

of health care in line with inflation. It is the single biggest long-term drag on our budget deficit and our economic performance. And I pledge to you, building on the example of Hawaii, preserving the right of people to choose their doctor and to keep the medical system that works so well, we will find a solution to this problem, and we will begin soon. We must do it to bring the American people together and restore the economic health of America.

Audience members. Justice for Hawaii! Justice for Hawaii! Justice for Hawaii!

The President. I hope we can provide it. Thank you for being here in such numbers. We want to get out and visit with you. This is probably the longest political speech any of you ever listened to on a vacation in your lives.

So to close, I'll give you a laugh. I told my mother about this trip, and I said, "You know, Mother, when we come back we pick up 19 hours, and I'll have two whole Sundays." And she said over the phone, "Son, you need it." [Laughter]

Thank you all, and God bless you. I'm glad to see you.

NOTE: The President spoke at approximately 6:30 p.m. at the Hilton Hawaiian Village. In his remarks, he referred to Mayor Frank F. Fasi of Honolulu.

Letter to Congressional Leaders on Economic Sanctions Against Libya *July 12, 1993*

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on the developments since the last report of December 30, 1992, concerning the national emergency with respect to Libya that was declared in Executive Order No. 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c).

1. There has been one amendment to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control ("FAC") of the Department of the Treasury, since the last report on December 30, 1992. The amendment, published on March 10, 1993, 58 *Fed. Reg.* 13198, added an interpretation of the Regulations' prohibition against the exportation of services to Libya from the United States, and a general license and statement of licensing policy concerning the provision of certain legal services. A copy of the amendment is attached to this report.

The prohibition against exportation of services to Libya contained in section 550.202 of the Regulations is interpreted in new section 550.422. Services (including legal services) are considered to be exported to Libya if their benefit is received in Libya and the services are performed (1) in the United States; (2) by an entity located in the United States, including its overseas branches; or (3) outside the United States by an individual U.S. person ordinarily resident in the United States. The benefit of services performed anywhere in the world on behalf of the Government of Libya, including a controlled entity or Specially Designated National of the Government of Libya, is presumed to be received in Libya. Legal services performed by U.S. persons outside the United States with respect to property interests of the Government of Libya are prohibited pursuant to section 550.209, which prohibits U.S. persons from dealing in any property (including contracts) in which the Government of Libya has an interest. Section 550.205, which prohibits performance by U.S. persons of any contract in support of an industrial or other commercial or governmental project in Libya, may also be applicable in these instances. For example, sections 550.205 and 550.209 of the Regulations, taken together, prohibit U.S. persons from representing a foreign entity in contract negotiations, contract performance, or arbitration with the Government of Libya. Such representation may be authorized only by specific license from FAC.

New section 550.517 of the Regulations states that the provision of legal services to the Government of Libya or to a person in

Libya generally requires the issuance of a specific license, and that the receipt of compensation for such legal services must, in all cases, be specifically licensed by FAC. However, the provision of the following legal services to the Government of Libya or to a person in Libya (but not receipt of compensation for those services) is generally licensed: (1) the provision of legal advice and counselling to the Government of Libya or to a person in Libya on requirements of and compliance with U.S. law, provided that such advice and counselling are not provided to facilitate transactions in violation of the Regulations; (2) representation of the Government of Libya or of a person in Libya when named as a defendant in domestic U.S. legal, arbitration, or administrative proceedings; (3) initiation of domestic U.S. legal or administrative proceedings in defense of property interests subject to U.S. jurisdiction of the Government of Libya that were in existence prior to January 8, 1986, or of a person in Libya; (4) representation of the Government of Libya or of a person in Libya before any Federal agency with respect to the imposition, administration, or enforcement of U.S. sanctions against Libya; and (5) provision of legal services in any other context in which prevailing U.S. law requires access to legal counsel at public expense. The enforcement of any judgment, decree, attachment, or lien through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect a Government of Libya property interest is prohibited unless specifically licensed.

2. During the current 6-month period, FAC made numerous decisions with respect to applications for licenses to engage in transactions under the Regulations, issuing 60 licensing determinations—both approvals and denials. Consistent with FAC's ongoing scrutiny of banking transactions, the majority of the determinations (51) concerned requests by non-Libyan persons or entities to unblock bank accounts initially blocked because of an apparent Libyan interest. Three determinations involved license applications for export sales transactions from the United States to Libya. Four determinations concerned registration of individuals pursuant to a general license authorizing travel to Libya for the

sole purpose of visiting close family members. Finally, FAC has also issued two licenses authorizing U.S. landlords to liquidate the personalty of the People's Committee for Libyan Students, with the net proceeds from the sale paid into blocked accounts.

3. During the current 6-month period, FAC has continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. The Office worked closely with the banks to implement new interdiction software systems to identify such payments. As a result, during the reporting period, more than 44 transactions involving Libya have been blocked.

The proactive compliance programs initiated by FAC have resulted in the imposition of substantially fewer civil penalties for banks' failure to block payments in which an interest of the Government of Libya exists. Since December 30, 1992, FAC has collected \$140,000 in civil penalties for violations of U.S. sanctions against Libya. Fewer than one-third of the violations involved the failure of banks to block funds transfers to Libyan-owned or -controlled banks, with the remainder about equally divided between violations involving merchandise transshipment and illegal representation of the Government of Libya.

Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. Several new investigations of potentially significant violations of the Libyan sanctions have been initiated by FAC and cooperating U.S. law enforcement agencies. Many of these cases involved complex conspiracies to circumvent the embargo through the use of international diversionary shipping routes to and from Libya. For example, during the current reporting period, a U.S. citizen was indicted for his employment as a manager at a German oil refinery, Holborn Europa Raffinerie GmbH, which dealt primarily in Libyan crude oil and in which the Government of Libya had acquired a majority ownership interest. In addition, a foreign national and two foreign firms for whom that individual acted as agent were indicated by a Federal grand jury for illegally transshipping agricul-

tural equipment from the United States to Libya.

FAC has worked closely with the Departments of State and Justice to identify several U.S. persons who had entered into contracts or other agreements with the Government of Libya, or other third-country parties, to lobby United States Government officials and to engage in public relations work on behalf of the Government of Libya without obtaining FAC authorization, in violation of the Regulations. In one such case, FAC levied civil penalties totaling \$35,000 against three individuals who had engaged in such activity.

In addition, during this reporting period, FAC blocked a foreign merchant vessel under the management and control of a Specially Designated National of Libya, following the vessel's unauthorized entry into a U.S. port. FAC imposed and received a civil penalty in the amount of \$10,000 from agents of the shipping company prior to authorizing release of the vessel and its departure from the U.S. port.

FAC has continued to pursue its Operation Roadblock initiative, issuing an additional 70 warning letters and demands for information during the reporting period to persons believed to have travelled to and worked in Libya, or made travel-related payments to Libya in violation of U.S. law. To date, Operation Roadblock's ongoing investigative efforts have resulted in one criminal conviction and several civil penalty assessments. In addition, these investigations have yielded substantial information concerning alleged criminal violations of the embargo by businesses and individuals. FAC is aggressively pursuing its investigations of such suspected violators in cooperation with other agencies of the United States Government, including the Departments of State and Justice, the Treasury Department's Financial Crimes Enforcement Network (FinCEN), the Federal Bureau of Investigation, and the U.S. Customs Service.

4. The expenses incurred by the Federal Government in the 6-month period from January 7 through July 6, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at

approximately \$2.7 million. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

5. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

Letter to Congressional Leaders on Economic Sanctions Against Haiti July 12, 1993

Dear Mr. Speaker: (Dear Mr. President:)

1. In December 1990, the Haitian people elected Jean-Bertrand Aristide as their President in a free and fair election. The United States applauded this remarkable achievement and actively supported the new government. However, Haiti's progress toward democracy was thwarted in September 1991, when the Haitian military illegally and violently ousted President Aristide.

2. The United States, on its own and with the Organization of American States ("OAS"), immediately imposed sanctions against the illegal regime. The United States has also actively supported the efforts of the OAS and the United Nations to restore democracy to Haiti and return President Aristide through negotiations between the Haitian parties. In March, Secretary of State Christopher named Ambassador Lawrence Pezzullo as our Special Envoy on Haiti. In addition the United States and the international community offered material assist-