

Message to the Congress Transmitting a Report on Panamanian Government Assets Held by the United States

April 23, 1991

To the Congress of the United States:

1. I hereby report to the Congress on developments since the last Presidential report on October 27, 1990, concerning the continued blocking of Panamanian government assets. This report is submitted pursuant to section 207(d) of the International Emergency Economic Powers Act, 50 U.S.C. 1706(d).

2. On April 5, 1990, I issued Executive Order No. 12710, terminating the national emergency declared on April 8, 1988, with respect to Panama. While this order terminated the sanctions imposed pursuant to that declaration, the blocking of Panamanian government assets in the United States was continued in order to permit completion of the orderly unblocking and transfer of funds that I directed on December 20, 1989, and to foster the resolution of claims of U.S. creditors involving Panama, pursuant to 50 U.S.C. 1706(a). The termination of the national emergency did not affect the continuation of compliance audits and enforcement actions with respect to activities taking place during the sanctions period, pursuant to 50 U.S.C. 1622(a).

3. Since my last report, the Office of Foreign Assets Control of the Department of the Treasury ("FAC") has released to the control of the Government of Panama approximately \$180,000 of the \$130.7 million that was blocked. The amount released rep-

resents blocked tangible property on which creditors' liens have been allowed to be executed.

Of the approximately \$132.76 million remaining blocked at this time (which includes approximately \$2.2 million in interest credited to the accounts since my last report), some \$131.7 million is held in escrow by the Federal Reserve Bank of New York at the request of the Government of Panama to fund a portion of Panama's arrearage to international financial institutions. Additionally, approximately \$1.1 million is held in commercial bank accounts for which the Government of Panama has not requested unblocking. A small residual in blocked reserve accounts established under section 565.509 of the Panamanian Transactions Regulations, 31 CFR 565.509, remains on the books of U.S. firms pending the final reconciliation of accounting records involving claims and counterclaims between the firms and the Government of Panama.

4. I will continue to report periodically to the Congress on the exercise of authorities to prohibit transactions involving property in which the Government of Panama has an interest, pursuant to 50 U.S.C. 1706(d).

GEORGE BUSH

The White House,
April 23, 1991.

Message to the Congress on the Continuation of the National Emergency With Respect to Export Controls

April 23, 1991

To the Congress of the United States:

1. On September 30, 1990, in Executive Order No. 12730, I declared a national emergency under the International Emergency Economic Powers Act ("IEEPA") (50 U.S.C. 1701, *et seq.*) to deal with the threat

to the national security and foreign policy of the United States caused by the lapse of the Export Administration Act of 1979, as amended (50 U.S.C. 2401, *et seq.*) and the system of controls maintained under that Act. In that order, I continued in effect, to

the extent permitted by law, the provisions of the Export Administration Act of 1979, as amended, the Export Administration Regulations (15 C.F.R. 768, *et seq.*), and the delegations of authority set forth in Executive Order No. 12002 of July 7, 1977, Executive Order No. 12214 of May 2, 1980, and Executive Order No. 12131 of May 4, 1979, as amended by Executive Order No. 12551 of February 21, 1986.

2. I issued Executive Order No. 12730 pursuant to the authority vested in me as President by the Constitution and laws of the United States, including IEEPA, the National Emergencies Act (50 U.S.C. 1601, *et seq.*), and section 301 of title 3 of the United States Code. At that time, I also submitted a report to the Congress pursuant to section 204(b) of IEEPA (50 U.S.C. 1703(b)). Section 204 of IEEPA requires follow-up reports, with respect to actions or changes, to be submitted every 6 months. This report is submitted in compliance with that requirement.

3. Since the issuance of Executive Order No. 12730, the Department of Commerce has continued to administer the system of export controls, including antiboycott provisions, contained in the Export Administration Regulations. In administering these controls, the Department has acted under a policy of conforming actions under Executive Order No. 12730 to those required under the Export Administration Act, insofar as appropriate.

4. Since I issued Executive Order No. 12730, there have been several significant developments in the area of export controls:

The spread of weapons of mass destruction continues to constitute a threat to the national security and foreign policy interests of the United States. Accordingly, in Executive Order No. 12735 of November 16, 1990, and the Enhanced Proliferation Control Initiative of December 13, 1990, we announced major steps to strengthen export controls over goods, technology, and other forms of assistance that can contribute to the spread of chemical and biological weapons and missile systems. On March 7, 1991, the Department of Commerce issued two new regulations and a proposed rule to implement these steps. The new regulations control the export of 50 chemicals as well

as dual-use equipment and technical data that can be used to make chemical and biological weapons. (56 F.R. 10756 and 10760, March 13, 1991.) The proposed rule would expand controls to cover exports when the exporter knows or is informed by the Department of Commerce that an export will be used for missile technology or chemical or biological weapons, or is destined for a project engaged in such activities. The rule also proposes to restrict U.S. citizen participation in such activities and the export of chemical plants and plant designs. (56 F.R. 10765, March 13, 1991.)

Concerned Government agencies continue negotiations with our Coordinating Committee (COCOM) partners on the development of a Core List of truly strategic items that will remain subject to multilateral national security controls.

Enforcement efforts have continued unabated. In a major enforcement action, on February 22, 1991, the Department of Commerce temporarily denied the export privileges of a Dutch company, Delft Instruments N.V., and certain related companies, in connection with an investigation of illegal reexport of U.S.-origin night vision equipment to Iraq.

On January 21, 1991, the Department of Commerce submitted a report to the Congress, extending for the period of January 21, 1991, through January 20, 1992, export controls maintained for foreign policy purposes under the Export Administration Regulations. Several changes were announced, including a change in controls toward the People's Democratic Republic (PDR) of Yemen. The PDR of Yemen has merged with the Yemen Arab Republic, and the new country was not included by the Secretary of State among designated terrorist-supporting states. Accordingly, controls maintained for reasons of antiterrorism have not been extended. In addition, foreign policy controls on exports to Namibia were removed on March 21, 1990, when it achieved independence from South Africa.

The unrestricted access of foreign parties to U.S. goods, technology, and technical data and the existence of certain boycott practices of foreign nations, in light of the expiration of the Export Administration Act

of 1979, continue to constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. I shall continue to exercise the powers at my disposal to retain the export control system, including the antiboycott provisions, and will continue to

report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

GEORGE BUSH

The White House,
April 23, 1991.

Letter to Congressional Leaders on Social Security *April 23, 1991*

Dear Bob: (Dear George:)

Six months ago, the Administration and a bipartisan majority in the Congress agreed to separate Social Security from the Federal budget. The advocates of this action argued that this separation was necessary to help protect Social Security. To this end, we also agreed to implement a "firewall" procedure requiring a super-majority vote in the Senate to protect against efforts to deplete the Social Security trust fund balances.

It now appears that there is a Senate loophole in those procedures. It was slipped into last year's budget legislation without the knowledge or approval of many of those who participated in the budget summit. Recently, you and Senator Domenici introduced legislation to repair the Social Security "firewall." I support this legislation and urge the Senate to adopt it immediately.

It is my understanding that some may attempt to exploit this loophole during Senate consideration of the Congressional Budget Resolution. They may propose an amendment to clear the way for legislation to weaken the Social Security system. Senator Moynihan's proposal, for example,

would return Social Security to the same financing scheme that drove the system to the brink of insolvency in 1982. His proposal would drain roughly \$23 billion from Social Security trust fund reserves in 1992 and \$170 billion by the end of 1996. Under pessimistic economic assumptions, adoption of this legislation could again threaten to bankrupt the Social Security system.

We rescued the Social Security system eight years ago on a bipartisan basis. When we did, we made a promise to every American who receives Social Security benefits, to those who support the system today, and to those who will rely on it when they retire. We have worked together to assure that today's benefits are protected and that the system will be strong enough to continue providing benefits to future retirees. I intend to assure that we keep our promise.

Sincerely,

GEORGE BUSH

Note: Identical letters were sent to George J. Mitchell, Senate majority leader, and Robert Dole, Senate Republican leader.

Remarks Prior to a Meeting With General H. Norman Schwarzkopf, Commander of the U.S. Forces in the Persian Gulf *April 23, 1991*

Q. Mr. President, what did you have to say to General Schwarzkopf?

The President. I'm listening. I'm in a listening mode. And besides, this is a photo

op, at which I normally do not take questions.

What I'll say to him and when he first got home is, welcome, well-done, and what he