ACT.

ACT and its grantees would be subject to oversight by Congress and ACT would be required to annually report to Congress on its activities. ACT would only be permitted to fund private sector groups, it could not carry out programs directly. ACT 's accounts are to be audited annually by independent certified public accountants. ACT 's financial transactions may also be audited by the Comptroller General.

SEC. 1133. PROHIBITION ON USE OF FUNDS TO FACILITATE THE EXPORTATION OR PROMOTION OF TOBACCO.

(a) In General ._Notwithstanding any other provision of law, no funds made available by appropriations or otherwise made available may be used by any officer, employee, department, or agency of the United States_

(1) to promote or encourage the export, re-export, sale, manufacture, advertising, promotion, distribution, or use of tobacco or tobacco products to or in a foreign country; or

(2) to seek, through negotiation or otherwise, the removal or reduction by any foreign country of any restriction or proposed restriction in that country on the importation, export, re-export, sale, manufacture, advertising, promotion, distribution, packaging, labeling, use, content, imposition of tariffs, or taxation, of tobacco or tobacco products.

(b) Exception ._Subsection (a)(2) shall not apply to any restriction or proposed restriction by a foreign country if_

(1) the restriction is applied in a manner which constitutes a means of arbitrary or unjustifiable discrimination between countries;

(2) the Secretary of Commerce certifies in writing to Congress that the restriction is being applied in a manner that constitutes a means of arbitrary or unjustifiable discrimination between countries; and

(3) the Secretary of Health and Human Services certifies to Congress in writing that the restriction is not a reasonable means of protecting the public health.

(c) Definition ._In this section, the term ``arbitrary or unjustifiable discrimination" means a restriction or proposed restriction by a foreign country that_

(1) is arbitrary or unjustifiable; and

(2) does not adhere to the principle of national treatment and applies less favorable treatment to goods that are imported into that country than the country applies to like goods that are the product, growth, or manufacture of that country.

Commentary: Section 1133 would bar any appropriation or use of Federal funds to promote or encourage the export, sale, distribution or advertising of tobacco products in a foreign country, or to seek through negotiation or otherwise the removal or reduction by any foreign country of limitations on the importation, sale, distribution or advertising of tobacco products. This prohibition would not apply if the foreign country 's restriction is 'applied in a manner which constitutes a means of arbitrary or unjustified discrimination between countries '. To invoke this exception the Secretary of Commerce would have to make a certification to Congress in writing concerning the nature of the actions by the foreign country and the Secretary of HHS would have to certify to Congress in writing that the restriction is not a 'reasonable means of protecting the public health. '

SEC. 1134. HARMONIZATION WITH UNITED STATES INTERNATIONAL COMMITMENTS ANDOBLIGATIONS.

The United States Trade Representative shall report to the Congress within 90 days after the date of enactment of this Act on any provisions of this Act that are inconsistent with obligations of the United States under treaties or other international agreements to which it is a signatory, including any treaty pending ratification, together with recommendations as to how to implement or modify the provision without violating international law.

Commentary: The United States Trade Representative would be required to report to Congress, within 90 days of the Act 's effectiveness, on 'any provisions of this Act that are inconsistent with obligations of the United States... together with recommendations as to how to implement or modify the provision without violating international law. '

SEC. 1142. TOBACCO PRODUCT LABELING REQUIREMENTS.

(a) In General ._It shall be unlawful for any person to sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for use, any tobacco product unless such product is packaged and labeled in conformity with this section.

(b) Labeling ._

(1) Identification ._Not later than 1 year after the date of enactment of this subtitle, the Secretary shall promulgate regulations that require each manufacturer of tobacco products to legibly print a unique serial number on all packages of tobacco products manufactured for sale or distribution. Such serial number shall be designed to enable the Secretary to identify the manufacturer of the product, and the location and date of manufacture. The Secretary shall determine the size and location of the serial number.

(2) Country of final destination ._Each package of a tobacco product that is exported shall be labeled with the name of the country of final destination. The Secretary shall promulgate regulations to determine the size and location of the label and under what circumstances a waiver of this paragraph shall be granted.

(c) Prohibition on Alteration ._It shall be unlawful for any person to alter, mutilate, destroy, obliterate, or remove any mark or label required under this subtitle upon a tobacco product in or affecting commerce, except as authorized by Federal law or except under regulations of the Secretary authorizing relabeling for purposes of compliance with the requirements of this section or of State law.

Commentary: Section 1142 would make it unlawful to in any way introduce into or receive from 'interstate or foreign commerce ' any tobacco product that is not packaged and labeled in conformity with the requirements of this section.

The Secretary of the Treasury would be required to promulgate regulations to require manufacturers of tobacco products to place a unique serial number on each package of tobacco products so that the manufacturer and the location and date of production may be determined. The package of each tobacco product produced for export must be labeled with the name of the country of final destination.

SEC. 804. PROHIBITION ON SALE OR DISTRIBUTION OF TOBACCO PRODUCTS TOCHILDREN.

``(a) General Rule ._It shall be unlawful for any domestic concern or any officer, director, employee, or agent of such concern to make use of the mails or any means or instrumentality of interstate commerce to cause or contribute, either directly or through a foreign subsidiary, joint venture, affiliate, or licensee, to_

``(1) the sale or distribution of tobacco products in a foreign country to children; or

``(2) the advertising or promotion of tobacco products in a foreign country in a manner that does not comply with Federal requirements for the advertisement or promotion of tobacco products in the United States

``(b) Defense ._In an action brought to enforce subsection (a), it shall be an affirmative defense that the tobacco products involved were sold, distributed, advertised, or promoted in the foreign country involved in a manner that would be lawful if such conduct occurred in the United States.

Commentary: Section 804 'Prohibition on Sale or Distribution of Tobacco Products to Children ' would make in unlawful for any domestic tobacco concern to in any way contribute to the 'sale or distribution of tobacco products in a foreign country to children ' or to advertise or promote tobacco products in a foreign country in a manner that does not comply with Federal requirements for advertising or promotion within the United States.

``SEC. 805. LABELING. ``It shall be unlawful for any domestic concern or any officer, director, employee, or agent of such concern, either directly or through a foreign subsidiary, joint venture, affiliate, or licensee, to make use of the mails or any means or instrumentality of interstate commerce to cause or contribute to the export from the United States or the sale or distribution in, or export from, any other country any tobacco product the package of which does not contain a warning label that_

``(1) is in the primary language or languages of the country in which the tobacco product is sold or distributed to consumers; and

``(2) except for the requirement of paragraph (1)_

``(A) complies with Federal requirements for labeling of similar tobacco products manufactured, imported, or packaged for sale or distribution in the United States; or

``(B) complies with the labeling requirements of the foreign country in which the product is sold or distributed to consumers and which labeling requirements the Secretary determines are substantially similar to Federal requirements and are adequately enforced by such country.''.

Commentary: Section 805, 'Labeling ' would make it unlawful for any domestic concern to in any way participate in the sale of a tobacco product in a foreign country if that tobacco product does not contain a warning label, in that country 's dominant language, that complies with the Federal labeling requirements for tobacco products sold in the United States. The only exception would be if the Secretary determines the foreign country 's labeling requirements are 'substantially similar ' to those in the United States and those requirements are 'adequately enforced ' then the domestic concern may abide by the labeling laws of the country where the tobacco product is sold.

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"a been there, done that" attitude. "People in Arkansas are used to that. They just wait for the facts to come out," she said.

And, like many of the offices surveyed, a spokesman for **Rep. Joe Scarborough**, R-Fla., said the annual State of the Union address generally draws little reaction — except from some of the office's regular callers.

"We've gotten some calls, saying 'impeach the president,'" but little directly relating to the speech, the spokesman said. "There really hasn't been any noticeable change from before the State of the Union."

A spokesman for **Rep. Karen Thurman**, D-Fla., said it usually takes a week before her office gets any response. "It's a little early to have much in the way of letters and phone calls," he said.

But he said Thurman was in the district Thursday and met with senior citizens' and other groups, who thought the speech was "very positive. ... They were interested in two aspects: Social Security and Medicare."

According to a spokesman for **Rep. Loretta Sanchez**, D-Calif., her office has received "more on the scandal" than the speech, with reaction about "30-to-1" in support of the president.

In addition, according to the spokesman, many constituents have commented, "We think the independent counsel [Kenneth Starr] has gone too far."

Jane Sanders, wife and spokeswoman for **Rep. Bernard Sanders**, I-Vt., said constituents reacted favorably to Tuesday night's address, calling it Clinton's "most progressive" State of the Union speech. "They're very happy with his preserving Social Security, with putting more money in child care," she said, noting "there was some concern around the [Vermont] press about [International Monetary Fund] and trade issues."

And a spokesman for **House Budget Chairman Kasich** said phones were "not exactly ringing off the hook" — but noted that after former President Reagan's annual addresses, constituents often called the office asking for copies.

— By Mark Wegner

Bond, Frist Leading Senate Call To Ban Human Cloning

Democrats, Republicans and President Clinton may agree that Congress should pass legislation to ban human

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cloning — but they are far from agreement on exactly what shape a bill should take.

The Senate could take up the matter as early as next week, when **Sen. Christopher (Kit) Bond**, R-Mo., and **Senate Labor and Human Resources Public Health and Safety Subcommittee Chairman Bill Frist**, R-Tenn., are expected to unveil a bill on which they have been putting the finishing touches.

While the subcommittee chaired by Frist, a physician, would handle the bill for the full committee, it is possible the bill could bypass committee and move directly to the floor.

The rush, said a spokesman for Bond, who introduced one of the first bills to ban cloning last year, is to head off the efforts of Richard Seed — a Chicago physicist who has vowed to clone humans — "or anyone else who's considering this."

But if the bill does come to the floor, **Sen. Dianne Feinstein**, D-Calif., and **Senate Labor and Human Resources ranking member Edward Kennedy**, D-Mass., are planning to be ready with an alternative.

While the bill being pushed by conservatives seeks a permanent ban on all cloning, public and private, the measure being pushed by Feinstein and Kennedy builds on Clinton's plan — as recommended by the National Bioethics Advisory Commission — to ban cloning for five years while bioethicists, scientists and others have a chance to consider the implications.

Conservative groups pushing the permanent ban have decried the Clinton proposal as no ban at all.

"It does not ban cloning," said Richard Doerflinger, associate director for Policy Development for the National Conference of Catholic Bishops. "It bans implantation of embryos that have already been cloned. In the guise of a ban on cloning it really promotes destructive cloning research."

But biomedical research organizations have warned that some of the proposals that have been introduced in Congress could inadvertently ban more than just human cloning.

"Poorly crafted legislation to ban the cloning of human beings may put at risk biomedical research, such as the use of cloning techniques on human cells, genes and tissues, which is vital to finding the cures to the diseases and ailments which our organizations champion," said a letter dated Monday to members of Congress from more than 50 groups — including the American Diabetes Association, Cancer Research Foundation of America, and the National Stroke Association.

At a news conference Thursday with the Catholic Bishops, Family Research Council, Conservative Coalition, and other groups, **House Majority Leader Armey** said it was not anyone's intention to ban anything except the actual cloning of a human being.

But, he added, the president's proposal is unacceptable because the ban is not permanent. "How can you put a statute of limitations on what is right and what is wrong?" Armey said.

Armey announced at the news conference that the House is expected to have a cloning ban bill on the floor during February, and that he was working with **House Commerce Chairman Bliley** and **Rep. Vernon Ehlers**, R-Mich., a physicist who shepherded a cloning funding ban bill through the House Science Committee last year.

The bills banning funds have been superseded by total bans in both the public and private sectors as a result of Seed's December announcement, bill supporters said.

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The White House At Work

September 17, 1997

President Clinton Announced His Plan for Comprehensive Tobacco Legislation to Protect America's Children

President Clinton challenged Congress to pass sweeping tobacco legislation to reduce teen tobacco use significantly. That legislation will build on the extraordinary efforts of the nation's attorneys general, who helped create an historic opportunity for progress in reducing smoking, especially by youth. Today, the President announced five key elements that must be at the heart of any national tobacco legislation:

1. A Comprehensive Plan to Reduce Youth Smokng, Including Tough Penalties If Targets Are Not Met. The central goal of tobacco legislation must be a comprehensive, nationwide effort to reduce teen smoking. The Administration is calling for:

- **Tough Penalties and Price Increases to Reduce Youth Smoking:** The Administration believes tobacco legislation must include stiff penalties that give the tobacco industry the strongest possible incentive to stop targeting kids. Legislation should set ambitious targets to cut teen smoking by 30% in 5 years, 50% in 7 years, and 60% in 10 years, and impose severe financial penalties that hold tobacco companies accountable to meet those targets. **Today, the President called for a combination of industry payments and penalties to increase the price of cigarettes by up to $1.50 a pack over the next decade as necessary to meet youth smoking reduction targets.**
- **A Public Education and Counter Advertising Campaign:** Legislation must provide for a nationwide effort to deglamorize tobacco, warn young people of its addictive nature and deadly consequences, and help parents discourage their children from taking up the habit.
- **Expanded Efforts to Restrict Access and Limit Appeal:** The Administration supports legislation codifying the FDA's efforts to reduce youth access to tobacco, and imposing even stronger restrictions on youth access and advertising consistent with the Constitution.

2. Full Authority for FDA to Regulate Tobacco Products. The Administration supports federal legislation that affirms efforts by the Food & Drug Administration (FDA) to regulate tobacco like any other drug or device and that provides FDA with sufficient flexibility to meet changing circumstances.

3. The Tobacco Industry Must Change The Way It Does Business. The President called for the tobacco industry to stop marketing and promoting tobacco to children, provide broad document disclosure -- especially of those documents relating to marketing tobacco to children, and set up comprehensive corporate compliance programs that will reinforce the incentives created by the youth smoking penalties.

4. Progress Toward Other Public Health Goals. Federal tobacco legislation provides an opportunity to meet other public health goals: the reduction of second-hand tobacco smoke, the

expansion of smoking cessation programs, the strengthening of international efforts to control tobacco, and the provision of funds for health research.

5. Protection for Tobacco Farmers and Their Communities. The Administration is committed to working with members of Congress in both parties to ensure that we protect the financial well-being of tobacco farmers, their families, and their communities.

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