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Middle East Peace Process

Q. Sir, you have the Secretary of State with you. What do you think are the next steps for the Middle East peace process, and what impact will that have on your remarks to the U.N. on Monday?

The President. Well, first of all, I think she did a superb job in the Middle East with a very difficult circumstance. And I have nothing—I could sit here until midnight and not give a better synopsis than the one line she used in the Middle East where she said, ''The good news is we made some small steps, but we need to take big steps.'' And that is my—that Secretary Albright distilled in that one phrase where I think we are.

But Mr. Berger and the Secretary and all of us, we're putting our heads together. We're going to do everything we can to keep pushing this. And I have seen some encouraging signs in the last couple of days that all the parties realize that they have special responsibilities to get this thing back on track. And we're going to look at our options and do everything we can.

But I also say what I've said from the beginning: If you look at all the good things that happened early on in my administration in the Middle East, the United States facilitated them but did not create them. In the end, the peace is for the parties there to make, and they have to have the vision and the courage and the strength to do it. But we're going to do everything we can to try to create the conditions in which they can succeed and to try to protect them from the down sides if they do take risks for peace.

Thank you.

NOTE: The President spoke at 12:30 p.m. in the Roosevelt Room at the White House.

Message to the Congress on Iran

September 17, 1997

To the Congress of the United States:

I hereby report to the Congress on developments concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, and matters relating to the measures in that order and in Executive Order 12959 of May 6, 1995. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. On March 15, 1995, I issued Executive Order 12957 (60 *Fed. Reg.* 14615, March 17, 1995) to declare a national emergency with respect to Iran pursuant to IEEPA, and to prohibit the financing, management, or supervision by United States persons of the development of Iranian petroleum resources. This action was in response to actions and policies of the Government of Iran, including support for international terrorism, efforts to undermine the Middle East peace process, and the acquisition of weapons of mass destruction and the means to deliver them. A copy of the order was provided to the Speaker of the House and the President of the Senate by letter dated March 15, 1995.

Following the imposition of these restrictions with regard to the development of Iranian petroleum resources, Iran continued to engage in activities that represent a threat to the peace and security of all nations, including Iran's continuing support for international terrorism, its support for acts that undermine the Middle East peace process, and its intensified efforts to acquire weapons of mass destruction. On May 6, 1995, I issued Executive Order 12959 to further respond to the Iranian threat to the national security, foreign policy, and economy of the United States.

Executive Order 12959 (60 *Fed. Reg.* 24757, May 9, 1995) (1) prohibits exportation from the United States to Iran or to the Government of Iran of goods, technology, or services; (2) prohibits the reexportation of certain U.S. goods and technology to Iran from third countries; (3) prohibits dealings by United States persons in goods and services of Iranian origin or owned or controlled by the Government of Iran; (4) prohibits new

investments by United States persons in Iran or in property owned or controlled by the Government of Iran; (5) prohibits U.S. companies and other United States persons from approving, facilitating, or financing performance by a foreign subsidiary or other entity owned or controlled by a United States person of certain reexport, investment, and trade transactions that a United States person is prohibited from performing; (6) continues the 1987 prohibition on the importation into the United States of goods and services of Iranian origin; (7) prohibits any transaction by a United States person or within the United States that evades or avoids or attempts to violate any prohibition of the order; and (8) allowed U.S. companies a 30-day period in which to perform trade transactions pursuant to contracts predating the Executive order.

At the time of signing Executive Order 12959, I directed the Secretary of the Treasury to authorize, through specific licensing, certain transactions, including transactions by United States persons related to the Iran-United States Claims Tribunal in The Hague, established pursuant to the Algiers Accords, and related to other international obligations and United States Government functions, and transactions related to the export of agricultural commodities pursuant to preexisting contracts consistent with section 5712(c) of title 7, United States Code. I also directed the Secretary of the Treasury, in consultation with the Secretary of State, to consider authorizing United States persons through specific licensing to participate in market-based swaps of crude oil from the Caspian Sea area for Iranian crude oil in support of energy projects in Azerbaijan, Kazakhstan, and Turkmenistan.

Executive Order 12959 revoked sections 1 and 2 of Executive Order 12613 of October 29, 1987, and sections 1 and 2 of Executive Order 12957 of March 15, 1995, to the extent they are inconsistent with it. A copy of Executive Order 12959 was transmitted to the Speaker of the House and the President of the Senate by letter dated May 6, 1995.

2. On March 5, 1997, I renewed for another year the national emergency with respect to Iran pursuant to IEEPA. This renewal extended the authority for the current comprehensive trade embargo against Iran in effect since May 1995. Under these sanctions, virtually all trade with Iran is prohibited except for trade in information and informational materials and certain other limited exceptions.

3. On August 19, 1997, I issued Executive Order 13059 in order to clarify the steps taken in Executive Order 12957 and Executive Order 12959, to confirm that the embargo on Iran prohibits all trade and investment activities by United States persons, wherever located, and to consolidate in one order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995. A copy of Executive Order 13059 was transmitted to the Speaker of the House and the President of the Senate by letter dated August 19, 1997.

The order prohibits (1) the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran except information or informational material; (2) the exportation, reexportation, sale, or supply from the United States or by a United States person, wherever located, of goods, technology, or services to Iran or the Government of Iran, including knowing transfers to a third country for direct or indirect supply, transshipment, or reexportation to Iran or the Government of Iran, or specifically for use in the production, commingling with, or incorporation into goods, technology, or services to be supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran; (3) reexportation from a third country of controlled U.S.-origin goods, technology, or services by a person other than a United States person; (4) purchase, sale, transport, swap, brokerage, approval, financing, facilitation, guarantee, or other transactions or dealings by United States persons, wherever located, related to direct or indirect trade with Iran or the Government of Iran or to goods or services of Iranian origin or owned or controlled by the Government of Iran; (5) new investment by United States persons in Iran or in property or entities owned or controlled by the Government of Iran; (6) approval, financing, facilitation, or guarantee by a United States person of any transaction by a foreign person

that a United States person would be prohibited from performing under the embargo; and (7) any evasion, avoidance, or attempt to violate a prohibition under the order.

Executive Order 13059 became effective at 12:01 a.m., eastern daylight time on August 20, 1997. Revocation of corresponding provisions in prior Executive orders does not affect the applicability of those provisions, or of regulations, licenses, or other administrative actions taken pursuant to those provisions, with respect to any transaction or violation occurring before the effective date of Executive Order 13059. Specific licenses issued pursuant to prior Executive orders continue in effect, unless revoked or amended by the Secretary of the Treasury. General licenses, regulations, orders, and directives issued pursuant to prior orders continue in effect, except to the extent inconsistent with Executive Order 13059 or otherwise revoked or modified by the Secretary of the Treasury.

4. The Iranian Transactions Regulations, 31 CFR Part 560 (the ''ITR''), were amended on April 18, 1997 (62 *Fed. Reg.* 19670, April 23, 1997), on July 30, 1997 (62 *Fed. Reg.* 41851, August 4, 1997), and on August 25, 1997 (62 *Fed. Reg.* 45098, August 25, 1997). In April 1997, Section 560.603 was amended to require a United States person to file a transaction report as to each foreign affiliate that engages in reportable oil-related transactions involving Iran of $1,000,000 or more during the calendar quarter.

In July 1997, sections 560.510(d)(1) and (d)(2) were amended to generally license all payments of awards against Iran issued by the Iran-U.S. Claims Tribunal in The Hague, irrespective of the source of funds for payment, and to generally license implementation (except exports or reexports that are subject to export license application requirements of Federal agencies other than the Department of the Treasury's Office of Foreign Assets Control (OFAC)) as well as payment of awards or settlements in cases to which the United States Government is a party.

Sections 560.525(a)(3) and (a)(5)(i) were amended to generally license the provision of legal services to initiate and conduct U.S. court and other domestic legal proceedings on behalf of persons in Iran or the Government of Iran and to initiate proceedings to resolve disputes between the Government of Iran or an Iranian national and the United States or a United States national, notwithstanding the prohibition on exportation of services to Iran. On August 25, 1997, general reporting, record keeping, licensing, and other procedural regulations were moved from the ITR to a separate part (31 CFR Part 501) dealing solely with such procedural matters. (62 *Fed. Reg.* 45098, August 25, 1997). A copy of these amendments is attached.

5. During the current 6-month period, OFAC made numerous decisions with respect to applications for licenses to engage in transactions under the ITR, and issued 12 licenses. The majority of denials were in response to requests to authorize commercial exports to Iran—particularly of machinery and equipment for various industries—and the importation of Iranian-origin goods. The licenses issued authorized certain financial transactions, including those relating to disposal of U.S.-owned goods located in Iran and extension of, but not payment under, standby letters of credit. Pursuant to sections 3 and 4 of Executive Order 12959 and consistent with the Iran-Iraq Arms Non-Proliferation Act of 1992 and other statutory restrictions concerning certain goods and technology, including those involved in air-safety cases, Treasury continues to consult with the Departments of State and Commerce on these matters.

The U.S. financial community continues to scrutinize transactions associated with Iran and to consult with OFAC about their appropriate handling. Many of these inquiries have resulted in investigations into the activities of U.S. parties and, where appropriate, the initiation of enforcement action.

6. On March 20, 1997, a seven-count indictment was returned by a grand jury in the District of Maryland against a U.S. resident and two Iranian co-conspirators. The March indictment superseded a two-count indictment handed down on February 13, 1997. Each indictment charged violations of IEEPA and the ITR involving the attempted exportation from the United States to Iran of sophisticated state-of-the-art gas chromatographs used in the electric power

industry, which were prevented from reaching Iran.

The U.S. Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the ITR. Various enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued. Since my last report on March 14, 1997, OFAC has collected four civil monetary penalties totaling nearly $22,000. The violations relate to the unlicensed import from or export of goods to Iran. Civil penalty action is pending against 37 companies, financial institutions, and individuals for violations of the Regulations.

7. The expenses incurred by the Federal Government in the 6-month period from March 15 through September 14, 1997, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are approximately $850,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of Intelligence and Research, and the Office of the Legal Adviser), and the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

8. The situation reviewed above continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Order 12959 underscore the United States Government opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The Iranian Transactions Regulations issued pursuant to Executive Orders 12957 and 12959 continue to advance important objectives in promoting the nonproliferation and antiterrorism policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will report periodically to the Congress on significant developments.

William J. Clinton

The White House,
September 17, 1997.

Message to the Congress Transmitting a Report on Federal Advisory Committees

September 17, 1997

To the Congress of the United States:

As provided by the Federal Advisory Committee Act (FACA), as amended (Public Law 92–463; 5 U.S.C., App. 2, 6(c)), I am submitting the Twenty-Fifth Annual Report on Federal Advisory Committees, covering fiscal year 1996.

The executive branch continues to implement my policy of maintaining the number of advisory committees within the ceiling of 534 required by Executive Order 12838 of February 10, 1993. As a result, the number of discretionary advisory committees (established under general congressional authorizations) was held to 501, or 37 percent fewer than those 801 committees in existence at the beginning of my Administration. Savings achieved through elimination of discretionary committees during fiscal year 1996 totalled $2.5 million.

Through the advisory committee planning process required by Executive Order 12838, departments and agencies have worked to minimize the total number of advisory committees specifically mandated by statute. The 407 such groups supported at the end of fiscal year 1996 represents a modest 7 percent decrease over the 439 in existence at the beginning of my Administration. However, more can be done to assure that the total costs to fund these groups in fiscal year 1997, or $38.5 million, are dedicated to support high-priority public involvement efforts.