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~~Podesta~~

THE WHITE HOUSE
WASHINGTON

July 21, 1997

MR. PRESIDENT:

In advance of your trip to Lake Tahoe this coming weekend, we thought you might like some background reading material.

Attached is a concise package of information prepared by USDA that provides a good overview of the Tahoe area and the purpose of your trip.

Phil Caplan
Phil

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Lake Tahoe Presidential Forum

1997



Lake Tahoe Presidential Forum
Presidential Briefing Package



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Overview of Lake Tahoe Presidential Forum



Lake Tahoe
Presidential
Forum

Lake Tahoe is a special and unique place. Special in that it's one of the largest and deepest lakes in the world, nestled between the Sierra Nevada and Carson mountain ranges and straddles the California and Nevada state lines. Unique in that all facets of the community, including business, recognize the importance of the spectacular setting to their tourism-based economy. They are working in partnership with federal, state and local agencies and the Washoe Tribe to protect and improve the environmental qualities that bring millions of visitors each year to the Lake Tahoe Basin.

The purpose of this Forum is to showcase a "special place" of natural beauty in America and to affirm the Administration's efforts to protect such places. You and the Vice President will celebrate the partnerships model developed by public and private interests in the Lake Tahoe Basin and renew federal commitments to help resolve environmental and economic issues facing the Basin communities. The Presidential Event will take place in a hotel ballroom with 200 audience members including local members of Congress, community leaders and representatives of local, state and federal agencies. You will hear the Vice President, members of your Cabinet, elected officials and members of the community report the results of three workshops held in June and July on water quality, transportation, and forest ecosystem restoration, recreation and tourism issues.

During your Forum, you will be announcing renewed and new federal commitments to help resolve these issues from Agriculture, Army Corps of Engineers, EPA, Interior, and Transportation. In addition, you will sign an Executive Order, which establishes cooperative working agreements between the federal agencies active in the Lake Tahoe Basin and directs them to sign a Memorandum of Agreement with the states, tribe and other local partners.

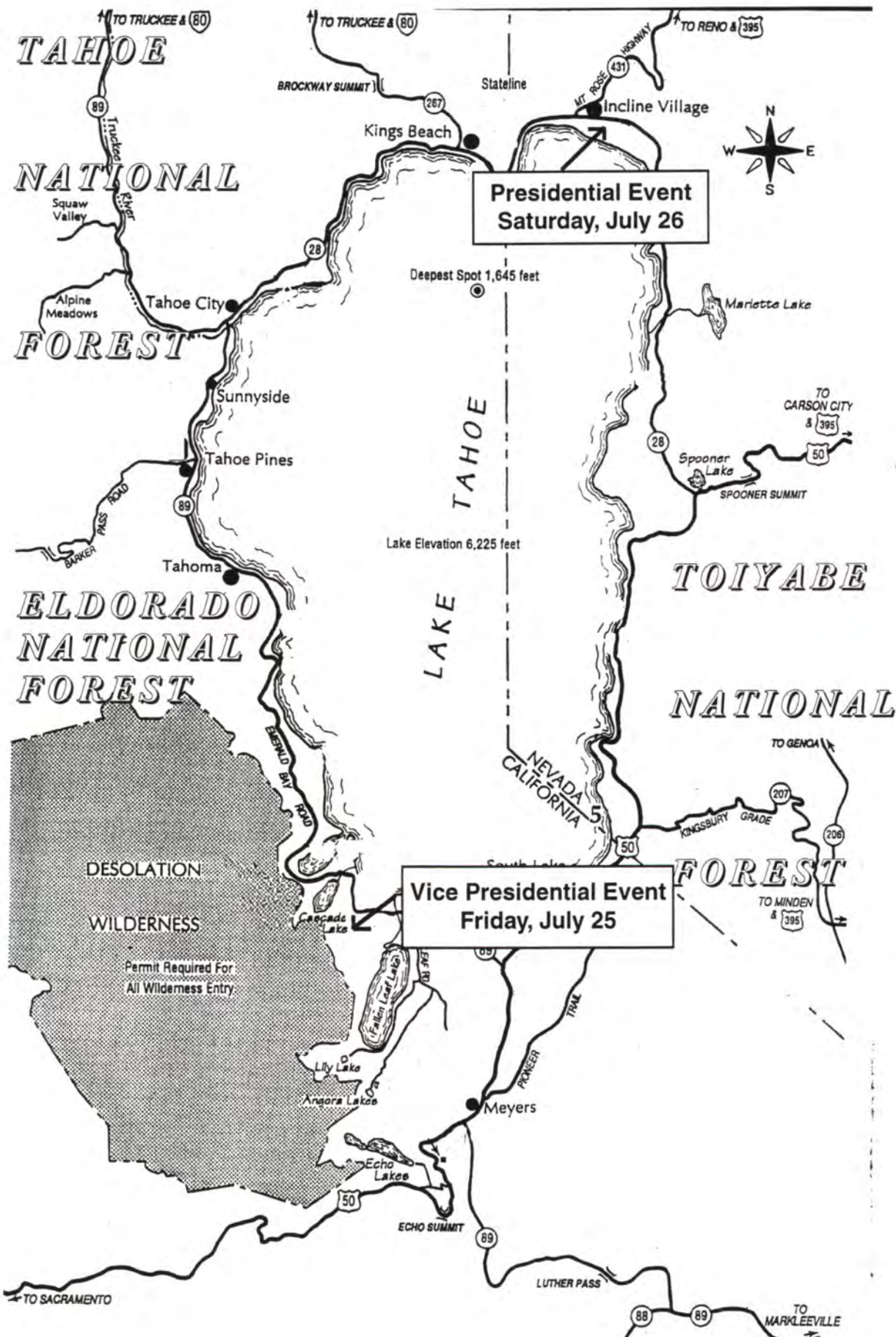
Secretaries Glickman, Babbitt and Slater, EPA Administrator Browner and Dept of the Army Deputy Assistant Secretary Mike Davis hosted the three previous issue workshops. Your Forum, set in a town meeting format, gives you the opportunity to learn about the issues that were discussed at the workshops and to recognize the citizens of the Lake Tahoe community for their considerable efforts at collaboration in solving the problems that are affecting the environmental and economic health of the Lake Tahoe Basin.

The genesis of the Forum was an invitation from Senator Harry Reid for you to see first hand the key environmental issues that are degrading the magnificent recreation setting and threatening the sustainability of the tourism-based economy of Lake Tahoe, specifically, deteriorating water clarity and quality in Lake Tahoe, dying trees on the hillsides creating a high fire danger, and vehicle-choked highways during the busy winter and summer tourist seasons.

In February of this year, you asked Secretary Glickman to organize and coordinate this interagency, community-based Forum (the USDA Forest Service manages 75% of the land in the Lake Tahoe Basin). USDA has been working with its federal partners and locally, encouraged the establishment of the Tahoe Steering Committee, which represents community, tribal and business interests of the Tahoe Basin. The Steering Committee has played an integral role, and truly is the driving force in the development of the entire Forum.

Over 1,000 local citizens, business leaders, environmentalists, scientists, representatives of state, local and tribal governments, federal officials and others attended these workshops. Their goal was to discuss successes, challenges and opportunities for each of these issues with other members of their community and with state and federal officials.

The outcomes of these workshops are summarized in this brief and will be presented in greater detail to the Vice President on July 25th and with you during your visit on July 26th. A formal report for each workshop from your Cabinet Members is being transmitted to you through the Vice President. Your comments on July 26th will include many of the discussion items from these three workshops.



Critical Issues Facing the Lake Tahoe Basin Communities

Lake Tahoe
Presidential
Forum



Historical Background

A century and a half of increasing use and development in the Lake Tahoe Basin have had significant impacts on its world-class, pristine setting. Lake Tahoe is famous for its exceptionally clear water, however water clarity is declining at a rate of one foot per year. In the 1960's, a person could see 102 feet down through Lake Tahoe's clear water. Today, one can only see 70 feet down. The forests, which provide the backdrop for its scenic beauty, are dying due to drought and disease, creating an extreme wildfire hazard for millions of visitors and residents. Urbanization and development of the Lake Tahoe Basin since World War II have decreased wetlands, degraded riparian areas (fragile stream and lakeshore vegetation), and fragmented wildlife habitat. Wildlife, an indicator of ecosystem health, has either left the Lake Tahoe Basin or has decreased in their numbers. Because millions of visitors are drawn to the lake for its unique setting, the deteriorating environment directly threatens the economic sustainability of the Lake Tahoe Basin communities.

The current condition of the forests and water in Lake Tahoe is deeply rooted in the Basin's economic history. 80% of the Basin's large, old, pine forest was logged in the late 1800s to construct the silver mines of the Comstock Lode in Nevada. Cows and sheep grazed without restriction through forest and lowland meadows until the 1930s. While the Basin was only sparsely populated until the 1950s, the past 40 years have seen a five-fold increase to the present year-round population of 60,000. Tahoe receives many times the number of visitors as nearby Yosemite National Park.

Years of community planning and regulation have sought to stem the decline in the condition of the forest and aquatic ecosystems. Continuing urbanization and transportation demands have escalated the need for increased federal and local partnerships to define the problems and seek appropriate answers. In 1980, legislation established the Tahoe Regional Planning Agency (TRPA) which regulates development in the Lake Tahoe Basin through partnerships with business, local and state governments and other interests. TRPA has had a significant impact on local planning and environmental protection in the Lake Tahoe Basin.

Through the Burton-Santini Act, the USDA Forest Service, in cooperation with the Bureau of Land Management, has been purchasing urban lots and lakeshore property in order to protect the environmental qualities that support the Lake Tahoe Basin's economy. In addition to managing the 75% of federally-owned land in the Lake Tahoe Basin, the USDA Forest Service currently manages 3,500 urban lots of less than one acre in size that are intermixed with private land owners. The challenges of managing these lots include wildfire protection and risk of damage to neighboring private property from falling trees and the spread of insects and diseases.

Water Quality Issues

Years of research indicate that human activity inside and outside the Basin directly affects Lake Tahoe's water quality. Roads built in the past for logging and more recent road development tied to urbanization erode soils and other pollutants into the lake. Lakeside development has increased storm water run-off and dramatically decreased wetlands, which filter pollutants from water before they enter the lake. Air pollution deposits from increased traffic, watercraft and large nearby metropolitan centers are adding to the degradation of water quality.

Forest Ecosystem Issues

Throughout the Sierra Nevadas, including the Lake Tahoe Basin, dense forests of fir and pine that are sensitive to drought have replaced more resistant species of pine harvested during the late 1800's. These forests thrived with adequate rainfall, but a recent 5-year drought has caused the trees to be more susceptible to disease and insects. At least 30% of these forests have been attacked by beetles and patches of trees up to 100 acres in size are dead and dying. Before humans began suppressing wildfires, Sierra Nevada forests burned every 5 to 25 years, cleaning out brush and thinning the forest. Dry brush and branches now pile up several feet deep on the forest floor. Called "fuel-loading", this coupled with dying trees poses a very serious threat of large, uncontrollable, catastrophic wildfires. Catastrophic wildfire in the Lake Tahoe Basin could destroy the magnificent setting that fuels the tourism-based economy, as well as create hazardous risks to public safety and property.

Recreation Issues

The 1.6 billion-dollar Lake Tahoe recreation and tourism-based economy is dependent on the quality of the natural environment in the Lake Tahoe Basin. Within a three-hour drive of 8 million people and a six-hour drive of an additional 12 million people, Lake Tahoe offers large ski areas, campgrounds, resorts and casinos in a spectacular mountain and lake setting. Business owners and environmentalists both recognize that as lake clarity declines, as natural vistas are altered by unplanned development, and as traffic congestion increases, the beautiful, mountain experience visitors seek is degraded and the economy directly suffers. This exemplifies the ties between a healthy environment and a healthy economy.

Transportation Issues

Tahoe's success as a destination community has created a typical problem for visitors and residents alike: traffic congestion. Local business leaders understand that the Tahoe economy's vitality and growth depend on maintaining access to and throughout the

Basin. The tourism and gaming industries of Lake Tahoe are in substantial agreement with environmentalists in seeking mass transit solutions, among others, to increase access to Lake Tahoe without compromising air and water quality. Traffic levels are highest during the busy summer and winter tourist seasons, and numerous surveys show that traffic conditions are one of the top concerns of visitors. In addition, population increases in the Sierra foothill communities and the Reno/Carson City/Douglas County areas will put further pressure on the transportation network. The seven city and county jurisdictions that surround the lake have not developed a cohesive Basin-oriented transit system, which is currently confusing for visitors to use.

Parking management techniques could help lessen the demand for automobile travel, but few public parking facilities exist for which controls could be established, and owners of private parking facilities are reluctant to institute such restrictions for their lots. Sidewalks, pedestrian paths, bike paths and bike lanes are limited. Those that do exist, are fragmented, narrow and piled with snow in the winter.

Reducing transportation's impacts on air quality and water clarity is a long-term and expensive proposition. Both California and Nevada are rebuilding the lake's highways to reduce erosion, control storm water runoff, and capture oil and grease—all of which harm Lake Tahoe's famous water clarity. However, this work could take more than 20 years and hundreds of millions of dollars. Air quality impacts are often attributed to the transport of pollutants from the Sacramento and San Francisco metropolitan areas. Extensive use of alternative fuel vehicles in the Basin faces the technical challenges of Tahoe's high altitude and winter climate.

Summary of Three Issue Workshops

Lake Tahoe
Presidential
Forum



Your Cabinet members recently hosted three workshops to listen to and interact with the representatives of the Lake Tahoe Basin who reported their issues, challenges and successes in the areas of water quality, forest ecosystem restoration, recreation and tourism, and transportation. Following is a summary of key discussions.

1. Water Quality Workshop

Hosted by Administrator Carol Browner and the Dept of the Army on June 18, 1997

The Lake Tahoe Water Quality Issues workshop addressed the diminishing water clarity of Lake Tahoe and the effect this has on the recreation/tourism-based economy of the region. Water clarity describes how many feet a person can see down through the lake. Lake Tahoe is famous for its exceptionally deep water clarity. The workshop was successful in bringing together a diverse group of participants and highlighting areas of agreement. Sessions were held on three aspects of Lake Tahoe water quality: water clarity, watershed management, and wetlands restoration.

Water Clarity: Participants agreed that Lake Tahoe water clarity is worsening, that the beauty of the Lake draws visitors and drives the recreation/tourism-based economy, and that further worsening of the water clarity will have a major negative impact on the region's economy. It was agreed that more research needs to be done and that models need to be developed to help in directing scarce resources.

Watershed Management: There was consensus that poorly planned development and the resulting erosion have led to increased run-off into the lake, increasing the Lake's nutrient level and degrading water quality. Participants agreed that better environmental monitoring is needed, as well as increased coordinated planning efforts among all of the partners in the Basin.

Wetlands Restoration: There was agreement that the loss of wetlands and degradation of existing wetlands has contributed greatly to the water clarity problem by reducing the natural filtration which wetlands provide. The consensus was that there is a need for continued wetlands protection efforts, including wetlands restoration projects.

EPA Administrator Carol Browner who convened the workshop, noted that Lake Tahoe illustrates how environmental protection and economic progress go hand-

in-hand -- that the beauty of the region drives the tourism-based economy. She said that the workshop had shown that there are good efforts underway but that it is important to continue scientific research to ensure that our efforts continue to have a strong scientific underpinning. Lastly, Browner noted that a common theme in the comments was that time is of the essence in addressing the problems facing the Basin and that there is a shared responsibility for protecting the Lake.

2. Forest Ecosystem Restoration, Recreation and Tourism Workshop

Hosted by Secretaries Glickman and Babbitt on June 30, 1997

This workshop brought together a diverse group of local business people, environmentalists, scientists, local, state and tribal governments, and federal agencies dedicated to the restoration and protection of the Lake Tahoe ecosystem and the continued viability of the region's recreation and tourism-based economy.

Recreation and Tourism: A consensus exists on the direct linkage between the environment and the economy. The partnership between environmental and business interests recognizes that the demand for recreation must be addressed without compromising ecosystem and watershed protection. Opportunities exist for all levels of government to avoid duplication of efforts when conducting environmental analysis to determine appropriate uses of public land to supply recreation opportunities. There is a need to develop a recreation master plan, assessing the need for improved transit facilities and service and a database/mapping system. Recreation fees could be established with funds invested locally to finance improvements.

Forest Ecosystem Restoration: The partners recognize that ecosystem restoration must incorporate human values. A Forest Health Consensus Group was created in 1992 to achieve agreement on a strategy for sustaining forest health in the Lake Tahoe Basin. The threat of wildfire must be reduced through mechanical thinning, brush removal and prescribed fire. Funding is needed for these activities and for closing and rehabilitating unneeded roads, monitoring forest conditions to assist private landowners in reducing fire risk and soil erosion on their lands. The federal government should continue to acquire environmentally important lands.

Fire Hazard Reduction around the Tahoe Communities: Uncontrolled wildfire in the Basin could have a devastation effect on the Basin's residents, visitors, environment and economy. Coalitions have been built among multiple agencies, organizations, and private property owners to share responsibilities in preventing fires. Public education and research needs to be increased to encourage the use of prescribed fire and to ensure all methods of hazard reduction are being considered. While historic records indicate that an average of 8,000 to 10,000 acres burned annually, with today's air quality concerns and intermix of

urban and forest land, it is feasible to burn only 2,000 acres per year. However, funds are immediately inadequate to achieve that goal.

3. Transportation Workshop

Hosted by Secretary Slater on July 19

The concerns of the Tahoe Basin's most important industries – tourism, gaming and recreation – were the main issues of this workshop. Discussions confirmed the consensus among the business and environmental community regarding (1) Tahoe's current transportation limitations and (2) support for reducing transportation's impact on air quality and lake clarity.

Better transit systems were identified as a clear need: solutions call for greater cooperation among the public and private providers. Reliable road access for Basin visitors and residents were highlighted as critical to the success of Tahoe's economy. California and Nevada State governments were urged to accelerate efforts to rebuild the lake's shoreline road to control erosion and manage storm water runoff - critical for maintaining the lake's water quality. Many of the proposed solutions to both mobility and environmental challenges will rely on advanced technology, whether for improving transit system management or for minimizing the application of road salt. Finally, community representatives indicated their strategies for implementing these solutions, and their recognition that the answer begins with increased local funding for transportation.

Lake Tahoe SUMMIT

'Here in Tahoe you have something that is fairly unique. You have people from all walks of life answering the call. I cannot overstate the importance of building these partnerships.'

—Carol Browner, Environmental Protection Agency chief

Clarity, traffic, trees

EPA chief says business, environmentalists must work together to solve problems, save Lake Tahoe's beauty

By Jeff DeLong

RENO GAZETTE-JOURNAL

6/19/97

Cooperation between business and environmentalists — groups that have tangled for years over Lake Tahoe land use — is critical to protect a natural treasure, the head of the Environmental Protection Agency said Wednesday.

"Here in Tahoe you have something that is fairly unique," Carol Browner said.

PUBLIC INPUT

To comment on Lake Tahoe's future before the July 25 and 26 presidential summit: Presidential Forum Coordination Center, 170 Emerald Bay Road, South Lake Tahoe, Calif. 96150

INSIDE

Clear to see: Scientist warns of surge in algae growth that could further reduce Lake Tahoe's clarity. **Page 5A**

ated with President Clinton's upcoming Lake Tahoe summit.

Wednesday's workshop on Lake Tahoe water-quality issues was the first of three exploring key areas of the lake's troubled environment.

Humans have altered the Upper Truckee — Lake Tahoe's largest tributary — since the Comstock Era. The river was moved and funneled into a manmade channel when Tahoe Keys subdivision was built in the early 1960s. Destruction of natural wetlands made the Upper Truckee one of the largest contributors of algae-nourishing

pollutants that are stealing the lake's clarity.

"The place we stand today — near the largest marsh area in the Tahoe basin — is a prime example of the challenge we face," Browner said.

Other workshops will be conducted on transportation, forest management and tourism before the presidential summit July 25 and 26.

Joining Browner were Michael Davis, a top administrator with the U.S. Army Corps of Engineers; Rochelle Nason, a representative of the League to Save Lake Tahoe;

and Stan Hansen, an executive from Heavenly Ski Resort.

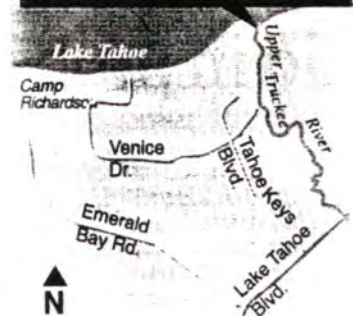
Lake Tahoe's environment and economy are inextricably linked, Browner said, and effective solutions must help both. The Upper Truckee has been targeted for an effort to return the river to a natural state.

At a cost of up to \$12 million, a coalition of government agencies plans to remove 36 acres of fill dirt and return the river to a natural, meandering course.

Restoration of wetlands at the

See **TAHOE** on page 5A

The Upper Truckee River project will attempt to slow the flow of sediment into Lake Tahoe.



Reno Gazette-Journ

Tahoe

From page 1A

river's mouth will naturally filter sediment now flowing uninhibited into Lake Tahoe.

"Now this river is essentially a pipeline for sediment out to the lake," said Steven Goldman, an erosion-control specialist for the California Tahoe Conservancy, one participant in the river resto-

ration.

A partnership composed of all people concerned with Lake Tahoe's future — including the federal government — will prove critical if the lake is to be protected, Browner said.

"We can make a difference and leave something for our children and our children's children," she said.

After each pre-summit workshop, reports will be prepared and

submitted to Clinton and President Al Gore.

Citizen input collected through the workshops and public forums last month will be to any decisions made, said Lyons, an assistant secretary at the U.S. Department of the Interior.

"This is all about listening and understanding what has been accomplished and what remains to be done," Lyons said.

Lake Tahoe Conference Seeks Clarity

Diverse interests meet on environmental woes

By Glen Martin
Chronicle Staff Writer

South Lake Tahoe

Lake Tahoe's toughest environmental problem is its easiest to describe — the water is so murky that it's getting harder and harder to see anything beneath the surface.

The lake's fabled clarity has dropped 25 percent in 30 years, scientists say. They know this because they measure its clarity by submerging a white, dinner plate-size disk and record the depth at which it is no longer visible to a person with 20/20 vision.

In 1968, the disk disappeared at 120 feet. Last year, it dropped from sight at 70 feet. And every indica-

'We may be able to use Lake Tahoe as a model for other special places in other parts of the country'

— CAROL BROWNER,
U.S. ENVIRONMENTAL OFFICIAL

tion is that the trend is getting worse.

Yesterday, government bigwigs, environmentalists and corporate executives met at Valhalla, an historic, woodsy South Shore estate to discuss how to bring the disk back into focus: marsh restoration, additional development restrictions, and long-shot calls for reducing fertilizers and traffic.

Saving Lake Tahoe will be expensive, conference participants agreed — some \$900 million over the next decade. California already spends about \$10 million on Tahoe restoration, said Peter Rooney, acting secretary of the California Environmental Protection Agency, and may need to spend another \$17 million per year.

Tentative plans call for splitting costs among private industry and federal, state and local governments. So far, not much cash has been ponied up.

The conference, chaired by Carol Browner, U.S. Environmental Protection Agency head administrator, was a prelude to a national summit on Lake Tahoe that will culminate next month with a visit by President Clinton.

The Clinton administration is trumpeting Lake Tahoe restoration efforts as a prime example of its cooperative approach to environmental policy. The Florida Everglades is a similar showcase project.

Browner said she came to the conference to learn, as well as offer federal aid. "We want to understand what tools are needed," she said. "We may be able to use Lake Tahoe as a model for other special places in other parts of the country."

Yesterday's conference focused on sediments and nutrients that are sluicing into Tahoe from the developments and roads that have sprung up along the lake-shore. Sediments, nitrogen and phosphorous sully the lake by encouraging algae blooms, a process

known as eutrophication.

Keynote speaker Charles Goldman, a limnologist at the University of California at Davis, said algae loads are increasing in the lake at a rate of 5.5 percent a year. He said nutrients are hard to control since they come into the lake from both streams and the atmosphere. Cars contribute significantly to nitrogen loads, he said.

The highly flammable forest surrounding Lake Tahoe — relatively small, tightly spaced trees, many of them dead from beetle infestation — also worries scientists. Ashes from a large fire could add significantly to the nutrient load. Goldman warned, leading to a point of no return. Decreasing oxygen levels in the lake adds to the problem, he said.

Prior to the conference, participants met with Browner at the confluence of the Upper Truckee River and the lake to discuss the Truckee River marsh, one of the Tahoe Basin's most ambitious environmental restoration projects.

Most of the marsh has been paved or dredged for exclusive

RESTORATION: Lake Tahoe Faces Murky Environmental Woes

condominiums and marinas. But about 400 acres are scheduled for restoration. When completed, the project could reduce the sediment load into Lake Tahoe significantly.

"Between 40 and 50 percent of the lake's sediment comes from the Upper Truckee," said Rochelle Nason, executive director of the League To Save Lake Tahoe. "By restoring these wetlands and changing the river channel to a meandering waterway, the sediment will fall out before it hits the lake."

Also present at the conference were several members of Tahoe's original inhabitants, the Washoe. The tribe once ranged along the Sierra from Honey Lake to Mono Lake. Tahoe was a prime summering ground. Today, they have no access to the lake. Tribal member Eleanor Smokey called for restraint in future development.

"We are the last of the Washoe," she said of her 1,500-member tribe. "We would like the water to be pure enough to drink. Our children should be living here, even when we are gone. You people say you are fair — give us back some of our land."

SF Chronicle
6/14/97

“
It's going to highlight Tahoe as a national treasure.
It also highlights that we have a lot of work to do.
”

Stan Hansen, vice president of Heavenly Valley Ski Area

A ripple of hope for rescuing Lake Tahoe

Cooperation to aid environment gets federal attention

By Tom Knudson
Bee Sierra Bureau

LAKE TAHOE — On the 18th day of June, 1997, in the shadow of magnificent Mount Tallac, history came calling at Lake Tahoe.

You could sense it in the talk of more money — possibly hundreds of millions of dollars more — from the state of California for Lake Tahoe environmental projects.

You could see it in the dignitaries huddled along the blustery lake shore, including Carol Browner, administrator of the U.S. Environmental Protection Agency.

And you could hear it in the speeches, the environmental workshops and the side chatter of spectators.

“This is the most significant thing that's ever happened here,” said Stan Hansen, vice president of Heavenly Valley Ski Area. “It's going to highlight Tahoe as a national treasure. It also highlights that we have a lot of work to do.”

Wednesday was opening day in what is scheduled to be an unprecedented series of environmental visits to Lake Tahoe over the next six weeks by top federal officials, including President Clinton and Vice President Al Gore on July 25-26. The sessions

Please see TAHOE, page A20

A20 Thursday, June 19, 1997 ★ ★

► FROM PAGE ONE

The Sacramento Bee

Tahoe: Groups' cooperation to serve as model for other efforts

Continued from page A1

are also the latest of a remarkable string of environmental forums and scientific studies that, over the past five years, have brought widespread attention to environmental problems in the majestic Sierra Nevada mountain range.

Not since the days of John Muir, in fact, has the region seen this kind of attention. But the focus on Tahoe is a new twist, intended to showcase a cooperative spirit that has taken root in a basin long torn by conflict.

This “is really a historic event,” said Browner, the Clinton administration's top environmental officer. “We want to learn from your experiences here at Tahoe and perhaps use them as a model for other important environmental efforts throughout the country.”

Ringed by craggy peaks and pine forests, buffeted by mountain winds, Lake Tahoe is an exceptional body of water. It is — and has been for generations — a bold blue pendant, a place in the heart, “the fairest site the whole Earth affords,” as Mark Twain wrote.

But in recent decades, Lake Tahoe has suffered a series of environmental downturns:

- Since 1968, the lake's clarity has declined 30 percent. Visibility in the lake decreased to 70 feet from 105 feet, due largely to a dramatic increase in pollution-related algae growth.

- Traffic woes continue. The number of vehicle miles traveled in the region has increased 8 percent since 1981, despite a govern-

ment goal of reducing traffic 10 percent over the same period.

- Forests are struggling. Deprived of fire, they have grown unnaturally thick and spindly and are under siege from many forces, including insect attacks.

Wednesday's afternoon session, targeting Lake Tahoe's water quality problems, was held at the Tallac Historic Site along Highway 89 and attracted scores of public officials and citizens.

Tahoe's home-grown problem-solving spirit was a focus of the forum, offering more hope than gloom. At the core of that spirit are key public and private officials — the Tahoe Transportation and Water Quality Coalition — working together on problems.

“There is not so much of the ‘see you in court’ mentality anymore,” said Steve Teshara, executive director of the Lake Tahoe Gaming Alliance and a member of the coalition. “That's not a satisfactory resolution.”

Browner was impressed.

“What is really unique is the diversity of perspectives, all sitting together,” she said. “It is far, far greater in terms of consensus and dialogue than probably anything we (at the EPA) are involved in.”

Tahoe, of course, is still no love fest.

“This place has been fought over since the 1860s,” said Dennis Machida, executive officer of the California Tahoe Conservancy. “And we're still having conflicts. But when you have the right people around the table, when you

have agreement on the premises, a tremendous amount of good can get done.”

The biggest challenge, though, may be economic. State, local and federal agencies and the private sector are still short of the \$900 million the Tahoe Regional Planning Agency says is needed to begin restoring the lake's environmental grandeur.

But there's hope.

On Wednesday, Peter Rooney, acting secretary of the California Environmental Protection Agency, told The Bee that Gov. Pete Wilson is committed to kicking in California's share — about \$275 million. The catch: Wilson wants the federal government also to commit — about \$300 million.

The rest of the money is to come from the state of Nevada, local agencies and private interests.

“The governor certainly recognizes that this is a major national treasure. And he wants to move ahead with the other partners to try to resolve these issues,” Rooney said.

“That's extraordinary,” said Rochelle Nason, executive director of the League to Save Lake Tahoe, the lake's oldest environmental group. “If California is prepared to make that kind of commitment, it's obviously a huge step.”

The federal government's position remains unclear. Asked if more money might flow to Lake Tahoe from Washington, Browner said, “I wouldn't put anything off the table. I wouldn't put anything on the table at this point.”

NATIONAL FOCUS ON TAHOE BEGINS

Clear message for White House

By Patrick McCartney
Tribune Senior Staff Writer

The need to restore Lake Tahoe's famed water clarity is urgent and will require the cooperation of residents, businesses and government agencies.

That was the message Carol M. Browner, the administrator of the federal Environmental Protection Agency, said she will take back to Washington after a workshop on water quality Wednesday at the Tallac Historic Site.

The workshop was the first of three Cabinet-level conferences to be held before President Clinton and Vice President Gore attend the Lake Tahoe Presidential Forum at Lake Tahoe in late July.

Flanked by officials from a half-dozen federal agencies, Browner said the

nation has an obligation to help the residents of Lake Tahoe to restore the basin's beleaguered environment.

"We find ourselves at a moment in time when the stars are aligning for this natural resource, for this national treasure," Browner said. "We have to be able to tell our children and grandchildren that we took the time to make a difference."

Browner's remarks followed an afternoon workshop that began with a description of Lake Tahoe's troubled waters by Dr. Charles Goldman of the University of California, Davis, the founder and director of the Tahoe Research Group.

Goldman recited the statistics that many Tahoe residents have grown familiar with over the last 30 years, as the lake's transparency has fallen from 102



feet to 70 feet.

The problem, he said, is partly due to the small watershed in relationship to the size of Lake Tahoe, and the 700 years it takes for water to recycle in the what is the world's 10th deepest lake.

"What goes into Lake Tahoe essentially stays in the lake," Goldman said.

About 25 years ago, the margins of the lake took on a greenish appearance, as a

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Message

Continued from Page 1A

mat of algae began to grow in the shallows. Since 1968, the amount of algae in the lake has tripled, and scientists have identified the presence of nutrients like nitrogen and phosphorus as the culprits, Goldman said.

The nitrogen comes from atmospheric pollution, while phosphorus typically flows into the lake from soil erosion caused by development.

After participants in the workshop broke off



Dr. Charles Goldman

The U.C. Davis professor and founder and director of the Tahoe Research Group described how the lake's clarity has diminished over the last 30 years

into three groups to discuss wetland restoration, water clarity and watershed management, the

group leaders summarized the results of the brainstorming for Browner and the other federal officials.

Many emphasized the need for private-public partnerships to improve the basin's environment while preserving its visitor-based economy, Browner agreed.

"The president and vice president strongly believe that environmental protection and economic progress go hand-in-hand — that we do not have to choose between our environment and our jobs," Browner said. "Indeed, the two are inextricably linked."

Tahoe Daily
Tribune
6/19/97

Agriculture, Interior roles

Department of Agriculture is Tahoe landlord

By Patrick McCartney
Tribune Senior Staff Writer

Nowhere is the federal government's role in the Tahoe Basin more evident than in the ubiquitous activities of the U.S. Forest Service.

Its Lake Tahoe Basin Management Unit oversees 160,000 acres, or three-fourths, of the Tahoe Basin's 205,000 acres.

In doing so, the Forest Service is:

- Landlord to nearly 600 vacation homes.

- Manager of the popular Desolation Wilderness.

- Firefighter and timber manager.

- Provider of six campgrounds and three visitor centers.

- Monitor of water quality.

- Stream and watershed restorer.

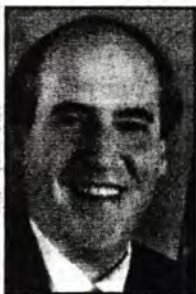
- Wildlife protector.

With a staff of more than 90, which swells during the peak recreation months of summer, the Lake Tahoe Basin Management Unit is the largest, and busiest, of the federal agencies active in the Tahoe Basin.

Together with the Natural Resources Conservation Service, the Forest Service is one of two agencies within the U.S. Department of Agriculture that are active within the Tahoe Basin.

Dan Glickman, the Clinton administration's Secretary of Agriculture, co-hosts today's workshop, "Forest Ecosystem Restoration: Recreation and Tourism," which is the second of three issue workshops preceding the

See **Agriculture**, Page 2A



Dan Glickman

The Veteran congressman has been a longtime fixture in agricultural politics, and led a downsizing of the department that trimmed its agencies from 43 to 30



Bruce Babbitt

The former Arizona governor has pushed for restoring native plants and animals, and the protection of old-growth forest

Recreation and tourism forum planned today

By Patrick McCartney
Tribune Senior Staff Writer

The U.S. Department of the Interior is the parent body of two agencies active in the Tahoe Basin.

One helps monitor the region's water quality, and the other is a major player in land trades aimed at expanding public ownership in the Tahoe Basin.

Most people know the U.S. Geological Survey for its meticulous topographical maps, but its mission is much broader, according to Elinor Handman, a hydrologist in the USGS Nevada District office in Carson City.

"Our mission is measuring and finding natural resources," Handman said. "But we interpret the data too; we just don't collect data. We supply the scientific understanding to understand and mitigate natural hazards and the environmental damage caused by human activity."

In the Tahoe Basin, the USGS is a major part of the Lake Tahoe Interagency Monitoring Program.

By maintaining 32 stream-flow monitoring stations, the agency tracks season runoff and forecasts stream rises during floods. Some of the data is collected automatically, and fed by satellite into a real-time monitoring program on the Internet.

The agency also takes water-quality measurements at the sites, estimating the amount of algae nutrients that flow into Lake Tahoe.

"The (nutrient) loads vary — they

See **Interior**, Page 2A

Agriculture

Continued from Page 1A

president's July 26 visit to Lake Tahoe.

While the small Conservation Services' office provides technical support to local and state agencies in the basin, the Forest Service plays a paramount role in managing the Tahoe Basin's natural resources.

"We feel we are the biggest player in the basin," said Linda Massey, the unit's public information officer.

The Forest Service's role in the Tahoe Basin has grown dramatically over the last half-century, as Congress has provided funding and other resources to acquire much of the basin's forests on behalf of the public.

The agency began an active acquisition program as early as the 1930s, trading land elsewhere for the holdings of the basin's timber companies, according to Dave Marlowe, a Forest Service land specialist.

In 1965, Congress set up the Land and Water Conservation Fund, which provided the funds for the Forest Service to buy more Tahoe property. After the formation of the Lake Tahoe Basin Management Unit in 1972, cobbled together

*"We feel we are the biggest player
in the basin."*

— Linda Massey
Forest Service public information officer

from portions of other national forests, the Forest Service began to buy up large tracts of property, Marlowe said.

"Over the years, we have gone from 20-percent ownership to 77-percent federal ownership within the basin's 205,000 acres," he said.

With the passage of the Santini-Burton Act, Congress has funneled nearly \$97 million into buying environmentally sensitive land in the basin, adding 10,000 acres to the Forest Service portfolio of property.

But the agency's purchases have been dwarfed by the 100,000 acres of Tahoe property it has acquired through exchanges.

With the flow of money available for further purchases drying up, Marlowe said the end of the acquisition program is becoming visible, with perhaps another 6,000 sensitive acres identified as highly desirable.

"There's a balance between public and private ownership — and I

don't know where it is," Marlowe said. "We're probably coming close to it."

But even as the Forest Service's responsibilities have grown in the basin, its resources have been shrinking in an era where elected officials have sought to limit the size of the federal government.

The Lake Tahoe Basin Management Unit has seen its workforce shrink by about a fourth since 1993 and could face further belt-tightening, Massey said.

"We're seeing an increased demand for forest management and ecosystem management, when downsizing is the byword," Massey said. "The responsibility falling on those remaining has been considerable."

To make its resources stretch farther, the Lake Tahoe Unit has combined with three other national forests — Inyo, Basin Unit, Eldorado and Tahoe — to form the IBET Providence, a regional administra-

tion unit that allows the four agencies to consolidate administration in some areas.

But the streamlining can only go so far, and Forest Service officials do not expect the presidential forum at Lake Tahoe to change the fundamental situation.

"One can always hope, but the reality is that the president and Congress keep sending messages that there is no new money," Massey said.

While the Forest Service's olive-drab uniforms are readily visible in the Tahoe Basin, the three-person staff of the Natural Resources Conservation Services are best known to the local and state agencies they supply with technical assistance.

From helping to estimate the rise in Lake Tahoe's level from spring runoff, to helping local jurisdictions plan erosion-control and forest-health projects, the agency's work is usually behind the scenes.

Whether it is stream-restoration projects, storm water treatment or bank stabilization projects, the little-known agriculture department agency performs the engineering work used by others.

"We are primarily working with local governments and private property owners," said Joe Thompson, the district conservationist.

Interior

Continued from Page 1A

are lowest in drought years and highest in years of unusually high precipitation," said Carol Boughton, a hydrologist who summarized the results of the monitoring program. "Spring runoff produces the largest loads, and storms also contribute sizable amounts."

The monitoring program has shown that the Upper Truckee River is the largest carrier of sediment and nutrients into Lake Tahoe, Hangman said. And the network of stations also provides evidence that the basin's west side is wetter than the lake's east side.

"The west side has much higher concentrations of sediment, nutrients and water. It gets more moisture," Handman said. "Logan Home Creek on the east side has the smallest runoff."



A vow to fight with fire

By Patrick McCartney
Tribune Senior Staff Writer

INCLINE VILLAGE — After a tour of Tahoe Basin forests Monday, Secretary of the Interior Bruce Babbitt announced that he will promote the use of controlled fires to restore health to the ailing forests.

Speaking during a visit to a greenbelt at Incline Village, Babbitt said scientists have discovered the importance of fire in reducing the amount of fuel on the forest floor.

"A column of smoke in the sky is a signal of progress," Babbitt said. "What we have learned from the experts is that the forests in the West co-evolved with fire, and that fire played an important role by pruning and thinning trees and providing space for a healthy forest."

Babbitt and Secretary of Agriculture Dan Glickman spent Monday getting a firsthand look at the forest health problems of Lake Tahoe. After the tour of forest projects in the morning, the two Cabinet officials hosted a workshop on forest restoration, recreation and tourism at the Hyatt Regency.

"When I was appointed, I thought my headache was going to be the price of soybeans and corn. But my heartache turned out to be how many old and dying trees do we cut down."

— Dan Glickman
Secretary of Agriculture

Joining the Cabinet officers were both U.S. senators from Nevada, Harry Reid and Richard Bryan, the new chief of the U.S. Forest Service, Michael Dombeck.

See **Fire**, Page 2A

■ At the second of three cabinet-level workshops in preparation of this month's presidential summit at Lake Tahoe, secretaries of agriculture and the interior gather information they will bring back to the White House

Fire

Continued from Page 1A

and a number of deputy department heads.

The workshop was the second of three Cabinet-level conferences that will review the issues to be addressed during the July 25-26 Lake Tahoe Presidential Forum. The next workshop, on transportation and air quality, will be at the University of Nevada, Reno on Thursday.

Glickman, whose department oversees the U.S. Forest Service, said he did not realize how important forest issues would be when he took over the reins of the agriculture department.

"When I was appointed, I thought my headache was going to be the price of soybeans and corn," Glickman said. "But my heartache turned out to be how many old and dying trees do we cut down."

Three panels of local, state and regional officials briefed the officials on the state of Lake Tahoe's forests, and efforts to restore their

health.

Sue Husari of the Forest Service described a forest that has changed dramatically since American pioneers settled the basin in the mid-19th century. Before then, she said, the basin's forests were swept by fire every five to 15 years.

But after the discovery of silver and gold in the Comstock Lode 20 miles from Lake Tahoe, the forests were clear-cut and, since the turn of the century, fire suppressed in the basin.

The result is a heavy buildup of brush and an overstocked forest that are the ingredients for a catastrophic fire unless the fuel is reduced through mechanical treatment or prescribed fire, Husari said.

"With the potential loss of resources, homes and lives, investment in fuel treatment is worth the cost," she said.

To mimic how natural fires once reduced the amount of fuel, forestry officials would have to conduct controlled fires on 10,000 acres a year. Today, the average is just 200 acres a year.

forests are too dense to set prescribed fires without some mechanical treatment first. Dan Tomascheski of Sierra Pacific Industries, which conducts most of the salvage logging projects in the region, said subsidies are needed for waste-to-energy plants before the company could pursue more thinning, or fuel-reduction, projects.

"I don't think we can go back to the 1700s, but we can make an approximation of what existed then," Tomascheski said. "With the use of fire and timber harvesting, we can go a long way in this basin."

Both Glickman and Babbitt heaped praise on the cooperative efforts of Tahoe Basin public agencies and private landowners, saying it was a model for how other areas could tackle their problems.

"What I have heard today is a lot of agreement about what a healthy forest should be, and on the use of a mix of tools to achieve it," Glickman said. "Now we need new, innovative ways to make it work."

Tahoe Daily
Tribune

7/1/97

Help for Tahoe on way?

Officials hint Clinton may pledge resources for lake

By Tom Knudson
Bee Sierra Bureau

RENO — Officially, the large gathering of government leaders here Saturday will be remembered as the "Tahoe Transportation Workshop."

But this was no simple conclave on concrete, asphalt and gridlock.

Days before the arrival of President Clinton and Vice President Al Gore at Lake Tahoe, Saturday's session — featuring U.S. Secretary of Transportation Rodney Slater — was something of a preamble to the main event.

But participants at this third and final workshop before Clinton's visit spoke of more than anticipation. They hinted the presidential visit, intended to spotlight Lake Tahoe's environmental problems and showcase cooperative efforts to reverse the damage, may actually yield something valuable and historic for Lake Tahoe.

The strongest suggestion came from Slater himself. Speaking to more than 200 people at the University of Nevada, Reno, he said federal officials "are working to put together the action plan, the deliverables as we call them, so that when the president and vice president come, they will have something to announce."

But just what Clinton and Gore will announce remains a tightly guarded secret.

"I have a pretty good idea," said U.S. Sen. Harry Reid, D-Nev., the driving force behind the president's visit. "But I think it would be impolite to say ... I

want them to announce it next Saturday."

Slater was likewise unequivocal. "We don't want to get ahead of the process," he said when asked about details.

The most likely outcome, say veteran Tahoe observers, is more federal money to help pay an estimated \$700 million to \$1 billion environmental restoration bill at the lake. California Gov. Pete Wilson has already pledged \$275 million contingent upon the federal government paying its share, too.

But anything is possible.

"I think we're going to get some resources," said U.S. Sen. Richard Bryan, D-Nev. "The president is not going to go away without doing a substantial amount to move us in the right direction."

The backdrop, of course, is Lake Tahoe itself — the 10th-deepest freshwater lake in the world and one of the most majestic bodies of water in North America.

But Lake Tahoe's natural beauty is deceptive. Many of its environmental vital signs, in fact, are in decline.

"Beneath that facade of loveliness is a lake very much at risk," said Bryan. "In less than a generation, we have seen the clarity of Lake Tahoe deteriorate by more than 30 percent. If we do nothing, this precious jewel of the high Sierra will be lost."

The threats come from many fronts — the spread of commercial and residential development, an unhealthy forest primed to explode in catastrophic fire, even air pollution blown in from the Cen-

tral Valley and the San Francisco Bay Area.

But one of the most persistent and serious problems is quite basic — the choking of this bold blue lake by roads and internal combustion engine. In a word: traffic.

"Roads and highways have everything to do with Lake Tahoe," Reid said. "Lake Tahoe sits at the bottom of a basin. Everything (in the basin) winds up in (this) beautiful lake. And that everything is generated most of the time by cars and buses."

Most of Saturday's session was devoted to the discussion of potential remedies for Tahoe's traffic woes — visitor fees, expanded public transportation and more bicycle and hiking trails.

The ideas are not new. What is new is that a U.S. president and vice president will be listening.

And time is short.

"There is a sense of urgency," said Harry Williams, a Washoe County Parks and Recreation Department Commissioner.

"It's taken us 25 years or more to get to this point," Williams said. "If we continue to move at the pace we've been moving, irreparable harm will be done."

Clinton apparently will not set foot in California during his Tahoe visit. A White House spokesman said Clinton will arrive Saturday at the Hyatt Regency in Incline Village on the Nevada side of the lake. All events with the president will be held there.

Clinton leaves Sunday, July 27, to return to Washington.

Table set for presidential

BY PATRICK MCCARTNEY
Nevada Appeal News Service

RENO — The table is now set for the visit to Lake Tahoe this week of President Clinton and Vice President Gore, the nation's top transit official announced Saturday.

After listening to three hours of brainstorming on Tahoe Basin transit needs, Secretary of Transportation Rodney Slater said years of consensus building in the basin has given federal officials

the direction they need.

"You're ready for the summit," Slater said at the end of the transportation workshop at the University of Nevada, Reno. "You have worked hard to justify the type of forum you will have next week. The effort has brought you together as one voice."

Slater made the comment near the end of the third Cab-



inet-level workshop in the last month aimed at preparing policy initiatives for the Lake Tahoe Presidential and Vice Presidential Forum Friday and Saturday.

Previously, Administrator Carol Browner of the U.S. Environmental Protection Agency hosted a workshop in South Lake Tahoe on Lake Tahoe's water quali-

summit

ty. And Secretary of Interior Bruce Babbitt and Secretary of Agriculture Dan Glickman presided over a study session in Incline Village on the basin's ailing forests.

At Saturday's workshop, participants broke off into four working groups to discuss how to improve access to the Tahoe Basin, how to reduce the public's dependency on automobiles, opportunities for bicyclists and pedestrians, and how transit affects the basin's environment.

Please see **TAHOE, BACK PAGE**



Associated Press

U.S. Secretary of Transportation Rodney Slater listens to speakers at the Lake Tahoe Transportation Summit at the University of Nevada, Reno.

Tahoe

Continued from Page A1

Each group proposed three goals to be achieved at the presidential summit on Lake Tahoe. At the heart of several proposals was



CLINTON

the need to provide public transit to Lake Tahoe and inside the basin to lessen the impact of automobile traffic.

"Until we can stop the flow of cars into the basin, we will continue to have problems," summed up Richard Wiggins of the Tahoe Regional Planning Agency.

Other proposals included the extension of a planned on-demand

transit system in South Lake Tahoe to the entire basin, the need for a local funding source to provide matching funds for transit projects, and the creation of a recreational transit system that includes bikeways and pedestrian paths.

Transportation has a direct effect on the Tahoe Basin environment, said participants in the work session on the environment.

"There is a sense of urgency in each of the issues we addressed," said the TRPA's Andrew Strain. He cited the need to reduce the transport of automobile pollution from outside the basin, and the need to better understand the link between transportation and its environmental impact.

Co-hosting the workshop were both U.S. senators from Nevada — Harry Reid and Richard Bryan. Reid, who invited Clinton to visit

Lake Tahoe for a firsthand look at the basin's problems, called the Lake Tahoe Presidential Forum a dream come true.

"Federal, state and local officials have demonstrated they can work together," Reid said. "President Clinton has made a federal case out of Lake Tahoe."

Bryan emphasized the need for basin residents to identify their top priorities and establish a way to evaluate progress toward meeting their goals.

Slater, who once vacationed at Lake Tahoe with his wife, said federal transportation policies can do more for the Tahoe Basin than simply build new roads.

"Many people think transportation is concrete, asphalt and steel," Slater said. "But it's about people and, in this area in particular, about protecting the environment."

7/31/97

4977

THE WHITE HOUSE

WASHINGTON

July 29, 1997

OK for signature
Per Phil

Sent to Clerk

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
JOHN HILLEY (copy)SUBJECT: Report to Congress on National Emergency With
Respect to Iraq.

Under the International Emergency Economic Powers Act, you are required every six months to submit a report to the Congress concerning the Iraqi emergency declared in Executive Order No. 12722 on August 2, 1990. Also, you are required to report on the expenditures incurred in that six month interval which are directly attributable to the exercise of the powers and authorities conferred by the declaration of emergency.

In addition, under the National Emergencies Act, the declaration of national emergency with respect to Iraq will terminate on August 2, 1997, unless, prior to that date, you publish in the Federal Register and transmit to Congress a notice stating that the Emergency is to continue in effect. To comply with this requirement you must sign the notice no later than noon, July 31.

The Department of the Treasury has prepared the required report and notice, and they have been approved by the Department of State.

RECOMMENDATION

That you sign the Report to Congress, as well as the Notice of Extension and accompanying message.

Attachment

Tab A Report to Congress
Tab B Notice of Extension
Tab C Message to Congress

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of February 10, 1997, 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 U.S. 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 contracting support of any industrial, commercial, or governmental project in Iraq. U.S. 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 Iraqi 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 No. 661 of August 6, 1990.

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 No. 12724 and No. 12817 (the "Executive Orders"). The report covers events from February 2 through August 1, 1997.

1. In April 1995, the U.N. Security Council adopted UNSCR 986 authorizing Iraq to export up to \$1 billion in petroleum and petroleum products every 90 days for a total of 180 days under U.N. supervision in order to finance the purchase of food, medicine, and other humanitarian supplies. UNSCR 986 includes arrangements to ensure equitable distribution of humanitarian

goods purchased with UNSCR 986 oil revenues to all the people of Iraq. The resolution also provides for the payment of compensation to victims of Iraqi aggression and for the funding of other U.N. activities with respect to Iraq. On May 20, 1996, a memorandum of understanding was concluded between the Secretariat of the United Nations and the Government of Iraq agreeing on terms for implementing UNSCR 986. On August 8, 1996, the UNSC committee established pursuant to UNSCR 661 ("the 661 Committee") adopted procedures to be employed by the 661 Committee in implementation of UNSCR 986. On December 9, 1996, the Secretary General released the report requested by paragraph 13 of UNSCR 986, making UNSCR 986 effective as of 12:01 a.m. December 10.

On June 4, 1997, the U.N. Security Council adopted UNSCR 1111, renewing for another 180 days the authorization for Iraqi petroleum sales contained in UNSCR 986 of April 14, 1995. The Resolution became effective on June 8, 1997. During the reporting period, imports into the United States under this program totaled approximately 9.5 million barrels.

2. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "ISR" or the "Regulations") administered by the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury during the reporting period.

As previously reported, the Regulations were amended on December 10, 1996, to provide a statement of licensing policy regarding specific licensing of U.S. persons seeking to purchase Iraqi-origin petroleum and petroleum products from Iraq (61 Fed. Reg. 65312, December 11, 1996). Statements of licensing policy were also provided regarding sales of essential parts and equipment for the Kirkuk-Yumurtalik pipeline systems, and sales of humanitarian goods to Iraq, pursuant to United Nations approval. A general license was also added to authorize dealings in Iraqi-origin petroleum and petroleum products that have been exported from Iraq with the United Nations and U.S. Government approval.

All executory contracts must contain terms requiring that all proceeds of the oil purchases from the Government of Iraq, including that State Oil Marketing Organization, must be placed in the UN Escrow account at Banquet National de Paris, New York (the "986 Escrow Account"), and all Iraqi payments for authorized sales of pipeline parts and equipment, humanitarian goods, and incidental transaction costs borne by Iraq will, upon arrival by the 661 Committee, be paid or payable out of the 986 Escrow Account.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken.

Several cases from prior reporting periods are continuing and recent additional allegations have been referred by OFAC to the U.S. Customs Service for investigation.

On July 10, 1995, an indictment was brought against three U.S. citizens in the Eastern District of New York for conspiracy in a case involving the attempted exportation and transshipment to Iraq of zirconium ingots in violation of the IEEPA and the ISR. The intended use of the merchandise was the manufacture of cladding for radioactive materials to be used in nuclear reactors. The case was the culmination of a successful undercover operation conducted by agents of the U.S. Customs Service in New York in cooperation with OFAC and the U.S. Attorney's Office for the Eastern District of New York. On February 6, 1997, one of the defendants plead guilty to a ten count criminal indictment including conspiracy to violate the Iraqi Sanctions and the IEEPA. The trial of the remaining defendants is ongoing.

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 OFAC's listing of individuals and organizations determined to be Specially Designated Nationals (SDNs") of the Government of Iraq.

Since my last report, OFAC collected four civil monetary penalties totaling more than \$470,000 for violations of IEEPA and the ISR. The violations involved brokerage firms' failure to block assets of an Iraqi SDN and effecting certain securities trades with respect thereto. Additional administrative proceedings have been initiated and others await commencement.

4. The Office of Foreign Assets Control has issued a total of 700 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Licenses have been issued for transactions such as the filing of legal action against Iraqi governmental entities, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes, executory contracts pursuant to UNSCR 986, sales of humanitarian supplies to Iraq under UNSCR 986, 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. Since my last report, 47 specific licenses have been issued.

5. The expense incurred by the Federal Government in the six-month period from February 2 through August 1, 1997, that are directly attributable to the exercise of powers and authorities

and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about \$1.2 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 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 International Organization Affairs, the Bureau of Political-Military Affairs, the Bureau of Intelligence and Research, the U.S. Mission to the United Nations, and the Office of the Legal Advisor), and the Department of Transportation (particularly the U.S. Coast Guard).

6. 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 relevant United Nations Security Council resolutions. Security Council Resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, Iraqi recognition of Kuwait and 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 weapons 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. Seven years after the invasion, a pattern of defiance persists: a refusal to account for missing Kuwaiti detainees; failure to return Kuwaiti property worth millions of dollars, including military equipment that was used by Iraq in its movement of troops to the Kuwaiti border in October 1994; sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons inspectors and refusal of unimpeded access by these inspectors; and ongoing widespread human rights violations. 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 continues to violate basic human rights of its own citizens through the systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by UNSC Resolution 668. The Iraqi military routinely harasses residents of the north, and has attempted to "Arabize" the Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery

attacks against civilian population centers in south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring States.

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 affirm that the Security Council must 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.

Sincerely,

THE WHITE HOUSE
WASHINGTON

NOTICE

CONTINUATION OF IRAQI EMERGENCY

On August 2, 1990, by Executive Order No. 12722, President Bush declared a national emergency to deal with the unusual and extraordinary threat to national security and foreign policy of the United States constituted by the actions and policies of the Government of Iraq. By Executive Orders No. 12722 of August 2, 1990, and 12724 of August 9, 1990, the President imposed trade sanctions on Iraq and blocked Iraqi government assets. Because the Government of Iraq has continued its activities hostile to United States in the Middle East, the national emergency declared on August 2, 1990, and the measures adopted on August 2 and August 9, 1990, to deal with that emergency must continue in effect beyond August 2, 1997. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing the national emergency with respect to Iraq.

This note shall be published in the Federal Register and transmitted to Congress.

Sincerely,

THE WHITE HOUSE

WASHINGTON

MESSAGE TO THE CONGRESS OF THE UNITED STATES

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the Federal Register and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Iraqi emergency is to continue in effect beyond August 2, 1997, to the Federal Register for publication.

The crisis between the United States and Iraq that led to the declaration on August 2, 1990, of a national emergency has not been resolved. The government of Iraq continues to engage in activities inimical to the stability in the Middle East and hostile to United States interests in the region. Such Iraqi actions pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure on the Government of Iraq.

Sincerely,

22 8995

THE WHITE HOUSE
WASHINGTON

July 30, 1997

MR. PRESIDENT:

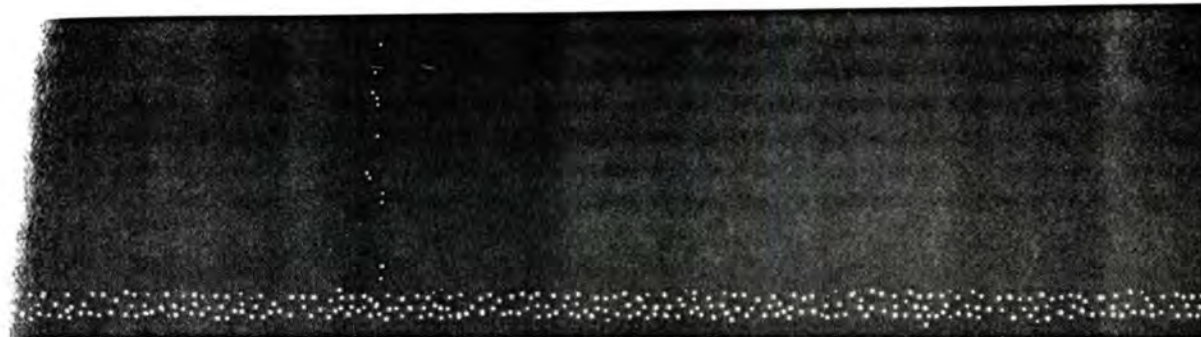
The attached Berger/Hilley memo recommends that you authorize the State Department to consult with Congress on the number and allocation of refugees authorized for admission to the U.S. in FY '98. *NSC requests that you act upon this today, as there is a hearing on the Hill tomorrow that will touch on this subject.*

Under the Immigration and Nationality Act, you are required to consult with Congress on the Administration's proposals for refugee admissions each year; after these consultations, you will issue a Presidential Determination (PD) setting forth the numbers, which are allocated by region. The refugee program brings a small fraction of the world's more than 13 million refugees to the U.S. and grants them permanent status here. It co-exists with, but is distinct from the asylum process, which permits those already in the U.S. to seek permanent status.

State, Justice and HHS jointly recommend a ceiling of 78,000 refugees for FY '98, the same total number as last year. The most notable changes from last year include: (i) an increase from 9,000 to 14,000 for East Asia to accommodate Vietnamese under a new resettlement program; (ii) an increase from 20,000 to 25,000 for the former Yugoslavia; (iii) a decrease from about 26,000 to 21,000 for the former Soviet Union, because of a declining applicant pool. Other allocations: 7,000-Africa; 4,000- Latin America/Caribbean; 4,000-Near East; 3,000 for unallocated reserve.

If you agree to permit consultation with Congress, please sign the Memorandum to the Secretary of State at TAB A.

Phil Caplan 



THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: FY 1998 Refugee Admissions Consultations

In accordance with section 207 of the Immigration and Nationality Act (INA), you are authorized to consult with the appropriate committees of the Congress concerning refugee admissions as follows:

1. The authorization of 78,000 refugee admissions during FY 1998, which would be allocated by specific region as follows: 7,000 for Africa; 14,000 for East Asia (including Amerasians); 4,000 for Latin America and the Caribbean; 4,000 for the Near East; 46,000 for the former Soviet Union and Eastern Europe; and 3,000 for the Unallocated Reserve. The recommended level of funded admissions is equal to the level assumed in the FY 1998 budget request.
2. The authorization of an additional 10,000 refugee admission numbers to be made available for the adjustment to permanent resident status of persons who have been granted asylum in the United States.
3. The designation, pursuant to section 101(a) 42(B) of the Immigration and Nationality Act, of persons in Cuba, Vietnam, and the former Soviet Union who, if they otherwise qualify for admission as refugees, may be considered refugees under the INA even though they are still within their country of nationality or habitual residence.

cc: The Attorney General
cc: The Secretary of Health and Human Services

UNCLASSIFIED

MEMORANDUM FOR GLYN DAVIES
THE WHITE HOUSE

SUBJECT: FY 1998 Refugee Admission Numbers

The Immigration and Nationality Act requires the President to determine, before the beginning of each fiscal year, the number and allocation of refugees that will be authorized to be admitted and resettled in the United States during the coming year.

The Departments of State, Justice, and Health and Human Services have consulted with concerned private voluntary resettlement organizations, representatives of state and local governments and, on an informal basis, members of Congress. As a result of these consultations, and interagency agreement, the Department is recommending a refugee admissions ceiling for Fiscal Year 1998 of 78,000 (including a small group of Amerasians from Vietnam). The table at Tab 1 presents a proposed admissions allocation. Tab 2 is a draft memorandum from the President to the Secretary of State authorizing consultations with Congress on FY 1998 admissions. Tab 3 is a proposed final draft of the President's Report to Congress which includes a detailed description of the various programs and justification for the regional allocations. The recommended level of funded admissions is commensurate with the level assumed in the State Department and HHS FY 1998 budget requests.

Thank you for your assistance in this matter.

Bill Burns
Executive Secretary

Attachments:

- Tab 1 - Admissions Table
- Tab 2 - Draft Memorandum for the Secretary of State
- Tab 3 - FY 1998 Report to Congress

PROPOSED FY 1998 REFUGEE ADMISSIONS

Africa	7,000
East Asia	14,000*
Former Soviet Union/Eastern Europe	46,000
Latin America/Caribbean	4,000
Near East	4,000
Unallocated Reserve	<u>3,000**</u>
Total	78,000

* This figure includes Amerasians and their family members who under a special statutory provision are admitted as immigrants but receive the same benefits as refugees.

** Includes an Unallocated Reserve of 3,000 unfunded numbers to be used only if both DOS and HHS have sufficient resources from existing appropriations, and only upon notification to Congress.

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: FY 1998 Refugee Admissions Consultations

In accordance with Section 207 of the Immigration and Nationality Act, you are authorized to consult with the appropriate committees of the Congress concerning refugee admissions as follows:

1. The authorization of 78,000 refugee admissions during FY 1998, which would be allocated by specific region as follows: 7,000 for Africa; 14,000 for East Asia (including Amerasians); 4,000 for Latin America and the Caribbean; 4,000 for the Near East; 46,000 for the former Soviet Union and Eastern Europe; and 3,000 for the Unallocated Reserve. The recommended level of funded admissions is equal to the level assumed in the FY 1998 budget request.
2. The authorization of an additional 10,000 refugee admission numbers to be made available for the adjustment to permanent resident status of persons who have been granted asylum in the United States.
3. The designation, pursuant to section 101(a)(42)(B) of the Immigration and Nationality Act (INA), of persons in Cuba, Vietnam, and the former Soviet Union who, if they otherwise qualify for admission as refugees, may be considered refugees under the INA even though they are still within their country of nationality or habitual residence.

cc: The Attorney General
The Secretary of Health and Human Services

DRAFTED: PRM/A: TRusch
CLEARED: PRM: POakley
PRM: CSykes
G: KClements
H: BAllen

SERAP 1162 7/11/97 x31047



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

TO: The Secretary
THROUGH: G - Mr. Wirth
FROM: PRM - Phyllis E. Oakley
SUBJECT: FY 1998 Refugee Admissions Program

ISSUE FOR DECISION

You are requested to approve the attached Burns-Davies memorandum which transmits the FY 1998 Refugee Admissions proposal for the President's approval and seeks his authorization for the relevant agencies to commence formal consultations with the Senate and House Judiciary Committees.

ESSENTIAL FACTORS

Through the normal clearance process within the Department as well as in consultation with OMB, Justice, NSC staff, HHS, the voluntary agencies, and state and local governments, we have developed the attached proposal for the admission of up to 78,000 refugees in FY 1998. Europe (including the Former Soviet Union) will continue to receive the largest share of admissions numbers in support of our overall policy toward the former Yugoslavia and the continuing impact of the Lautenberg amendment on the program for nationals of the former Soviet Union. We had hoped that by now the Indochinese refugee admissions program, begun over 20 years ago, would be essentially completed. Bureaucratic delays within the Vietnamese government have slowed this process and 14,000 numbers will still be needed. Relatively small but active programs are envisioned for Latin America, the Near East, and Africa. Improved conditions in certain refugee situations have allowed for the reduction in total refugee admissions from a ceiling of 122,000 when the Administration took office to a ceiling of 78,000 in FY 1998. This has allowed us to commit more resources to assisting refugees through the provision of humanitarian relief and facilitating repatriation when conditions permit.

Once the President has authorized consultations with the Congress on his proposed refugee admissions program for FY 1998, we will share the report found at Tab 3 with the relevant committees. Following the practice of recent years, we anticipate that you will be requested to participate in an in-chambers meeting with House Judiciary Committee members to formally present the President's proposal. This will likely occur during the week of September 8. The Senate has traditionally requested that the Secretary of State appear at a hearing on the refugee program to present the proposal. At present, it appears the new leadership of the Senate Immigration Subcommittee will suggest an approach similar to last year's consultation process. (Last year Under Secretary Wirth presented the President's proposal at a Senate hearing.) This would allow your designee to testify at a hearing at a time convenient to the Subcommittee. Subsequently, you would host a luncheon for the leadership of both House and Senate Subcommittees during the week of September 8.

RECOMMENDATION

That you approve the attached Burns-Davies memorandum on the FY 1998 refugee admissions program.

Approve: _____ Disapprove: _____

Attachment: Burns-Davies Memorandum

UNCLASSIFIED

DRAFTED:PRM/A: TRusch
SERAP 1162 7/11/97
CLEARED: PRM: CSykes
G: KClements
H: Ballen

PROPOSED REFUGEE ADMISSIONS FOR FISCAL YEAR 1998: REPORT TO THE CONGRESS

SUBMITTED
ON BEHALF OF THE PRESIDENT OF THE UNITED STATES
TO THE COMMITTEES ON THE JUDICIARY,
UNITED STATES SENATE AND
UNITED STATES HOUSE OF REPRESENTATIVES,
IN FULFILLMENT OF THE REQUIREMENTS OF
SECTION 207(e) (1)-(7)
OF THE
IMMIGRATION AND NATIONALITY ACT

**Department of State
Department of Justice
and
Department of Health and Human Services**

July 1997



1998 Report to the Congress

PROPOSED REFUGEE ADMISSIONS FOR FISCAL YEAR (FY) 1998: REPORT TO THE CONGRESS is submitted in compliance with Section 207(e) of the Immigration and Nationality Act (INA). The Act requires that before the start of the fiscal year and, to the extent possible, at least two weeks prior to Consultations on refugee admissions, members of the Committees on the Judiciary of the Senate and the House of Representatives be provided with the following information:

- (1) A description of the nature of the refugee situation;
- (2) A description of the number and allocation of the refugees to be admitted and an analysis of conditions within the countries from which they came;
- (3) A description of the plans for their movement and resettlement and the estimated cost of their movement and resettlement;
- (4) An analysis of the anticipated social, economic, and demographic impact of their admission to the United States¹;
- (5) A description of the extent to which other countries will admit and assist in the resettlement of such refugees;
- (6) An analysis of the impact of the participation of the United States in the resettlement of such refugees on the foreign policy interests of the United States; and
- (7) Such additional information as may be appropriate or requested by such members.

¹ Detailed discussion of the anticipated social and economic impact, including secondary migration, of the admission of refugees to the United States is being provided in the *Report to the Congress* of the Refugee Resettlement Program, Office of Refugee Resettlement, Department of Health and Human Services.

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FOREWORD

The annual Congressional consultations on refugee admissions provide an opportunity for the Congress and the Administration to focus on the domestic and international implications of U.S. refugee policy, and marks the culmination of a many-faceted consultative process for FY-1998.

During the course of the current fiscal year, Administration officials have had periodic discussions with Members and staff of the House and Senate Judiciary Committees, the Senate Foreign Relations Committee, the House International Relations Committee, the House and Senate Appropriations Committees and other interested Congressional committees. In addition, we have received input from representatives of state and local governments, public interest groups, private voluntary organizations, mutual assistance associations, and other organizations concerned with refugees.

The Administration is committed to strengthening the effectiveness of U.S. refugee admissions and assistance programs consistent with domestic and international concerns within a humanitarian framework. The task of balancing these concerns has become increasingly challenging because of the sizable number of refugees requiring assistance in an era of budgetary constraints. Nevertheless, the United States remains, by a wide margin, the largest resettlement country in the world, while at the same time contributing to life-sustaining assistance programs which have an impact on millions of refugees and displaced persons.

This document presents the President's admissions proposal for FY-1998. It is intended to initiate the Congressional consultations process set out in Section 207 of the Refugee Act of 1980 and to elicit responses from the House and Senate Judiciary Committees and others interested in refugee policies and programs. After receiving the views of the Congress, the President will determine refugee admissions levels and allocations for FY-1998.

I. REFUGEE ADMISSIONS PROGRAM FOR FY-1997

A. OVERVIEW OF U.S. REFUGEE POLICY

Resettlement in third countries, including the United States, is considered for refugees in urgent need of protection, refugees for whom the other durable solutions are not feasible, and refugees able to join close family members. In seeking durable solutions for refugees, the United States gives highest priority to the safe, voluntary return of refugees to their homelands. This policy, recognized in the Refugee Act of 1980, is also the first priority for the United Nations High Commissioner for Refugees (UNHCR). If safe, voluntary repatriation is not feasible, settlement in countries of asylum within the region is sought as the next preferred alternative.

At the end of 1996, the United Nations High Commissioner for Refugees estimated the world's population of refugees and asylum seekers to be over 13.6 million. Persons displaced within their own countries by war, famine and civil unrest may exceed that number. The United States works with other governments and international and private organizations to protect refugees, displaced persons, and conflict victims and strives to ensure that survival needs for food, health care and shelter are met. Under the authority contained in the Migration and Refugee Assistance Act of 1962, as amended, the United States contributes to the international activities of the UNHCR, the International Committee of the Red Cross (ICRC), the International Organization for Migration (IOM), and other international and private organizations which provide ongoing relief and assistance to refugees, displaced persons, and conflict victims. The United States has been instrumental in mobilizing a community of nations to work through these and other organizations in alleviating the misery and suffering of refugees throughout the world. We continue to press for the most effective use of international resources directed to the urgent needs of refugees and displaced persons. During FY-1997, the United States has supported major relief and repatriation programs in Africa, Europe, Central America, Southeast Asia, South Asia and the Near East.

The United States considers for admission as refugees persons of special humanitarian concern who can establish persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion. The legal basis of the refugee admissions program is the Refugee Act of 1980 which embodies the American tradition of granting refuge to diverse groups suffering or fearing persecution. The Act in essence adopted the definition of "refugee" contained in the United Nations Convention and Protocol relating to the Status of Refugees. The definition, which may be found in Section 101(a)(42) of the Immigration and Nationality Act (INA), as amended, is as follows:

“The term ‘refugee’ means: (A) any person who is outside any country of such person's nationality or, in the case of a person having no nationality, is outside any country in which such person last habitually resided, and who is unable or unwilling to return to, and is unable or unwilling to avail himself or herself of the protection of, that country because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or

political opinion, or (B) in such circumstances as the President after appropriate consultation (as defined in section 207 (e) of this Act) may specify, any person who is within the country of such person's nationality or, in the case of a person having no nationality, within the country in which such person is habitually residing, and who is persecuted or who has a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

The term 'refugee' does not include any person who ordered, incited, assisted, or otherwise participated in the persecution of any person on account of race, religion, nationality, membership in a particular social group, or political opinion.

For purposes of determinations under this Act, a person who has been forced to abort a pregnancy or to undergo involuntary sterilization, or who has been persecuted for failure or refusal to undergo such a procedure or for other resistance to a coercive population control program, shall be deemed to have been persecuted on account of political opinion, and a person who has a well-founded fear that he or she will be forced to undergo such a procedure or be subject to persecution for such failure, refusal or resistance shall be deemed to have a well-founded fear of persecution on account of political opinion."

With regard to refugees resettled in the United States, the U.S. Government aims to promote economic self-sufficiency as quickly as possible, limiting the need for public assistance and encouraging refugees to contribute to the diversity and enrichment of our country as previous newcomers have. Federally-funded programs administered by the States have provided cash and medical assistance, training programs, employment and other support services to many refugees upon arrival in the United States. A variety of institutional providers have performed these services, including private voluntary agencies who also perform initial reception and placement services under cooperative agreements with the Department of State. All of these benefits are intended for short-term utilization during a refugee's transition to becoming an independent, contributing member of the national economy and of American society.

TABLE I

**REFUGEE ADMISSIONS IN FY-1996 AND FY-1997
PROPOSED CEILINGS IN FY-1998**

REGION	FY-1996 ACTUAL	FY - 97 CEILING	FY - 97 PROJECTION (AS OF 7/1/97)	PROPOSED FY - 1998 CEILING
Africa	7,502	7,000	6,000	7,000
East Asia	19,234	10,000	9,100	14,000
Europe	41,617	48,000	49,500	46,000
Former Yugoslavia		(18,000)	(22,500)	(25,000)
Former Soviet Union		(30,000)	(27,000)	(21,000)
Latin America/Caribbean	3,541	4,000	3,200	4,000
Near East/South Asia	3,788	4,000	4,500	4,000
Unallocated	0	5,000*	*	3,000**
Total	75,682	78,000*	72,300	78,000**

* Projection based on intent to reprogram unallocated reserve numbers to Europe and Near East/South Asia regional ceilings.

** Includes Unallocated Reserve of 3,000 unfunded numbers, to be used only if both DOS and HHS have sufficient resources from existing appropriations, and only upon notification to Congress.

The President proposes to respond to the humanitarian needs of refugees by establishing for FY-1998 an admissions ceiling of 78,000 refugees for permanent resettlement in the United States. Allocations within this ceiling are shown in Table II below:

TABLE II
PROPOSED CEILINGS
FOR REFUGEE ADMISSIONS IN FY-1998

REGION OF ORIGIN	CEILING
Africa	7,000
East Asia	14,000**
Europe	46,000
Latin America/Caribbean	4,000
Near East/South Asia	4,000
Unallocated Reserve	3,000*
TOTAL	78,000*

* In addition to the 75,000 admissions numbers that are funded under the President's Budget Proposal, we propose to make an additional 3,000 admissions numbers available if needed and if necessary funding can be identified within existing appropriations for the Departments of State and Health and Human Services. The Department will notify Congress should use of this contingency become necessary.

** This figure includes Amerasians and their family members who enter as immigrants under a special statutory provision but receive the same benefits as refugees.

The President also proposes to specify that special circumstances exist so that, for the purpose of admission under the limits established above and pursuant to section 101(a)(42)(B) of the INA, certain persons, if they otherwise qualify for admission, may be considered as refugees of special humanitarian concern to the United States even though they are still within their countries of nationality or habitual residence. The nationalities proposed for in-country processing for FY-1998 are persons in Cuba, Vietnam and the former Soviet Union.

In addition to the proposed admission of refugees from abroad, the Immigration and Naturalization Service (INS) will be authorized to adjust to the status of permanent resident alien

10,000 persons who have been granted asylum in the United States and have been in the United States for at least one year, pursuant to Section 209(b) of the Immigration and Nationality Act.

In the regional descriptions which follow, an overview of refugee-generating conditions is provided. In addition, opportunities for voluntary repatriation, resettlement within the region, and third-country resettlement are noted.

B. RESETTLEMENT NEEDS IN FY-1998

1. AFRICA

With some 4.9 million refugees, sub-Saharan Africa hosts one-third of the world's refugees and a much greater share of the world's internally displaced persons. African nations generally support the principle of first asylum, with nearly all the continental nations hosting refugees. Sadly, about half of the countries of the continent have generated those refugees.

Refugee flows in both directions continue with voluntary repatriation increasing. As of mid-1997, an estimated 640,000 refugees from Rwanda, Burundi, and the Democratic Republic of the Congo (formerly Zaire) were in uncertain asylum. Conflicts in Burundi and Sierra Leone are creating still more refugees and displaced persons. The cease-fire/peace agreement in Liberia was still holding, and some disarmament/demobilization had occurred, paving the way for elections and the potential repatriation of some 700,000 Liberian refugees. Expanding warfare in Sudan was the significant exception to a brighter outlook for the Horn of Africa.

Voluntary Repatriation

Many of Africa's long-term refugees have been able to return home. By mid-1997, more than 1.3 million Rwandan refugees were able to return home from Burundi, the Democratic Republic of the Congo (formerly Zaire) and Tanzania. The Horn of Africa presented good prospects for accelerated repatriation to Ethiopia, and northern Somalia. In addition, repatriations of Mauritians, Malians, and Togolese are underway in 1997. Prospects for voluntary repatriation of some 300,000 Sierra Leonean refugees seemed promising until the events of May and June.

Resettlement within the Region

The historical tolerance of most African nations toward hosting long-term refugees has eroded significantly over the past few years. As there continues to be an expectation that most refugees will eventually return home, African nations continue to be unwilling to provide durable solutions to refugee situations through the granting of citizenship and permanent local integration.

Third-Country Resettlement

Continuing ethnic tension, human rights abuses, competition for resources, environmental degradation, political change, religious intolerance and the easy availability of modern weaponry can be expected to generate substantial numbers of additional refugees for the foreseeable future. Third-country resettlement may be necessary for the protection of some refugees and/or as a durable solution for some groups for whom repatriation is not a viable option. Political dissidents who are unwelcome in prospective asylum countries, urbanized refugees who seek to remain in urban areas rather than assimilate into rural settlements as most governments prefer or require, and refugees such as those belonging to clan groups associated with deposed government leaders (but who are themselves innocent of any perceived or actual wrongdoing) for whom voluntary

repatriation and local integration appear to be nearly impossible, are representative of those who will need third-country resettlement during FY-98. Third-country resettlement becomes more important in the final resolution of refugee situations, as the last remaining populations often are those who cannot return home safely for security or other reasons.

U.S. Admissions

Virtually all refugee admissions processing in Africa is coordinated by the U.S. Embassy in Nairobi, assisted by a Joint Voluntary Agency or "JVA" (representing all U.S. private voluntary agencies involved in resettlement) working under a cooperative agreement with the Department of State. In addition to conducting refugee admissions processing in Nairobi, JVA staff visit numerous countries in the region each year to prepare casework for refugees referred to the U.S. program by the United Nations High Commissioner for Refugees (UNHCR) or who have close family links to the U.S. Refugee applications are then adjudicated by officers of the Immigration and Naturalization Service (INS) who make periodic "circuit rides" to countries in which there are groups of refugee applicants or to locations where UNHCR has brought applicants for interview.

FY-1997 Program

Approximately 6,200 African refugees are expected to be admitted to the U.S. in FY-97, including about 4,500 Somalis and smaller groups of African refugees from Sudan, Liberia, Sierra Leone, Nigeria, Ethiopia, Rwanda, and other countries.

The expansion of the African resettlement program and greater reliance on UNHCR identification and referral of individual refugees and groups for whom third-country resettlement is the only viable durable solution have resulted in a more flexible program. This is the second year in which the majority of the African refugees admitted will have been UNHCR referrals. Teams of U.S. caseworkers and INS officers will visit a number of countries in 1997 to process discrete caseloads that have been referred to the U.S. by UNHCR, resulting in a more diverse African caseload than in previous years. In addition, UNHCR referred a large group of Barawan (a non-Somali ethnic minority from Somalia) in Mombasa, Kenya to the U.S. program. The U.S. continues to work closely with UNHCR to enhance the awareness of UNHCR protection officers of U.S. resettlement as a viable option for resolving certain refugee protection cases. We expect that this greater coordination with UNHCR will continue to lead to greater congruence between groups of refugees recommended by that agency for third-country resettlement and those considered by the U.S. program. The U.S. is supporting two UNHCR Resettlement Officers, under the UNHCR Junior Professional Officer program, in Dakar and Addis Ababa to enhance UNHCR's ability to identify and refer refugees in need of resettlement.

FY-1998 Proposal

We propose to maintain the ceiling of 7,000 African refugees for FY-98. The caseload would consist of Sudanese, Burundi, Ethiopians, Sierra Leoneans, Togolese, Congolese (formerly Zairians), residual Liberian family reunification cases and others referred by UNHCR. The latter group may include some individuals of refugee groups for whom voluntary repatriation is underway (such as Malians, Eritreans, Somalis, or Mauritians) but for whom return is not feasible in their particular situation.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One processing. In FY-98 those nationalities eligible for family reunification (Priority 3) include countries currently undergoing active conflict -- namely Burundi, Sierra Leone, and Sudan. The criteria for family reunification eligibility (Priority 3) has been expanded to include refugees for whom a UNHCR organized repatriation program has been launched and is essentially completed. This latter category includes Togo and Ethiopia. Given the positive changes in Liberia over the past year, the absence of active fighting, and the return of relative stability, the current Liberian family reunification program will be phased out as of December 31, 1997. Refugees for whom affidavits of relationship have been filed with voluntary agencies prior to December 31, 1997, will continue to be processed in FY 98.

2. EAST ASIA

First Asylum

Over the course of the past year, nearly all of the remaining Indochinese asylum seekers from first-asylum camps in Southeast Asia and Hong Kong have either resettled in third countries or returned to their countries of origin. Most notably, over 27,000 screened-out Vietnamese (those found not to be refugees under the screening process established pursuant to the Comprehensive Plan of Action (CPA)) have returned to Vietnam since April 1996. Camps for Vietnamese asylum seekers in Indonesia, Malaysia, Singapore, and Thailand are closed. In addition, some 3,000 Lao refugees were resettled in the U.S. and the final Lao camp in Thailand is scheduled to close in September 1997.

As of July 1, 1997, there were approximately 1,000 Vietnamese asylum seekers in Hong Kong, most of whom had been determined to be refugees, but ineligible for admission to resettlement in the United States under U.S. law. As of July 1, approximately 204 screened-out asylum seekers were awaiting return to Vietnam, but were delayed pending resolution of medical and judicial cases. Vietnam has rejected an additional 514 screened-out ethnic Chinese asylum seekers as not being Vietnamese nationals. In the last few weeks before Hong Kong's reversion to China, the U.S. accepted 260 individuals for resettlement, principally Nung who had been associated with the U.S. during the Vietnam War. The eventual resolution of the status of the remaining screened-in but unresettleable Vietnamese population remains unclear.

There also remain some 2,000 screened-out Vietnamese asylum-seekers in the Philippines. Although the Government of the Philippines has not made an official commitment, it appears likely that this group will be permitted to remain in the Philippines and integrate locally.

Thailand currently hosts some 113,000 Burmese ethnic minorities and students in encampments along its border with Burma, as well as about 800 Burmese students/dissidents in the Bangkok area who are recognized by UNHCR as "persons of concern."

Voluntary Repatriation

Under the CPA, asylum seekers who were found not to be refugees as defined in the 1951 UN Convention on the Status of Refugees and its 1967 Protocol were not considered for third-country resettlement. Instead, they were encouraged to return voluntarily to Vietnam. As of April 25, 1997, more than 105,000 screened-out Vietnamese asylum-seekers have returned to Vietnam from first-asylum camps in Southeast Asia and Hong Kong. Of these, 93,000 -- 89% -- returned voluntarily. UNHCR monitors returnees in Vietnam, and no evidence of a policy or pattern of persecution or discrimination against these repatriates has been documented.

In January 1997, the U.S. negotiated an agreement with Vietnam on the implementation of the Resettlement Opportunity for Vietnamese Returnees (ROVR) inside Vietnam. Under ROVR, returnees to Vietnam were allowed to register for a resettlement interview in Vietnam to determine if they qualified under a broad set of criteria as being "of special interest" to the U.S. This program was designed to encourage the remaining screened-out camp populations to return to Vietnam voluntarily and to ensure that persons of special interest to the U.S. had an opportunity to pursue resettlement once in Vietnam. Some 9,000 individuals registered to participate in ROVR, and an additional 4,500-5,000 who returned between October 1995 and April 1996 may still register. The ROVR interviews began in April 1997 and will continue well into FY-1998.

Since September 1980, a UNHCR program has facilitated the voluntary repatriation of more than 22,000 Lowland Lao, Hmong and other Highlanders from Thailand. There are several reception centers for returnees in Laos, and UNHCR monitors the returnees to ensure their safety.

Resettlement in the Region

The willingness of countries in the region to resettle refugees or even to grant temporary asylum is constrained by security and economic concerns, as well as cultural, religious, and political sensitivities. It now appears likely that the Philippines will quietly integrate some 2,000 Vietnamese migrants who were screened out under the CPA. However, none of the other first-asylum countries who participated in the CPA have been willing as part of the end-game to absorb permanently any of the Indochinese asylum-seekers.

During the past year, Thailand has on several occasions pushed Burmese refugees back across the border into Burma as the Thai government apparently fears another situation like the one created with Vietnamese, Laotians, and Cambodians after 1975. In what has turned out to be an interesting but not very successful experiment, UNHCR facilitated the resettlement of some 300 Bosnian Muslim women and children to Malaysia in 1995. That population has not integrated well and many if not all are now requesting resettlement elsewhere.

Third-Country Resettlement

Under the CPA, resettlement countries agreed to resettle eligible Vietnamese asylum seekers who arrived in Hong Kong prior to June 1988 or in Southeast Asia prior to March 1989. This group was not screened but simply determined to be refugees in the first-asylum countries by virtue of when they arrived. Asylum-seekers arriving after the cutoff dates were screened by the host governments for refugee status.

After the inception of the CPA in 1989, the United States resettled some 17,000 or 34% of the remaining pre-cutoff population and some 13,000 or 39% of the post-cutoff screened-in population (out of 33,000 total screened-in). Between 1980 and 1989 -- prior to the CPA -- the U.S. resettled some 162,000 Vietnamese from first-asylum countries.

A number of other countries also resettled significant numbers of Indochinese asylum-seekers as part of the CPA. The primary participants were Australia, Canada, and France, all of which have resettled well over 100,000 people each since 1975. Belgium, Denmark, Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, and Switzerland have also each resettled thousands during the same period. It is worth noting, however, that the U.S. alone has resettled over 940,000 Indochinese refugees since 1975, a total which surpasses all other third-country resettlement combined.

U.S. Admissions

The U.S. refugee admissions program in Southeast Asia consists of two basic parts: admissions from first-asylum countries to which refugees fled ("first asylum"), and admissions through in-country processing in Vietnam under the Bangkok-based Orderly Departure Program (ODP). Since 1975, the U.S. has resettled some 940,000 Indochinese refugees from first-asylum countries, including 540,000 Vietnamese, 123,000 Lowland Lao, 128,000 Highland Lao (mostly Hmong), and 150,000 Khmer. Since 1989, admissions of Vietnamese and Lao refugees from first-asylum countries has been carried out in accordance with the CPA.

Under ODP, some 465,000 Vietnamese refugees, immigrants, and parolees have been admitted to the U.S. including approximately 159,000 persons under the Former Re-Education Camp Detainee subprogram, 84,000 under the Amerasian subprogram, and 203,000 under family reunification and other subprograms. (In recent years, family reunification has been accomplished through the issuance of immigrant visas by Consular Officers working under ODP, and IV issuance is no longer tracked as part of ODP refugee statistics. At present, ODP issues approximately 1,000 immigrant visas per month.)

The Amerasian immigrant program remains an integral part of ODP. This program admits Amerasians along with members of their immediate families or foster families for resettlement in the U.S. Although the "Amerasian Homecoming Act" of 1987 designated Amerasians as a special class of immigrant, they are accorded some refugee benefits and are therefore included in the refugee admissions ceiling for consistency with the budgetary process. Large-scale processing of the Amerasian caseload was completed in 1993, although direct registration and processing of the small number of remaining qualified applicants continues.

FY-1997 Program

The FY-97 allocation for East Asia was 10,000. However, the slow start of interviews under ROVR will mean that we do not reach that ceiling. Of the total admitted under the East Asia regional ceiling, some 1,000 admissions will go to Lao and Burmese refugees processed in Thailand. There will also be a handful of admissions of Chinese dissidents from Hong Kong. The remaining numbers will be used by ODP. While admissions from the newest ODP sub-program, ROVR, are likely to start in FY-97, the bulk of the admissions from this sub-program will occur in FY-98 and possibly even FY-99.

FY-1998 Program

The proposed admissions ceiling for East Asia for FY-98 is 14,000.

First Asylum. Direct resettlement from first-asylum countries is not expected to exceed 1,500 refugees and would include Burmese, Chinese, Vietnamese (the last few from first-asylum countries) and Lao.

The Orderly Departure Program (ODP). Projected admissions for FY-98 under ODP are 12,500, which will consist of former re-education camp detainees and former U.S. Government employees in Vietnam, Amerasians and accompanying family members, plus U.S.-interest cases repatriated from first-asylum camps in the region through the ROVR sub-program.

Processing Priorities for FY-1998

All nationalities will remain eligible for Priority One processing in FY-98. In addition, Vietnamese and Burmese will remain eligible under Priority Two. Vietnam will be designated for in-country processing.

3. EUROPE

Former Soviet Union

Over the past year, the countries of the former Soviet Union (FSU) have continued to wrestle with the difficult process of political and economic reform with some success. The new States have pledged to ensure freedom of emigration and have been taking steps in this direction. Moreover, both Russia and Ukraine have taken modest steps to counter persecution by passing laws designed to ensure protection of religious and ethnic minorities.

The post-Soviet political climate has changed tremendously. Greater freedom of movement, religion, and speech have benefited traditionally persecuted minorities. There is a counterweight to the new freedom and democracy, however. Because of worsened economic conditions and increased lawlessness, extremist "nationalist" groups have surfaced with a hate agenda directed against Jews and "foreign influences." Societal anti-Semitism is no longer restrained by a totalitarian government which pursued its own more subtle version. Hostility against proselytizing by religious sects perceived as "foreign" – a designation applied to, among others, the Evangelical Christian churches, rightly or not – has also emerged. There are parliamentary initiatives to impose legal restrictions on the activities of foreign missionaries.

Eastern Europe

In many countries of Western Europe the proportion of asylum-seekers coming from Eastern Europe has decreased as democratic reforms have taken hold. A notable exception to this trend continues to be persons from the former Yugoslavia, who constitute the majority of the asylum-seeking populations in nearly every country of Western Europe. Nineteen ninety-eight (1998) will be a critical year for both repatriations to the countries of the Former Yugoslavia and for resettlement of those refugees from the Former Yugoslavia who cannot return in safety and security.

Third-Country Resettlement

In addition to the United States and the countries of Western Europe, Australia and Canada also have resettled Eastern Europeans, and Israel has resettled Soviet Jews and Jews from other countries. Between FY-75 and FY-95, over 135,000 refugees from Eastern Europe and 412,000 refugees from the FSU were resettled in the United States. In recent years, the U.S. refugee program for the FSU and Eastern Europe has accepted applications principally from nationals of the FSU and from Bosnia.

U.S. Admissions

Former Soviet Union: Refugee admissions processing for the FSU is carried out in Moscow for groups identified in the Lautenberg Amendment: Jews, Evangelical Christians, and certain members of the Ukrainian Catholic and Orthodox Churches. The vast majority of FSU refugees now being interviewed have family ties to the U.S. Currently, there are nearly 24,000 applications on file at the Washington Processing Center which meet the eligibility criteria for the program and are awaiting scheduling of interviews. Approximately 4,500 persons are scheduled for interviews each month. The rate of new applications received from persons meeting the program's eligibility criteria averages 1,500 persons per month. We anticipate that the scheduling backlog will disappear early in FY-98. Since it takes several months from the time of scheduling until INS interviews and local exit formalities are completed, admissions should begin to decrease significantly only toward the very end of FY-98.

Eastern Europe: Until FY-97, this program mainly focused on Bosnian Muslims who fled Bosnia and who fell into processing Priorities One, Three, Four and Five. Under Priority One, persons meeting the following criteria have been considered by the program:

- (1) Vulnerable Bosnians referred for resettlement by UNHCR, such as former detainees, torture victims, and women victims of violence;
- (2) Bosnians in mixed marriages of any ethnic background (i.e., Muslim-Serb; Serb-Croat; Muslim-Croat); and
- (3) Immediate family members of minor U.S. citizen children, who have been displaced as a result of the fighting in Bosnia-Herzegovina.

Effective January 1, 1997, the State Department announced a new Priority Two program for Bosnians of all ethnicities, which allowed direct registration without UNHCR referral. Those eligible are:

- (1) Former detainees who were held on account of ethnicity or political or religious opinion.
- (2) Victims of torture or systematic violence against members of targeted ethnic groups by governmental authorities or quasi-governmental authorities in areas under their control.
- (3) Surviving spouses of civilians who would have been eligible under these criteria if they had not died or disappeared in detention or as a result of torture or violence.
- (4) Persons in mixed marriages of any ethnic background.

Bosnians with relatives in the United States are now eligible for processing under Priorities Three and Four. Those with aunts, uncles, nieces, nephews and first cousins in the U.S. who filed Affidavits of Relationship notarized before April 1, 1997, are eligible for interview although new registrations will not be accepted.

FY-1997 Program

The combined authorized admissions ceiling for the FSU and Eastern Europe is 48,000 for FY-97. As of the date of preparation of this Report, the Administration projects that approximately 27,000 persons from the Former Soviet Union and approximately 22,500 Bosnians will be admitted through a drawdown from the unallocated reserve. In addition, a small number of immediate relatives of persons admitted to the U.S. in previous years from other Eastern European countries are admitted as refugees annually under the "Visas 93" program.

FY-1998 Proposal

The proposed regional ceiling for Europe is 46,000. Of this, we expect to admit up to 25,000 refugees from the former Yugoslavia and up to 21,000 from the former Soviet Union. We believe that this increase in the number of refugees admitted from the former Yugoslavia is a critical element of our support for the Dayton Peace Process and finding durable solutions for those refugees from the former Yugoslavia who cannot return to Bosnia in safety and security. Simultaneously, a continuing decline in the number of new applications from the former Soviet Union likely will mean that backlogs in that program are virtually eliminated during FY-98.

Processing Priorities for FY-1998

Eligibility criteria for the program in FY-98 are as follows: all nationalities will be eligible for Priority One. Persons who were nationals of the former Soviet Union prior to September 2, 1991, will be eligible for Priority Two processing in-country. Bosnians of all ethnic groups will continue to be eligible for Priorities Two, Three and Four to allow reunification of those who have close family ties to the United States, regardless of ethnicity. Those who were the beneficiaries of notarized Affidavits of Relationship filed by aunts, uncles, nieces, nephews, and first cousins before April 1, 1997, but who have not yet been interviewed by the INS will also be eligible. No new Priority Five cases from the Former Yugoslavia will be accepted in FY-98.

4. LATIN AMERICA AND THE CARIBBEAN

The progress toward peace and democracy in the Western Hemisphere in recent years has left only one significant group of refugees in the region--Guatemalans in Mexico. These individuals are expected to repatriate or resettle permanently in Mexico. Underlying tensions, such as those causing insurrections in Colombia, which has the region's largest population of internally displaced persons, and Peru support a continuing need for UNHCR and ICRC activities. The other exception to these positive developments in the hemisphere is the unchanged political and human rights situation in Cuba.

Voluntary Repatriation

In Latin America and the Caribbean, voluntary repatriation has proven to be the durable solution for most refugees.

Resettlement in the Region

Resettlement within the region is seen by UNHCR as the first option when repatriation is not possible, although in a very few instances, extra-regional settlement may be needed. Victims of torture and women at risk are considered by UNHCR to be in particular need of extra-regional resettlement because there are not adequate medical or support facilities for these groups.

U.S. Admissions

In recent years, refugee admissions from this region have consisted primarily of Cubans and Haitians. The in-country program in Haiti was closed in early 1995. The Cuban admissions program, originally designed to address the needs of former long-term political prisoners, was expanded in 1991 when the resettlement needs of that population had largely been addressed. The expanded criteria for the in-country program remain in effect. In addition to the in-country program for Cubans in Priority Two (those eligible as "members of a group of special concern"), any Cubans outside Cuba referred to the U.S. program by UNHCR or identified by an Embassy under Priority One also will be considered.

Cubans eligible to apply for admission to the U.S. through the in-country program under Priority Two include the following:

- (1) Former political prisoners;
- (2) Members of persecuted religious minorities;
- (3) Human rights activists;
- (4) Forced labor conscripts during the period 1965-1968;
- (5) Persons deprived of their professional credentials or subjected to other disproportionately harsh or discriminatory treatment resulting from their perceived or actual political or religious beliefs; and
- (6) Others who appear to have a credible claim that they will face persecution as defined in the 1951 UN Convention on the Status of Refugees and its 1967 Protocol.

FY-1997 Program

In FY-97, we anticipated admission of up to 4,000 Cuban refugees. The number admitted may be lower than this projection, however, due to the imposition of extraordinarily high exit fees by the Cuban government. All refugee admissions would be counted towards the bilateral U.S.-Cuba Migration Agreement of September 9, 1994, which provides for the approval of at least 20,000 Cubans annually for legal admission to the U.S. The balance of those admitted are immigrants and parolees.

FY-1998 Proposal

We propose a FY-98 ceiling for Latin America and the Caribbean of 4,000. Virtually all are expected to be admitted via in-country processing in Havana in accordance with the September 9, 1994, U.S.-Cuba Migration Agreement, although individuals of nationalities other

than Cuban will be considered on a case-by-case basis in close coordination with UNHCR. There will continue to be some family reunification from Haiti.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One processing. In addition, Cubans are authorized in-country processing under Priority Two.

5. NEAR EAST AND SOUTH ASIA

Refugees from the Middle East continue to represent a major protection and resettlement caseload, according to UNHCR. The majority of refugees in the region identified for resettlement by UNHCR are Iraqis. Iranians represent the second largest group. In addition to Iraqi refugees remaining in the region from the Gulf War, religious and ethnic minorities who fled persecution in Iraq and Iran have sought refuge in Pakistan, Saudi Arabia, Turkey, Jordan, Syria and other countries in the region. When local integration has proved unworkable, UNHCR has looked at family reunification, protection issues and vulnerability in first-asylum status when determining which individuals to refer to resettlement countries.

Resettlement in the Region

Wherever possible, UNHCR has sought to secure local integration of refugees. However, many countries within the region are not signatories to the 1951 UN Convention on Refugees and its 1967 Protocol. Few countries are willing to offer permanent resettlement to refugees from neighboring countries, but many have been generous in allowing them to remain for long periods.

Third-Country Resettlement

While third-country resettlement is not the preferred solution in most cases, it is the only option for certain refugees at risk in countries of first-asylum.

U.S. Admissions

The Near East/South Asia admissions program primarily addresses the resettlement needs of Iranian and Iraqi refugees dispersed throughout the region and Europe. Most U.S. resettlement processing within the region in recent years has occurred in Turkey, Pakistan, and in the Rafha camp in Saudi Arabia. At the beginning of FY-97, there were fewer than 10,000 Iraqi refugees in Rafha who participated in the unsuccessful uprisings against the regime of Saddam Hussein and subsequently fled Iraq in the wake of the Gulf War. The Rafha camp inhabitants all are considered by UNHCR to be refugees in need of resettlement. UNHCR plans to close Rafha camp by the end of 1997, and has proposed a burdensharing arrangement for the remaining population, including long-term asylum for those who do not wish resettlement outside the region.

The U.S. admissions program maintains refugee processing posts in Turkey, Egypt, Saudi Arabia, and Europe, where Iranian and Iraqi applicants are processed. INS conducts additional interviewing "circuit rides" elsewhere as needed. In FY-97, INS adjudicated refugee cases in Jordan and Syria, with a planned circuit ride to Pakistan late in FY-97.

FY-1997 Program

The FY-97 ceiling for the Near East and South Asia is 4,000, which included up to 2,000 Iraqi refugees from the Rafha camp in Saudi Arabia, where the U.S. has participated since 1992 in a multi-country resettlement effort led by UNHCR. International burdensharing continues. We estimate that we will utilize the full ceiling of 4,000 and possibly a small number will be required from the unallocated reserve.

FY-1998 Proposal

We believe the U.S. needs to continue its leadership role in the region to encourage burdensharing. The U.S. will continue to support the UNHCR-led multi-country resettlement effort for Rafha in FY-98. We will admit up to 2,000 Iraqis from Saudi Arabia early in FY-98 to allow UNHCR to close the camp. The proposed FY-98 admissions ceiling for the region is 4,000, the same as in FY-97. Iranians and Iraqis referred by UNHCR elsewhere, Iranian religious minorities, and Iranian and Iraqi refugees following to join relatives already in the U.S. will comprise the remainder of the ceiling.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One Processing. Iraqis will be considered in Priority Three, and Iranians will be considered in Priorities Two and Three.

6. UNALLOCATED RESERVE

Included in the FY-97 admissions program was an unallocated reserve of 2,000 funded admissions which could be used for refugees anywhere in the world. In addition, the President authorized an additional 3,000 admissions that could be used if needed, and if sufficient funds were available, after notifying the Congress. In FY-98, we propose an unallocated reserve of 3,000 unfunded numbers, to be used only under the same terms as in FY-97. The most likely potential need for these numbers is in East Asia (depending on the speed of implementation of ROVR) and in Europe. In addition, we monitor admissions levels closely and are able to anticipate and respond to shifting needs in time to reallocate numbers.

II. PLANS FOR MOVEMENT AND RESETTLEMENT

A. ADMISSIONS PROCEDURES

1. ELIGIBILITY CRITERIA

Applicants for refugee admission to the United States must meet all of the following criteria:

- (1) Meet the definition of a refugee contained in the Immigration and Nationality Act;
- (2) Be among those refugees determined by the President to be of special humanitarian concern to the United States;
- (3) Be otherwise admissible under United States law; and,
- (4) Not be firmly resettled in any foreign country.

Although a refugee may meet the above criteria, the existence of the U.S. refugee admissions program does not create any entitlement for that person to be admitted to the United States. The admissions program is a legal mechanism for admitting refugees who are among those classes of persons of particular interest to the United States. Applicants who meet the criteria specified above and who fall within the priorities established for the relevant nationality or region, are presented to the INS for determination of eligibility for admission under Section 101(a)(42) of the INA.

2. THE WORLDWIDE PRIORITY SYSTEM

The worldwide processing priority system sets guidelines for the orderly management of refugee applications for admission within the established annual regional ceilings. The priority system has been revised during FY97 to reflect trends over the past several years in the worldwide refugee resettlement caseload and to make it more responsive to evolving needs.

The issues of whether a person meets the definition of a refugee under U.S. law and the priority that person may be assigned for consideration of his case are separate and distinct. Assignment of an individual to a particular processing priority does not reflect any judgment as to whether that individual ultimately will qualify for admission to the U.S. as a refugee, although it may reflect an assessment of the urgency of the need for resettlement. Just as qualifying for refugee status does not confer a right to resettlement in the United States, assignment to a particular priority does not entitle a person to admission to the United States as a refugee.

Beginning in FY97, a member of any nationality may be referred to the U.S. program under Priority One. This reflects the fact that small numbers of many nationalities are found among the group of refugees that UNHCR determines to be in need of resettlement. The U.S. intends that its resettlement program should be flexible and available to any Priority One refugee -- regardless of nationality -- referred to it for consideration.

PROCESSING PRIORITIES FOR FY 1998**Priority One**

UNHCR-referred or Embassy-identified persons who are facing compelling security concerns in countries of first asylum, in need of legal protection because of dangers of refoulement, or who are in danger due to threats of armed attack in areas where they are located, and former political prisoners.

UNHCR-referred or Embassy-identified persons, including women-at-risk, victims of torture or violence, physically or mentally disabled and persons in urgent need of medical treatment not available in the country of first asylum.

UNHCR-referred or Embassy-identified persons, for whom other durable solutions are not feasible and whose status in the place of asylum does not present a satisfactory long-term solution.

(For certain nationalities-- to be determined before the beginning of each fiscal year -- prior consultation with DOS and INS Washington will be required.)

Priority Two

Within certain nationalities, members of specific groups of special concern to the U.S. (Listing of groups for FY-1997 follows on pages 21 and 22.)

Priority Three

Spouses, unmarried sons and daughters, and parents of persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Unmarried sons and daughters of U.S. citizens and parents of U.S. citizens under the age of 21.

(Note that spouses and children of U.S. citizens and the parents of U.S. citizens who have attained the age of 21 are required by regulation to be admitted as immigrants rather than as refugees.)

Country Programs for FY-98: Bosnia, Burundi, the Democratic Republic of the Congo, Ethiopia, Iran, Iraq, Liberia (Affidavits of Relationship filed through December 31, 1997), Sierra Leone, Sudan, and Togo.

Priority Four

Married sons and daughters, siblings, grandparents, and grandchildren of U.S. citizens and persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Country Programs for FY-98: Bosnia

Priority Five

Aunts, uncles, nieces, nephews, and first cousins of U.S. citizens and persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Country Programs for FY-98: Bosnia (Affidavits of Relationship filed before April 1, 1997. No new applications are being accepted.)

PRIORITY TWO GROUPS OF SPECIAL CONCERN FOR FY 1998

Bosnia

Former detainees who were held on account of ethnicity or political or religious opinion.

Victims of torture or systematic violence against members of targeted ethnic groups by governmental authorities or quasi-governmental authorities in areas under their control.

Surviving spouses of civilians who would have been eligible under these criteria if they had not died or disappeared in detention or as a result of torture or violence.

Persons in mixed marriages of any ethnic background.

Burma

Certain members of ethnic minorities who have actively and persistently worked for political autonomy.

Certain political activists engaged in the pro-democracy movement.

Cuba

In-country processing of:

Former political prisoners, members of persecuted religious minorities, human rights activists, forced-labor conscripts, persons deprived of their professional credentials or subjected to other disproportionately harsh or discriminatory treatment resulting from their perceived or actual political or religious beliefs or activities, dissidents, and other refugees of compelling concern to the U.S.

Former Soviet Union

In-country processing of:

Jews, Evangelical Christians, and certain members of the Ukrainian Catholic or Orthodox Churches.

Iran

Iranian religious minorities.

Vietnam

In-country processing of:

Former re-education camp detainees who spent more than three years in re-education camps subsequent to April 1975 because of pre-1975 association with the USG or the former South Vietnamese government.

Certain former USG employees and other specified individuals or groups of concern.

Returnees from camps of first asylum in Southeast Asia on or after October 1, 1995, who qualify for consideration under the Resettlement Opportunity for Vietnamese Returnees (ROVR) criteria.

On a case-by-case basis, other individuals who have experienced persecution because of post-1975 political, religious, or human rights activities.

3. INS REFUGEE PROCESSING

Section 207 of the Immigration and Nationality Act (INA) grants the Attorney General the authority to admit, at her discretion, any refugee who is not firmly resettled in a third country, who is determined to be of special humanitarian concern, and who is admissible to the United States as an immigrant. This authority has been delegated to the Immigration and Naturalization Service (INS).

In both overseas refugee processing and domestic asylum proceedings, INS has the statutory role of decision-maker, determining who meets the requirements for refugee status.

INS Overseas Operations

The INS offices overseas have a variety of responsibilities, administered by three District Offices located in Bangkok, Mexico City, and Rome. One of the most important responsibilities of the INS overseas program is refugee processing. The percentage of time each office devotes to this activity depends on the refugee workload, as well as the staffing pattern and priorities in the office. In FY 97, overseas staffing was augmented by temporary duty personnel from domestic asylum offices. Circuit rides to process refugees are arranged as needed by the INS office having geographic jurisdiction.

Case Presentation to INS

A refugee applicant generally proceeds through the following steps before his interview with an INS officer: an applicant is referred to a voluntary agency or Joint Voluntary Agency (JVA) for pre-screening; if the applicant is of special humanitarian concern and within a processing priority eligible for U.S. consideration, the voluntary agency or JVA prepares the case for submission to INS by assisting the applicant in filling out a request for refugee status, a biographic information form, and other documents.

The Eligibility Determination

Eligibility for refugee status is decided on an individual, case-by-case basis. A personal interview of the applicant is conducted by an INS officer. The interview is non-adversarial and is designed to elicit information about the applicant's claim for refugee status. Questions are asked about the reasons for the applicant's departure from his or her country, political or religious beliefs or activities, and problems or fears the applicant may have had or will have if returned to his or her home country.

The determination of a well-founded fear of persecution requires judging both objective and subjective elements of an applicant's claim. Conditions in the country of origin are taken into consideration and the applicant's credibility is assessed.

Persecution is the most difficult element of the refugee definition to analyze and apply. While there is no universally accepted definition of the term "persecution," it normally includes a threat to life or freedom or other serious human-rights abuse. Discrimination in the treatment

of various groups is not, *per se*, persecution but at times an accumulation of discriminatory measures may involve such a significant denial of opportunities to participate in a society that it constitutes a threat to freedom. Economic hardship is not itself a basis for eligibility for refugee status, but persecution may take the form of economic reprisals, such as denial of the opportunity to work.

Under the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), the definition of refugee was expanded to include persons who have resisted or been subjected to, or have a well-founded fear of being subjected to coercive population control measures.

Post-Interview Processing

After interview, an applicant found eligible for refugee status must have a medical examination and security name check, and receive a sponsorship assurance. A refugee admission number, deducted from the annual ceiling, is allocated. Transportation arrangements generally are made through the International Organization for Migration (IOM) and the refugee signs a promissory note, promising repayment of the cost of airfare.

At the U.S. port of entry, INS admits a refugee to the United States and authorizes employment. After one year, a refugee is eligible for adjustment of status to lawful permanent resident. Five years after admission, a refugee is eligible to apply for naturalization.

B. THE RESETTLEMENT PROCESS

1. VOLUNTARY AGENCY PROCESSING

The Department of State enters into cooperative agreements with private voluntary agencies -- sometimes referred to as Joint Voluntary Agencies or "JVAs" -- to assist in the processing of refugees for admission to the United States. These agencies pre-screen applicants to determine if they fall within the applicable processing priorities and otherwise appear eligible to be scheduled for an INS refugee interview. In some cases, individuals who appear to qualify for immigration to the U.S. are also advised of those procedures. In addition, prior to interview, they assist the applicant in completing the documentary requirements of the program. If approved, voluntary agency staff guide the refugee through post-adjudication steps such as obtaining medical and sponsorship assurances. In FY-98, voluntary agencies will be working under contract to the Department of State at locations in Thailand, Spain, Turkey, Austria, Germany, Italy, Kenya, Saudi Arabia, and Croatia.

2. OVERSEAS CULTURAL ORIENTATION

The Department of State strives to ensure that refugees who are accepted for admission to the United States are prepared for the significant changes they will experience during resettlement. It is critical that refugees arrive with a realistic view of what their new lives will be like, what services are available to them, and what their responsibilities will be. The goal of the pre-departure orientation efforts is to ensure that all refugees receive such information before departure. Every refugee family receives *Welcome to the United States*, the resettlement guidebook written in 1996 by refugee resettlement workers and resettled refugees, working in conjunction with Federal and State government officials. *Welcome to the United States* is produced in a number of refugee languages. Through this book, all refugees have access to a basic core of consistent and accurate information about resettlement before they arrive. The material in *Welcome* is also available through a series of videos. In addition, the Bureau of Population, Refugees, and Migration enters into cooperative agreements for pre-departure orientation for eligible refugees at selected sites throughout the world.

3. TRANSPORTATION

The Department of State makes available funds for the transportation of refugees resettled in the United States through a program administered by the International Organization for Migration (IOM). The cost of transportation is provided to refugees in the form of a loan. Beneficiaries are responsible for repaying these costs over time after they arrive in the U.S.

4. INITIAL RECEPTION AND PLACEMENT

Ten private voluntary agencies are responsible for providing initial resettlement services to refugees during their first 90 days in the United States, and for oversight of “free cases” (those without relatives in the United States) for six months. These programs are administered under the Reception and Placement (R&P) program of the Bureau of Population, Refugees, and Migration. Voluntary agencies received \$720 per capita in FY-97, which was to be used along with cash and in-kind contributions from private and other sources. Services that these resettlement agencies provide include:

- Sponsorship;
- Pre-arrival resettlement planning;
- Reception;
- Basic needs support for 30 days;
- Community orientation; and
- Health, employment, and other necessary counseling and referral services.

III. DOMESTIC IMPACT OF REFUGEES

A. DEMOGRAPHIC IMPACT

The demographic characteristics of arrivals from the 12 largest source countries (which contributed over 99 percent of FY 1996 arrivals into the U.S.) illustrate the considerable variation among refugee groups. Median age varied from a high of over 36 years for arrivals from the former USSR to less than 16 years for arrivals from Ethiopia and Laos. The percentage of female (31 percent) and male (68 percent) arrivals from Cuba varied substantially from the percentage of female (54 percent) and male (46 percent) arrivals from Rwanda. The median age for all refugees in FY 1996 was 29 years compared to 35 for the U.S. population. The percentage of female refugees (45 percent) was ten percent less than the percentage of male refugees (55 percent) compared to approximately 51 percent female and 49 percent male for the U.S. See Table III below.

TABLE III

MEDIAN AGE AND SEX FOR REFUGEE ARRIVALS, FY-1996

COUNTRY OF ORIGIN	RANK (# OF ARRIVALS)	MEDIAN AGE	% FEMALE/ % MALE
Cuba	2	29.8	30.8 / 68.4
Ethiopia	11	15.9	52.9 / 47.1
Haiti	10	24.5	48.2 / 51.6
Iran	8	27.3	50.0 / 50.0
Iraq	6	26.3	24.7 / 75.2
Laos	7	15.2	47.0 / 53.0
Somalia	5	17.5	48.1 / 51.9
Sudan	9	19.6	42.7 / 57.3
USSR (former)	1	36.2	53.2 / 46.8
Vietnam	3	27.1	48.3 / 51.7
Yugoslavia (former)	4	27.2	48.0 / 51.9
Rwanda	12	17.3	54.3 / 45.7
All other Countries	--	18.2	48.1 / 51.9

Considerable variation among refugee groups can also be seen among specific age categories. Arrivals under the age of five varied from a high of 18 percent for Laotians to a low of zero percent for Ethiopians. Arrivals of school age (five to 17 years of age) varied from a high of 62 percent for Ethiopians to a low of 11 percent for Cubans. Arrivals of working age (16 to 64 years of age) varied from a high of 85 percent for Cubans to a low of 45 percent for Laotians. And arrivals of retirement age (65 years old or older) varied from a high of 15 percent for arrivals from the former USSR to a low of zero percent for Ethiopians, Haitians, and Rwandans. For all arrivals, approximately six percent were under the age of five, approximately 21 percent were school age, approximately 69 percent were of working age, and approximately seven percent were of retirement age. See Table IV below.

TABLE IV

SELECT AGE CATEGORIES FOR REFUGEE ARRIVALS, FY-1995

COUNTRY OF ORIGIN	UNDER 5 YEARS	SCHOOL AGE (5-17)	WORKING AGE (16-64)	RETIREMENT AGE (= OR > 65)
Cuba	3.5	10.5	85.4	1.8
Ethiopia	0.0	62.4	49.4	0.0
Haiti	5.7	21.1	78.6	0.0
Iran	5.9	26.9	64.4	6.2
Iraq	8.1	13.3	79.4	0.8
Laos	17.6	38.2	45.3	2.9
Somalia	11.7	39.7	53.7	1.5
Sudan	14.2	32.1	58.7	0.5
USSR (former)	6.5	19.0	61.9	15.3
Vietnam	3.4	27.5	67.7	4.2
Yugoslavia (former)	7.5	23.7	70.1	2.4
Rwanda	10.1	40.3	51.2	0.0
All Other Countries	7.3	42.6	55.6	0.8

B. GEOGRAPHIC DISTRIBUTION

During FY 1996, 78.4 percent of newly arrived refugees resettled in 14 States. Florida (17.7 percent) received the largest number of refugees, followed by California (14.9 percent), New York (13.9 percent), Washington (4.7 percent), Texas (4.5 percent), Illinois (3.8 percent), Pennsylvania (2.9 percent), Georgia (2.9 percent), Massachusetts (2.6 percent), Michigan (2.5 percent), Minnesota (2.2 percent), Missouri (2.0 percent), Arizona (1.9 percent), and Virginia (1.8 percent). Table VII presents arrivals by State of initial resettlement for FY 1996.

In FY 1996, the 12 largest source countries (which contributed over 99 percent of FY 1996 arrivals into the U.S.) included the former USSR (31.5 percent), Cuba (21.9 percent), Vietnam (18.3 percent), the former Yugoslavia (12.9 percent), Somalia (6.9 percent), Iraq (2.9 percent), Laos (2.4 percent), Iran (1.3 percent), Sudan (0.6 percent), Haiti (0.4 percent), Ethiopia (0.2 percent), and Rwanda (0.1 percent). Table VIII presents arrivals by country of origin for FY- 1996 with both the former USSR and the former Yugoslavia disaggregated.

Florida received more Cubans and Haitians than all other States combined. California received more Ethiopians, Iranians, Laotians, Somalis, and Vietnamese than any other State. Texas received more Sudanese than any other State. New York received more arrivals from the former USSR than any other State. Illinois received more arrivals from the former Yugoslavia than any other State. Michigan received more arrivals from Iraq than any other State. Pennsylvania received more arrivals from Rwanda than any other State.

Arrivals from the leading source country, the former USSR, were received primarily by New York (34.8 percent). However, California and Washington also received a relatively large number of arrivals from the former USSR (18.4 percent and 8.2 percent, respectively). Arrivals from the second leading source country, Cuba, were received primarily by Florida (70.0 percent). However, Texas, New Jersey, and New York also received some Cubans (3.0 percent, 3.0 percent, and 2.4 percent, respectively). Arrivals from the third leading source country, Vietnam, were received primarily by California (25.5 percent). However, Texas, Georgia, and Washington also received a relatively large number of arrivals from Vietnam (10.8 percent, 7.0 percent, and 6.9 percent, respectively). Table IX presents the top 12 source country arrivals by State of initial resettlement.

TABLE V

ESTIMATED COSTS OF REFUGEE PROCESSING, MOVEMENT, AND RESETTLEMENT

**FY-1997 AND FY-1998 ESTIMATES
(\$ MILLIONS)**

AGENCY	ESTIMATED FUNDING FY-97⁽¹⁾ (BY ACTIVITY)	ESTIMATED FUNDING FY-98⁽²⁾ (BY ACTIVITY)
DEPARTMENT OF JUSTICE: Immigration and Naturalization Service		
Refugee Processing	15.5	16.5
DEPARTMENT OF STATE: Bureau for Population, Refugee, and Migration		
Refugee Admissions	90.0	102.36
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Administration for Children and Families, Office of Refugee Resettlement⁽³⁾		
Refugee Resettlement	426.613	395.732
TOTAL	532.113	514.592

- (1) Estimates for full fiscal year, based on agencies' projections as of July 1, 1997, for the funded admission of up to 78,000 refugees and 20,000 entrant arrivals, and 6,600 Kurdish asylees.
- (2) Figures are based on the Administration's Budget Request for FY-1998, for the funded admission of up to 75,000 refugees and 20,000 entrant arrivals. At the time this Report was prepared, Congress had not yet completed action on that request.
- (3) Does not include costs associated with the Transitional Assistance for Needy Families (TANF), Medicaid, or SSI programs.

TABLE VI

**DEPARTURE OF UNHCR-REFERRED REFUGEES FOR RESETTLEMENT
FROM JANUARY 1 TO DECEMBER 31, 1996
BY REGION OF ORIGIN AND RESETTLEMENT COUNTRY**

RESETTLEMENT COUNTRIES WITH ANNUAL QUOTAS	SOUTH- EAST ASIA/ OTHER	CPA VIET- NAMESE	CPA LAO	MIDDLE EAST/ SW ASIA	AFRICA	EUROPE, INCLUD- ING FORMER YUGO- SLAVIA	LATIN AMERICA	TOTAL
Australia	122	149	0	1183	482	882	0	2818
Canada	219	53	0	1141	965	634	8	3020
Denmark	2	26	0	445	484	85	0	1042
Finland	0	6	0	589	110	285	0	990
Netherlands	0	1	0	208	52	29	0	290
Norway	0	3	0	354	55	217	0	629
New Zealand	25	36	56	47	189	0	0	353
Sweden	0	11	0	456	195	225	0	887
Switzerland	0	1	0	71	7	12	0	91
United States	26	87	2772	2738	7457	3852	0	16932
Other*	0	107	0	250	326	475	3	1161
TOTAL	394	480	2828	7482	10322	6696	11	28213

* Mainly to France, Japan, Ireland, and the United Kingdom

Source: United Nations High Commissioner for Refugees

TABLE VII

**AMERASIAN, ENTRANT, AND REFUGEE ARRIVALS
BY STATE OF INITIAL RESETTLEMENT FOR FY-96**

STATE	ENTRANT		AMERASIAN		REFUGEE		TOTAL	
	Count	Col %	Count	Col %	Count	Col %	Count	Col %
ALABAMA	55	.3%	25	2.8%	149	.2%	229	.2%
ALASKA	0	.0%	0	.0%	45	.1%	45	.0%
ARIZONA	170	1.0%	45	5.0%	1541	2.1%	1756	1.9%
ARKANSAS	9	.1%	0	.0%	69	.1%	78	.1%
CALIFORNIA	329	1.9%	74	8.2%	13482	18.0%	13885	14.9%
COLORADO	0	.0%	12	1.3%	1024	1.4%	1036	1.1%
CONNECTICUT	141	.8%	18	2.0%	636	.9%	795	.9%
DELAWARE	2	.0%	0	.0%	17	.0%	19	.0%
DISTRICT OF COLUMBIA	4	.0%	63	7.0%	655	.9%	722	.8%
FLORIDA	12725	74.0%	52	5.7%	3646	4.9%	16423	17.7%
GEORGIA	91	.5%	107	11.8%	2504	3.3%	2702	2.9%
HAWAII	1	.0%	1	.1%	83	.1%	85	.1%
IDAHO	0	.0%	0	.0%	415	.6%	415	.4%
ILLINOIS	227	1.3%	12	1.3%	3328	4.4%	3567	3.8%
INDIANA	5	.0%	4	.4%	352	.5%	361	.4%
IOWA	2	.0%	17	1.9%	975	1.3%	994	1.1%
KANSAS	9	.1%	8	.9%	473	.6%	490	.5%
KENTUCKY	306	1.8%	3	.3%	1053	1.4%	1362	1.5%
LOUISIANA	72	.4%	38	4.2%	409	.5%	519	.6%
MAINE	0	.0%	0	.0%	152	.2%	152	.2%
MARYLAND	45	.3%	7	.8%	1034	1.4%	1086	1.2%
MASSACHUSETTS	71	.4%	2	.2%	2325	3.1%	2398	2.6%
MICHIGAN	159	.9%	7	.8%	2167	2.9%	2333	2.5%
MINNESOTA	7	.0%	12	1.3%	2056	2.7%	2075	2.2%
MISSISSIPPI	8	.0%	0	.0%	19	.0%	27	.0%
MISSOURI	8	.0%	14	1.5%	1871	2.5%	1893	2.0%
MONTANA	0	.0%	0	.0%	59	.1%	59	.1%
NEBRASKA	32	.2%	14	1.5%	474	.6%	520	.6%
NEVADA	373	2.2%	0	.0%	206	.3%	579	.6%
NEW HAMPSHIRE	0	.0%	2	.2%	215	.3%	217	.2%
NEW JERSEY	307	1.8%	12	1.3%	1267	1.7%	1586	1.7%
NEW MEXICO	334	1.9%	10	1.1%	166	.2%	510	.5%
NEW YORK	392	2.3%	35	3.9%	12464	16.7%	12891	13.9%
NORTH CAROLINA	28	.2%	17	1.9%	966	1.3%	1011	1.1%
NORTH DAKOTA	0	.0%	0	.0%	341	.5%	341	.4%
OHIO	42	.2%	3	.3%	1350	1.8%	1395	1.5%
OKLAHOMA	7	.0%	8	.9%	202	.3%	217	.2%
OREGON	252	1.5%	4	.4%	1367	1.8%	1623	1.7%
PENNSYLVANIA	202	1.2%	20	2.2%	2488	3.3%	2710	2.9%
RHODE ISLAND	4	.0%	0	.0%	99	.1%	103	.1%
SOUTH CAROLINA	6	.0%	1	.1%	78	.1%	85	.1%
SOUTH DAKOTA	0	.0%	0	.0%	287	.4%	287	.3%
TENNESSEE	171	1.0%	36	4.0%	984	1.3%	1191	1.3%
TEXAS	431	2.5%	156	17.2%	3636	4.9%	4223	4.5%
UTAH	1	.0%	16	1.8%	780	1.0%	797	.9%
VERMONT	0	.0%	3	.3%	259	.3%	262	.3%
VIRGINIA	77	.4%	9	1.0%	1616	2.2%	1702	1.8%
WASHINGTON	41	.2%	39	4.3%	4247	5.7%	4327	4.7%
WEST VIRGINIA	0	.0%	0	.0%	12	.0%	12	.0%
WISCONSIN	9	.1%	0	.0%	734	1.0%	743	.8%
PUERTO RICO	42	.2%	0	.0%	29	.0%	71	.1%
UNKNOWN	7	.0%	0	.0%	0	.0%	7	.0%
Table Total	17204	100.0%	906	100.0%	74806	100.0%	92916	100.0%

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.

Source: Department of Health and Human Services, Office of Refugee Resettlement

TABLE VIII

**AMERASIAN, ENTRANT, AND REFUGEE ARRIVALS
BY COUNTRY OF ORIGIN FOR FY-1996**

COUNTRY OF ORIGIN	ENTRANT		AMERASIAN		REFUGEE		TOTAL	
	Count	Col %	Count	Col %	Count	Col %	Count	Col %
AFGHANISTAN	0	.0%	0	.0%	11	.0%	11	.0%
AZERBAIJAN	0	.0%	0	.0%	612	.8%	612	.7%
ALBANIA	0	.0%	0	.0%	26	.0%	26	.0%
ARMENIA	0	.0%	0	.0%	190	.3%	190	.2%
ANGOLA	0	.0%	0	.0%	2	.0%	2	.0%
BOSNIA & HERZEGOVINA	4	.0%	0	.0%	12010	16.1%	12014	12.9%
BURMA	0	.0%	0	.0%	9	.0%	9	.0%
BELARUS	0	.0%	0	.0%	2424	3.2%	2424	2.6%
BULGARIA	0	.0%	0	.0%	1	.0%	1	.0%
BURUNDI	0	.0%	0	.0%	19	.0%	19	.0%
CAMBODIA	0	.0%	0	.0%	5	.0%	5	.0%
ZAIRE	0	.0%	0	.0%	42	.1%	42	.0%
CHINA	0	.0%	0	.0%	3	.0%	3	.0%
CAMEROON	0	.0%	0	.0%	8	.0%	8	.0%
COLOMBIA	0	.0%	0	.0%	3	.0%	3	.0%
CUBA	16866	98.0%	0	.0%	3488	4.7%	20354	21.9%
ESTONIA	0	.0%	0	.0%	139	.2%	139	.1%
ERITREA	0	.0%	0	.0%	21	.0%	21	.0%
ETHIOPIA	0	.0%	0	.0%	170	.2%	170	.2%
GEORGIA	0	.0%	0	.0%	246	.3%	246	.3%
HAITI	322	1.9%	0	.0%	62	.1%	384	.4%
IRAN	0	.0%	0	.0%	1249	1.7%	1249	1.3%
IRAQ	1	.0%	0	.0%	2690	3.6%	2691	2.9%
KENYA	0	.0%	0	.0%	6	.0%	6	.0%
KYRGYZSTAN	0	.0%	0	.0%	223	.3%	223	.2%
KAZAKHSTAN	0	.0%	0	.0%	612	.8%	612	.7%
LAOS	0	.0%	0	.0%	2203	2.9%	2203	2.4%
LATVIA	0	.0%	0	.0%	392	.5%	392	.4%
LITHUANIA	0	.0%	0	.0%	105	.1%	105	.1%
LIBERIA	0	.0%	0	.0%	42	.1%	42	.0%
MOLDOVA	0	.0%	0	.0%	1188	1.6%	1188	1.3%
MAURITANIA	0	.0%	0	.0%	1	.0%	1	.0%
MONTENEGRO	0	.0%	0	.0%	4	.0%	4	.0%
NIGERIA	0	.0%	0	.0%	85	.1%	85	.1%
NICARAGUA	0	.0%	0	.0%	25	.0%	25	.0%
POLAND	0	.0%	0	.0%	9	.0%	9	.0%
ROMANIA	0	.0%	0	.0%	12	.0%	12	.0%
RUSSIA	0	.0%	0	.0%	7155	9.6%	7155	7.7%
RWANDA	0	.0%	0	.0%	129	.2%	129	.1%
SIERRA LEONE	0	.0%	0	.0%	24	.0%	24	.0%
SOMALIA	0	.0%	0	.0%	6440	8.6%	6440	6.9%
SERBIA	0	.0%	0	.0%	3	.0%	3	.0%
SUDAN	0	.0%	0	.0%	583	.8%	583	.6%
UNITED ARAB EMIRATES	0	.0%	0	.0%	5	.0%	5	.0%
TAJIKISTAN	0	.0%	0	.0%	167	.2%	167	.2%
TOGO	0	.0%	0	.0%	14	.0%	14	.0%
TURKEY	0	.0%	0	.0%	1	.0%	1	.0%
TURKMENISTAN	0	.0%	0	.0%	85	.1%	85	.1%
UGANDA	0	.0%	0	.0%	15	.0%	15	.0%
UKRAINE	0	.0%	0	.0%	12769	17.1%	12769	13.7%
USSR	0	.0%	0	.0%	268	.4%	268	.3%
UZBEKISTAN	0	.0%	0	.0%	2696	3.6%	2696	2.9%
VIETNAM	9	.1%	906	100.0%	16107	21.5%	17022	18.3%
YEMEN	0	.0%	0	.0%	8	.0%	8	.0%
UNKNOWN	2	.0%	0	.0%	0	.0%	2	.0%
Table Total	17204	100.0%	906	100.0%	74806	100.0%	92916	100.0%

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.
Source: Department of Health and Human Services, Office of Refugee Resettlement

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TABLE IX

TOP 12 SOURCE COUNTRY ARRIVALS
BY STATE OF INITIAL RESETTLEMENT, FY-1996

	USSR	CUBA	VIETNAM	YUGO SLAVIA	SOMALIA	IRAQ	LAOS	IRAN	SUDAN	HAITI	ETHI OPIA	RWANDA	OTHER	TOTAL
STATE														
ALABAMA	20	70	123	16	0	0	0	0	0	0	0	0	0	229
ALASKA	30	0	4	4	0	0	0	7	0	0	0	0	0	45
ARIZONA	258	216	284	574	171	186	17	21	17	2	1	0	9	1756
ARKANSAS	6	9	51	0	0	0	12	0	0	0	0	0	0	78
CALIFORNIA	5394	389	4338	782	917	160	995	783	34	0	59	2	32	13885
COLORADO	410	28	275	231	21	27	15	5	11	2	3	6	2	1036
CONNECTICUT	279	202	100	123	47	0	7	7	18	4	0	1	7	795
DELAWARE	12	2	0	2	0	0	0	0	3	0	0	0	0	19
DISTRICT OF COLUMBIA	0	13	363	62	124	89	15	5	21	0	2	0	28	722
FLORIDA	349	14259	595	713	15	63	25	16	10	330	16	1	31	16423
GEORGIA	201	171	1189	409	606	48	10	30	14	0	13	4	7	2702
HAWAII	0	1	84	0	0	0	0	0	0	0	0	0	0	85
IDAHO	46	19	64	255	0	25	0	0	1	0	0	4	1	415
ILLINOIS	1304	278	237	1395	138	158	1	12	6	1	7	7	23	3567
INDIANA	129	11	59	121	0	28	0	1	5	0	0	0	7	361
IOWA	30	2	390	381	111	1	54	0	22	0	0	0	3	994
KANSAS	42	9	381	8	24	3	6	1	11	0	0	0	5	490
KENTUCKY	119	368	172	464	119	96	6	0	7	0	0	5	6	1362
LOUISIANA	2	90	346	29	0	4	45	0	0	3	0	0	0	519
MAINE	41	7	7	14	38	0	0	1	25	0	0	6	13	152
MARYLAND	465	70	106	74	287	1	6	32	1	2	7	1	34	1086
MASSACHUSETTS	1344	78	393	222	286	38	26	2	0	2	1	0	6	2398
MICHIGAN	448	215	246	580	164	594	46	5	2	0	2	0	31	2333
MINNESOTA	638	7	276	229	529	4	307	4	66	0	11	0	4	2075
MISSISSIPPI	0	7	19	0	0	0	0	0	0	1	0	0	0	27
MISSOURI	235	69	369	716	283	137	37	2	10	0	7	5	23	1893
MONTANA	47	0	6	6	0	0	0	0	0	0	0	0	0	59
NEBRASKA	34	60	267	44	0	115	0	0	0	0	0	0	0	520
NEVADA	3	447	44	48	14	6	0	8	6	0	3	0	0	579
NEW HAMPSHIRE	21	0	86	101	0	0	0	0	0	0	0	6	3	217
NEW JERSEY	590	566	260	111	11	24	0	1	8	10	0	0	5	1586
NEW MEXICO	5	405	89	0	0	8	1	0	0	0	0	0	2	510
NEW YORK	10200	486	397	1153	300	92	17	195	15	14	1	0	21	12891
NORTH CAROLINA	108	129	397	167	173	0	30	1	1	0	0	4	1	1011
NORTH DAKOTA	21	33	6	126	129	6	0	0	19	0	0	0	1	341

TABLE IX (CONTINUED)

**TOP 12 SOURCE COUNTRY ARRIVALS
BY STATE OF INITIAL RESETTLEMENT, FY-1996**

	USSR	CUBA	VIETNAM	YUGO SLAVIA	SOMALIA	IRAQ	LAOS	IRAN	SUDAN	HAITI	ETHI OPIA	RWANDA	OTHER	TOTAL
STATE														
OHIO	871	42	158	201	40	56	6	2	5	0	2	1	11	1395
OKLAHOMA	1	7	197	8	0	1	3	0	0	0	0	0	0	217
OREGON	805	252	277	141	112	16	6	7	1	0	3	0	3	1623
PENNSYLVANIA	1425	217	386	395	96	124	3	5	0	5	0	46	8	2710
RHODE ISLAND	71	4	0	3	0	0	24	0	0	0	0	0	1	103
SOUTH CAROLINA	22	6	41	8	0	0	8	0	0	0	0	0	0	85
SOUTH DAKOTA	65	19	0	91	0	25	0	5	80	0	1	0	1	287
TENNESSEE	56	227	302	165	239	144	0	2	39	1	1	11	4	1191
TEXAS	219	581	1847	744	428	193	33	25	82	0	23	10	38	4223
UTAH	76	17	158	310	146	59	0	21	8	0	0	0	2	797
VERMONT	21	0	80	161	0	0	0	0	0	0	0	0	0	262
VIRGINIA	224	96	362	197	647	84	22	20	22	2	1	4	21	1702
WASHINGTON	2411	88	1177	354	162	76	13	23	9	0	6	5	3	4327
WEST VIRGINIA	0	0	0	12	0	0	0	0	0	0	0	0	0	12
WISCONSIN	173	9	14	71	63	0	407	0	4	0	0	0	2	743
PUERTO RICO	0	71	0	0	0	0	0	0	0	0	0	0	0	71
UNKNOWN	0	2	0	0	0	0	0	0	0	5	0	0	0	7
Table Total	29271	20354	17022	12021	6440	2691	2203	1249	583	384	170	129	399	92916

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.

Source: Department of Health and Human Services, Office of Refugee Resettlement

THE WHITE HOUSE

WASHINGTON

July 30, 1997

228995

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER 
JOHN HILLEY 

SUBJECT: Proposed Refugee Admissions for FY 1998

Purpose

To obtain your approval to consult with Congress on proposed refugee admissions for FY 1998.

Background

The Immigration and Nationality Act requires the President to determine, before the beginning of each fiscal year, the number and allocation of refugees who will be authorized to be admitted and resettled in the United States during the coming year. If you so authorize, a process of formal congressional consultation will begin shortly and will lead to a Presidential Determination regarding the program for FY 1998.

The Refugee Program is designed to identify and provide protection to refugees located overseas by bringing such persons to the United States and granting them permanent status here. It co-exists with but is distinct from the asylum process, which permits persons who are already within the United States to seek the permanent protection of our country.

We can resettle only a small fraction of the world's more than 13 million refugees. We have traditionally based our annual allocations on criteria that include historical and familial associations between the affected population and the United States, foreign policy/national security concerns, congressional sentiment and the threats faced by the affected population. In recent years, we have increased our collaboration with the Office of the United Nations High Commissioner for Refugees (UNHCR) in identifying those persons in greatest need of resettlement.

cc: Vice President
Chief of Staff

The Departments of State, Justice, and Health and Human Services propose a refugee admissions ceiling of 78,000 for FY 1998. This ceiling is equal to that adopted for FY 1997. However, it represents a reduction from previous years. This general downward trend over the past several years is largely the consequence of our completion of resettlement commitments made during the Cold War to former Vietnamese political prisoners and Soviet Jews. Despite this trend, the United States remains the world's leader in the resettlement of refugees.

Regional Breakdown of FY '98 Numbers

The authorization of 78,000 for FY 1998 would be allocated by region as follows: 7,000 for Africa; 14,000 for East Asia; 46,000 for Europe; 4,000 for Latin America and the Caribbean; 4,000 for the Near East and South Asia and 3,000 for Unallocated Reserve.

There are three notable differences between these proposed ceilings for FY 1998 and the projected admissions for FY 1997. First, there is a proposed increase from about 9,000 to 14,000 for East Asia to accommodate the admission of Vietnamese refugees under a new resettlement program. This program successfully encouraged the return to Vietnam of Vietnamese in refugee camps in Southeast Asia. Second, the agencies recommend an increase from about 20,000 to 25,000 for the former Yugoslavia. Third, the agencies propose a decrease from about 26,600 to 21,000 for the former Soviet Union. This decrease is largely the result of a declining applicant pool as well as the post-Cold War political evolution in the former Soviet Union.

RECOMMENDATION

That you sign the attached memorandum to the Secretary of State authorizing congressional consultations on the FY 1998 Refugee Admissions Program.

Attachments

Tab A Memorandum to the Secretary of State

Tab B Materials Provided by the Department of State

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: FY 1998 Refugee Admissions Consultations

In accordance with Section 207 of the Immigration and Nationality act, you are authorized to consult with the appropriate committees of the Congress concerning refugee admissions as follows:

1. The authorization of 78,000 refugee admissions during FY 1998, which would be allocated by specific region as follows: 7,000 for Africa; 14,000 for East Asia (including Amerasians); 4,000 for Latin America and the Caribbean; 4,000 for the Near East; 46,000 for the former Soviet Union and Eastern Europe; and 3,000 for the Unallocated Reserve. The recommended level of funded admissions is equal to the level assumed in the FY 1998 budget request.
2. The authorization of an additional 10,000 refugee admission numbers to be made available for the adjustment to permanent resident status of persons who have been granted asylum in the United States.
3. The designation, pursuant to section 101(a) 42 (B) of the Immigration and nationality Act (INA), of persons in Cuba, Vietnam, and the former Soviet Union who, if they otherwise qualify for admission as refugees, may be considered refugees under the INA even though they are still within their country of nationality or habitual residence.

cc: The Attorney General
The Secretary of Health and Human Services



United States Department of State

Washington, D.C. 20520

4961

July 16, 1997

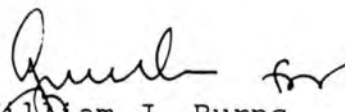
UNCLASSIFIED

MEMORANDUM FOR GLYN T. DAVIES
EXECUTIVE SECRETARY
THE NATIONAL SECURITY COUNCIL

SUBJECT: FY 1998 Refugee Admission Numbers

The Immigration and Nationality Act requires the President to determine, before the beginning of each fiscal year, the number and allocation of refugees that will be authorized for admission and resettlement in the United States during the coming year.

The Departments of State, Justice, and Health and Human Services have consulted with concerned private voluntary resettlement organizations, representatives of state and local governments and, on an informal basis, members of Congress. As a result of these consultations, and interagency agreement, the Department is recommending a refugee admissions ceiling for Fiscal Year 1998 of 78,000 (including a small group of Amerasians from Vietnam). The table at Tab 1 presents a proposed admissions allocation. Tab 2 is a draft memorandum from the President to the Secretary of State authorizing consultations with Congress on FY 1998 admissions. Tab 3 is a proposed final draft of the President's Report to Congress which includes a detailed description of the various programs and justification for the regional allocations. The recommended level of funded admissions is commensurate with the level assumed in the State Department and HHS FY 1998 budget requests.


William J. Burns
Executive Secretary

Attachments:

- Tab 1 - Admissions Table
- Tab 2 - Draft Memorandum for the Secretary of State
- Tab 3 - FY 1998 Report to Congress

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PROPOSED FY 1998 REFUGEE ADMISSIONS

Africa	7,000	
East Asia	14,000*	
Former Soviet Union/Eastern Europe	45,000 ²	46,000
Latin America/Caribbean	4,000	
Near East	4,000	
Unallocated Reserve	<u>4,000²</u>	3,000
Total	78,000	

* This figure includes Amerasians and their family members who under a special statutory provision are admitted as immigrants but receive the same benefits as refugees.

** Includes an Unallocated Reserve of ~~1,000 funded~~² numbers and 3,000 unfunded numbers, the latter to be used only if both DOS and HHS have sufficient resources from existing appropriations, and only upon notification to Congress.

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: FY 1998 Refugee Admissions Consultations

In accordance with Section 207 of the Immigration and Nationality Act, you are authorized to consult with the appropriate committees of the Congress concerning refugee admissions as follows:

1. The authorization of 78,000 refugee admissions during FY 1998, which would be allocated by specific region as follows: 7,000 for Africa; 14,000 for East Asia (including Amerasians); 4,000 for Latin America and the Caribbean; 4,000 for the Near East; ~~45,000~~² for the former Soviet Union and ~~4,000~~^{46,000} Eastern Europe; and ~~4,000~~^{3,000} for the Unallocated Reserve. The recommended level of funded admissions is equal to the level assumed in the FY 1998 budget request.
2. The authorization of an additional 10,000 refugee admission numbers to be made available for the adjustment to permanent resident status of persons who have been granted asylum in the United States.
3. The designation, pursuant to section 101(a)(42)(B) of the Immigration and Nationality Act (INA), of persons in Cuba, Vietnam, and the former Soviet Union who, if they otherwise qualify for admission as refugees, may be considered refugees under the INA even though they are still within their country of nationality or habitual residence.

cc: The Attorney General
The Secretary of Health and Human Services

**REPORT TO THE CONGRESS
ON
PROPOSED REFUGEE ADMISSIONS
FOR FISCAL YEAR 1998**

SUBMITTED
ON BEHALF OF THE PRESIDENT OF THE UNITED STATES
TO THE COMMITTEES ON THE JUDICIARY,
UNITED STATES SENATE AND
UNITED STATES HOUSE OF REPRESENTATIVES,
IN FULFILLMENT OF THE REQUIREMENTS OF
SECTION 207(e) (1)-(7)
OF THE
IMMIGRATION AND NATIONALITY ACT

**Department of State
Department of Justice
and
Department of Health and Human Services**

July 1997



1998 Report to the Congress

THE REPORT TO THE CONGRESS ON PROPOSED REFUGEE ADMISSIONS FOR FISCAL YEAR (FY) 1998 is submitted in compliance with Section 207(e) of the Immigration and Nationality Act (INA). The Act requires that before the start of the fiscal year and, to the extent possible, at least two weeks prior to Consultations on refugee admissions, members of the Committees on the Judiciary of the Senate and the House of Representatives be provided with the following information:

- (1) A description of the nature of the refugee situation;
- (2) A description of the number and allocation of the refugees to be admitted and an analysis of conditions within the countries from which they came;
- (3) A description of the plans for their movement and resettlement and the estimated cost of their movement and resettlement;
- (4) An analysis of the anticipated social, economic, and demographic impact of their admission to the United States¹;
- (5) A description of the extent to which other countries will admit and assist in the resettlement of such refugees;
- (6) An analysis of the impact of the participation of the United States in the resettlement of such refugees on the foreign policy interests of the United States; and
- (7) Such additional information as may be appropriate or requested by such members.

¹ Detailed discussion of the anticipated social and economic impact, including secondary migration, of the admission of refugees to the United States is being provided in the *Report to the Congress* of the Refugee Resettlement Program, Office of Refugee Resettlement, Department of Health and Human Services.

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FOREWORD

The annual Congressional consultations on refugee admissions provide an opportunity for the Congress and the Administration to focus on the domestic and international implications of U.S. refugee policy, and marks the culmination of a many-faceted consultative process for FY-1998.

During the course of the current fiscal year, Administration officials have had periodic discussions with Members and staff of the House and Senate Judiciary Committees, the Senate Foreign Relations Committee, the House International Relations Committee, the House and Senate Appropriations Committees and other interested Congressional committees. In addition, we have received input from representatives of state and local governments, public interest groups, private voluntary organizations, mutual assistance associations, and other organizations concerned with refugees.

The Administration is committed to strengthening the effectiveness of U.S. refugee admissions and assistance programs consistent with domestic and international concerns within a humanitarian framework. The task of balancing these concerns has become increasingly challenging because of the sizable number of refugees requiring assistance in an era of budgetary constraints. Nevertheless, the United States remains, by a wide margin, the largest resettlement country in the world, while at the same time contributing to life-sustaining assistance programs which have an impact on millions of refugees and displaced persons.

This document presents the President's admissions proposal for FY-1998. It is intended to initiate the Congressional consultations process set out in Section 207 of the Refugee Act of 1980 and to elicit responses from the House and Senate Judiciary Committees and others interested in refugee policies and programs. After receiving the views of the Congress, the President will determine refugee admissions levels and allocations for FY-1998.

I. REFUGEE ADMISSIONS PROGRAM FOR FY-1997

A. OVERVIEW OF U.S. REFUGEE POLICY

Resettlement in third countries, including the United States, is considered for refugees in urgent need of protection, refugees for whom the other durable solutions are not feasible, and refugees able to join close family members. In seeking durable solutions for refugees, the United States gives highest priority to the safe, voluntary return of refugees to their homelands. This policy, recognized in the Refugee Act of 1980, is also the first priority for the United Nations High Commissioner for Refugees (UNHCR). If safe, voluntary repatriation is not feasible, settlement in countries of asylum within the region is sought as the next preferred alternative.

At the end of 1996, the United Nations High Commissioner for Refugees estimated the world's population of refugees and asylum seekers to be over 13.6 million. Persons displaced within their own countries by war, famine and civil unrest may exceed that number. The United States works with other governments and international and private organizations to protect refugees, displaced persons, and conflict victims and strives to ensure that survival needs for food, health care and shelter are met. Under the authority contained in the Migration and Refugee Assistance Act of 1962, as amended, the United States contributes to the international activities of the UNHCR, the International Committee of the Red Cross (ICRC), the International Organization for Migration (IOM), and other international and private organizations which provide ongoing relief and assistance to refugees, displaced persons, and conflict victims. The United States has been instrumental in mobilizing a community of nations to work through these and other organizations in alleviating the misery and suffering of refugees throughout the world. We continue to press for the most effective use of international resources directed to the urgent needs of refugees and displaced persons. During FY-1997, the United States has supported major relief and repatriation programs in Africa, Europe, Central America, Southeast Asia, South Asia and the Near East.

The United States considers for admission as refugees persons of special humanitarian concern who can establish persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion. The legal basis of the refugee admissions program is the Refugee Act of 1980 which embodies the American tradition of granting refuge to diverse groups suffering or fearing persecution. The Act in essence adopted the definition of "refugee" contained in the United Nations Convention and Protocol relating to the Status of Refugees. The definition, which may be found in Section 101(a)(42) of the Immigration and Nationality Act (INA), as amended, is as follows:

"The term 'refugee' means: (A) any person who is outside any country of such person's nationality or, in the case of a person having no nationality, is outside any country in which such person last habitually resided, and who is unable or unwilling to return to, and is unable or unwilling to avail himself or herself of the protection of, that country because of persecution or a well-founded fear of persecution on account of race,

religion, nationality, membership in a particular social group, or political opinion, or (B) in such circumstances as the President after appropriate consultation (as defined in section 207 (e) of this Act) may specify, any person who is within the country of such person's nationality or, in the case of a person having no nationality, within the country in which such person is habitually residing, and who is persecuted or who has a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

The term 'refugee' does not include any person who ordered, incited, assisted, or otherwise participated in the persecution of any person on account of race, religion, nationality, membership in a particular social group, or political opinion.

For purposes of determinations under this Act, a person who has been forced to abort a pregnancy or to undergo involuntary sterilization, or who has been persecuted for failure or refusal to undergo such a procedure or for other resistance to a coercive population control program, shall be deemed to have been persecuted on account of political opinion, and a person who has a well-founded fear that he or she will be forced to undergo such a procedure or be subject to persecution for such failure, refusal or resistance shall be deemed to have a well-founded fear of persecution on account of political opinion."

With regard to refugees resettled in the United States, the U.S. Government aims to promote economic self-sufficiency as quickly as possible, limiting the need for public assistance and encouraging refugees to contribute to the diversity and enrichment of our country as previous newcomers have. Federally-funded programs administered by the States have provided cash and medical assistance, training programs, employment and other support services to many refugees upon arrival in the United States. A variety of institutional providers have performed these services, including private voluntary agencies who also perform initial reception and placement services under cooperative agreements with the Department of State. All of these benefits are intended for short-term utilization during a refugee's transition to becoming an independent, contributing member of the national economy and of American society.

TABLE I

REFUGEE ADMISSIONS IN FY-1996 AND FY-1997
PROPOSED CEILINGS IN FY-1998

REGION	FY-1996 ACTUAL	FY - 97 CEILING	FY - 97 PROJECTION (AS OF 7/1/97)	PROPOSED FY - 1998 CEILING	
Africa	7,502	7,000	5,997	7,000	
East Asia	19,234	10,000	9,063	14,000	
Europe	41,617	48,000	47,059	45,000 ^e	46,000
Former Yugoslavia		(18,000)	(20,366)	(25,000)	
Former Soviet Union		(30,000)	(26,693)	(20,000)	21,000
Latin America/Caribbean	3,541	4,000	3,198	4,000	
Near East/South Asia	3,788	4,000	3,405	4,000	
Unallocated	0	5,000*	-	4,000**	3,000
Total	75,682	78,000*	68,722	78,000**	

* Includes Unallocated Reserve of 2,000 funded numbers and 3,000 unfunded numbers to be used only if DOS and HHS both have sufficient resources from existing appropriations, and only after notifying Congress. Shortfalls in some regional programs in FY 97 will probably make it possible to use some of those numbers.

** Includes Unallocated Reserve of ~~1,000 funded numbers and~~ 3,000 unfunded numbers, to be used only if both DOS and HHS have sufficient resources from existing appropriations, and only upon notification to Congress.

The President proposes to respond to the humanitarian needs of refugees by establishing for FY-1998 an admissions ceiling of 78,000 refugees for permanent resettlement in the United States. Allocations within this ceiling are shown in Table II below:

TABLE II
PROPOSED CEILINGS
FOR REFUGEE ADMISSIONS IN FY-1998

REGION OF ORIGIN	CEILING	
Africa	7,000	
East Asia	14,000**	
Europe	45,000	46,000
Latin America/Caribbean	4,000	
Near East/South Asia	4,000	
Unallocated Reserve	4,000 *	3,000
TOTAL	78,000*	

* In addition to the 75,000 admissions numbers that are funded under the President's Budget Proposal, we propose to make an additional 3,000 admissions numbers available if needed and if necessary funding can be identified within existing appropriations for the Departments of State and Health and Human Services. The Department will notify Congress should use of this contingency become necessary.

** This figure includes Amerasians and their family members who enter as immigrants under a special statutory provision but receive the same benefits as refugees.

The President also proposes to specify that special circumstances exist so that, for the purpose of admission under the limits established above and pursuant to section 101(a)(42)(B) of the INA, certain persons, if they otherwise qualify for admission, may be considered as refugees of special humanitarian concern to the United States even though they are still within their countries of nationality or habitual residence. The nationalities proposed for in-country processing for FY-1998 are persons in Cuba, Vietnam and the former Soviet Union.

In addition to the proposed admission of refugees from abroad, the Immigration and Naturalization Service (INS) will be authorized to adjust to the status of permanent resident alien 10,000 persons who have been granted asylum in the United States and have been in the United States for at least one year, pursuant to Section 209(b) of the Immigration and Nationality Act.

In the regional descriptions which follow, an overview of refugee-generating conditions is provided. In addition, opportunities for voluntary repatriation, resettlement within the region, and third-country resettlement are noted.

B. RESETTLEMENT NEEDS IN FY-1998

1. AFRICA

With some 4.9 million refugees, sub-Saharan Africa hosts one-third of the world's refugees and a much greater share of the world's internally displaced persons. African nations generally support the principle of first asylum, with nearly all the continental nations hosting refugees. Sadly, about half of the countries of the continent have generated those refugees.

Refugee flows in both directions continue with voluntary repatriation increasing. As of mid-1997, an estimated 640,000 refugees from Rwanda, Burundi, and the Democratic Republic of the Congo (formerly Zaire) were in uncertain asylum. Conflicts in Burundi and Sierra Leone are creating still more refugees and displaced persons. The cease-fire/peace agreement in Liberia was still holding, and some disarmament/demobilization had occurred, paving the way for elections and the potential repatriation of some 700,000 Liberian refugees. Expanding warfare in Sudan was the significant exception to a brighter outlook for the Horn of Africa.

Voluntary Repatriation

Many of Africa's long-term refugees have been able to return home. By mid-1997, more than 1.3 million Rwandan refugees were able to return home from Burundi, the Democratic Republic of the Congo (formerly Zaire) and Tanzania. The Horn of Africa presented good prospects for accelerated repatriation to Ethiopia, and northern Somalia. In addition, repatriations of Mauritians, Malians, and Togolese are underway in 1997. Prospects for voluntary repatriation of some 300,000 Sierra Leonean refugees seemed promising until the events of May and June.

Resettlement within the Region

The historical tolerance of most African nations toward hosting long-term refugees has eroded significantly over the past few years. As there continues to be an expectation that most refugees will eventually return home, African nations continue to be unwilling to provide durable solutions to refugee situations through the granting of citizenship and permanent local integration.

Third-Country Resettlement

Continuing ethnic tension, human rights abuses, competition for resources, environmental degradation, political change, religious intolerance and the easy availability of modern weaponry can be expected to generate substantial numbers of additional refugees for the foreseeable future. Third-country resettlement may be necessary for the protection of some refugees and/or as a durable solution for some groups for whom repatriation is not a viable option. Political dissidents who are unwelcome in prospective asylum countries, urbanized refugees who seek to remain in urban areas rather than assimilate into rural settlements as most governments prefer or require, and refugees such as those belonging to clan groups associated with deposed government leaders (but who are themselves innocent of any perceived or actual wrongdoing) for whom voluntary

repatriation and local integration appear to be nearly impossible, are representative of those who will need third-country resettlement during FY-98. Third-country resettlement becomes more important in the final resolution of refugee situations, as the last remaining populations often are those who cannot return home safely for security or other reasons.

U.S. Admissions

Virtually all refugee admissions processing in Africa is coordinated by the U.S. Embassy in Nairobi, assisted by a Joint Voluntary Agency or "JVA" (representing all U.S. private voluntary agencies involved in resettlement) working under a cooperative agreement with the Department of State. In addition to conducting refugee admissions processing in Nairobi, JVA staff visit numerous countries in the region each year to prepare casework for refugees referred to the U.S. program by the United Nations High Commissioner for Refugees (UNHCR) or who have close family links to the U.S. Refugee applications are then adjudicated by officers of the Immigration and Naturalization Service (INS) who make periodic "circuit rides" to countries in which there are groups of refugee applicants or to locations where UNHCR has brought applicants for interview.

FY-1997 Program

Approximately 6,200 African refugees are expected to be admitted to the U.S. in FY-97, including about 4,500 Somalis and smaller groups of African refugees from Sudan, Liberia, Sierra Leone, Nigeria, Ethiopia, Rwanda, and other countries.

The expansion of the African resettlement program and greater reliance on UNHCR identification and referral of individual refugees and groups for whom third-country resettlement is the only viable durable solution have resulted in a more flexible program. This is the second year in which the majority of the African refugees admitted will have been UNHCR referrals. Teams of U.S. caseworkers and INS officers will visit a number of countries in 1997 to process discrete caseloads that have been referred to the U.S. by UNHCR, resulting in a more diverse African caseload than in previous years. In addition, UNHCR referred a large group of Barawan (a non-Somali ethnic minority from Somalia) in Mombasa, Kenya to the U.S. program. The U.S. continues to work closely with UNHCR to enhance the awareness of UNHCR protection officers of U.S. resettlement as a viable option for resolving certain refugee protection cases. We expect that this greater coordination with UNHCR will continue to lead to greater congruence between groups of refugees recommended by that agency for third-country resettlement and those considered by the U.S. program. The U.S. is supporting two UNHCR Resettlement Officers, under the UNHCR Junior Professional Officer program, in Dakar and Addis Ababa to enhance UNHCR's ability to identify and refer refugees in need of resettlement.

FY-1998 Proposal

We propose to maintain the ceiling of 7,000 African refugees for FY-98. The caseload would consist of Sudanese, Burundi, Ethiopians, Sierra Leoneans, Togolese, Congolese (formerly Zairians), residual Liberian family reunification cases and others referred by UNHCR. The latter group may include some individuals of refugee groups for whom voluntary repatriation is underway (such as Malians, Eritreans, Somalis, or Mauritians) but for whom return is not feasible in their particular situation.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One processing. In FY-98 those nationalities eligible for family reunification (Priority 3) include countries currently undergoing active conflict -- namely Burundi, Sierra Leone, and Sudan. The criteria for family reunification eligibility (Priority 3) has been expanded to include refugees for whom a UNHCR organized repatriation program has been launched and is essentially completed. This latter category includes Togo and Ethiopia. Given the positive changes in Liberia over the past year, the absence of active fighting, and the return of relative stability, the current Liberian family reunification program will be phased out as of December 31, 1997. Refugees for whom affidavits of relationship have been filed with voluntary agencies prior to December 31, 1997, will continue to be processed in FY 98.

2. EAST ASIA

First Asylum

Over the course of the past year, nearly all of the remaining Indochinese asylum seekers from first-asylum camps in Southeast Asia and Hong Kong have either resettled in third countries or returned to their countries of origin. Most notably, over 27,000 screened-out Vietnamese (those found not to be refugees under the screening process established pursuant to the Comprehensive Plan of Action (CPA)) have returned to Vietnam since April 1996. Camps for Vietnamese asylum seekers in Indonesia, Malaysia, Singapore, and Thailand are closed. In addition, some 3,000 Lao refugees were resettled in the U.S. and the final Lao camp in Thailand is scheduled to close in September 1997.

As of July 1, 1997, there were approximately 1,000 Vietnamese asylum seekers in Hong Kong, most of whom had been determined to be refugees, but ineligible for admission to resettlement in the United States under U.S. law. As of July 1, approximately 204 screened-out asylum seekers were awaiting return to Vietnam, but were delayed pending resolution of medical and judicial cases. Vietnam has rejected an additional 514 screened-out ethnic Chinese asylum seekers as not being Vietnamese nationals. In the last few weeks before Hong Kong's reversion to China, the U.S. accepted 260 individuals for resettlement, principally Nung who had been associated with the U.S. during the Vietnam War. The eventual resolution of the status of the remaining screened-in but unresettleable Vietnamese population remains unclear.

There also remain some 2,000 screened-out Vietnamese asylum-seekers in the Philippines. Although the Government of the Philippines has not made an official commitment, it appears likely that this group will be permitted to remain in the Philippines and integrate locally.

Thailand currently hosts some 113,000 Burmese ethnic minorities and students in encampments along its border with Burma, as well as about 800 Burmese students/dissidents in the Bangkok area who are recognized by UNHCR as "persons of concern."

Voluntary Repatriation

Under the CPA, asylum seekers who were found not to be refugees as defined in the 1951 UN Convention on the Status of Refugees and its 1967 Protocol were not considered for third-country resettlement. Instead, they were encouraged to return voluntarily to Vietnam. As of April 25, 1997, more than 105,000 screened-out Vietnamese asylum-seekers have returned to Vietnam from first-asylum camps in Southeast Asia and Hong Kong. Of these, 93,000 -- 89% -- returned voluntarily. UNHCR monitors returnees in Vietnam, and no evidence of a policy or pattern of persecution or discrimination against these repatriates has been documented.

In January 1997, the U.S. negotiated an agreement with Vietnam on the implementation of the Resettlement Opportunity for Vietnamese Returnees (ROVR) inside Vietnam. Under ROVR, returnees to Vietnam were allowed to register for a resettlement interview in Vietnam to determine if they qualified under a broad set of criteria as being "of special interest" to the U.S. This program was designed to encourage the remaining screened-out camp populations to return to Vietnam voluntarily and to ensure that persons of special interest to the U.S. had an opportunity to pursue resettlement once in Vietnam. Some 9,000 individuals registered to participate in ROVR, and an additional 4,500-5,000 who returned between October 1995 and April 1996 may still register. The ROVR interviews began in April 1997 and will continue well into FY-1998.

Since September 1980, a UNHCR program has facilitated the voluntary repatriation of more than 22,000 Lowland Lao, Hmong and other Highlanders from Thailand. There are several reception centers for returnees in Laos, and UNHCR monitors the returnees to ensure their safety.

Resettlement in the Region

The willingness of countries in the region to resettle refugees or even to grant temporary asylum is constrained by security and economic concerns, as well as cultural, religious, and political sensitivities. It now appears likely that the Philippines will quietly integrate some 2,000 Vietnamese migrants who were screened out under the CPA. However, none of the other first-asylum countries who participated in the CPA have been willing as part of the end-game to absorb permanently any of the Indochinese asylum-seekers.

During the past year, Thailand has on several occasions pushed Burmese refugees back across the border into Burma as the Thai government apparently fears another situation like the one created with Vietnamese, Laotians, and Cambodians after 1975. In what has turned out to be an interesting but not very successful experiment, UNHCR facilitated the resettlement of some 300 Bosnian Muslim women and children to Malaysia in 1995. That population has not integrated well and many if not all are now requesting resettlement elsewhere.

Third-Country Resettlement

Under the CPA, resettlement countries agreed to resettle eligible Vietnamese asylum seekers who arrived in Hong Kong prior to June 1988 or in Southeast Asia prior to March 1989. This group was not screened but simply determined to be refugees in the first-asylum countries by virtue of when they arrived. Asylum-seekers arriving after the cutoff dates were screened by the host governments for refugee status.

After the inception of the CPA in 1989, the United States resettled some 17,000 or 34% of the remaining pre-cutoff population and some 13,000 or 39% of the post-cutoff screened-in population (out of 33,000 total screened-in). Between 1980 and 1989 -- prior to the CPA -- the U.S. resettled some 162,000 Vietnamese from first-asylum countries.

A number of other countries also resettled significant numbers of Indochinese asylum-seekers as part of the CPA. The primary participants were Australia, Canada, and France, all of which have resettled well over 100,000 people each since 1975. Belgium, Denmark, Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, and Switzerland have also each resettled thousands during the same period. It is worth noting, however, that the U.S. alone has resettled over 940,000 Indochinese refugees since 1975, a total which surpasses all other third-country resettlement combined.

U.S. Admissions

The U.S. refugee admissions program in Southeast Asia consists of two basic parts: admissions from first-asylum countries to which refugees fled ("first asylum"), and admissions through in-country processing in Vietnam under the Bangkok-based Orderly Departure Program (ODP). Since 1975, the U.S. has resettled some 940,000 Indochinese refugees from first-asylum countries, including 540,000 Vietnamese, 123,000 Lowland Lao, 128,000 Highland Lao (mostly

Hmong), and 150,000 Khmer. Since 1989, admissions of Vietnamese and Lao refugees from first-asylum countries has been carried out in accordance with the CPA.

Under ODP, some 465,000 Vietnamese refugees, immigrants, and parolees have been admitted to the U.S. including approximately 159,000 persons under the Former Re-Education Camp Detainee subprogram, 84,000 under the Amerasian subprogram, and 203,000 under family reunification and other subprograms. (In recent years, family reunification has been accomplished through the issuance of immigrant visas by Consular Officers working under ODP, and IV issuance is no longer tracked as part of ODP refugee statistics. At present, ODP issues approximately 1,000 immigrant visas per month.)

The Amerasian immigrant program remains an integral part of ODP. This program admits Amerasians along with members of their immediate families or foster families for resettlement in the U.S. Although the "Amerasian Homecoming Act" of 1987 designated Amerasians as a special class of immigrant, they are accorded some refugee benefits and are therefore included in the refugee admissions ceiling for consistency with the budgetary process. Large-scale processing of the Amerasian caseload was completed in 1993, although direct registration and processing of the small number of remaining qualified applicants continues.

FY-1997 Program

The FY-97 allocation for East Asia was 10,000. However, the slow start of interviews under ROVR will mean that we do not reach that ceiling. Of the total admitted under the East Asia regional ceiling, some 1,000 admissions will go to Lao and Burmese refugees processed in Thailand. There will also be a handful of admissions of Chinese dissidents from Hong Kong. The remaining numbers will be used by ODP. While admissions from the newest ODP sub-program, ROVR, are likely to start in FY-97, the bulk of the admissions from this sub-program will occur in FY-98 and possibly even FY-99.

FY-1998 Program

The proposed admissions ceiling for East Asia for FY-98 is 14,000.

First Asylum. Direct resettlement from first-asylum countries is not expected to exceed 1,500 refugees and would include Burmese, Chinese, Vietnamese (the last few from first-asylum countries) and Lao.

The Orderly Departure Program (ODP). Projected admissions for FY-98 under ODP are 12,500, which will consist of former re-education camp detainees and former U.S. Government employees in Vietnam, Amerasians and accompanying family members, plus U.S.-interest cases repatriated from first-asylum camps in the region through the ROVR sub-program.

Processing Priorities for FY-1998

All nationalities will remain eligible for Priority One processing in FY-98. In addition, Vietnamese and Burmese will remain eligible under Priority Two. Vietnam will be designated for in-country processing.

3. EUROPE

Former Soviet Union

Over the past year, the countries of the former Soviet Union (FSU) have continued to wrestle with the difficult process of political and economic reform. ^{with} ~~There have been some successes.~~ The new States have pledged to ensure freedom of emigration and have been taking steps in this direction. Moreover, both Russia and Ukraine have taken modest steps to counter ~~such~~ persecution by ^{passing} ~~promulgating~~ laws designed to ensure protection of religious and ethnic minorities.

The post-Soviet political climate has changed tremendously. ^{Greater} Freedom of movement, religion and speech have benefited traditionally persecuted minorities. There is a counterweight to the new freedom and democracy, however. Because of worsened economic conditions and increased lawlessness, extremist "nationalist" groups have surfaced with a hate agenda directed against Jews and "foreign influences." Societal anti-Semitism is no longer restrained by a totalitarian government which pursued its own more subtle version. Hostility against proselytizing by religious sects perceived as "foreign" – a designation applied to, among others, the Evangelical Christian churches, rightly or not – has also ~~been exhibited by some.~~ ^{ar} There have ~~even been~~ initiatives to impose legal restrictions on the activities of foreign missionaries.

Eastern Europe

^{parliamentary} In many countries of Western Europe the proportion of asylum-seekers coming from Eastern Europe has decreased as democratic reforms have taken hold. A notable exception to this trend continues to be persons from the former Yugoslavia, who constitute the majority of the asylum-seeking populations in nearly every country of Western Europe. Nineteen ninety-eight (1998) will be a critical year for both repatriations to the countries of the Former Yugoslavia and for resettlement of those refugees from the Former Yugoslavia who cannot return in safety and security. ^{emerged}

Third-Country Resettlement

In addition to the United States and the countries of Western Europe, Australia and Canada also have resettled Eastern Europeans, and Israel has resettled Soviet Jews and Jews from other countries. Between FY-75 and FY-95, over 135,000 refugees from Eastern Europe and 412,000 refugees from the FSU were resettled in the United States. In recent years, the U.S.

refugee program for the FSU and Eastern Europe has accepted applications principally from nationals of the FSU and from Bosnia.

U.S. Admissions

Former Soviet Union: Refugee admissions processing for the FSU is carried out in Moscow for groups identified in the Lautenberg Amendment: Jews, Evangelical Christians, and certain members of the Ukrainian Catholic and Orthodox Churches. The vast majority of FSU refugees now being interviewed have family ties to the U.S. Currently, there are nearly 24,000 applications on file at the Washington Processing Center which meet the eligibility criteria for the program and are awaiting scheduling of interviews. Approximately 4,500 persons are scheduled for interviews each month. The rate of new applications received from persons meeting the program's eligibility criteria averages 1,500 persons per month. We anticipate that the scheduling backlog will disappear early in FY-98. Since it takes several months from the time of scheduling until INS interviews and local exit formalities are completed, admissions should begin to decrease significantly only toward the very end of FY-98.

Eastern Europe: Until FY-97, this program mainly focused on Bosnian Muslims who fled Bosnia and who fell into processing Priorities One, Three, Four and Five. Under Priority One, persons meeting the following criteria have been considered by the program:

- (1) vulnerable Bosnians referred for resettlement by UNHCR, such as former detainees, torture victims, and women victims of violence;
- (2) Bosnians in mixed marriages of any ethnic background (i.e., Muslim-Serb; Serb-Croat; Muslim-Croat); and
- (3) immediate family members of minor U.S. citizen children, who have been displaced as a result of the fighting in Bosnia-Herzegovina.

Effective January 1, 1997, the State Department announced a new Priority Two program for Bosnians of all ethnicities, which allowed direct registration without UNHCR referral. Those eligible are:

- (1) Former detainees who were held on account of ethnicity or political or religious opinion.
- (2) Victims of torture or systematic violence against members of targeted ethnic groups by governmental authorities or quasi-governmental authorities in areas under their control.
- (3) Surviving spouses of civilians who would have been eligible under these criteria if they had not died or disappeared in detention or as a result of torture or violence.
- (4) Persons in mixed marriages of any ethnic background.

Bosnians with relatives in the United States are now eligible for processing under Priorities Three and Four. Those with aunts, uncles, nieces, nephews and first cousins in the U.S. who filed Affidavits of Relationship notarized before April 1, 1997, are eligible for interview although new registrations will not be accepted.

FY-1997 Program

The combined admissions ceiling for the FSU and Eastern Europe is 48,000 for FY-97. As of the date of preparation of this Report, the Administration projects that approximately 27,000 persons from the Former Soviet Union and approximately 21,000 Bosnians will be admitted. In addition, a small number of immediate relatives of persons admitted to the U.S. in previous years from other Eastern European countries are admitted as refugees annually under the "Visas 93" program.

FY-1998 Proposal

The proposed regional ceiling for Europe is ^{46,000}~~45,000~~. Of this, we expect to admit up to 25,000 refugees from the former Yugoslavia and up to ^{21,000}~~20,000~~ from the former Soviet Union. We believe that this increase in the number of refugees admitted from the former Yugoslavia is a critical element of our support for the Dayton Peace Process and finding durable solutions for those refugees from the former Yugoslavia who cannot return to Bosnia in safety and security. Simultaneously, a continuing decline in the number of new applications from the former Soviet Union likely will mean that backlogs in that program are virtually eliminated during FY-98.

Processing Priorities for FY-1998

Eligibility criteria for the program in FY-98 are as follows: all nationalities will be eligible for Priority One. Persons who were nationals of the former Soviet Union prior to September 2, 1991, will be eligible for Priority Two processing in-country. Bosnians of all ethnic groups will continue to be eligible for Priorities Two, Three and Four to allow reunification of those who have close family ties to the United States, regardless of ethnicity. Those who were the beneficiaries of notarized Affidavits of Relationship filed by aunts, uncles, nieces, nephews, and first cousins before April 1, 1997, but who have not yet been interviewed by the INS will also be eligible. No new Priority Five cases from the Former Yugoslavia will be accepted in FY-98.

4. LATIN AMERICA AND THE CARIBBEAN

The progress toward peace and democracy in the Western Hemisphere in recent years has left only one significant group of refugees in the region--Guatemalans in Mexico. These individuals are expected to repatriate or resettle permanently in Mexico. Underlying tensions, such as those causing insurrections in ~~Peru and Colombia~~, support a continuing need for UNHCR and ICRC activities. The ~~single~~ exception to these positive developments in the hemisphere is the unchanged political and human rights situation in Cuba.

Voluntary Repatriation

In Latin America and the Caribbean, voluntary repatriation has proven to be the durable solution for most refugees.

which has the largest population of internally displaced people in the region,

and Peru

Resettlement in the Region

Resettlement within the region is seen by UNHCR as the first option when repatriation is not possible, although in a very few instances, extra-regional settlement may be needed. Victims of torture and women at risk are considered by UNHCR to be in particular need of extra-regional resettlement because there are not adequate medical or support facilities for these groups.

U.S. Admissions

In recent years, refugee admissions from this region have consisted primarily of Cubans and Haitians. The in-country program in Haiti was closed in early 1995. The Cuban admissions program, originally designed to address the needs of former long-term political prisoners, was expanded in 1991 when the resettlement needs of that population had largely been addressed. The expanded criteria for the in-country program remain in effect. In addition to the in-country program for Cubans in Priority Two (those eligible as "members of a group of special concern"), any Cubans outside Cuba referred to the U.S. program by UNHCR or identified by an Embassy under Priority One also will be considered.

Cubans eligible to apply for admission to the U.S. through the in-country program under Priority Two include the following:

- (1) former political prisoners;
- (2) members of persecuted religious minorities;
- (3) human rights activists;
- (4) forced labor conscripts during the period 1965-1968;
- (5) persons deprived of their professional credentials or subjected to other disproportionately harsh or discriminatory treatment resulting from their perceived or actual political or religious beliefs; and
- (6) others who appear to have a credible claim that they will face persecution as defined in the 1951 UN Convention on the Status of Refugees and its 1967 Protocol.

FY-1997 Program

In FY-97, we anticipated admission of up to 4,000 Cuban refugees. The number admitted may be lower than this projection, however, due to the imposition of extraordinarily high exit fees by the Cuban government. All refugee admissions would be counted towards the bilateral U.S.-Cuba Migration Agreement of September 9, 1994, which provides for the approval of at least 20,000 Cubans annually for legal admission to the U.S. The balance of those admitted are immigrants and parolees.

FY-1998 Proposal

We propose a FY-98 ceiling for Latin America and the Caribbean of 4,000. Virtually all are expected to be admitted via in-country processing in Havana in accordance with the September 9, 1994, U.S.-Cuba Migration Agreement, although individuals of nationalities other

than Cuban will be considered on a case-by-case basis in close coordination with UNHCR. There will continue to be some family reunification from Haiti.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One processing. In addition, Cubans are authorized in-country processing under Priority Two.

5. NEAR EAST AND SOUTH ASIA

Refugees from the Middle East continue to represent a major protection and resettlement caseload, according to UNHCR. The majority of refugees in the region identified for resettlement by UNHCR are Iraqis. Iranians represent the second largest group. In addition to Iraqi refugees remaining in the region from the Gulf War, religious and ethnic minorities who fled persecution in Iraq and Iran have sought refuge in Pakistan, Saudi Arabia, Turkey, Jordan, Syria and other countries in the region. When local integration has proved unworkable, UNHCR has looked at family reunification, protection issues and vulnerability in first-asylum status when determining which individuals to refer to resettlement countries.

Resettlement in the Region

Wherever possible, UNHCR has sought to secure local integration of refugees. However, many countries within the region are not signatories to the 1951 UN Convention on Refugees and its 1967 Protocol. Few countries are willing to offer permanent resettlement to refugees from neighboring countries, but many have been generous in allowing them to remain for long periods.

Third-Country Resettlement

While third-country resettlement is not the preferred solution in most cases, it is the only option for certain refugees at risk in countries of first-asylum.

U.S. Admissions

The Near East/South Asia admissions program primarily addresses the resettlement needs of Iranian and Iraqi refugees dispersed throughout the region and Europe. Most U.S. resettlement processing within the region in recent years has occurred in Turkey, Pakistan, and in the Rafha camp in Saudi Arabia. At the beginning of FY-97, there were fewer than 10,000 Iraqi refugees in Rafha who participated in the unsuccessful uprisings against the regime of Saddam Hussein and subsequently fled Iraq in the wake of the Gulf War. The Rafha camp inhabitants all are considered by UNHCR to be refugees in need of resettlement. UNHCR plans to close Rafha camp by the end of 1997, and has proposed a burdensharing arrangement for the remaining population, including long-term asylum for those who do not wish resettlement outside the region.

The U.S. admissions program maintains refugee processing posts in Turkey, Egypt, Saudi Arabia, and Europe, where Iranian and Iraqi applicants are processed. INS conducts additional interviewing "circuit rides" elsewhere as needed. In FY-97, INS adjudicated refugee cases in Jordan and Syria, with a planned circuit ride to Pakistan late in FY97.

FY-1997 Program

The FY-97 ceiling for the Near East and South Asia is 4,000, which included up to 2,000 Iraqi refugees from the Rafha camp in Saudi Arabia, where the U.S. has participated since 1992 in a multi-country resettlement effort led by UNHCR. International burdensharing continues.

FY-1998 Proposal

We believe the U.S. needs to continue its leadership role in the region to encourage burdensharing. The U.S. will continue to support the UNHCR-led multi-country resettlement effort for Rafha in FY-98. We will admit up to 2,000 Iraqis from Saudi Arabia early in FY-98 to allow UNHCR to close the camp. The proposed FY-98 admissions ceiling for the region is 4,000, the same as in FY-97. Iranians and Iraqis referred by UNHCR elsewhere, Iranian religious minorities, and Iranian and Iraqi refugees following to join relatives already in the U.S. will comprise the remainder of the ceiling.

Processing Priorities for FY-1998

All nationalities are eligible for Priority One Processing. Iraqis will be considered in Priority Three, and Iranians will be considered in Priorities Two and Three.

6. UNALLOCATED RESERVE

Included in the FY-97 admissions program was an unallocated reserve of 2,000 funded admissions which could be used for refugees anywhere in the world. In addition, the President authorized an additional 3,000 admissions that could be used if needed, and if sufficient funds were available, after notifying the Congress. In FY-98, we propose an unallocated reserve of ~~1,000 funded numbers and an additional~~ 3,000 unfunded numbers, to be used only under the same terms as in FY-97. The most likely potential need for these numbers is in East Asia (depending on the speed of implementation of ROVR) and in Europe. In addition, we monitor admissions levels closely and are able to anticipate and respond to shifting needs in time to reallocate numbers.

II. PLANS FOR MOVEMENT AND RESETTLEMENT

A. ADMISSIONS PROCEDURES

1. ELIGIBILITY CRITERIA

Applicants for refugee admission to the United States must meet all of the following criteria:

- (1) Meet the definition of a refugee contained in the Immigration and Nationality Act;
- (2) Be among those refugees determined by the President to be of special humanitarian concern to the United States;
- (3) Be otherwise admissible under United States law; and,
- (4) Not be firmly resettled in any foreign country.

Although a refugee may meet the above criteria, the existence of the U.S. refugee admissions program does not create any entitlement for that person to be admitted to the United States. The admissions program is a legal mechanism for admitting refugees who are among those classes of persons of particular interest to the United States. Applicants who meet the criteria specified above and who fall within the priorities established for the relevant nationality or region, are presented to the INS for determination of eligibility for admission under Section 101(a)(42) of the INA.

2. THE WORLDWIDE PRIORITY SYSTEM

The worldwide processing priority system sets guidelines for the orderly management of refugee applications for admission within the established annual regional ceilings. The priority system has been revised during FY97 to reflect trends over the past several years in the worldwide refugee resettlement caseload and to make it more responsive to evolving needs.

The issues of whether a person meets the definition of a refugee under U.S. law and the priority that person may be assigned for consideration of his case are separate and distinct. Assignment of an individual to a particular processing priority does not reflect any judgment as to whether that individual ultimately will qualify for admission to the U.S. as a refugee, although it may reflect an assessment of the urgency of the need for resettlement. Just as qualifying for refugee status does not confer a right to resettlement in the United States, assignment to a particular priority does not entitle a person to admission to the United States as a refugee.

Beginning in FY97, a member of any nationality may be referred to the U.S. program under Priority One. This reflects the fact that small numbers of many nationalities are found among the group of refugees UNHCR determines to be in need of resettlement. The U.S. intends that its resettlement program should be flexible and available to any Priority One refugee -- regardless of nationality -- referred to it for consideration.

PROCESSING PRIORITIES FOR FY 1998

Priority One

UNHCR-referred or Embassy-identified persons who are facing compelling security concerns in countries of first asylum, in need of legal protection because of dangers of refoulement, or who are in danger due to threats of armed attack in areas where they are located, and former political prisoners.

UNHCR-referred or Embassy-identified persons, including women-at-risk, victims of torture or violence, physically or mentally disabled and persons in urgent need of medical treatment not available in the country of first asylum.

UNHCR-referred or Embassy-identified persons, for whom other durable solutions are not feasible and whose status in the place of asylum does not present a satisfactory long-term solution.

(For certain nationalities-- to be determined before the beginning of each fiscal year -- prior consultation with DOS and INS Washington will be required.)

Priority Two

Within certain nationalities, members of specific groups of special concern to the U.S. (Listing of groups for FY-1997 follows on pages 21 and 22.)

Priority Three

Spouses, unmarried sons and daughters, and parents of persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Unmarried sons and daughters of U.S. citizens and parents of U.S. citizens under the age of 21.

(Note that spouses and children of U.S. citizens and the parents of U.S. citizens who have attained the age of 21 are required by regulation to be admitted as immigrants rather than as refugees.)

Country Programs for FY-98: Bosnia, Burundi, the Democratic Republic of the Congo, Ethiopia, Iran, Iraq, Liberia (Affidavits of Relationship filed through December 31, 1997), Sierra Leone, Sudan, and Togo.

Priority Four

Married sons and daughters, siblings, grandparents, and grandchildren of U.S. citizens and persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Country Programs for FY-98: Bosnia

Priority Five

Aunts, uncles, nieces, nephews, and first cousins of U.S. citizens and persons lawfully admitted to the U.S. as Permanent Resident Aliens, refugees, asylees, conditional residents and certain parolees.

Country Programs for FY-98: Bosnia (Affidavits of Relationship filed before April 1, 1997. No new applications are being accepted.)

PRIORITY TWO GROUPS OF SPECIAL CONCERN FOR FY 1998**Bosnia**

Former detainees who were held on account of ethnicity or political or religious opinion.

Victims of torture or systematic violence against members of targeted ethnic groups by governmental authorities or quasi-governmental authorities in areas under their control.

Surviving spouses of civilians who would have been eligible under these criteria if they had not died or disappeared in detention or as a result of torture or violence.

Persons in mixed marriages of any ethnic background.

Burma

Certain members of ethnic minorities who have actively and persistently worked for political autonomy.

Certain political activists engaged in the pro-democracy movement.

Cuba

In-country processing of:

Former political prisoners, members of persecuted religious minorities, human rights activists, forced-labor conscripts, persons deprived of their professional credentials or subjected to other disproportionately harsh or discriminatory treatment resulting from their perceived or actual political or religious beliefs or activities, dissidents, and other refugees of compelling concern to the U.S.

Former Soviet Union

In-country processing of:

Jews, Evangelical Christians, and certain members of the Ukrainian Catholic or Orthodox Churches.

Iran

Iranian religious minorities.

Vietnam

In-country processing of:

Former re-education camp detainees who spent more than three years in re-education camps subsequent to April 1975 because of pre-1975 association with the USG or the former South Vietnamese government.

Certain former USG employees and other specified individuals or groups of concern.

Returnees from camps of first asylum in Southeast Asia on or after October 1, 1995, who qualify for consideration under the Resettlement Opportunity for Vietnamese Returnees (ROVR) criteria.

On a case-by-case basis, other individuals who have experienced persecution because of post-1975 political, religious, or human rights activities.

3. INS REFUGEE PROCESSING

Section 207 of the Immigration and Nationality Act (INA) grants the Attorney General the authority to admit, at her discretion, any refugee who is not firmly resettled in a third country, who is determined to be of special humanitarian concern, and who is admissible to the United States as an immigrant. This authority has been delegated to the Immigration and Naturalization Service (INS).

In both overseas refugee processing and domestic asylum proceedings, INS has the statutory role of decision maker, determining who meets the requirements for refugee status.

INS Overseas Operations

The INS offices overseas have a variety of responsibilities, administered by three District Offices located in Bangkok, Mexico City, and Rome. One of the most important responsibilities of the INS overseas program is refugee processing. The percentage of time each office devotes to this activity depends on the refugee workload, as well as the staffing pattern and priorities in the office. In FY 97, overseas staffing was augmented by temporary duty personnel from domestic asylum offices. Circuit rides to process refugees are arranged as needed by the INS office having geographic jurisdiction.

Case Presentation to INS

A refugee applicant generally proceeds through the following steps before his interview with an INS officer: an applicant is referred to a voluntary agency or Joint Voluntary Agency (JVA) for pre-screening; if the applicant is of special humanitarian concern and within a processing priority eligible for U.S. consideration, the voluntary agency or JVA prepares the case for submission to INS by assisting the applicant in filling out a request for refugee status, a biographic information form, and other documents.

The Eligibility Determination

Eligibility for refugee status is decided on an individual, case-by-case basis. A personal interview of the applicant is conducted by an INS officer. The interview is non-adversarial and is designed to elicit information about the applicant's claim for refugee status. Questions are asked about the reasons for the applicant's departure from his or her country, political or religious beliefs or activities, and problems or fears the applicant may have had or will have if returned to his or her home country.

The determination of a well-founded fear of persecution requires judging both objective and subjective elements of an applicant's claim. Conditions in the country of origin are taken into consideration and the applicant's credibility is assessed.

Persecution is the most difficult element of the refugee definition to analyze and apply. While there is no universally accepted definition of the term "persecution," it normally includes a

threat to life or freedom or other serious human-rights abuse. Discrimination in the treatment of various groups is not, *per se*, persecution but at times an accumulation of discriminatory measures may involve such a significant denial of opportunities to participate in a society that it constitutes a threat to freedom. Economic hardship is not itself a basis for eligibility for refugee status, but persecution may take the form of economic reprisals, such as denial of the opportunity to work.

Under the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), the definition of refugee was expanded to include persons who have resisted or been subjected to, or have a well-founded fear of being subjected to coercive population control measures.

Post-Interview Processing

After interview, an applicant found eligible for refugee status must have a medical examination and security name check, and receive a sponsorship assurance. A refugee admission number, deducted from the annual ceiling, is allocated. Transportation arrangements generally are made through the International Organization for Migration (IOM) and the refugee signs a promissory note, promising repayment of the cost of airfare.

At the U.S. port of entry, INS admits a refugee to the United States and authorizes employment. After one year, a refugee is eligible for adjustment of status to lawful permanent resident. Five years after admission, a refugee is eligible to apply for naturalization.

B. THE RESETTLEMENT PROCESS

1. VOLUNTARY AGENCY PROCESSING

The Department of State enters into cooperative agreements with private voluntary agencies -- sometimes referred to as Joint Voluntary Agencies or "JVAs" -- to assist in the processing of refugees for admission to the United States. These agencies pre-screen applicants to determine if they fall within the applicable processing priorities and otherwise appear eligible to be scheduled for an INS refugee interview. In some cases, individuals who appear to qualify for immigration to the U.S. are also advised of those procedures. In addition, prior to interview, they assist the applicant in completing the documentary requirements of the program. If approved, voluntary agency staff guide the refugee through post-adjudication steps such as obtaining medical and sponsorship assurances. In FY98, voluntary agencies will be working under contract to the Department of State at locations in Thailand, Spain, Turkey, Austria, Germany, Italy, Kenya, Saudi Arabia, and Croatia.

2. OVERSEAS CULTURAL ORIENTATION

The Department of State strives to ensure that refugees who are accepted for admission to the United States are prepared for the significant changes they will experience during resettlement. It is critical that refugees arrive with a realistic view of what their new lives will be like, what services are available to them, and what their responsibilities will be. The goal of the pre-departure orientation efforts is to ensure that all refugees receive such information before departure. Every refugee family receives *Welcome to the United States*, the resettlement guidebook written in 1996 by refugee resettlement workers and resettled refugees, working in conjunction with Federal and State government officials. *Welcome to the United States* is produced in a number of refugee languages. Through this book, all refugees have access to a basic core of consistent and accurate information about resettlement before they arrive. The material in *Welcome* is also available through a series of videos. In addition, the Bureau of Population, Refugees, and Migration enters into cooperative agreements for pre-departure orientation for eligible refugees at selected sites throughout the world.

3. TRANSPORTATION

The Department of State makes available funds for the transportation of refugees resettled in the United States through a program administered by the International Organization for Migration (IOM). The cost of transportation is provided to refugees in the form of a loan. Beneficiaries are responsible for repaying these costs over time after they arrive in the U.S.

4. INITIAL RECEPTION AND PLACEMENT

Ten private voluntary agencies are responsible for providing initial resettlement services to refugees during their first 90 days in the United States, and for oversight of "free cases" (those without relatives in the United States) for six months. These programs are administered under the Reception and Placement (R&P) program of the Bureau of Population, Refugees, and Migration. Voluntary agencies received \$720 per capita in FY-97, which was to be used along with cash and in-kind contributions from private and other sources. Services that these resettlement agencies provide include:

- Sponsorship;
- Pre-arrival resettlement planning;
- Reception;
- Basic needs support for 30 days;
- Community orientation; and
- Health, employment, and other necessary counseling and referral services.

III. DOMESTIC IMPACT OF REFUGEES

A. DEMOGRAPHIC IMPACT

The demographic characteristics of arrivals from the 12 largest source countries (which contributed over 99 percent of FY 1996 arrivals into the U.S.) illustrate the considerable variation among refugee groups. Median age varied from a high of over 36 years for arrivals from the former USSR to less than 16 years for arrivals from Ethiopia and Laos. The percentage of female (31 percent) and male (68 percent) arrivals from Cuba varied substantially from the percentage of female (54 percent) and male (46 percent) arrivals from Rwanda. The median age for all refugees in FY 1996 was 29 years compared to 35 for the U.S. population. The percentage of female refugees (45 percent) was ten percent less than the percentage of male refugees (55 percent) compared to approximately 51 percent female and 49 percent male for the U.S. See Table III below.

TABLE III
MEDIAN AGE AND SEX FOR REFUGEE ARRIVALS, FY-1996

COUNTRY OF ORIGIN	RANK (# OF ARRIVALS)	MEDIAN AGE	% FEMALE/ % MALE
Cuba	2	29.8	30.8 / 68.4
Ethiopia	11	15.9	52.9 / 47.1
Haiti	10	24.5	48.2 / 51.6
Iran	8	27.3	50.0 / 50.0
Iraq	6	26.3	24.7 / 75.2
Laos	7	15.2	47.0 / 53.0
Somalia	5	17.5	48.1 / 51.9
Sudan	9	19.6	42.7 / 57.3
USSR (former)	1	36.2	53.2 / 46.8
Vietnam	3	27.1	48.3 / 51.7
Yugoslavia (former)	4	27.2	48.0 / 51.9
Rwanda	12	17.3	54.3 / 45.7
All other Countries	--	18.2	48.1 / 51.9

Considerable variation among refugee groups can also be seen among specific age categories. Arrivals under the age of five varied from a high of 18 percent for Laotians to a low of zero percent for Ethiopians. Arrivals of school age (five to 17 years of age) varied from a high of 62 percent for Ethiopians to a low of 11 percent for Cubans. Arrivals of working age (16 to 64 years of age) varied from a high of 85 percent for Cubans to a low of 45 percent for Laotians. And arrivals of retirement age (65 years old or older) varied from a high of 15 percent for arrivals from the former USSR to a low of zero percent for Ethiopians, Haitians, and Rwandans. For all arrivals, approximately six percent were under the age of five, approximately 21 percent were

school age, approximately 69 percent were of working age, and approximately seven percent were of retirement age. See Table IV below.

TABLE IV
SELECT AGE CATEGORIES FOR REFUGEE ARRIVALS, FY-1995

COUNTRY OF ORIGIN	UNDER 5 YEARS	SCHOOL AGE (5-17)	WORKING AGE (16-64)	RETIREMENT AGE (= OR > 65)
Cuba	3.5	10.5	85.4	1.8
Ethiopia	0.0	62.4	49.4	0.0
Haiti	5.7	21.1	78.6	0.0
Iran	5.9	26.9	64.4	6.2
Iraq	8.1	13.3	79.4	0.8
Laos	17.6	38.2	45.3	2.9
Somalia	11.7	39.7	53.7	1.5
Sudan	14.2	32.1	58.7	0.5
USSR (former)	6.5	19.0	61.9	15.3
Vietnam	3.4	27.5	67.7	4.2
Yugoslavia (former)	7.5	23.7	70.1	2.4
Rwanda	10.1	40.3	51.2	0.0
All Other Countries	7.3	42.6	55.6	0.8

B. GEOGRAPHIC DISTRIBUTION

During FY 1996, 78.4 percent of newly arrived refugees resettled in 14 States. Florida (17.7 percent) received the largest number of refugees, followed by California (14.9 percent), New York (13.9 percent), Washington (4.7 percent), Texas (4.5 percent), Illinois (3.8 percent), Pennsylvania (2.9 percent), Georgia (2.9 percent), Massachusetts (2.6 percent), Michigan (2.5 percent), Minnesota (2.2 percent), Missouri (2.0 percent), Arizona (1.9 percent), and Virginia (1.8 percent). Table VII presents arrivals by State of initial resettlement for FY 1996.

In FY 1996, the 12 largest source countries (which contributed over 99 percent of FY 1996 arrivals into the U.S.) included the former USSR (31.5 percent), Cuba (21.9 percent), Vietnam (18.3 percent), the former Yugoslavia (12.9 percent), Somalia (6.9 percent), Iraq (2.9 percent), Laos (2.4 percent), Iran (1.3 percent), Sudan (0.6 percent), Haiti (0.4 percent), Ethiopia (0.2 percent), and Rwanda (0.1 percent). Table VIII presents arrivals by country of origin for FY- 1996 with both the former USSR and the former Yugoslavia disaggregated.

Florida received more Cubans and Haitians than all other States combined. California received more Ethiopians, Iranians, Laotians, Somalis, and Vietnamese than any other State. Texas received more Sudanese than any other State. New York received more arrivals from the

former USSR than any other State. Illinois received more arrivals from the former Yugoslavia than any other State. Michigan received more arrivals from Iraq than any other State. Pennsylvania received more arrivals from Rwanda than any other State.

Arrivals from the leading source country, the former USSR, were received primarily by New York (34.8 percent). However, California and Washington also received a relatively large number of arrivals from the former USSR (18.4 percent and 8.2 percent, respectively). Arrivals from the second leading source country, Cuba, were received primarily by Florida (70.0 percent). However, Texas, New Jersey, and New York also received some Cubans (3.0 percent, 3.0 percent, and 2.4 percent, respectively). Arrivals from the third leading source country, Vietnam, were received primarily by California (25.5 percent). However, Texas, Georgia, and Washington also received a relatively large number of arrivals from Vietnam (10.8 percent, 7.0 percent, and 6.9 percent, respectively). Table IX presents the top 12 source country arrivals by State of initial resettlement.

TABLE V

ESTIMATED COSTS OF REFUGEE PROCESSING, MOVEMENT, AND RESETTLEMENT

FY-1997 AND FY-1998 ESTIMATES
(\$ MILLIONS)

AGENCY	ESTIMATED FUNDING FY-97 ⁽¹⁾ (BY ACTIVITY)	ESTIMATED FUNDING FY-98 ⁽²⁾ (BY ACTIVITY)
DEPARTMENT OF JUSTICE: Immigration and Naturalization Service		
Refugee Processing	15.5	16.5
DEPARTMENT OF STATE: Bureau for Population, Refugee, and Migration		
Refugee Admissions	90.0	102.36
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Administration for Children and Families, Office of Refugee Resettlement⁽³⁾		
Refugee Resettlement	426.613	395.732
TOTAL	532.113	514.592

- (1) Estimates for full fiscal year, based on agencies' projections as of July 1, 1997, for the funded admission of up to 78,000 refugees and 20,000 entrant arrivals, and 6,600 Kurdish asylees.
- (2) Figures are based on the Administration's Budget Request for FY-1998, for the funded admission of up to 75,000 refugees and 20,000 entrant arrivals. At the time this Report was prepared, Congress had not yet completed action on that request.
- (3) Does not include costs associated with the Transitional Assistance for Needy Families (TANF), Medicaid, or SSI programs.

TABLE VI

**DEPARTURE OF UNHCR-REFERRED REFUGEES FOR RESETTLEMENT
FROM JANUARY 1 TO DECEMBER 31, 1996
BY REGION OF ORIGIN AND RESETTLEMENT COUNTRY**

RESETTLEMENT COUNTRIES WITH ANNUAL QUOTAS	SOUTH- EAST ASIA/ OTHER	CPA VIET- NAMESE	CPA LAO	MIDDLE EAST/ SW ASIA	AFRICA	EUROPE, INCLUD- ING FORMER YUGO- SLAVIA	LATIN AMERICA	TOTAL
Australia	122	149	0	1183	482	882	0	2818
Canada	219	53	0	1141	965	634	8	3020
Denmark	2	26	0	445	484	85	0	1042
Finland	0	6	0	589	110	285	0	990
Netherlands	0	1	0	208	52	29	0	290
Norway	0	3	0	354	55	217	0	629
New Zealand	25	36	56	47	189	0	0	353
Sweden	0	11	0	456	195	225	0	887
Switzerland	0	1	0	71	7	12	0	91
United States	26	87	2772	2738	7457	3852	0	16932
Other*	0	107	0	250	326	475	3	1161
TOTAL	394	480	2828	7482	10322	6696	11	28213

* Mainly to France, Japan, Ireland, and the United Kingdom

Source: United Nations High Commissioner for Refugees

TABLE VII

**AMERASIAN, ENTRANT, AND REFUGEE ARRIVALS
BY STATE OF INITIAL RESETTLEMENT FOR FY-96**

STATE	ENTRANT		AMERASIAN		REFUGEE		TOTAL	
	Count	Col %	Count	Col %	Count	Col %	Count	Col %
ALABAMA	55	.3%	25	2.8%	149	.2%	229	.2%
ALASKA	0	.0%	0	.0%	45	.1%	45	.0%
ARIZONA	170	1.0%	45	5.0%	1541	2.1%	1756	1.9%
ARKANSAS	9	.1%	0	.0%	69	.1%	78	.1%
CALIFORNIA	329	1.9%	74	8.2%	13482	18.0%	13885	14.9%
COLORADO	0	.0%	12	1.3%	1024	1.4%	1036	1.1%
CONNECTICUT	141	.8%	18	2.0%	636	.9%	795	.9%
DELAWARE	2	.0%	0	.0%	17	.0%	19	.0%
DISTRICT OF COLUMBIA	4	.0%	63	7.0%	655	.9%	722	.8%
FLORIDA	12725	74.0%	52	5.7%	3646	4.9%	16423	17.7%
GEORGIA	91	.5%	107	11.8%	2504	3.3%	2702	2.9%
HAWAII	1	.0%	1	.1%	83	.1%	85	.1%
IDAHO	0	.0%	0	.0%	415	.6%	415	.4%
ILLINOIS	227	1.3%	12	1.3%	3328	4.4%	3567	3.8%
INDIANA	5	.0%	4	.4%	352	.5%	361	.4%
IOWA	2	.0%	17	1.9%	975	1.3%	994	1.1%
KANSAS	9	.1%	8	.9%	473	.6%	490	.5%
KENTUCKY	306	1.8%	3	.3%	1053	1.4%	1362	1.5%
LOUISIANA	72	.4%	38	4.2%	409	.5%	519	.6%
MAINE	0	.0%	0	.0%	152	.2%	152	.2%
MARYLAND	45	.3%	7	.8%	1034	1.4%	1086	1.2%
MASSACHUSETTS	71	.4%	2	.2%	2325	3.1%	2398	2.6%
MICHIGAN	159	.9%	7	.8%	2167	2.9%	2333	2.5%
MINNESOTA	7	.0%	12	1.3%	2056	2.7%	2075	2.2%
MISSISSIPPI	8	.0%	0	.0%	19	.0%	27	.0%
MISSOURI	8	.0%	14	1.5%	1871	2.5%	1893	2.0%
MONTANA	0	.0%	0	.0%	59	.1%	59	.1%
NEBRASKA	32	.2%	14	1.5%	474	.6%	520	.6%
NEVADA	373	2.2%	0	.0%	206	.3%	579	.6%
NEW HAMPSHIRE	0	.0%	2	.2%	215	.3%	217	.2%
NEW JERSEY	307	1.8%	12	1.3%	1267	1.7%	1586	1.7%
NEW MEXICO	334	1.9%	10	1.1%	166	.2%	510	.5%
NEW YORK	392	2.3%	35	3.9%	12464	16.7%	12891	13.9%
NORTH CAROLINA	28	.2%	17	1.9%	966	1.3%	1011	1.1%
NORTH DAKOTA	0	.0%	0	.0%	341	.5%	341	.4%
OHIO	42	.2%	3	.3%	1350	1.8%	1395	1.5%
OKLAHOMA	7	.0%	8	.9%	202	.3%	217	.2%
OREGON	252	1.5%	4	.4%	1367	1.8%	1623	1.7%
PENNSYLVANIA	202	1.2%	20	2.2%	2488	3.3%	2710	2.9%
RHODE ISLAND	4	.0%	0	.0%	99	.1%	103	.1%
SOUTH CAROLINA	6	.0%	1	.1%	78	.1%	85	.1%
SOUTH DAKOTA	0	.0%	0	.0%	287	.4%	287	.3%
TENNESSEE	171	1.0%	36	4.0%	984	1.3%	1191	1.3%
TEXAS	431	2.5%	156	17.2%	3636	4.9%	4223	4.5%
UTAH	1	.0%	16	1.8%	780	1.0%	797	.9%
VERMONT	0	.0%	3	.3%	259	.3%	262	.3%
VIRGINIA	77	.4%	9	1.0%	1616	2.2%	1702	1.8%
WASHINGTON	41	.2%	39	4.3%	4247	5.7%	4327	4.7%
WEST VIRGINIA	0	.0%	0	.0%	12	.0%	12	.0%
WISCONSIN	9	.1%	0	.0%	734	1.0%	743	.8%
PUERTO RICO	42	.2%	0	.0%	29	.0%	71	.1%
UNKNOWN	7	.0%	0	.0%	0	.0%	7	.0%
Table Total	17204	100.0%	906	100.0%	74806	100.0%	92916	100.0%

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.

Source: Department of Health and Human Services, Office of Refugee Resettlement

TABLE VIII
AMERASIAN, ENTRANT, AND REFUGEE ARRIVALS
BY COUNTRY OF ORIGIN FOR FY-1996

COUNTRY OF ORIGIN	ENTRANT		AMERASIAN		REFUGEE		TOTAL	
	Count	Col %	Count	Col %	Count	Col %	Count	Col %
AFGHANISTAN	0	.0%	0	.0%	11	.0%	11	.0%
AZERBAIJAN	0	.0%	0	.0%	612	.8%	612	.7%
ALBANIA	0	.0%	0	.0%	26	.0%	26	.0%
ARMENIA	0	.0%	0	.0%	190	.3%	190	.2%
ANGOLA	0	.0%	0	.0%	2	.0%	2	.0%
BOSNIA & HERCEGOVINA	4	.0%	0	.0%	12010	16.1%	12014	12.9%
BURMA	0	.0%	0	.0%	9	.0%	9	.0%
BELARUS	0	.0%	0	.0%	2424	3.2%	2424	2.6%
BULGARIA	0	.0%	0	.0%	1	.0%	1	.0%
BURUNDI	0	.0%	0	.0%	19	.0%	19	.0%
CAMBOODIA	0	.0%	0	.0%	5	.0%	5	.0%
ZAIRE	0	.0%	0	.0%	42	.1%	42	.0%
CHINA	0	.0%	0	.0%	3	.0%	3	.0%
CAMEROON	0	.0%	0	.0%	8	.0%	8	.0%
COLOMBIA	0	.0%	0	.0%	3	.0%	3	.0%
CUBA	16866	98.0%	0	.0%	3488	4.7%	20354	21.9%
ESTONIA	0	.0%	0	.0%	139	.2%	139	.1%
ERITREA	0	.0%	0	.0%	21	.0%	21	.0%
ETHIOPIA	0	.0%	0	.0%	170	.2%	170	.2%
GEORGIA	0	.0%	0	.0%	246	.3%	246	.3%
HAITI	322	1.9%	0	.0%	62	.1%	384	.4%
IRAN	0	.0%	0	.0%	1249	1.7%	1249	1.3%
IRAQ	1	.0%	0	.0%	2690	3.6%	2691	2.9%
KENYA	0	.0%	0	.0%	6	.0%	6	.0%
KYRGYZSTAN	0	.0%	0	.0%	223	.3%	223	.2%
KAZAKHSTAN	0	.0%	0	.0%	612	.8%	612	.7%
LAOS	0	.0%	0	.0%	2203	2.9%	2203	2.4%
LATVIA	0	.0%	0	.0%	392	.5%	392	.4%
LITHUANIA	0	.0%	0	.0%	105	.1%	105	.1%
LIBERIA	0	.0%	0	.0%	42	.1%	42	.0%
MOLDOVA	0	.0%	0	.0%	1188	1.6%	1188	1.3%
MAURITANIA	0	.0%	0	.0%	1	.0%	1	.0%
MONTENEGRO	0	.0%	0	.0%	4	.0%	4	.0%
NIGERIA	0	.0%	0	.0%	85	.1%	85	.1%
NICARAGUA	0	.0%	0	.0%	25	.0%	25	.0%
POLAND	0	.0%	0	.0%	9	.0%	9	.0%
ROMANIA	0	.0%	0	.0%	12	.0%	12	.0%
RUSSIA	0	.0%	0	.0%	7155	9.6%	7155	7.7%
RWANDA	0	.0%	0	.0%	129	.2%	129	.1%
SIERRA LEONE	0	.0%	0	.0%	24	.0%	24	.0%
SOMALIA	0	.0%	0	.0%	6440	8.6%	6440	6.9%
SERBIA	0	.0%	0	.0%	3	.0%	3	.0%
SUDAN	0	.0%	0	.0%	583	.8%	583	.6%
UNITED ARAB EMIRATES	0	.0%	0	.0%	5	.0%	5	.0%
TAJIKISTAN	0	.0%	0	.0%	167	.2%	167	.2%
TOGO	0	.0%	0	.0%	14	.0%	14	.0%
TURKEY	0	.0%	0	.0%	1	.0%	1	.0%
TURKMENISTAN	0	.0%	0	.0%	85	.1%	85	.1%
UGANDA	0	.0%	0	.0%	15	.0%	15	.0%
UKRAINE	0	.0%	0	.0%	12769	17.1%	12769	13.7%
USSR	0	.0%	0	.0%	268	.4%	268	.3%
UZBEKISTAN	0	.0%	0	.0%	2696	3.6%	2696	2.9%
VIETNAM	9	.1%	906	100.0%	16107	21.5%	17022	18.3%
YEMEN	0	.0%	0	.0%	8	.0%	8	.0%
UNKNOWN	2	.0%	0	.0%	0	.0%	2	.0%
Table Total	17204	100.0%	906	100.0%	74806	100.0%	92916	100.0%

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.

Source: Department of Health and Human Services, Office of Refugee Resettlement

TABLE IX

**TOP 12 SOURCE COUNTRY ARRIVALS
BY STATE OF INITIAL RESETTLEMENT, FY-1996**

STATE	USSR	CUBA	VIETNAM	YUGO SLAVIA	SOMALIA	IRAQ	LAOS	IRAN	SUDAN	HAITI	ETHI OPIA	RWANDA	OTHER	TOTAL
ALABAMA	20	70	123	16	0	0	0	0	0	0	0	0	0	229
ALASKA	30	0	4	4	0	0	0	7	0	0	0	0	0	45
ARIZONA	258	216	284	574	171	186	17	21	17	2	1	0	9	1756
ARKANSAS	6	9	51	0	0	0	12	0	0	0	0	0	0	78
CALIFORNIA	5394	389	4338	782	917	160	995	783	34	0	59	2	32	13885
COLORADO	410	28	275	231	21	27	15	5	11	2	3	6	2	1036
CONNECTICUT	279	202	100	123	47	0	7	7	18	4	0	1	7	795
DELAWARE	12	2	0	2	0	0	0	0	3	0	0	0	0	19
DISTRICT OF COLUMBIA	0	13	363	62	124	89	15	5	21	0	2	0	28	722
FLORIDA	349	14259	595	713	15	63	25	16	10	330	16	1	31	16423
GEORGIA	201	171	1189	409	606	48	10	30	14	0	13	4	7	2702
HAWAII	0	1	84	0	0	0	0	0	0	0	0	0	0	85
IDAHO	46	19	64	255	0	25	0	0	1	0	0	4	1	415
ILLINOIS	1304	278	237	1395	138	158	1	12	6	1	7	7	23	3567
INDIANA	129	11	59	121	0	28	0	1	5	0	0	0	7	361
IOWA	30	2	390	381	111	1	54	0	22	0	0	0	3	994
KANSAS	42	9	381	8	24	3	6	1	11	0	0	0	5	490
KENTUCKY	119	368	172	464	119	96	6	0	7	0	0	5	6	1362
LOUISIANA	2	90	346	29	0	4	45	0	0	3	0	0	0	519
MAINE	41	7	7	14	38	0	0	1	25	0	0	6	13	152
MARYLAND	465	70	106	74	287	1	6	32	1	2	7	1	34	1086
MASSACHUSETTS	1344	78	393	222	286	38	26	2	0	2	1	0	6	2398
MICHIGAN	448	215	246	580	164	594	46	5	2	0	2	0	31	2333
MINNESOTA	638	7	276	229	529	4	307	4	66	0	11	0	4	2075
MISSISSIPPI	0	7	19	0	0	0	0	0	0	1	0	0	0	27
MISSOURI	235	69	369	716	283	137	37	2	10	0	7	5	23	1893
MONTANA	47	0	6	6	0	0	0	0	0	0	0	0	0	59
NEBRASKA	34	60	267	44	0	115	0	0	0	0	0	0	0	520
NEVADA	3	447	44	48	14	6	0	8	6	0	3	0	0	579
NEW HAMPSHIRE	21	0	86	101	0	0	0	0	0	0	0	6	3	217
NEW JERSEY	590	566	260	111	11	24	0	1	8	10	0	0	5	1586
NEW MEXICO	5	405	89	0	0	8	1	0	0	0	0	0	2	510
NEW YORK	10200	486	397	1153	300	92	17	195	15	14	1	0	21	12891
NORTH CAROLINA	108	129	397	167	173	0	30	1	1	0	0	4	1	1011
NORTH DAKOTA	21	33	6	126	129	6	0	0	19	0	0	0	1	341

TABLE IX (CONTINUED)

**TOP 12 SOURCE COUNTRY ARRIVALS
BY STATE OF INITIAL RESETTLEMENT, FY-1996**

	USSR	CUBA	VIETNAM	YUGO SLAVIA	SOMALIA	IRAQ	LAOS	IRAN	SUDAN	HAITI	ETHI OPIA	RWANDA	OTHER	TOTAL
STATE														
OHIO	871	42	158	201	40	56	6	2	5	0	2	1	11	1395
OKLAHOMA	1	7	197	8	0	1	3	0	0	0	0	0	0	217
OREGON	805	252	277	141	112	16	6	7	1	0	3	0	3	1623
PENNSYLVANIA	1425	217	386	395	96	124	3	5	0	5	0	46	8	2710
RHODE ISLAND	71	4	0	3	0	0	24	0	0	0	0	0	1	103
SOUTH CAROLINA	22	6	41	8	0	0	8	0	0	0	0	0	0	85
SOUTH DAKOTA	65	19	0	91	0	25	0	5	80	0	1	0	1	287
TENNESSEE	56	227	302	165	239	144	0	2	39	1	1	11	4	1191
TEXAS	219	581	1847	744	428	193	33	25	82	0	23	10	38	4223
UTAH	76	17	158	310	146	59	0	21	8	0	0	0	2	797
VERMONT	21	0	80	161	0	0	0	0	0	0	0	0	0	262
VIRGINIA	224	96	362	197	647	84	22	20	22	2	1	4	21	1702
WASHINGTON	2411	88	1177	354	162	76	13	23	9	0	6	5	3	4327
WEST VIRGINIA	0	0	0	12	0	0	0	0	0	0	0	0	0	12
WISCONSIN	173	9	14	71	63	0	407	0	4	0	0	0	2	743
PUERTO RICO	0	71	0	0	0	0	0	0	0	0	0	0	0	71
UNKNOWN	0	2	0	0	0	0	0	0	0	5	0	0	0	7
Table Total	29271	20354	17022	12021	6440	2691	2203	1249	583	384	170	129	399	92916

NOTE: Arrival figures do not include births or deaths in the U.S. or secondary migration between States.

Source: Department of Health and Human Services, Office of Refugee Resettlement

7/30/97

Barbara -

I'd sent all the
records - since
original sent to
Donskind -

[]

THE WHITE HOUSE

WASHINGTON

July 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phwl*

SUBJECT: Privatization of the U.S. Enrichment Corporation (USEC)

The Energy Policy Act of 1992 calls for the privatization of the USEC, subject to approval by the President and the Secretary of the Treasury. The attached memo from Sandy Berger and Dan Tarullo recommends you approve implementation of the privatization plan that has been developed by the USEC and an NSC/NEC-led interagency group. *NEC, NSC, State, Treasury, Energy, Commerce and Justice have all agreed on the plan. John Podesta and OSTP concur. CIA believes that privatization poses no threat to national security. CEA is the only dissenting voice.* Your FY '98 budget assumes sale proceeds from privatizing USEC of \$1.6 billion.

Background on USEC. The impetus behind the 1992 Act was that the government did a poor job managing HEU activities. The USEC is now a wholly-owned government corporation that assumed operation of DOE's uranium enrichment facilities and produces commercial nuclear reactor fuel. Operations have improved significantly since 1992. The USEC is also the U.S. Government's executive agent in the U.S.-Russia Highly Enriched Uranium (HEU) Purchase Agreement, which provides for the purchase from Russia of 500 metric tons of HEU from dismantled nuclear warheads for eventual use as commercial nuclear reactor fuel in the U.S.

Privatization. Offered for your approval is a dual-path plan (Attachment A) whereby the USEC will simultaneously pursue (i) a negotiated sale to private investors and (ii) an initial public offering to the general investing public. The interagency team has recommended this dual-approach to test both markets before making a final decision -- top-flight investment banks are advising the whole process. The Secretary of the Treasury must approve the final sale. Because of the sensitive nature of USEC's facilities and the importance of the HEU Agreement with Russia, potential buyers will be carefully screened. Total foreign participation in the USEC will be limited to 10%; foreign-sourced financing will also be limited to 10%. The interagency team also recommends you issue a directive setting up a high-level interagency USEC oversight committee to monitor performance.

Views. All agencies agree the plan should move forward. CEA opposes privatization and believes that the USEC's profit-making motive may give it incentive to not live up to its responsibility in the HEU Agreement. Other agencies discount this theory -- USEC just concluded a five-year contract with Russia, and the U.S. Government can remove USEC as the executive agent of the HEU Agreement with as little as 30 days notice. Plus, USEC has a strategic market interest in sustaining its position as sole executive agent of the HEU Agreement.

If you approve the plan, privatization will likely occur in 6-8 months.

_____ Approve implementation of plan

_____ Disapprove

_____ Discuss

THE WHITE HOUSE

WASHINGTON

'97 JUL 23 PM9:01

July 17, 1997

ACTION

MEMORANDUM TO THE PRESIDENT

FROM: DANIEL K. TARULLO AND SAMUEL R. BERGER ^{DK} 

SUBJECT: Privatization of U.S. Enrichment Corporation

Current law calls for the privatization of the United States Enrichment Corporation (USEC), subject to approval by the President and the Secretary of the Treasury. USEC is a government-owned corporation formed in 1992 that produces enriched uranium for use as commercial nuclear reactor fuel. It is also the U.S. government's executive agent in the U.S.-Russia HEU Purchase Agreement, which provides for the purchase from Russia of 500 metric tons of highly enriched uranium (HEU) from dismantled Russian nuclear warheads over twenty years. Under the Agreement, weapons-grade HEU is blended into low-enriched uranium (LEU) suitable for use as nuclear reactor fuel, imported into the United States, and sold to nuclear utilities.

An interagency group, led by NEC and NSC, has been examining the economic and national security issues associated with privatizing USEC. With the exception of CEA, all agencies agree that privatization should proceed. This memorandum therefore recommends that you approve the implementation of USEC's privatization plan. Such approval will permit USEC to evaluate privatization opportunities in the market and facilitate a privatization transaction, subject only to the approval of the Secretary of the Treasury. Your FY 1998 budget assumes sale proceeds from privatizing USEC of \$1.6 billion.

Background on USEC privatization

The 1992 Energy Policy Act created USEC as a wholly-owned government corporation to assume operation of the Department of Energy's uranium enrichment facilities, and to market enrichment services to electric utilities that operate commercial nuclear power plants in the United States and abroad. The Act resulted from a consensus that these activities had been poorly managed by the government. For example, the government's operation showed little ingenuity in pricing and contracting policies, expended billions of dollars by investing in an enrichment technology that never became commercially viable, and kept excess capacity in

operation for many years.

Since USEC's creation as a government corporation, operations have improved significantly. Some further improvement is expected following privatization (particularly relative to what would obtain if USEC were to remain within the public sector with no prospects for being privatized). For example, OMB projects that a privatized USEC could enjoy up to 10 percent lower non-energy costs than a public-sector USEC.

These potential efficiency benefits were the primary impetus behind Congress's direction to the Administration to privatize USEC subject to several conditions, including the ongoing protection of the national security. Another condition for privatization, which Treasury has concluded is likely to be met, is that the net present value of the sale be at least equal to the value to the government of retaining the company.

A subsequent law, the 1996 USEC Privatization Act, established a more detailed process to follow in privatization, specified additional liabilities and responsibilities that would be left with the U.S. government, and established a requirement that the President monitor the actions of the U.S. executive agent (presently USEC) for the U.S.-Russia HEU Purchase Agreement (hereafter the "HEU Agreement").

Need for Presidential decision

The 1992 statute requires that before privatization can occur, you must approve the implementation of a privatization plan. The plan presents a two-track process for exploring privatization options (an initial public offering or a merger and acquisition). The law also requires that the Secretary of the Treasury concur in any final sale, an important assurance that the details of the final privatization transaction will be scrutinized to protect the national interest. A summary of the factors that must be evaluated as part of any final privatization deal and the privatization process that USEC will follow, with your approval, is at Attachment A.

Privatization and the HEU Agreement

All agencies concur that the HEU Agreement is a key national security interest. CEA's opposition to privatization is predicated on its concerns about the economics of the HEU Agreement for a private-sector entity. In particular, CEA notes that USEC is a near-monopoly which enjoys advantageous contracts for its most important input, the electricity it uses in the enrichment process. USEC's marginal cost of producing reactor fuel domestically is therefore significantly lower than the price USEC is paying the Russians under the HEU Agreement. Thus, the more USEC imports from Russia, the higher its costs. CEA concludes that privatization, and its accompanying profit-maximizing objective, creates a potential divergence in incentives between the U.S. government and USEC in the HEU Agreement. Because of the paramount importance of that Agreement, CEA therefore argues that USEC should remain in the public sector so that the government can retain maximum control over its behavior. CEA also

argues that carrying out any sanctions -- such as replacing USEC as the executive agent -- will be difficult as a practical matter. In sum, CEA believes that the internal efficiency benefits from privatization are not worth the potential risks of undermining the HEU Agreement -- even if those risks are only modestly higher with a privatized agent. A June 11 *New York Times* editorial raised similar concerns, which are shared by some outside experts.

Other agencies are not convinced by CEA's argument. They note that USEC has already concluded a five-year contract with Russia, with specified prices and quantities, for 132 metric tons out of the total 500 metric tons covered under the 20-year HEU Agreement. Negotiations to extend the five-year contract will begin well in advance of the end of the contract period. Furthermore, the U.S. Government will retain the right, after privatization, to change or add executive agents with as little as 30 days notice if USEC fails satisfactorily to perform its executive agent responsibilities. Contingency plans have been prepared should such action ever be required. Since USEC has a strategic market interest in sustaining its position as sole executive agent (to prevent market control from slipping to others), this authority should be a powerful tool for ensuring continued attention by USEC to U.S. national security objectives. All other agencies, however, support privatization and oppose the imposition of additional measures to improve USEC's incentives to implement the HEU Agreement beyond those described below, believing that they are unnecessary or undesirable at this time.

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Policies to ensure performance in the national interest

To ensure that satisfactory performance of the HEU Agreement, limitations on foreign influence in USEC, and other governmental responsibilities are upheld in the years after privatization, we are preparing a directive for your signature. This directive, which will be completed during the privatization process, will formalize a high-level USEC oversight committee and will detail the precise responsibilities of the relevant government agencies for

monitoring USEC's performance. The oversight committee will have general responsibility for ensuring that performance in the HEU Agreement is satisfactory; that ownership and control restrictions are enforced; that relevant foreign and domestic intelligence information is applied; that coordination with other regulatory bodies, including SEC and NRC, is appropriate; that the government's interest in AVLIS (see below) is well-managed; and that the requirements of the 1992 and 1996 statutes are upheld. The precise institutional arrangements of the oversight committee, the responsibilities of its sub-committees, and the methods for ensuring appropriate coordination between the oversight committee and regulatory bodies, will be defined in the directive. A draft terms of reference for the directive is at Attachment B.

Privatization and the AVLIS issue

One issue that is being linked by some in the Congress to the timing of privatization is the spending cap on developing a new enrichment technology, Advanced Vapor Laser Isotope Separation (AVLIS). The U.S. government has invested over \$1.5 billion in this technology, and the research and development is being performed by about 600 workers at the Lawrence Livermore National Laboratory. The Energy Policy Act of 1992 created a cap on how much a public-sector USEC could spend on AVLIS. That spending cap will be reached this fall. Already, AVLIS workers are concerned over the prospect of layoff notices. A disruption of AVLIS, furthermore, could potentially affect USEC's value at privatization. The Administration is therefore considering several options to sustain AVLIS, but some have indicated that your approval of the privatization plan may be necessary to secure congressional support for any temporary fix. However, all agree that some kind of congressional action will be necessary regardless of the existence or speed of the privatization process: even if the privatization plan were approved immediately, the spending cap would be breached before the privatization transaction could be completed.

Recommendation

The Energy Policy Act of 1992 requires Presidential approval of the implementation of the USEC privatization plan. Your approval at this time will help dispel any doubts in the market and in Congress about the Administration's commitment to privatization. Following your approval, USEC will begin immediately to seek market opportunities for privatization, subject to approval by the Secretary of the Treasury of the final privatization proposal. Treasury will take the lead in managing the transaction for the Administration.

If approved, we expect privatization to occur in six to eight months. As noted above, a directive will be prepared to ensure that the national interest is monitored and protected after privatization. The following agencies agree that USEC should be permitted to pursue privatization options in the market: NEC, NSC, State, Treasury, Energy, Commerce, and Justice. CIA believes that privatization poses no threat to national security. CEA opposes this recommendation.

Decision

_____ Approve

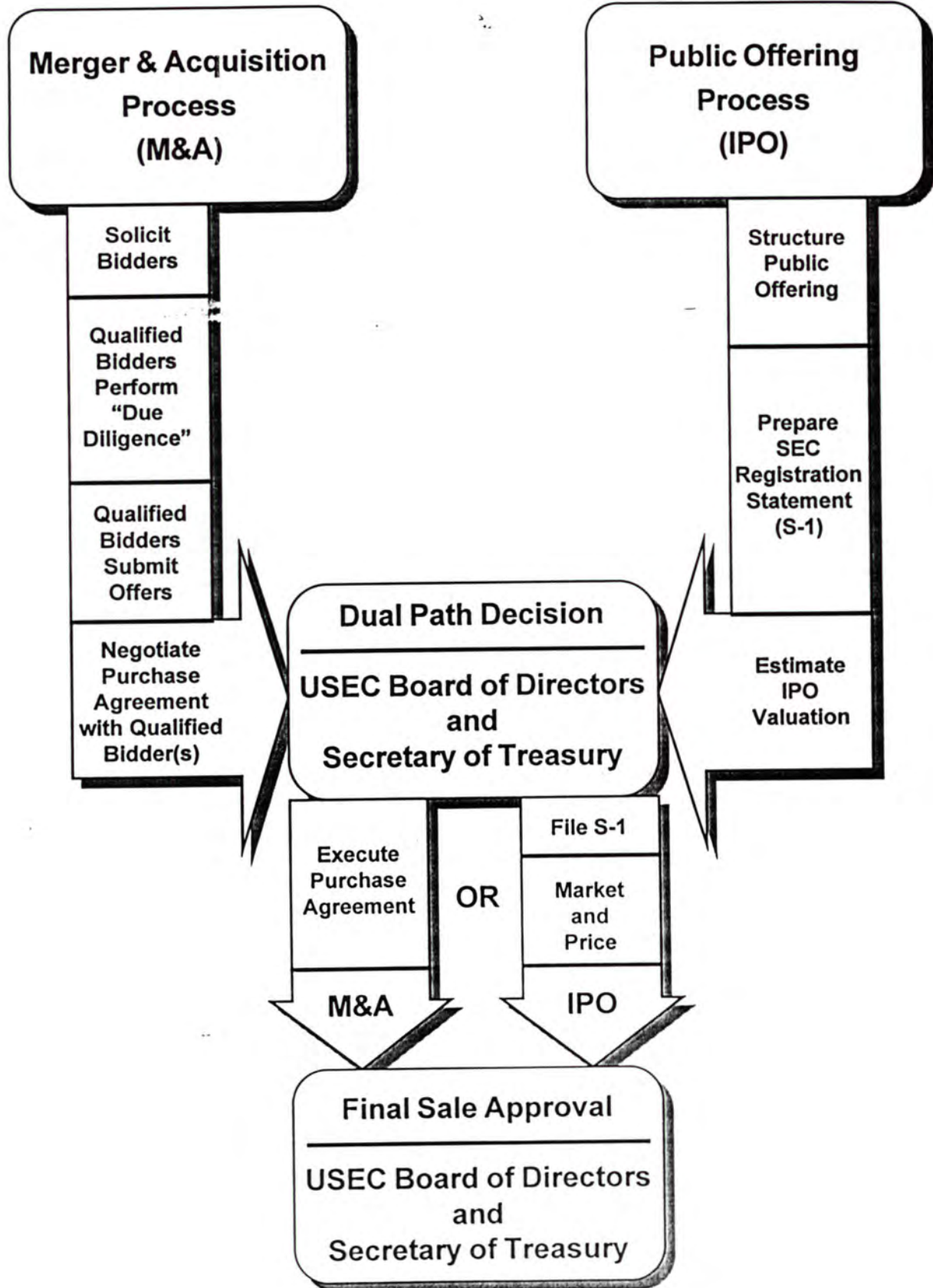
_____ Disapprove

_____ Discuss

Attachment A. Privatization process and summary of factors that must be considered in evaluating privatization

USEC PRIVATIZATION

DUAL PATH PROCESS



PROCESS FOR THE PRIVATIZATION OF THE UNITED STATES ENRICHMENT CORPORATION

I. Introduction

The United States Enrichment Corporation is following a dual path approach to privatization --- simultaneously pursuing a negotiated sale of the Corporation to private investors ("M&A transaction") and an initial public offering of the Corporation's common stock to institutions and the general investing public ("IPO"). A dual path approach has been recommended because, while either an M&A transaction or an IPO could be structured to satisfy the statutory requirements for privatization, it is difficult for the United States Government to know which approach will best achieve these objectives without testing both markets before making a final decision.

Set forth below is a brief description of the process that USEC will follow. Additionally, a schematic outline of this process is included at the end of this memorandum. The Secretary of the Treasury and other Administration officials will be consulted with at each step in the M&A and IPO process. At the dual path decision point, the USEC Board of Directors (Presidential appointees confirmed by the Senate), with the approval of the Secretary of the Treasury, will select the transaction alternative that best satisfies the statutory requirements for privatization set forth in the Energy Policy Act of 1992 and the recently enacted USEC Privatization Act (the "Statutory Requirements"; see section III). Following the dual path decision, the Corporation, with the approval of the Secretary of the Treasury, will execute and close the selected privatization transaction.

The Corporation, working with the Department of the Treasury, has engaged Morgan Stanley & Co. as the Transaction Manager to direct both the M&A and IPO process. Merrill Lynch & Co. has been engaged as the co-lead manager and six other investment banks have been engaged as co-managers in the event that the USEC Board of Directors and the Secretary of the Treasury determine to privatize USEC pursuant to an IPO. In addition, the Corporation is supported by its financial advisor, J.P. Morgan Securities, and its legal and accounting advisors. While the Secretary of the Treasury is directed to make certain statutorily-required approvals in connection with USEC's privatization, it is anticipated that throughout the entire dual path process USEC will be working closely with Treasury and other Administration officials.

II. The Dual Path Approach

The dual path approach to privatization commences with the simultaneous initiation of the merger and acquisition process and preparation for the public offering process. Approximately 21 weeks later, the USEC Board of Directors and the Secretary of the Treasury will be in a position to decide which path to follow to the closing of a privatization transaction.

The Merger & Acquisition Process

The M&A process will proceed in two distinct phases designed to (a) provide prospective buyers with information about the Corporation and result in firm bids for the Corporation and (b) provide information to the Corporation about prospective buyers and their ability to meet the Statutory Requirements. It is anticipated that prospective M&A buyers would be large industrial companies having both a strategic and financial fit with the Corporation. Alternatively, it is also anticipated that a group or consortium of companies may be interested. During the course of the M&A process, the Corporation, DOE, NRC and other agencies will collect and evaluate information regarding the ownership, financial structure and other matters related to prospective bidders to permit a complete assessment by the Government of the ability of bidders and bids to satisfy the Statutory Requirements.

Phase I: Offering Memorandum and Preliminary Bids

Phase I of the M&A process is designed to provide prospective bidders with sufficient information about the Corporation to submit a preliminary bid to purchase the Corporation. Phase I will also enable the Corporation to make an initial assessment as to the level of interest of prospective bidders and the ability of an M&A transaction to satisfy the Statutory Requirements.

Prospective bidders will be provided an offering memorandum which will contain a description of the uranium enrichment industry and certain confidential information regarding the Corporation's business. After reviewing the offering memorandum, interested parties will be required to make a preliminary, non-binding bid. Phase II of the M&A process will only be open to those bidders that are judged best able to satisfy the Statutory Requirements. It is anticipated that the pool of prospective bidders will be significantly reduced before the start of Phase II.

Phase II: Due Diligence and Final Bids

During Phase II, bidders will be provided a copy of the form of purchase agreement to be used in acquiring USEC and given an opportunity to conduct an in-depth due diligence review of the Corporation. This will include access to data rooms, management presentations, meetings with other appropriate government officials and facility tours.

At the conclusion of this due diligence period, bidders interested in acquiring USEC will be directed to submit their best and final offers by a specified date together with a signed purchase agreement. Prior to the dual path decision, the Corporation will negotiate a final purchase agreement with the bidder(s) submitting the bid which has the ability to result in a transaction best satisfying the Statutory Requirements.

The best bid(s), if any, from the M&A process will be compared to the valuation determined in the IPO process, and both will be measured against the Statutory Requirements.

The Public Offering Process

The public offering process will be undertaken concurrently with the M&A process and will consist of three principal components: (i) the structuring of the public offering, (ii) the preparation of a registration statement and prospectus, and (iii) the determination of the estimated IPO valuation. In addition, the Corporation will consider the option of an investment by a strategic investor to purchase a minority interest in the Corporation in conjunction with a public offering.

During the structuring stage, which may overlap with the preparation of the registration statement, key issues such as the Corporation's financial structure, dividend policy, the number of shares to be issued, and the jurisdictions in which the offering should be sold, will be finalized.

The Corporation will work with the underwriters and the Corporation's financial advisor, legal advisors and accountants to prepare the registration statement. A registration statement is both a disclosure and a sales document filed with the Securities and Exchange Commission ("SEC"). Following completion of the draft registration statement, the Corporation intends to make a confidential submission of its draft registration statement to the SEC. The Corporation would only make a public filing of the registration statement in the event that a public offering is selected as the privatization transaction when the dual path decision is made.

During the period that the registration statement is being reviewed by the SEC, the underwriters will complete the estimated IPO valuation of USEC. This valuation will indicate an estimated range of the gross proceeds that could be realized from a potential public offering. The estimated valuation range will be based on the conclusions of the underwriters and will represent their best estimate at that time of the likely proceeds from a public offering of the Corporation's stock. The estimated valuation range will also reflect the financial structure and dividend policy of the privatized corporation. Accordingly, this estimated valuation range, based on updated market and financial information, and the policies and financial structure for the privatized corporation, may differ from previous valuations of the Corporation done by others.

As part of the public offering, the Corporation will consider the option of an investment by a strategic investor to purchase a minority interest in the Corporation. Under this scenario, a strategic investor would purchase a certain percentage of the Corporation's stock at a price no less than the IPO share price. The Corporation anticipates that the process to solicit a strategic investor would begin at some point after the start of the M&A process and likely end before the public filing of the registration statement.

III. The Dual Path Decision and the Statutory Requirements

Following the submission of final bids and the negotiation of a final purchase agreement(s) by prospective buyers in the M&A process and completion of the estimated IPO valuation of the Corporation, there will be a formal evaluation of the options available under the M&A process and the IPO process. The transaction selected will be the one that the USEC Board of Directors, with the approval of the Secretary of the Treasury, determines will best satisfy the eight Statutory Requirements, as described below.*

1. **Net Present Value:** privatization will result in a return to the United States at least equal to the net present value of the Corporation.
2. **No Foreign Control:** privatization will not result in the Corporation being owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.
3. **Public Health & National Security:** privatization will not be inimical to the health and safety of the public or the common defense and security.
4. **Adequate Enrichment Capacity:** privatization will provide reasonable assurance that adequate enrichment capacity will remain available to meet the demands of the domestic electric utility industry.
5. **Long-Term Viability:** privatization will provide for the long-term viability of the Corporation.
6. **Gaseous Diffusion Plants:** privatization will provide for the continuation by the Corporation of the operation of the Department of Energy's gaseous diffusion plants.
7. **Reliable and Economical Domestic Industry:** privatization will provide for the protection of the public interest in maintaining a reliable and economical domestic source of uranium mining, enrichment and conversion services.
8. **Maximize Proceeds:** to the extent not inconsistent with such purposes, privatization will secure the maximum proceeds to the United States.

* The Statutory Requirements can be found in section 1502(a) of the Atomic Energy Act of 1954 (42 U.S.C. 2297d-1(a)) and sections 3103 and 3104 of the USEC Privatization Act (42 U.S.C. 2297h-1 and 2297h-2).

IV. Closing the Privatization Transaction

Following the dual path decision by the USEC Board of Directors and the approval of the Secretary of the Treasury, the Corporation will pursue the selected transaction to closing.

If a public offering is selected, the Corporation anticipates that it would make a public filing of the registration statement shortly after the dual path decision. At that time, the preliminary prospectus would be circulated and the "road show" (i.e. the marketing of the common stock of the Corporation to the public) would commence. At the conclusion of the road show, the public offering would be priced. Because the pricing of the public offering would occur at least 6 to 8 weeks after the estimated valuation range had been established by the underwriters, changes in market conditions during that period could affect the final pricing. Following the pricing of the offering, the registration statement would be declared effective by the SEC and the offering would be consummated.

If an M&A transaction is selected, the Corporation intends to close this transaction expeditiously following satisfaction of all relevant conditions. This would include obtaining all necessary regulatory approvals.

At the time of the pricing of a public offering or the execution of a definitive purchase agreement relating to an M&A transaction, the USEC Board of Directors must again determine that it is not aware of any facts or circumstances that would materially change the Board's decision that the privatization transaction will satisfy the Statutory Requirements. In addition, pursuant to section 3104(c) of the USEC Privatization Act, the Secretary of the Treasury must make a final determination that the privatization transaction will provide the maximum proceeds to the U.S. Treasury consistent with the other Statutory Requirements.

The USEC Privatization Act provides for the allocation of liabilities between the U. S. Government and USEC at privatization and calls for a memorandum of agreement between OMB and USEC, which would also provide for final settlement of USEC's accounts receivable and accounts payable with the Government.

Attachment B. Terms of reference for a Presidential Decision Document on USEC and HEU Oversight

Not funded to POTUS

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Terms of Reference
for a
Presidential Decision Document

Purpose. Establishment of the Enrichment Oversight Committee to monitor the U.S. Enrichment Corporation (USEC), or its successor organization(s) involved in uranium enrichment and related businesses, so that the national security and economic interests of the United States are assuredly protected following USEC's privatization. This Committee will be responsible for recommending, implementing, enforcing and directing U.S. policy with regard to these businesses, where appropriate. In particular, the Committee will monitor USEC's performance as "executive agent" for implementing the twenty-year U.S.- Russia HEU Purchase Agreement.

Policy. Policy objectives served by this Committee include to ensure that: the executive agent (currently USEC) in the U.S.-Russia HEU Purchase Agreement performs as required; restrictions on foreign ownership, control or influence over USEC are enforced; relevant foreign and domestic intelligence information is appropriately applied; appropriate coordination with regulatory bodies, including the Securities and Exchange Commission and the Nuclear Regulatory Commission, occurs; the U.S. government's interest in AVLIS, an innovative uranium enrichment technology that USEC is developing and that the U.S. government retains rights to, is well-managed; and requirements of the relevant legislation are upheld.

Organization. This Committee will be co-chaired by senior officials representing the National Security Council and the National Economic Council. These individuals will work with the Committee membership to establish Subcommittees with responsibilities to closely monitor various aspects of uranium enrichment and related businesses, to meet at least quarterly, and to prepare a semi-annual report to the President, or more frequently, if required.

The Standing membership of the Committee will include representatives from the: National Security Council (NSC), National Economic Council (NEC), Department of State (DOS), Department of Energy (DOE), Department of Treasury, Department of Commerce (DOC), Department of Justice (DOJ), the Federal Bureau of Investigation (FBI), Office of Management and Budget, Council of Economic Advisers (CEA), Central Intelligence Agency (CIA), and the Defense Intelligence Agency (DIA). The Nuclear Regulatory Commission (NRC) and the Securities and Exchange Commission (SEC), as independent regulators, would be representatives by courtesy.

Subcommittees reporting to the Committee would include:

Monitoring and Preventing Foreign Ownership, Control or Influence

Subcommittee Members: DOE, DOJ, FBI, CIA, Treasury, DIA, SEC, DOC
Responsibilities include: Analyzing information obtained from intelligence sources, Foreign Ownership, Control or Influence process, Financial Crimes Enforcement Network, and SEC filings.

Monitoring Performance of the U.S.-Russia HEU Contract and Transparency Measures

Subcommittee Members: NSC, NEC, DOS, DOE, DOC, CEA, OMB, CIA
Responsibilities include: Monitoring executive agent, contract implementation, and DOE/State/USEC Memorandum of Agreement.

Monitoring World Markets

Subcommittee Members: DOE, OMB, CEA, NEC, Treasury, DOC
Responsibilities include: Monitoring near and long term U.S. and international enrichment and uranium demand, markets, and prices.

Monitoring the Status of Domestic Enrichment Services

Subcommittee members: DOE, NRC, Treasury, OMB, DOC, CEA, NEC
Responsibilities include: Monitor uranium production, plant shutdowns, plant startups, employment levels, profitability, AVLIS/SILEX uranium enrichment technology deployment, new ventures, and assure U.S. government responsibilities are carried out, including statutory requirements.

Monitoring Regulatory Information

Subcommittee members: NRC, SEC, Treasury
Responsibilities include: Receive information relevant to regulatory and licensing responsibilities and report any concerns.

The co-chairs of the Committee will be supported by a career civil servant who will be designated as the executive secretary. The executive secretary will work for the co-chairs in coordinating the activities of the Committee and Subcommittees, keep members informed, receive reports from Subcommittee chairs, and keep files of record.

The co-chairs of this Committee will receive reports on an on-going basis from the FBI and CIA who, pursuant to this directive, will establish a complementary monitoring program to address the policy objectives served by this Committee, consistent with requirements of U.S. law governing intelligence activities.

Committee's Authority: The co-chairs of the Committee have authority to request assistance, as required, from other U.S. government agencies not included in membership.

Duration of Committee: This Committee will continue to meet and carry out its responsibilities until it is officially disbanded by an appropriate directive.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 7/23 ACTION/CONCURRENCE/COMMENT DUE BY: 7/24SUBJECT: Privatization of US Enrichment Corp

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
BOWLES	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA <i>OK verbally</i>	☒	☐	RUFF	☒	☐
MATHEWS	☒	☐	SMITH	☐	☐
RAINES	☒	☐	REED	☐	☐
BAER	☐	☐	SOSNIK	☒	☐
ECHAVESTE	☐	☐	LEWIS	☐	☐
EMANUEL	☒	☐	YELLEN	☐	☐
GIBBONS <i>OK verbally</i>	☒	☐	STREETT	☐	☐
IBARRA	☐	☐	SPERTING	☒	☐
RADD	☐	☐	TARULLO	☐	☐
MARSHALL	☒	☐	VERVEER	☐	☐
HILLEY	☒	☐	WALDMAN	☐	☐
KLAIN	☒	☐	_____	☐	☐
BERGER	☐	☐	_____	☐	☐
LINDSEY	☐	☐	_____	☐	☐

REMARKS:

Please advise

RESPONSE:

Privatization of
U.S. Enrichment
Corporation]

NSC says there's
a RUSH
on this
]

THE WHITE HOUSE

WASHINGTON

'97 JUL 23 PM9:01

July 17, 1997

ACTION

MEMORANDUM TO THE PRESIDENT

FROM: DANIEL K. TARULLO AND SAMUEL R. BERGER^{DK}

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Privatization and the AVLIS issue

One issue that is being linked by some in the Congress to the timing of privatization is the spending cap on developing a new enrichment technology, Advanced Vapor Laser Isotope Separation (AVLIS). The U.S. government has invested over \$1.5 billion in this technology, and the research and development is being performed by about 600 workers at the Lawrence Livermore National Laboratory. The Energy Policy Act of 1992 created a cap on how much a public-sector USEC could spend on AVLIS. That spending cap will be reached this fall. Already, AVLIS workers are concerned over the prospect of layoff notices. A disruption of AVLIS, furthermore, could potentially affect USEC's value at privatization. The Administration is therefore considering several options to sustain AVLIS, but some have indicated that your approval of the privatization plan may be necessary to secure congressional support for any temporary fix. However, all agree that some kind of congressional action will be necessary regardless of the existence or speed of the privatization process: even if the privatization plan were approved immediately, the spending cap would be breached before the privatization transaction could be completed.

Recommendation

The Energy Policy Act of 1992 requires Presidential approval of the implementation of the USEC privatization plan. Your approval at this time will help dispel any doubts in the market and in Congress about the Administration's commitment to privatization. Following your approval, USEC will begin immediately to seek market opportunities for privatization, subject to approval by the Secretary of the Treasury of the final privatization proposal. Treasury will take the lead in managing the transaction for the Administration.

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Decision

_____ Approve

_____ Disapprove

_____ Discuss

Attachment A. Privatization process and summary of factors that must be considered in evaluating privatization

WHITE HOUSE STAFFING MEMORANDUM

DATE: 7/23 ACTION/CONCURRENCE/COMMENT DUE BY: 7/24SUBJECT: Privatization of US Enrichment Corp

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
BOWLES	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☒	☐	RUFF	☒	☐
MATHEWS	☒	☐	SMITH	☐	☐
RAINES	☒	☐	REED	☐	☐
BAER	☐	☐	SOSNIK	☒	☐
ECHAVESTE	☐	☐	LEWIS	☐	☐
EMANUEL	☒	☐	YELLEN	☐	☐
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BERGER	☐	☐	_____	☐	☐
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REMARKS:

Please advise

RESPONSE: _____

THE WHITE HOUSE

WASHINGTON

97 JUL 23 PM9:01

July 17, 1997

ACTION

MEMORANDUM TO THE PRESIDENT

FROM: DANIEL K. TARULLO AND SAMUEL R. BERGER ^{DK} 

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Background on USEC privatization

The 1992 Energy Policy Act created USEC as a wholly-owned government corporation to assume operation of the Department of Energy's uranium enrichment facilities, and to market enrichment services to electric utilities that operate commercial nuclear power plants in the United States and abroad. The Act resulted from a consensus that these activities had been poorly managed by the government. For example, the government's operation showed little ingenuity in pricing and contracting policies, expended billions of dollars by investing in an enrichment technology that never became commercially viable, and kept excess capacity in

operation for many years.

Since USEC's creation as a government corporation, operations have improved significantly. Some further improvement is expected following privatization (particularly relative to what would obtain if USEC were to remain within the public sector with no prospects for being privatized). For example, OMB projects that a privatized USEC could enjoy up to 10 percent lower non-energy costs than a public-sector USEC.

These potential efficiency benefits were the primary impetus behind Congress's direction to the Administration to privatize USEC subject to several conditions, including the ongoing protection of the national security. Another condition for privatization, which Treasury has concluded is likely to be met, is that the net present value of the sale be at least equal to the value to the government of retaining the company.

A subsequent law, the 1996 USEC Privatization Act, established a more detailed process to follow in privatization, specified additional liabilities and responsibilities that would be left with the U.S. government, and established a requirement that the President monitor the actions of the U.S. executive agent (presently USEC) for the U.S.-Russia HEU Purchase Agreement (hereafter the "HEU Agreement").

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The 1992 statute requires that before privatization can occur, you must approve the implementation of a privatization plan. The plan presents a two-track process for exploring privatization options (an initial public offering or a merger and acquisition). The law also requires that the Secretary of the Treasury concur in any final sale, an important assurance that the details of the final privatization transaction will be scrutinized to protect the national interest. A summary of the factors that must be evaluated as part of any final privatization deal and the privatization process that USEC will follow, with your approval, is at Attachment A.

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All agencies concur that the HEU Agreement is a key national security interest. CEA's opposition to privatization is predicated on its concerns about the economics of the HEU Agreement for a private-sector entity. In particular, CEA notes that USEC is a near-monopoly which enjoys advantageous contracts for its most important input, the electricity it uses in the enrichment process. USEC's marginal cost of producing reactor fuel domestically is therefore significantly lower than the price USEC is paying the Russians under the HEU Agreement. Thus, the more USEC imports from Russia, the higher its costs. CEA concludes that privatization, and its accompanying profit-maximizing objective, creates a potential divergence in incentives between the U.S. government and USEC in the HEU Agreement. Because of the paramount importance of that Agreement, CEA therefore argues that USEC should remain in the public sector so that the government can retain maximum control over its behavior. CEA also

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Other agencies are not convinced by CEA's argument. They note that USEC has already concluded a five-year contract with Russia, with specified prices and quantities, for 132 metric tons out of the total 500 metric tons covered under the 20-year HEU Agreement. Negotiations to extend the five-year contract will begin well in advance of the end of the contract period. Furthermore, the U.S. Government will retain the right, after privatization, to change or add executive agents with as little as 30 days notice if USEC fails satisfactorily to perform its executive agent responsibilities. Contingency plans have been prepared should such action ever be required. Since USEC has a strategic market interest in sustaining its position as sole executive agent (to prevent market control from slipping to others), this authority should be a powerful tool for ensuring continued attention by USEC to U.S. national security objectives. All other agencies, however, support privatization and oppose the imposition of additional measures to improve USEC's incentives to implement the HEU Agreement beyond those described below, believing that they are unnecessary or undesirable at this time.

Preventing foreign ownership, influence, and control

Because of the sensitive nature of some of USEC's facilities and the importance of the HEU Agreement, potential buyers of USEC will be carefully scrutinized in the process prior to selling USEC. The NSC led a review of existing statutory, regulatory and administrative regimes to control foreign ownership and influence of USEC and determined that they are sufficient to protect U.S. national security. Consistent with those authorities and the national interest, the NSC approved stringent limits on foreign ownership and influence: foreign competitors, or any entity with a relationship with a substantial commercial competitor of USEC, are excluded from bidding for USEC. In addition, total foreign participation in the acquisition of USEC is limited to a maximum of 10 percent; foreign-sourced financing will be limited to a maximum of 10 percent; and voting rights of foreign persons in the corporation are limited over 10 percent. Not only will bidders be screened, but the criteria are designed to limit future opportunities to amass sufficient corporate shares to achieve control of the privatized corporation or obtain sensitive commercial information.

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DATE: 7/23 ACTION/CONCURRENCE/COMMENT DUE BY: 7/24

SUBJECT: Privatization of US Enrichment Corp

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REMARKS:

Please advise

RESPONSE:

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WASHINGTON

97 JUL 23 PM9:01

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Decision

_____ Approve

_____ Disapprove

_____ Discuss

THE WHITE HOUSE
WASHINGTON

57 JUL 28 PM 3:02

July 17, 1997

ACTION

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One issue that is being linked by some in the Congress to the timing of privatization is the spending cap on developing a new enrichment technology, Advanced Vapor Laser Isotope Separation (AVLIS). The U.S. government has invested over \$1.5 billion in this technology, and the research and development is being performed by about 600 workers at the Lawrence Livermore National Laboratory. The Energy Policy Act of 1992 created a cap on how much a public-sector USEC could spend on AVLIS. That spending cap will be reached this fall. Already, AVLIS workers are concerned over the prospect of layoff notices. A disruption of AVLIS, furthermore, could potentially affect USEC's value at privatization. The Administration is therefore considering several options to sustain AVLIS, but some have indicated that your approval of the privatization plan may be necessary to secure congressional support for any temporary fix. However, all agree that some kind of congressional action will be necessary regardless of the existence or speed of the privatization process: even if the privatization plan were approved immediately, the spending cap would be breached before the privatization transaction could be completed.

Recommendation

The Energy Policy Act of 1992 requires Presidential approval of the implementation of the USEC privatization plan. Your approval at this time will help dispel any doubts in the market and in Congress about the Administration's commitment to privatization. Following your approval, USEC will begin immediately to seek market opportunities for privatization, subject to approval by the Secretary of the Treasury of the final privatization proposal. Treasury will take the lead in managing the transaction for the Administration.

If approved, we expect privatization to occur in six to eight months. As noted above, a directive will be prepared to ensure that the national interest is monitored and protected after privatization. The following agencies agree that USEC should be permitted to pursue privatization options in the market: NEC, NSC, State, Treasury, Energy, Commerce, and Justice. CIA believes that privatization poses no threat to national security. CEA opposes this recommendation.

Decision

_____ Approve

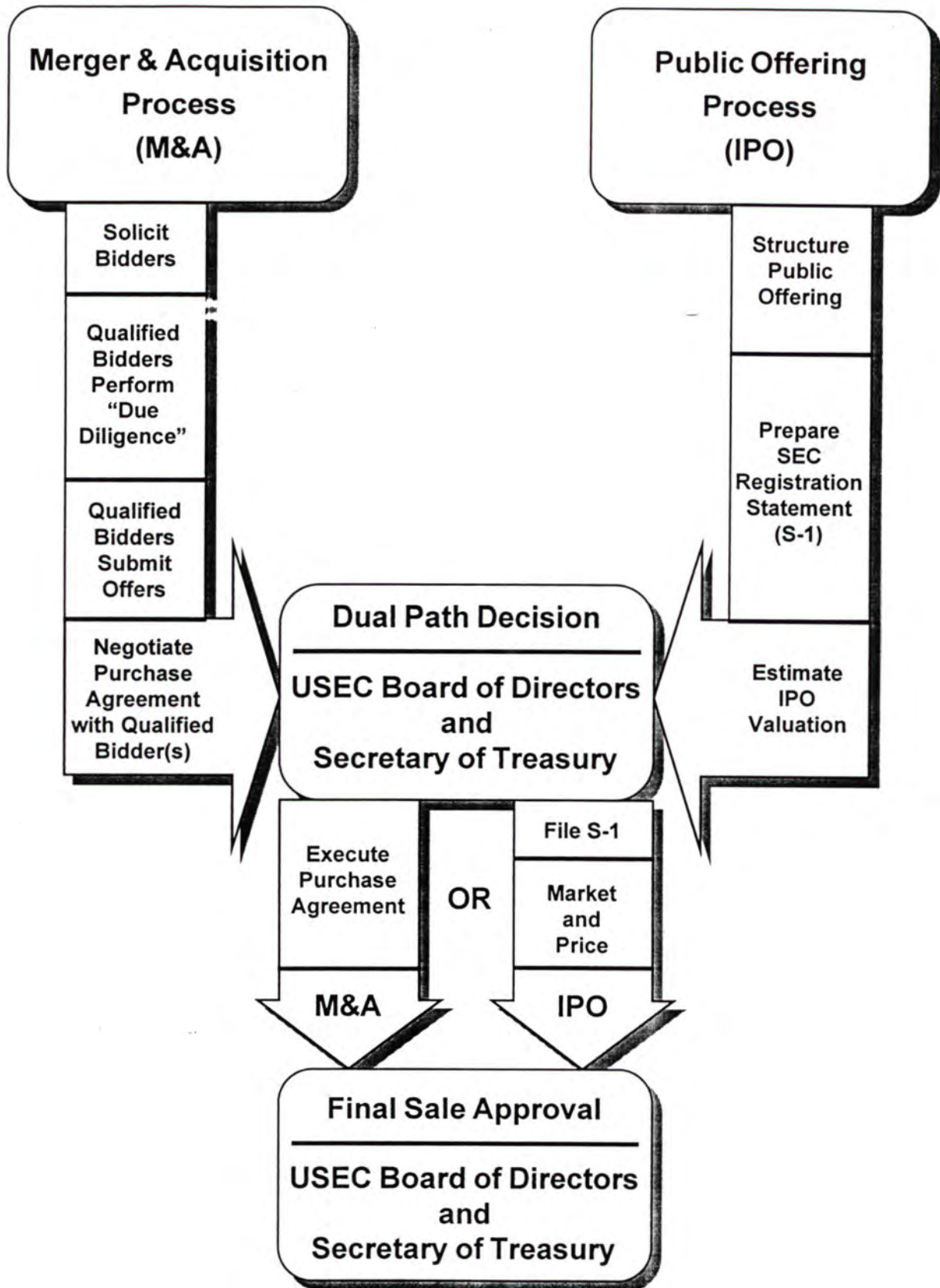
_____ Disapprove

_____ Discuss

Attachment A. Privatization process and summary of factors that must be considered in evaluating privatization

USEC PRIVATIZATION

DUAL PATH PROCESS



PROCESS FOR THE PRIVATIZATION OF THE UNITED STATES ENRICHMENT CORPORATION

I. Introduction

The United States Enrichment Corporation is following a dual path approach to privatization --- simultaneously pursuing a negotiated sale of the Corporation to private investors ("M&A transaction") and an initial public offering of the Corporation's common stock to institutions and the general investing public ("IPO"). A dual path approach has been recommended because, while either an M&A transaction or an IPO could be structured to satisfy the statutory requirements for privatization, it is difficult for the United States Government to know which approach will best achieve these objectives without testing both markets before making a final decision.

Set forth below is a brief description of the process that USEC will follow. Additionally, a schematic outline of this process is included at the end of this memorandum. The Secretary of the Treasury and other Administration officials will be consulted with at each step in the M&A and IPO process. At the dual path decision point, the USEC Board of Directors (Presidential appointees confirmed by the Senate), with the approval of the Secretary of the Treasury, will select the transaction alternative that best satisfies the statutory requirements for privatization set forth in the Energy Policy Act of 1992 and the recently enacted USEC Privatization Act (the "Statutory Requirements"; see section III). Following the dual path decision, the Corporation, with the approval of the Secretary of the Treasury, will execute and close the selected privatization transaction.

The Corporation, working with the Department of the Treasury, has engaged Morgan Stanley & Co. as the Transaction Manager to direct both the M&A and IPO process. Merrill Lynch & Co. has been engaged as the co-lead manager and six other investment banks have been engaged as co-managers in the event that the USEC Board of Directors and the Secretary of the Treasury determine to privatize USEC pursuant to an IPO. In addition, the Corporation is supported by its financial advisor, J.P. Morgan Securities, and its legal and accounting advisors. While the Secretary of the Treasury is directed to make certain statutorily-required approvals in connection with USEC's privatization, it is anticipated that throughout the entire dual path process USEC will be working closely with Treasury and other Administration officials.

II. The Dual Path Approach

The dual path approach to privatization commences with the simultaneous initiation of the merger and acquisition process and preparation for the public offering process. Approximately 21 weeks later, the USEC Board of Directors and the Secretary of the Treasury will be in a position to decide which path to follow to the closing of a privatization transaction.

The Merger & Acquisition Process

The M&A process will proceed in two distinct phases designed to (a) provide prospective buyers with information about the Corporation and result in firm bids for the Corporation and (b) provide information to the Corporation about prospective buyers and their ability to meet the Statutory Requirements. It is anticipated that prospective M&A buyers would be large industrial companies having both a strategic and financial fit with the Corporation. Alternatively, it is also anticipated that a group or consortium of companies may be interested. During the course of the M&A process, the Corporation, DOE, NRC and other agencies will collect and evaluate information regarding the ownership, financial structure and other matters related to prospective bidders to permit a complete assessment by the Government of the ability of bidders and bids to satisfy the Statutory Requirements.

Phase I: Offering Memorandum and Preliminary Bids

Phase I of the M&A process is designed to provide prospective bidders with sufficient information about the Corporation to submit a preliminary bid to purchase the Corporation. Phase I will also enable the Corporation to make an initial assessment as to the level of interest of prospective bidders and the ability of an M&A transaction to satisfy the Statutory Requirements.

Prospective bidders will be provided an offering memorandum which will contain a description of the uranium enrichment industry and certain confidential information regarding the Corporation's business. After reviewing the offering memorandum, interested parties will be required to make a preliminary, non-binding bid. Phase II of the M&A process will only be open to those bidders that are judged best able to satisfy the Statutory Requirements. It is anticipated that the pool of prospective bidders will be significantly reduced before the start of Phase II.

Phase II: Due Diligence and Final Bids

During Phase II, bidders will be provided a copy of the form of purchase agreement to be used in acquiring USEC and given an opportunity to conduct an in-depth due diligence review of the Corporation. This will include access to data rooms, management presentations, meetings with other appropriate government officials and facility tours.

At the conclusion of this due diligence period, bidders interested in acquiring USEC will be directed to submit their best and final offers by a specified date together with a signed purchase agreement. Prior to the dual path decision, the Corporation will negotiate a final purchase agreement with the bidder(s) submitting the bid which has the ability to proceed in a transaction best satisfying the Statutory Requirements.

The best bid(s), if any, from the M&A process will be compared to the valuation determined in the IPO process, and both will be measured against the Statutory Requirements.

The Public Offering Process

The public offering process will be undertaken concurrently with the M&A process and will consist of three principal components: (i) the structuring of the public offering, (ii) the preparation of a registration statement and prospectus, and (iii) the determination of the estimated IPO valuation. In addition, the Corporation will consider the option of an investment by a strategic investor to purchase a minority interest in the Corporation in conjunction with a public offering.

During the structuring stage, which may overlap with the preparation of the registration statement, key issues such as the Corporation's financial structure, dividend policy, the number of shares to be issued, and the jurisdictions in which the offering should be sold, will be finalized.

The Corporation will work with the underwriters and the Corporation's financial advisor, legal advisors and accountants to prepare the registration statement. A registration statement is both a disclosure and a sales document filed with the Securities and Exchange Commission ("SEC"). Following completion of the draft registration statement, the Corporation intends to make a confidential submission of its draft registration statement to the SEC. The Corporation would only make a public filing of the registration statement in the event that a public offering is selected as the privatization transaction when the dual path decision is made.

During the period that the registration statement is being reviewed by the SEC, the underwriters will complete the estimated IPO valuation of USEC. This valuation will indicate an estimated range of the gross proceeds that could be realized from a potential public offering. The estimated valuation range will be based on the conclusions of the underwriters and will represent their best estimate at that time of the likely proceeds from a public offering of the Corporation's stock. The estimated valuation range will also reflect the financial structure and dividend policy of the privatized corporation. Accordingly, this estimated valuation range, based on updated market and financial information, and the policies and financial structure for the privatized corporation, may differ from previous valuations of the Corporation done by others.

As part of the public offering, the Corporation will consider the option of an investment by a strategic investor to purchase a minority interest in the Corporation. Under this scenario, a strategic investor would purchase a certain percentage of the Corporation's stock at a price no less than the IPO share price. The Corporation anticipates that the process to solicit a strategic investor would begin at some point after the start of the M&A process and likely end before the public filing of the registration statement.

Terms of Reference
for a
Presidential Decision Document

Purpose. Establishment of the Enrichment Oversight Committee to monitor the U.S. Enrichment Corporation (USEC), or its successor organization(s) involved in uranium enrichment and related businesses, so that the national security and economic interests of the United States are assuredly protected following USEC's privatization. This Committee will be responsible for recommending, implementing, enforcing and directing U.S. policy with regard to these businesses, where appropriate. In particular, the Committee will monitor USEC's performance as "executive agent" for implementing the twenty-year U.S.- Russia HEU Purchase Agreement.

Policy. Policy objectives served by this Committee include to ensure that: the executive agent (currently USEC) in the U.S.-Russia HEU Purchase Agreement performs as required; restrictions on foreign ownership, control or influence over USEC are enforced; relevant foreign and domestic intelligence information is appropriately applied; appropriate coordination with regulatory bodies, including the Securities and Exchange Commission and the Nuclear Regulatory Commission, occurs; the U.S. government's interest in AVLIS, an innovative uranium enrichment technology that USEC is developing and that the U.S. government retains rights to, is well-managed; and requirements of the relevant legislation are upheld.

Organization. This Committee will be co-chaired by senior officials representing the National Security Council and the National Economic Council. These individuals will work with the Committee membership to establish Subcommittees with responsibilities to closely monitor various aspects of uranium enrichment and related businesses, to meet at least quarterly, and to prepare a semi-annual report to the President, or more frequently, if required.

The Standing membership of the Committee will include representatives from the: National Security Council (NSC), National Economic Council (NEC), Department of State (DOS), Department of Energy (DOE), Department of Treasury, Department of Commerce (DOC), Department of Justice (DOJ), the Federal Bureau of Investigation (FBI), Office of Management and Budget, Council of Economic Advisers (CEA), Central Intelligence Agency (CIA), and the Defense Intelligence Agency (DIA). The Nuclear Regulatory Commission (NRC) and the Securities and Exchange Commission (SEC), as independent regulators, would be representatives by courtesy.

Subcommittees reporting to the Committee would include:

Monitoring and Preventing Foreign Ownership, Control or Influence

Subcommittee Members: DOE, DOJ, FBI, CIA, Treasury, DIA, SEC, DOC
Responsibilities include: Analyzing information obtained from intelligence sources, Foreign Ownership, Control or Influence process, Financial Crimes Enforcement Network, and SEC filings.

Monitoring Performance of the U.S.-Russia HEU Contract and Transparency Measures

Subcommittee Members: NSC, NEC, DOS, DOE, DOC, CEA, OMB, CIA
Responsibilities include: Monitoring executive agent, contract implementation, and DOE/State/USEC Memorandum of Agreement.

Monitoring World Markets

Subcommittee Members: DOE, OMB, CEA, NEC, Treasury, DOC
Responsibilities include: Monitoring near and long term U.S. and international enrichment and uranium demand, markets, and prices.

Monitoring the Status of Domestic Enrichment Services

Subcommittee members: DOE, NRC, Treasury, OMB, DOC, CEA, NEC
Responsibilities include: Monitor uranium production, plant shutdowns, plant startups, employment levels, profitability, AVLIS/SILEX uranium enrichment technology deployment, new ventures, and assure U.S. government responsibilities are carried out, including statutory requirements.

Monitoring Regulatory Information

Subcommittee members: NRC, SEC, Treasury
Responsibilities include: Receive information relevant to regulatory and licensing responsibilities and report any concerns.

The co-chairs of the Committee will be supported by a career civil servant who will be designated as the executive secretary. The executive secretary will work for the co-chairs in coordinating the activities of the Committee and Subcommittees, keep members informed, receive reports from Subcommittee chairs, and keep files of record.

The co-chairs of this Committee will receive reports on an on-going basis from the FBI and CIA who, pursuant to this directive, will establish a complementary monitoring program to address the policy objectives served by this Committee, consistent with requirements of U.S. law governing intelligence activities.

Committee's Authority: The co-chairs of the Committee have authority to request assistance, as required, from other U.S. government agencies not included in membership.

Duration of Committee: This Committee will continue to meet and carry out its responsibilities until it is officially disbanded by an appropriate directive.

Attachment B. Terms of reference for a Presidential Decision Document on USEC
and HEU Oversight

III. The Dual Path Decision and the Statutory Requirements

Following the submission of final bids and the negotiation of a final purchase agreement(s) by prospective buyers in the M&A process and completion of the estimated IPO valuation of the Corporation, there will be a formal evaluation of the options available under the M&A process and the IPO process. The transaction selected will be the one that the USEC Board of Directors, with the approval of the Secretary of the Treasury, determines will best satisfy the eight Statutory Requirements, as described below.*

1. **Net Present Value:** privatization will result in a return to the United States at least equal to the net present value of the Corporation.
2. **No Foreign Control:** privatization will not result in the Corporation being owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.
3. **Public Health & National Security:** privatization will not be inimical to the health and safety of the public or the common defense and security.
4. **Adequate Enrichment Capacity:** privatization will provide reasonable assurance that adequate enrichment capacity will remain available to meet the demands of the domestic electric utility industry.
5. **Long-Term Viability:** privatization will provide for the long-term viability of the Corporation.
6. **Gaseous Diffusion Plants:** privatization will provide for the continuation by the Corporation of the operation of the Department of Energy's gaseous diffusion plants.
7. **Reliable and Economical Domestic Industry:** privatization will provide for the protection of the public interest in maintaining a reliable and economical domestic source of uranium mining, enrichment and conversion services.
8. **Maximize Proceeds:** to the extent not inconsistent with such purposes, privatization will secure the maximum proceeds to the United States.

* The Statutory Requirements can be found in section 1502(a) of the Atomic Energy Act of 1954 (42 U.S.C. 2297d-1(a)) and sections 3103 and 3104 of the USEC Privatization Act (42 U.S.C. 2297h-1 and 2297h-2).

IV. Closing the Privatization Transaction

Following the dual path decision by the USEC Board of Directors and the approval of the Secretary of the Treasury, the Corporation will pursue the selected transaction to closing.

If a public offering is selected, the Corporation anticipates that it would make a public filing of the registration statement shortly after the dual path decision. At that time, the preliminary prospectus would be circulated and the "road show" (i.e. the marketing of the common stock of the Corporation to the public) would commence. At the conclusion of the road show, the public offering would be priced. Because the pricing of the public offering would occur at least 6 to 8 weeks after the estimated valuation range had been established by the underwriters, changes in market conditions during that period could affect the final pricing. Following the pricing of the offering, the registration statement would be declared effective by the SEC and the offering would be consummated.

If an M&A transaction is selected, the Corporation intends to close this transaction expeditiously following satisfaction of all relevant conditions. This would include obtaining all necessary regulatory approvals.

At the time of the pricing of a public offering or the execution of a definitive purchase agreement relating to an M&A transaction, the USEC Board of Directors must again determine that it is not aware of any facts or circumstances that would materially change the Board's decision that the privatization transaction will satisfy the Statutory Requirements. In addition, pursuant to section 3104(c) of the USEC Privatization Act, the Secretary of the Treasury must make a final determination that the privatization transaction will provide the maximum proceeds to the U.S. Treasury consistent with the other Statutory Requirements.

The USEC Privatization Act provides for the allocation of liabilities between the U. S. Government and USEC at privatization and calls for a memorandum of agreement between OMB and USEC, which would also provide for final settlement of USEC's accounts receivable and accounts payable with the Government.

WHITE HOUSE STAFFING MEMORANDUM

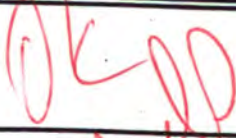
DATE: 7/23 ACTION/CONCURRENCE/COMMENT DUE BY: 7/24

SUBJECT: Privatization of US Enrichment Corp

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
BOWLES	☒	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA 	☒	☐	RUFF	☒	☐
MATHEWS	☒	☐	SMITH	☐	☐
RAINES	☒	☐	REED	☐	☐
BAER	☐	☐	SOSNIK	☒	☐
ECHAVESTE	☐	☐	LEWIS	☐	☐
EMANUEL	☒	☐	YELLEN	☐	☐
GIBBONS	☒	☐	STREETT	☐	☐
IBARRA	☐	☐	SPERLING	☒	☐
RADD	☐	☐	TARULLO	☐	☐
MARSHALL	☒	☐	VERVEER	☐	☐
HILLEY	☒	☐	WALDMAN	☐	☐
KLAIN	☒	☐		☐	☐
BERGER	☐	☐		☐	☐
LINDSEY	☐	☐		☐	☐

REMARKS:

Please advise



RESPONSE:

Staff Secretary
Ext. 6-2702

THE WHITE HOUSE

WASHINGTON

97 JUL 23 PM9:01

July 17, 1997

ACTION

MEMORANDUM TO THE PRESIDENT

FROM: DANIEL K. TARULLO ^{DKT} AND SAMUEL R. BERGER ^D

SUBJECT: Privatization of U.S. Enrichment Corporation

Current law calls for the privatization of the United States Enrichment Corporation (USEC), subject to approval by the President and the Secretary of the Treasury. USEC is a government-owned corporation formed in 1992 that produces enriched uranium for use as commercial nuclear reactor fuel. It is also the U.S. government's executive agent in the U.S.-Russia HEU Purchase Agreement, which provides for the purchase from Russia of 500 metric tons of highly enriched uranium (HEU) from dismantled Russian nuclear warheads over twenty years. Under the Agreement, weapons-grade HEU is blended into low-enriched uranium (LEU) suitable for use as nuclear reactor fuel, imported into the United States, and sold to nuclear utilities.

An interagency group, led by NEC and NSC, has been examining the economic and national security issues associated with privatizing USEC. With the exception of CEA, all agencies agree that privatization should proceed. This memorandum therefore recommends that you approve the implementation of USEC's privatization plan. Such approval will permit USEC to evaluate privatization opportunities in the market and facilitate a privatization transaction, subject only to the approval of the Secretary of the Treasury. Your FY 1998 budget assumes sale proceeds from privatizing USEC of \$1.6 billion.

Background on USEC privatization

The 1992 Energy Policy Act created USEC as a wholly-owned government corporation to assume operation of the Department of Energy's uranium enrichment facilities, and to market enrichment services to electric utilities that operate commercial nuclear power plants in the United States and abroad. The Act resulted from a consensus that these activities had been poorly managed by the government. For example, the government's operation showed little ingenuity in pricing and contracting policies, expended billions of dollars by investing in an enrichment technology that never became commercially viable, and kept excess capacity in

operation for many years.

Since USEC's creation as a government corporation, operations have improved significantly. Some further improvement is expected following privatization (particularly relative to what would obtain if USEC were to remain within the public sector with no prospects for being privatized). For example, OMB projects that a privatized USEC could enjoy up to 10 percent lower non-energy costs than a public-sector USEC.

These potential efficiency benefits were the primary impetus behind Congress's direction to the Administration to privatize USEC subject to several conditions, including the ongoing protection of the national security. Another condition for privatization, which Treasury has concluded is likely to be met, is that the net present value of the sale be at least equal to the value to the government of retaining the company.

A subsequent law, the 1996 USEC Privatization Act, established a more detailed process to follow in privatization, specified additional liabilities and responsibilities that would be left with the U.S. government, and established a requirement that the President monitor the actions of the U.S. executive agent (presently USEC) for the U.S.-Russia HEU Purchase Agreement (hereafter the "HEU Agreement").

Need for Presidential decision

The 1992 statute requires that before privatization can occur, you must approve the implementation of a privatization plan. The plan presents a two-track process for exploring privatization options (an initial public offering or a merger and acquisition). The law also requires that the Secretary of the Treasury concur in any final sale, an important assurance that the details of the final privatization transaction will be scrutinized to protect the national interest. A summary of the factors that must be evaluated as part of any final privatization deal and the privatization process that USEC will follow, with your approval, is at Attachment A.

Privatization and the HEU Agreement

All agencies concur that the HEU Agreement is a key national security interest. CEA's opposition to privatization is predicated on its concerns about the economics of the HEU Agreement for a private-sector entity. In particular, CEA notes that USEC is a near-monopoly which enjoys advantageous contracts for its most important input, the electricity it uses in the enrichment process. USEC's marginal cost of producing reactor fuel domestically is therefore significantly lower than the price USEC is paying the Russians under the HEU Agreement. Thus, the more USEC imports from Russia, the higher its costs. CEA concludes that privatization, and its accompanying profit-maximizing objective, creates a potential divergence in incentives between the U.S. government and USEC in the HEU Agreement. Because of the paramount importance of that Agreement, CEA therefore argues that USEC should remain in the public sector so that the government can retain maximum control over its behavior. CEA also

argues that carrying out any sanctions -- such as replacing USEC as the executive agent -- will be difficult as a practical matter. In sum, CEA believes that the internal efficiency benefits from privatization are not worth the potential risks of undermining the HEU Agreement -- even if those risks are only modestly higher with a privatized agent. A June 11 *New York Times* editorial raised similar concerns, which are shared by some outside experts.

Other agencies are not convinced by CEA's argument. They note that USEC has already concluded a five-year contract with Russia, with specified prices and quantities, for 132 metric tons out of the total 500 metric tons covered under the 20-year HEU Agreement. Negotiations to extend the five-year contract will begin well in advance of the end of the contract period. Furthermore, the U.S. Government will retain the right, after privatization, to change or add executive agents with as little as 30 days notice if USEC fails satisfactorily to perform its executive agent responsibilities. Contingency plans have been prepared should such action ever be required. Since USEC has a strategic market interest in sustaining its position as sole executive agent (to prevent market control from slipping to others), this authority should be a powerful tool for ensuring continued attention by USEC to U.S. national security objectives. All other agencies, however, support privatization and oppose the imposition of additional measures to improve USEC's incentives to implement the HEU Agreement beyond those described below, believing that they are unnecessary or undesirable at this time.

Preventing foreign ownership, influence, and control

Because of the sensitive nature of some of USEC's facilities and the importance of the HEU Agreement, potential buyers of USEC will be carefully scrutinized in the process prior to selling USEC. The NSC led a review of existing statutory, regulatory and administrative regimes to control foreign ownership and influence of USEC and determined that they are sufficient to protect U.S. national security. Consistent with those authorities and the national interest, the NSC approved stringent limits on foreign ownership and influence: foreign competitors, or any entity with a relationship with a substantial commercial competitor of USEC, are excluded from bidding for USEC. In addition, total foreign participation in the acquisition of USEC is limited to a maximum of 10 percent; foreign-sourced financing will be limited to a maximum of 10 percent; and voting rights of foreign persons in the corporation are limited over 10 percent. Not only will bidders be screened, but the criteria are designed to limit future opportunities to amass sufficient corporate shares to achieve control of the privatized corporation or obtain sensitive commercial information.

Policies to ensure performance in the national interest

To ensure that satisfactory performance of the HEU Agreement, limitations on foreign influence in USEC, and other governmental responsibilities are upheld in the years after privatization, we are preparing a directive for your signature. This directive, which will be completed during the privatization process, will formalize a high-level USEC oversight committee and will detail the precise responsibilities of the relevant government agencies for

monitoring USEC's performance. The oversight committee will have general responsibility for ensuring that performance in the HEU Agreement is satisfactory; that ownership and control restrictions are enforced; that relevant foreign and domestic intelligence information is applied; that coordination with other regulatory bodies, including SEC and NRC, is appropriate; that the government's interest in AVLIS (see below) is well-managed; and that the requirements of the 1992 and 1996 statutes are upheld. The precise institutional arrangements of the oversight committee, the responsibilities of its sub-committees, and the methods for ensuring appropriate coordination between the oversight committee and regulatory bodies, will be defined in the directive. A draft terms of reference for the directive is at Attachment B.

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Recommendation

The Energy Policy Act of 1992 requires Presidential approval of the implementation of the USEC privatization plan. Your approval at this time will help dispel any doubts in the market and in Congress about the Administration's commitment to privatization. Following your approval, USEC will begin immediately to seek market opportunities for privatization, subject to approval by the Secretary of the Treasury of the final privatization proposal. Treasury will take the lead in managing the transaction for the Administration.

If approved, we expect privatization to occur in six to eight months. As noted above, a directive will be prepared to ensure that the national interest is monitored and protected after privatization. The following agencies agree that USEC should be permitted to pursue privatization options in the market: NEC, NSC, State, Treasury, Energy, Commerce, and Justice. CIA believes that privatization poses no threat to national security. CEA opposes this recommendation.

Decision

_____ Approve

_____ Disapprove

_____ Discuss

THE WHITE HOUSE
WASHINGTON

July 25, 1997

97 JUL 28 PM 4:35

8-A-97
OK

MEMORANDUM FOR THE PRESIDENT

FROM: JODIE R. TORKELSON
ASSISTANT TO THE PRESIDENT FOR
MANAGEMENT AND ADMINISTRATION

SUBJECT: Officer Performance Report for Major Charles H. Raderstorf, USMC Aide to the President

I. ACTION FORCING EVENT

Marine Corps regulations require officers to receive an evaluation upon their promotion. This will be Major Raderstorf's second evaluation as your Marine Corps Aide.

II. ANALYSIS

Major Raderstorf has served as your Aide since June 1995. In that capacity he has demonstrated outstanding abilities and sound judgment. Chuck is an outstanding representative of the Marine Corps and the White House, but most importantly, he has represented you with distinction.

III. RECOMMENDATION

That you sign the attached report, where annotated, as Major Raderstorf's Reporting Senior. Handwritten comments are welcomed, if desired, in section five of the Standard Addendum Page.

IV. DECISION

_____ Approve
_____ Approve as Amended
_____ Disapprove

Attachments

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. form	[Personally Identifiable Information] [partial] (1 page)	07/00/1997	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Chron Files
OA/Box Number: 9360

FOLDER TITLE:

July 1997 [3]

2019-0990-S

rs3471

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

STANDARD ADDENDUM PAGE

1. Marine Reported On
a. SSN (b)(6) b. Last Name RADERSTORF c. First Name CHARLES d. MI H e. Grade MAJOR

2. Occasion and Period
a. OCC GC b. From 960801 c. To 970630 3. Duty Assignment AIDE TO THE PRESIDENT

4. Purpose

Continuation
x Section C
 RS Certification
 REVO Certification

Adverse Report
 MRO Statement
 REVO Statement

HQMC use

5.

(5.)



HAND WRITTEN

COMMENTS IF

DESIRED.

6. Submitted By

Name WILLIAM J. CLINTON

Grade ES-1

Signature

Date

7. General/Senior Officer Adverse Report Sighting

Name

Grade

Title

 Initials

 Date

229446

Estimate No. _____
105th Congress, 1st Session



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

8-6-97

ok for signature
per Phil

Sent to Clerk

'97 JUL 31 PM 9:49

THE DIRECTOR

The President

The White House

Submitted for your consideration are amendments to the FY 1998 appropriations requests of the Legislative Branch. As required by law, budget requests for the Legislative Branch are transmitted without change.

Sincerely,

Franklin D. Raines
Director

Enclosures

THE WHITE HOUSE
WASHINGTON

Speaker of the

House of Representatives

Sir:

I ask Congress to consider the enclosed FY 1998 budget amendments for the Legislative Branch. As required by law, budget requests for the Legislative Branch are transmitted without change.

Sincerely,

Enclosure

FY 1998 Budget Amendment

Agency: LEGISLATIVE BRANCH
Bureau: SENATE
Heading: Salaries, Officers, and Employees
FY 1998 Budget
Appendix Page: 17
FY 1998
Pending Request: \$79,234,000
Proposed Amendment: \$289,000
Revised Request: \$79,523,000

(In the appropriations language under the above heading, delete "79,234,000" and substitute \$79,523,000.)

Under the subheading "Office of the Vice President" delete "\$1,581,000" and substitute \$1,612,000.

Under the subheading "Office of the President Pro Tempore" delete "\$364,000" and substitute \$371,000.

Under the subheading "Offices of the Majority and the Minority Leaders" delete "\$2,342,000" and substitute \$2,388,000.

Under the subheading "Offices of the Majority and the Minority Whips" delete "\$1,206,000" and substitute \$1,221,000.

Under the subheading "Conference Committees" delete "\$2,080,000" and substitute \$2,122,000.

Under the subheading "Offices of the Secretaries of the Conference of the Majority and the Conference of the Minority" delete "\$400,000" and substitute \$409,000.

Under the subheading "Policy Committees" delete "\$2,016,000" and substitute \$2,155,000.)

Heading: Office of the Legislative Counsel of the Senate

FY 1998 Budget
Appendix Page: 17

FY 1998
Pending Request: \$3,567,000

Proposed Amendment: \$68,000

Revised Request: \$3,635,000

Heading: Office of the Senate Legal Counsel

FY 1998 Budget
Appendix Page: 17

FY 1998
Pending Request: \$948,000

Proposed Amendment: \$18,000

Revised Request: \$966,000

Heading: Contingent Expenses of the Senate, Inquiries and Investigations

FY 1998 Budget
Appendix Page: 17

FY 1998
Pending Request: \$70,800,000

Proposed Amendment: \$4,500,000

Revised Request: \$75,300,000

Heading: Senators' Official Personnel and Office Expense Account

FY 1998 Budget

Appendix Page: 17

FY 1998

Pending Request: \$227,536,000

Proposed Amendment: \$4,200,000

Revised Request: \$231,736,000

These proposals would provide additional funds for the Senate. FY 1998 outlays would be increased by \$9 million.



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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

The President

The White House

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Submitted for your consideration is a request to make available emergency appropriations for the Department of the Treasury. Your approval of this request would make funds previously appropriated to the Treasury Counter-Terrorism Fund available to reimburse the Department of the Treasury for unanticipated expenditures incurred as a result of its bombing investigations in Atlanta and counter-terrorism support provided for the Summit of Eight and the United Nations Environmental Summit.

Public Law 104-208, the Omnibus Consolidated Appropriations Act of 1997, provided \$15 million for the Treasury Counter-Terrorism Fund, contingent upon the President submitting a budget request to the Congress and designating the entire amount requested as an emergency requirement. None of the \$15 million has yet been designated as an emergency requirement and made available. This request would make available a total of \$7,642,000 to the Bureau of Alcohol, Tobacco and Firearms; the U.S. Customs Service; and, the U.S. Secret Service to reimburse these organizations for unanticipated expenditures incurred as a result of bombing investigations in Atlanta and for counter-terrorism support provided for the Summit of Eight in Denver (June 20-22, 1997) and the United Nations Environmental Summit in New York (June 23-26, 1997).

I recommend that you designate this request as an emergency funding requirement in accordance with section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. No further congressional action will be required.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of the Treasury in recommending that you make the requested funds available by signing the enclosed letter to the Speaker of the House of Representatives.

Sincerely,

Franklin D. Raines
Director

Enclosure

THE WHITE HOUSE
WASHINGTON

The Speaker of the

House of Representatives

Sir:

In accordance with provisions of Public Law 104-208, the Omnibus Consolidated Appropriations Act of 1997, I hereby request and make available appropriations of \$7,642,000 for the Department of the Treasury from the Treasury Counter-Terrorism Fund. These funds would reimburse the Department of the Treasury for unanticipated expenditures incurred as a result of its bombing investigations in Atlanta and counter-terrorism support provided for the Summit of Eight in Denver and the United Nations Environmental Summit in New York.

I hereby designate the amount made available as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

The details of this action are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

Enclosure

**EMERGENCY APPROPRIATIONS: AMOUNTS PREVIOUSLY APPROPRIATED
MADE AVAILABLE BY THE PRESIDENT**

DEPARTMENT OF THE TREASURY

DEPARTMENTAL OFFICES

Treasury Counter-Terrorism Fund \$7,642,000

Title VII of Section 101(f) of Public Law 104-208, the Omnibus Consolidated Appropriations Act of 1997, provided \$15,000,000 for the Treasury Counter-Terrorism Fund, contingent upon the President submitting a budget request to the Congress and designating the entire amount requested as an emergency requirement. The Counter-Terrorism Fund was established to reimburse Treasury organizations for the costs of providing support to counter, investigate, or prosecute terrorism. None of the \$15,000,000 has yet been designated as an emergency requirement and made available.

At this time, \$7,642,000 is required to reimburse Department of the Treasury organizations for unanticipated expenditures incurred as a result of bombing investigations in Atlanta and counter-terrorism support provided for the Summit of Eight in Denver (June 20-22, 1997) and the United Nations Environmental Summit in New York (June 23-26, 1997). Of the total request, \$3.5 million would reimburse the Bureau of Alcohol, Tobacco and Firearms (ATF) for unanticipated expenses related to investigation of two Atlanta bombings -- the January 17, 1997, bombing of the Sandy Springs Professional Building, which contained an abortion clinic, and the February 21, 1997, bombing of The Otherside Lounge. The remaining \$4.142 million of the request would reimburse the Secret Service (\$3.313 million), the Customs Service (\$0.629 million), and ATF (\$0.200 million) for counter-terrorism support provided for the Summit of Eight and the United Nations Environmental Summit.