

these awards, and in the process have received the community's and the Commonwealth's respect and admiration for their dedication and commitment. Their projects included teaching beginning violin classes to local elementary school children, organizing a fundraising breakfast for local elementary schools and holding a children's Christmas party.

For 85 years, the Girl Scouts have provided an informal educational program to inspire girls with the highest ideals of character, conduct, patriotism, and service so they will become resourceful, responsible citizens. The Licking Valley Girl Scouts alone serve over 5,000 girl and adult members.

Mr. President, I know my colleagues share my enthusiasm and admiration for the Girl Scouts' commitment to excellence. And, I know you will agree with my belief that this award is just the beginning of a long list of accomplishments and successes from these five Girl Scouts.

AMERICAN INTERESTS IN THE CASPIAN SEA REGION

Mr. BYRD. Mr. President, American involvement and interests in the Caspian Sea Region, have been increasing recently. While this region is new on the political map of American policymakers, in that the newly-sovereign nations there were formerly Republics under the rule of the Soviet Union, they represent very substantial new opportunities for the United States.

From the point of view of energy reserves, the tremendous hydrocarbon resources which are available for development in the region are of world-class potential. The extent of the resources which apparently exist, particularly in Kazakhstan, Azerbaijan, and Turkmenistan could well serve as a long-term alternative to Western dependence on vulnerable supplies of Persian gulf oil. The proper development of the energy resources of the Caspian Sea region should also provide an invaluable impetus to the economic development of all the nations of the region. As a result of this growing potential, the Foreign Operations Appropriations Act for FY 1997 included a provision that I proposed for the Administration to develop a plan of action for the United States government to assist and accelerate the earliest possible development and shipment of oil from the Caspian Sea region to the United States and other Western markets.

Mr. President, the Secretary of State has forwarded to the Congress, on April 15, 1997, the study which was required by the Appropriations Committee, and I am pleased to include the Summary, as well as recommended legislative and executive actions proposed by the report. It is a good report and should be of assistance to the Congress as it deliberates how to provide incentives for the United States to help promote the development of this new source of Western energy supplies, and to pro-

mote the future stability of the nations of the Caspian region, which is so necessary in order that our companies can operate effectively with the governments of those nations in developing these energy resources.

Mr. President, the full report is available from the Department of State, which originated it. I would, however, like to point out that the interagency group which developed the recommendations puts great emphasis on the need for the Congress to review the prohibition on direct bilateral assistance to Azerbaijan which is contained in Section 907 of the Freedom Support Act. The report indicates that Section 907 has the effect of limiting the influence of the United States in Azerbaijan, including the ability of the United States government to "provide financial support, such as risk insurance and grants for pipeline studies, to companies that are involved with the Azerbaijani government," thereby giving advantage to other governments who have no such limitations placed on their ability to assist their companies in the competition for access and opportunities in Azerbaijan. Revisiting the necessity of retaining, revising, or eliminating Section 907, would allow our institutions, such as the Trade and Development Agency, the Department of Commerce's Foreign Commercial Service, and the Overseas Private Investment Corporation, to assist U.S. companies to compete against foreign corporations, which presently enjoy the support of their own governments in the competition for business and opportunities in Azerbaijan. The report also encourages high-level political and business visits to and from the region, and in this regard I would encourage the President to invite the President of Azerbaijan, Mr. Heydar Aliyev, to make an official visit to Washington. Furthermore, the report encourages the United States to continue to play a mediation role among the countries of the Caspian region, when they are involved in disputes. This is particularly important today with regard to the dispute between Armenia and Azerbaijan, which has inhibited joint development of energy and other projects, and has caused the dislocation and suffering of up to a million refugees in the region. As the report concludes, from a U.S. policy standpoint, "Caspian energy development is not a zero sum game—all can benefit from the region's rapid economic development, including Russia."

Mr. President, the Senate will soon be taking up the Treaty on Conventional Armed Forces in Europe (CFE) Revisions of the Flank Agreement. I find it disturbing that some of the governments most directly affected by this agreement, particularly the governments of Georgia, the Ukraine, and Azerbaijan have refused to sign the agreement. I have received a letter from the ambassador from Azerbaijan on May 5, 1997, Mr. Hafiz Pashayev, in which he expresses his concern over what he describes as an imbalance of

forces in the flank area, which includes his country, and says that the agreement poses a security concern for Azerbaijan. In this regard, he points out that there are credible reports of the provision of massive Russian arms shipments to Armenia, which could well have the effect of further destabilizing the situation in the caucasus. It is important to note that the chairman of the Defense Committee of the Duma, the lower house of the Russian parliament, Mr. Lev Rokhlin, is reported, by Russian newspaper *Nezavisimaya gazeta*, to have revealed that elements of the Russian government or armed forces, from 1993-96, shipped some \$1 billion in arms to Armenia, including 32 R-17's, or Scud missiles and associated launchers, 82 T-72 tanks, 50 armored combat vehicles, various howitzers, grenade launchers, and other missiles and armaments. This, of course, has alarmed American oil companies located within range of these missiles in Azerbaijan, and the ambassador says in his letter that there is concern in his country that these military shipments have caused an imbalance in forces in the so-called "flank" area, and pose a "security concern for Azerbaijan."

The Russian Government, or elements of it, appears to have used its armed forces in recent years in Georgia, in Azerbaijan, certainly in Chechnya, and perhaps other states in the region to exert influence and pressure on those governments. I note that Russia has maintained military bases in both Georgia and Armenia, and I have been informed that Russian officials have brought pressure on the government of Azerbaijan to allow Russian forces to establish a base in that nation. The government of Azerbaijan has, wisely I believe, resisted these pressures and retains its sovereignty without the presence of Russian forces on its soil. Administration officials testified last week, on April 29, 1997, before the Senate Foreign Relations Committee, in connection with the CFE Flank agreement, and have pointed out that it is the policy of the United States not to support the stationing of foreign troops such as Russian forces on the territory of any other states unless that is achieved by means of free negotiations and with full respect for the sovereignty of the states involved. We need to be careful that we do not in any way appear to countenance the imposition of Russian forces or equipment on any nation through heavy-handed tactics, tactics which might push the states of the Caspian region into positions that they would not otherwise freely assent to. Thus, it is certainly of legitimate concern that key states of the Caspian region have not agreed to the terms of the terms of the revisions of the CFE Treaty. This is a matter which I am sure the knowledgeable Senators on the Foreign Relations Committee will be discussing when that Treaty comes to the Senate floor

for consideration, and I look forward to that discussion.

I ask unanimous consent that the letter from the Ambassador from Azerbaijan and the letter of transmittal with the accompanying report be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EMBASSY OF THE
REPUBLIC OF AZERBAIJAN,
Washington, DC, May 5, 1997.

Hon. ROBERT BYRD,
U.S. Senate
Washington, DC.

DEAR SENATOR BYRD: During Senate consideration of the CFE Treaty, I hope, members of the Senate will address concerns of the Government of Azerbaijan regarding this Treaty.

Specifically we are concerned about of an imbalance forces in "flank" area, which could pose security concern for Azerbaijan.

I would also remind you about the one billion an illegal arms shipments from unofficial sources in Russia to Armenia, which has already created a strategic imbalance for my country.

Sincerely,

HAFIZ M. PASHAYEV,
Ambassador.

U.S. DEPARTMENT OF STATE,
Washington, DC, April 15, 1997.

Hon. ROBERT BYRD,
Committee on Appropriations,
U.S. Senate.

DEAR SENATOR BYRD: On behalf of the Secretary of State, I am transmitting to you a report as requested by the Joint Explanatory Statement of the Committee of Conference accompanying the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1997, as enacted in P.L. 104-208, that contains a plan for action for the United States Government to assist and accelerate the earliest possible development and shipment of oil from the Caspian Sea region to the United States and other Western markets.

Please do not hesitate to contact us if you have questions on this issue or on any other matter.

Enclosure: Report on the Caspian Region Energy Development.

Sincerely,

BARBARA LARKIN,
Assistant Secretary,
Legislative Affairs.

CASPIAN REGION ENERGY DEVELOPMENT
REPORT, AS REQUIRED BY H.R. 3610

SUMMARY

This report to congress addresses the request of the FY 97 statement of managers accompanying the FY 97 Foreign Operations bill as incorporated in Public Law (104-208).

The Caspian Basin region is made up of the five littoral states of the Caspian Seas (Azerbaijan, Iran, Kazakstan, Russia, and Turkmenistan). With potential reserves of as much as 200 billion barrels of oil, the Caspian region could become the most important new player in world oil markets over the next decade. The United States supports the development of secure, prosperous, and independent energy-exporting states at peace with each other and their neighbors in the region. We want to see these countries fully integrated into the global economy. As the newly independent countries of the Caspian region work to enhance their sovereignty and to create stability within their own borders and in the region, energy resource development has emerged as a critical factor

and means to these ends. The speed and depth of macroeconomic reforms and democratization of these states will provide the foundation for a favorable climate to attract foreign investment and will determine their future economic prosperity as well as the extent of their integration into the world economy. Resolution of regional conflicts in Nagorno-Karabakh, Abkhazia, and Chechnya is also critical for successful and comprehensive energy development in the region.

As a consumer nation, the United States is interested in enhancing and diversifying global energy supplies. It is the Clinton Administration's policy to promote rapid development of Caspian energy resources through multiple pipelines and diversified infrastructure networks to reinforce Western energy security, and provide regional consumers alternatives to Iranian energy. It is our judgment that the scale of Caspian basin energy resources not only justifies—but will demand—multiple transportation options for moving production out into world markets. Multiple pipelines will prompt competition, will ensure reliable, more efficient operations, and will promote commercial viability.

The United States has a policy that focuses on expanding and strengthening the web of relations with the region's newly independent states across bilateral, regional and multilateral levels; supporting the development and diversification of regional infrastructure networks and transportation corridors to tie the region securely to the West and providing alternatives to Iran; and constructively engaging these states in a dialogue on Caspian energy development, particularly through trade and investment.

We are encouraging these countries to adopt open, fair, and transparent investment regimes which will create favorable climates for U.S. companies to participate directly in the development of the region's energy resources. We are confident that their participation will bring strong partners and environmentally sound technology and practices to the countries in the region. The Clinton Administration has an active dialogue with the private sector and has developed working relations with the countries in the region to reduce or remove barriers to investment by U.S. companies. However, U.S. companies are disadvantaged in some crucial respects, preeminently by the burden that Section 907 of the FREEDOM Support Act places on companies working in Azerbaijan. Furthermore, foreign companies benefit significantly from unrestricted political and financial support from their governments.

In addition, the division of development rights to the significant oil and gas deposits beneath the Caspian Sea remains a critical issue for the five littoral states. The U.S. Government has encouraged the littoral states to adopt a legal regime in the Caspian Sea which includes the division of seabed resources through clearly established property rights and unrestricted transportation.

Another U.S. policy goal is to continue to isolate the Iranian regime until such time as its unacceptable practices, including support for international terrorism, cease. Iran's economic isolation imposed by U.S. sanctions is leading Teheran to look for new opportunities as well as new markets in the region. This presents a particular challenge as the USG works to balance its commercial interests in the region with its foreign policy goals.

An interagency working group for Caspian energy chaired by the National Security Council meets regularly to discuss U.S. policy toward the Caspian Basin. The Administration believes that significant progress is being made on these goals but suggests the following steps which can further advance U.S. interests in the region:

(1) Repeal Section 907 of the FREEDOM Support Act which restricts the provisions of USG assistance to the Government of Azerbaijan and limits U.S. influence and assistance in Azerbaijan;

(2) Take the necessary legislative and administrative actions to make TDA, OPIC, and EXIM programs available to our companies in the Caucasus, Central Asia, Afghanistan, and Pakistan;

(3) Encourage high-level visits to and from the region;

(4) Continue active U.S. support for international and regional efforts to achieve balanced and lasting political settlement of conflicts in Nagorno-Karabakh, Abkhazia, and elsewhere in the region. Be prepared to contribute a fair share to reconstruction and development costs of war-torn zones following achievement of peace agreements;

(5) Make available USG resources to support a UN-led peace process in Afghanistan if/when the Afghan parties agree on terms for these elements;

(6) Encourage installation of upgraded navigation systems in the Bosphorus;

(7) Encourage the development of new markets in the Black Sea region;

(8) Structure assistance to the region to encourage economic reform and the development of appropriate investment climates in the region.

RECOMMENDED LEGISLATIVE AND EXECUTIVE ACTIONS

1. Repeal Section 907 of the FREEDOM Support Act (FSA) which limits U.S. influence and assistance in Azerbaijan.

Section 907 of the FSA, enacted in 1992, provides that U.S. assistance "may not be provided to the Government of Azerbaijan until the President determines, and so reports to Congress, that the Government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh." Unfortunately, this statutory restriction on assistance to the Government of Azerbaijan limits our ability to advance U.S. interests in Azerbaijan. The Clinton Administration has from the start opposed this restriction on assistance to the Government of Azerbaijan. Section 907 hinders U.S. policy objectives, including the provision of humanitarian aid, support for democratic and economic development, support for the Nagorno-Karabakh peace process, and promotion of U.S. investment opportunities in Azerbaijan. Section 907 restrictions have placed American firms at a disadvantage because they limit the ability of the U.S. Government to provide financial support, such as risk insurance and grants for pipeline studies to companies that are involved with the Azerbaijani government of its institutions, including the State Oil Company of Azerbaijan (SOCAR), on projects that involve substantial Azerbaijani government ownership or control. Section 907 prevents the U.S. from offering many kinds of technical assistance and exchange programs offered to other governments throughout the NIS and which are needed to help create an attractive business climate and commercial infrastructure. When the European Union, Japan, or International Financial Institutions step in to fill this void, the U.S. loses influence and U.S. businesses lose opportunities. This also creates hostility towards the U.S. and U.S. businesses. As foreign competition for oil and gas resources in the region increases, American companies—particularly smaller firms—will lose out and may be unable to compete with other, government-supported, foreign companies in Azerbaijan due to the restrictions Section 907 places on U.S. Government-funded support for American investment involving Government of Azerbaijan owned or controlled enterprises in Azerbaijan.

2. Take the necessary legislative and administrative actions to make TDA, OPIC and EXIM programs available to our companies in the Caucasus, Central Asia, Afghanistan and Pakistan.

Since U.S. companies will frequently not be participating as majority owners in pipeline and consortia agreement, we need to find creative ways in which we can assure their access to these programs within existing requirements on U.S. content and equity participation. Our competitors, as noted below, are already operating in the area with government-backed credit lines. Repealing Section 907 of the FREEDOM Support Act would make it easier for these programs to operate effectively throughout the Caspian region. We recognize that opening these programs in individual countries is contingent upon decisions from respective Boards of Directors taking into account legal strictures and country risk assessment.

3. Encourage high-level visits to and from the region.

Many observers point to high-level visible government support as major factor in the successful involvement of British, French, and Japanese firms throughout the Caspian region—support which gives these companies a significant competitive edge against American companies. This support typically takes two forms—high level, high visibility trade missions and export credits. The Caspian Basin is new to many political and business leaders in the U.S. High-level congressional, administration, and business travel to the region—for example cabinet-level participation in the oil and gas shows in Baku, Ashgabat, and Almaty, and in support of companies' bids for contracts—would be particularly useful. These visits should be reinforced by invitations to decision-makers from the region to come to the U.S.

4. Continue active U.S. support for international and regional efforts to achieve balanced and lasting political settlement of conflicts in Nagorno-Karabakh, Abkhazia, and elsewhere in the region (e.g. Chechnya, Tajikistan). Be prepared to contribute a fair share to reconstruction and development costs of war-torn zones following achievement of peace agreements.

5. Make available USG resources to support a UN-led peace process in Afghanistan if/when the Afghan parties agree on terms for these elements.

A lasting Afghanistan peace settlement is not only in the interests of the Afghan people but would promote regional stability and development. U.S. companies are eager to participate in exporting Caspian energy via Afghanistan.

6. Encourage installation of upgraded navigation systems in the Bosphorus.

This issue should be kept separate from consideration of a main export pipeline through Turkey: it stands on its own merits. As noted earlier, the capacity of the Bosphorus to carry Caspian oil safely and efficiently will eventually be exceeded. The present system is inadequate and needs replacement regardless of the additional volume of oil which transits this area. Turkish concerns for the safety of the 13 million people who live along the straits are valid and we should work through the International Maritime Organization (IMO) to set reasonable standards for safe and secure transit through the Straits. The adoption of more advanced technology would further improve the flow of traffic in the Straits and increase safety for shippers and reduce the risk of an environmentally devastating oil spill. Currently, while there are some aids to navigation, there is no continuous tracking of ships. The USG should continue to urge and work with the Turkish government to install a state-of-the-art Vessel Tracking System

(VTS) for the Turkish Straits, preferably from an American supplier, which would provide complete radar coverage throughout the Straits and would have the ability to communicate with ships by radio. The U.S. Coast Guard is currently working on installing 17 such systems across the United States. The Coast Guard estimates that complete coverage of the Straits would cost \$60 million to install, and up to \$1 million annually to operate. The Turkish government has prepared a tender to install a world class VTS three times. The USG should support efforts to secure international financing for such a system.

7. Encourage the development of new markets in the Black Sea Region.

All current oil export routes from the Caspian Basin terminate at the Black Sea. Given the limitations on the volume of oil which can be exported through the Bosphorus as outlined above, alternatives to the Straits must be identified and developed. One possibility is to develop the oil, gas, and power markets in the Black Sea Region and to develop the infrastructure to transport Caspian energy to other markets. Additional sources of energy for the countries of this region and increased transit fees would stimulate economic development, reduce existing monopolies over supplies, and provide lucrative markets for the producing countries.

8. Structure assistance to the region to encourage economic reform and the development of appropriate investment climates in the region.

Continued USG support through technical assistance is essential in assisting these countries to establish strong market economies and encourage the emergence of a financially vibrant energy sector. Transparent legal and regulatory environment, and restructured and privatized energy sectors in these countries will ensure the commercial viability of new investments and expand opportunities for U.S. industry. To a great extent, the Clinton Administration's ability to tailor assistance strategies to address U.S. interests is hampered by restrictions on how assistance money can be spent. Besides the restrictions imposed by Section 907 of the FSA on USG funded assistance to the Government of Azerbaijan, Congressional earmarks limit assistance flexibility and often channel money away from projects and programs which might further U.S. interests more rapidly. We recommend that earmarks and other restrictions be kept as low as possible, if not completely eliminated.

TRIBUTE TO THOMAS SALMON

Mr. JEFFORDS. Mr. President, I rise today to pay tribute to Tom Salmon, president of the University of Vermont, who will be retiring later this month.

Tom and I have worked together for nearly three decades. First as young lawyers in our hometown of Rutland, VT, and then in the general assembly. While he went on to serve as Governor for two terms, I went to Washington to serve in Congress. Although we represented different political parties, we shared a love for Vermont which enabled us to work together and put politics aside.

More recently, during Tom Salmon's tenure as president of the University of Vermont, we have had the opportunity to work closely again. His commitment to improving the quality of education has been outstanding, and I have watched with admiration as the univer-

sity has flourished under his guidance. His capacity to make tough decisions while also connecting with students at the university has contributed to his success. No one could ever question Tom Salmon's dedication after hearing about the time he had to excuse himself from an important meeting of the Governor's council of economic advisors because it conflicted with his graduate school seminar. This has been a job that Tom has loved, and one that he has done well.

As I think back over the years, one thing is very clear, Tom Salmon is a man who cares about the State of Vermont and its citizens. Be it as Governor, teacher, chairman of the board, or adviser, his outstanding ability always shines through making him one of Vermont's most successful leaders.

COMMENDATION FOR LINDA ESPINOSA

Mr. CAMPBELL. Mr. President, I would like to take the time today to commend an amazing young woman from my home State of Colorado.

Linda Espinosa is a very special person. Not only has she been named the valedictorian of her school in Colorado Springs, but she is also one of only six people each year to be awarded the Junior Achievement Award by Amway Corp. This achievement is even more significant because the award is given to outstanding individuals who have excelled in a particular area, despite suffering from hardship or disability. Linda's triumph has been overcoming deafness to lead her class at the Colorado School for the Deaf and Blind.

I admire Linda's determination and scholarship, and ask my colleagues to join me in recognizing her accomplishment. I wish Linda the best of luck in her future endeavors. We can all learn a lesson in perseverance from this courageous young woman.

Thank you, Mr. President. I yield the floor.

SUMMARY OF A REPORT OF THE SENATE DELEGATION VISIT TO ASIA

Mr. DASCHLE. Mr. President, I ask unanimous consent to insert in today's RECORD a summary of a longer report on a November 1996 trip taken by a congressional delegation consisting of Senators GLENN, LEAHY, DORGAN, KEMPTHORNE, and myself. The delegation traveled to Vietnam, China, Hong Kong, and Taiwan, meeting with senior government officials in each location. The summary discusses the highlights of the trip. The full report is also available. As the trip report summary highlights, members of the delegation raised important U.S. national priorities in each country and gained valuable insight into the leaders' views.

There being no objection, the summary was ordered to be printed in the RECORD, as follows: