

plans to visit Los Angeles, and the mayors thanked him also.]

The President. Thank you very much. Good-bye.

NOTE: The teleconference began at 4:46 p.m. The President spoke from the Oval Office at the White House. During the teleconference, Senator Feinstein referred to Richard Alarcon, member, Los Angeles City Council.

Statement on Additional California Earthquake Assistance *August 2, 1994*

Years after natural disasters struck the Bay area and south Florida, ghost towns remain and local communities continue to suffer. We are working today to overcome those problems, when they have become far more difficult and expensive to address. In Los Angeles and Santa Monica, we are proposing to begin the restoration of these ghost towns now, before it is too late.

NOTE: This statement was included in a White House statement announcing that the President requested additional fiscal year 1994 funds for the Department of Housing and Urban Development for the repair and reconstruction of housing damaged by the southern California earthquake earlier this year.

Message to the Congress Reporting on the National Emergency With Respect to Iraq *August 2, 1994*

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of March 3, 1994, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq), then or thereafter located in the United States or within the possession or control of a United States person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. United

States persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. Member States temporarily to transfer to a U.N. escrow account up to \$200 million apiece in Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq, to finance Iraq's obligations for U.N. activities with respect to Iraq, such as expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activi-

ties of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. Member States also may make voluntary contributions to the account. The funds placed in the escrow account are to be returned, with interest, to the Member States that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the U.N. Security Council. No Member State is required to fund more than half of the total transfers or contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive orders"). The report covers events from February 2, 1994, through August 1, 1994.

1. During the reporting period, there were no amendments to the Iraqi Sanctions Regulations.

2. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. There are currently 30 enforcement actions pending. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the International Emergency Economic Powers Act and Iraqi Sanctions Regulations with respect to transactions involving Iraq. Three penalties totaling \$38,450 were collected from three banks for violation of the prohibitions against Iraq, and noncompliance with reporting requirements and an Office of Foreign Assets Control directive license.

3. Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to the Office of Foreign Assets Control's listing of individuals and organizations determined to be Specially Designated Nationals ("SDNs") of the Government of Iraq. One Jordanian-Iraqi joint venture company prominently involved in shipments to Iraq was identified as an SDN of Iraq on May 4, 1994. A copy of the notice is attached.

4. Pursuant to Executive Order No. 12817 implementing United Nations Security Council Resolution 778, on October 26, 1992, the Office of Foreign Assets Control directed the Federal Reserve Bank of New York to establish a

blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On March 1, 1994, following payments by the Governments of the United Kingdom (\$447,761.19), the Netherlands (\$1,566,994.55), Australia (\$476,110.00), and the European Community (\$3,758,310.31), respectively, to the special United Nations-controlled account, entitled United Nations Security Council Resolution 778 Escrow Account, the Federal Reserve Bank of New York was directed to transfer a corresponding amount of \$6,240,176.05 from the blocked account it holds to the United Nations-controlled account. Similarly, on March 22, 1994, following the payment of \$525,182.50 by the Government of the Netherlands, \$2,478,089.89 by the European Community, \$2,352,800.00 by the Government of the United Kingdom, \$444,444.44 by the Government of Denmark, \$1,204,899.30 by the Government of Sweden, and \$3,100,000.00 by the Government of Japan, the Federal Reserve Bank of New York was directed to transfer a corresponding amount of \$10,105,416.13 to the United Nations-controlled account. Again on June 30, 1994, the Federal Reserve Bank of New York was directed to transfer \$6,969,862.89 to the United Nations-controlled account, an amount corresponding to the aggregate total of recent payments by the governments of other Member States: European Community (\$1,042,774.31), United Kingdom (\$1,570,804.48), the Netherlands (\$1,062,219.51), Kuwait (\$2,000,000.00), and Sweden (\$1,294,064.59). Cumulative transfers from the blocked Federal Reserve Bank of New York account since issuance of Executive Order No. 12817 have amounted to \$130,928,726.04 of the up to \$200 million that the United States is obligated to match from blocked Iraqi oil payments, pursuant to United Nations Security Council Resolution 778.

5. The Office of Foreign Assets Control has issued a total of 496 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since my last report, 52 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions against Iraqi governmental entities, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, food intended for humanitarian relief purposes, the execution of powers of attorney relating to the

administration of personal assets and decedents' estates in Iraq, and the protection of preexistent intellectual property rights in Iraq.

6. The expenses incurred by the Federal Government in the 6-month period from February 2, 1994, through August 1, 1994, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about \$2.3 million, most of which represents 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 Assistant 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 East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), and the Department of Transportation (particularly the U.S. Coast Guard).

7. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions. Security Council resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third-country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction capabilities, the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait, renunciation of terrorism, an end to internal Iraqi repression of its own civilian population, and the facilitation of access of international relief organizations to all those in need in all parts of Iraq. Four years after the invasion, a pattern of defiance persists: a refusal to recognize the international boundary with Kuwait or to account for missing Kuwaiti detainees, sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons inspectors, and ongoing widespread human rights violations, among other things. As a result, the U.N. sanctions remain in place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continued to violate basic human rights of its own citizens through systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by United Nations Security Council Resolution 688. For more than 3 years, Baghdad has maintained a complete blockade of food, fuel, and medicine on northern Iraq. The Iraqi military routinely harasses residents of the north, and has attempted to "Arabize" Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery attacks against civilian population centers in the south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring States.

In 1991, the United Nations Security Council adopted Resolutions 706 and 712, which would permit Iraq to sell up to \$1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. The resolutions also provide for the payment of compensation to victims of Iraqi aggression and other U.N. activities with respect to Iraq. The equitable distribution within Iraq of this humanitarian assistance would be supervised and monitored by the United Nations. The Iraqi regime so far has refused to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population. Nearly a year ago, the Iraqi government informed the United Nations that it would not implement Resolutions 706 and 712.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The U.N. resolutions require that the Security Council be assured of Iraq's peaceful intentions in judging its compliance with sanctions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.

WILLIAM J. CLINTON

The White House,

August 2, 1994.