

Q. [Inaudible]—overcome the disruption which we face with the computers as millennium starts April 1st, 1999. That will disrupt all—

President Clinton. Well, let me say that we're very concerned about that, Sarah [Sarah McClendon, McClendon News Service], and I asked John Koskinen, formerly a deputy at OMB and before that, a man who had a very distinguished career in the private sector, to come back into public service to supervise and coordinate our efforts to deal with the computer 2000 problem.

It's not something that grabs the headlines everyday, but it is in fact a profound challenge, not only for the United States but for every country—which is every country now—that has extensive reliance on computers. And there are a lot of very complex questions. There are computer hookups where people at both ends have computers that can be programmed to move easily to 2000, but there's something in the connection in between which won't. So this is a very complicated problem.

Interestingly enough, we discussed it in some detail at the G-8 meeting in England recently, and I can tell you that we are working very hard on it. We're working very hard, first of all, to monitor the progress of every Government agency to see that they're ready, and some are doing better than others because some have more profound challenges than others. And secondly, we want to do what we can to be supportive of the private sector in the United States and their efforts to make these adjustments. But it is a very big problem.

And I would urge—since you've asked the question, I would urge everyone in America who hears this exchange to make sure that they have done everything they can do within their own business sectors to be ready for this.

And we also agreed, by the way, when I was in England, to work with other countries so that we can help share information and do everything we can do make sure that when the new millennium starts, it's happy event and not a cyberspace headache.

President's Trip to China

Q. Mr. President, over the weekend Republican leaders called on you to postpone your trip to China, or at the very least, not have a welcoming ceremony in Tiananmen Square. What will you do, sir?

The President. I think it would be a mistake to postpone the trip to China. Our partnership with China has succeeded in persuading the Chinese not to transfer missile technology and other dangerous materials to nations that we believe should not have them. We have seen some advances on the human and political rights fronts recently. We have worked closely with them in North Korea. Today, we are working with them to try to diffuse the tension and prevent a new nuclear race in South Asia.

So I think we have a broad range of issues to deal with, and I think we have enough evidence now to justify the partnership that we've had. So I believe we ought to go forward.

NOTE: The President spoke at 11:32 a.m. in the Rose Garden at the White House. In his remarks, he referred to Jacob J. Lew, Acting Director, Office of Management and Budget.

Executive Order 13085— Establishment of the Enrichment Oversight Committee

May 26, 1998

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to further the national security and other interests of the United States with regard to uranium enrichment and related businesses after the privatization of the United States Enrichment Corporation (USEC), it is ordered as follows:

Section 1. Establishment. There is hereby established an Enrichment Oversight Committee (EOC).

Sec. 2. Objectives. The EOC shall monitor and coordinate United States Government efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment and related businesses in furtherance of the following objectives:

(a) The full implementation of the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Disposition of Highly Enriched Uranium (HEU) Extracted from Nuclear Weapons, dated February 18, 1993 ("HEU Agreement"), and related contracts and agreements by the USEC as executive agent or by any other executive agents;

(b) The application of statutory, regulatory, and contractual restrictions on foreign ownership, control, or influence in the USEC, any successor entities, and any other executive agents;

(c) The development and implementation of United States Government policy regarding uranium enrichment and related technologies, processes, and data; and

(d) The collection and dissemination of information relevant to any of the foregoing on an ongoing basis, including from the Central Intelligence Agency and the Federal Bureau of Investigation.

Sec. 3. Organization. (a) The EOC shall be Chaired by a senior official from the National Security Council (NSC). The Chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semiannually, or more frequently as appropriate. The EOC shall prepare annually the report for the President's transmittal to the Congress pursuant to section 3112 of the USEC Privatization Act, Public Law 104-134, title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

(b) The EOC shall consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, Energy, and the Office of Management and Budget, the NSC, the National Economic Council, the Council of Economic Advisers, and the Intelligence Community. The EOC shall formulate internal guidelines for its operations, including guidelines for convening meetings.

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from

the EOC's oversight activities will rest with EOC member agencies.

(d) At the request of the EOC, appropriate agencies, including the Department of Energy, shall provide day-to-day support for the EOC.

Sec. 4. HEU Agreement Oversight. The EOC shall form an HEU Agreement Oversight Subcommittee (the "Subcommittee") in order to continue coordination of the implementation of the HEU Agreement and related contracts and agreements, monitor actions taken by the executive agent, and make recommendations regarding steps designed to facilitate full implementation of the HEU Agreement, including changes with respect to the executive agent. The Subcommittee shall be chaired by a senior official from the NSC and shall include representatives of the Departments of State, Defense, Justice, Commerce, and Energy, and the Office of Management and Budget, the National Economic Council, the Intelligence Community, and, as appropriate, the United States Trade Representative, and the Council of Economic Advisers. The Subcommittee shall meet as appropriate to review the implementation of the HEU Agreement and consider steps to facilitate full implementation of that Agreement. In particular, the Subcommittee shall:

(a) have access to all information concerning implementation of the HEU Agreement and related contracts and agreements;

(b) monitor negotiations between the executive agent or agents and Russian authorities on implementation of the HEU Agreement, including the proposals of both sides on delivery schedules and on price;

(c) monitor sales of the natural uranium component of low-enriched uranium derived from Russian HEU pursuant to applicable law;

(d) establish procedures for designating alternative executive agents to implement the HEU Agreement;

(e) coordinate policies and procedures regarding the full implementation of the HEU purchase agreement and related contracts and agreements, consistent with applicable law; and

(f) coordinate the position of the United States Government on any issues that arise

in the implementation of the Memorandum of Agreement with the USEC for the USEC to serve as the United States Government Executive Agent under the HEU Agreement.

Sec. 5. Foreign Ownership, Control, or Influence (FOCI). The EOC shall collect information and monitor issues relating to foreign ownership, control, or influence of the USEC or any successor entities. Specifically, the EOC shall:

(a) monitor the application and enforcement of the FOCI requirements of the National Industrial Security Program established by Executive Order 12829 with respect to the USEC and any successor entities (see National Industrial Security Program Operating Manual, Department of Defense 2-3 (Oct. 1994));

(b) monitor and review reports and submissions relating to FOCI issues made by the USEC or any successor entity to the Nuclear Regulatory Commission (NRC) under the Atomic Energy Act of 1954, 42 U.S.C. 2011 *et seq.* (1994), and the USEC Privatization Act, Public Law 104-134, title III, 110 Stat. 1321-335 *et seq.* (1996);

(c) ensure coordination with the Intelligence Community of the collection and analysis of intelligence and ensure coordination of intelligence with other information related to FOCI issues; and

(d) ensure coordination with the Committee on Foreign Investment in the United States.

Sec. 6. Domestic Enrichment Services. The EOC shall collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries, provided that such activities shall be undertaken in a manner that provides appropriate protection for such information. In particular, the EOC shall:

(a) collect and review all public filings made by or with respect to the USEC or any successor entities with the Securities and Exchange Commission;

(b) collect information from all available sources necessary for the preparation of the annual report to the Congress required by section 3112 of the USEC Privatization Act, as noted in section 3(a) of this order, including information relating to plans by the USEC or any successor entities to expand

or contract materially the enrichment of uranium-using gaseous diffusion technology;

(c) collect information relating to the development and implementation of atomic vapor laser isotope separation technology;

(d) to the extent permitted by law, and as necessary to fulfill the EOC's oversight functions, collect proprietary information from the USEC, or any successor entities, provided that the collection of such information shall be undertaken so as to minimize disruption to the normal functioning of the private corporation. For example, such information would include the USEC's financial statements prepared in accordance with standards applicable to public registrants and the executive summary of the USEC's strategic plan as shared with its Board of Directors, as well as timely information on its unit production costs, capacity utilization rates, average pricing and sales for the current year and for new contracts, employment levels, overseas activities, and research and development initiatives. Such information shall be collected on an annual basis, with quarterly updates as appropriate; and

(e) coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

Sec. 7. Coordination with the Nuclear Regulatory Commission. Upon notification by the NRC that it seeks the views of other agencies of the executive branch regarding determinations necessary for the issuance, reissuance, or renewal of a certificate of compliance or license to the privatized USEC, the EOC shall convey the relevant views of these other agencies of the executive branch, including whether the applicant's performance as the United States agent for the HEU Agreement is acceptable, on a schedule consistent with the NRC's need for timely action on such regulatory decisions.

William J. Clinton

The White House,
May 26, 1998.

[Filed with the Office of the Federal Register,
12:26 p.m., May 27, 1998]

NOTE: This Executive order was published in the *Federal Register* on May 28.

**Memorandum on Improving
Financial Management**

May 26, 1998

*Memorandum for the Heads of Executive
Departments and Agencies*

*Subject: Actions to Further Improve
Financial Management*

My Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Government Management Reform Act of 1994, the Federal Government has made substantial progress toward achieving our goals of fiscal discipline and reporting reliably to the American people on the Government's operations and fiscal condition.

An important step in this direction has been the efforts of the Federal Accounting Standards Advisory Board to develop accounting standards for the Federal Government. This effort was consistent with the recommendations of the National Performance Review led by Vice President Gore. These standards formed the basis for the first ever government-wide financial statement of the Federal Government, issued on time on March 31, 1998.

While our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. Financial auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These specifically include practices related to the Government's property, Federal credit programs, liabilities related to the disposal of hazardous waste and remediation of environmental contamination, Federal Government employment-related benefits liabilities, and transactions between Federal entities. My FY 1999 budget request to the Congress outlined my commitment to addressing these problems and obtaining an "unqualified audit opinion"—the highest opinion available from auditors—on the Government's financial statements for FY 1999.

To achieve these goals, I am now directing the additional steps set forth below:

1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.
2. The head of each agency identified by the OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.
3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.
4. The OMB shall provide periodic reports to the Vice President on the agency submissions and government-wide actions taken to obtain an unqualified audit opinion of the Government's FY 1999 financial statements.

William J. Clinton

**Letter to Congressional Leaders
Transmitting a Report on Cyprus**

May 26, 1998

Dear Mr. Speaker: (Dear Mr. Chairman:)

In accordance with Public Law 95-384 (22 U.S.C. 2373(c)), I submit to you this report on progress toward a negotiated settlement of the Cyprus question covering the period February 1, 1998, to March 31, 1998. The previous submission covered events during December 1997 to January 1998.

U.S. efforts on the Cyprus issue intensified following the February 15 completion of the Cypriot Presidential elections. In my letter of congratulations to President Clerides on his reelection, I reiterated U.S. support for the U.N. process to achieve a settlement based on a bizonal, bicultural federation