263006

THE WHITE HOUSE

WASHINGTON

May 26, 1998

MR. PRESIDENT:

Attached for your signature is a Presidential Memorandum prepared by OMB. The memorandum would direct the departments and agencies to take certain actions to improve their financial management and accounting in order to obtain an "unqualified audit opinion."

6-2-98

Background. The Administration has made significant progress in implementing the Chief Financial Officers Act of 1990. The Administration released the first ever government-wide financial statement in March as mandated by statute. Although some agencies were criticized, particularly DoD, the overall effort was very positive and resulted in significant improvement in government financial management. This memorandum sets out several additional steps.

Actions. The memo directs the head of each agency to submit a plan to OMB, with quarterly updates, for resolving financial reporting deficiencies identified by auditors in order to achieve an unqualified audit opinion. OMB is to monitor the agencies' progress towards these goals and provide periodic reports to the Vice President.

There are no objections to the memorandum from any WH staff.

____ Approve ____ Disapprove ____ Discuss

Phil Caplan Phil

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

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

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

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

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

1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.

2. The head of each agency identified by the OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.

3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.

4. The OMB shall provide periodic reports to the Vice President on the agency submissions and Government-wide actions taken to obtain an unqualified audit opinion of the Government's FY 1999 financial statements.

'98 MAY 8 PM6:54

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

THE DIRECTOR

MAY 8 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

However, while our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. In the Fiscal Year ("FY") 1997 audit of government-wide financial statements, the auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These system weaknesses and practice problems relate principally to: (a) Government property; (b) Federal credit programs; (c) liabilities related to the disposal of hazardous waste and remediation of environmental contamination; and (d) Federal Government benefits liabilities.

To address these weaknesses and problems, the proposed memorandum would direct Executive agencies to take certain actions. Among other things, the proposed memorandum would direct: (a) the Office of Management and Budget ("OMB") to identify agencies with problem systems and practices and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the Federal Government's FY 1999 consolidated financial statements; (b) the head of each agency identified by OMB to submit to OMB a plan, including milestones, for resolving financial reporting deficiencies identified by the auditors; and (c) OMB to provide periodic reports to the Vice President on the agency submissions and governmentwide actions taken to obtain an unqualified opinion on the Federal Government's FY 1999 consolidated financial statements.

None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

263006

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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

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

To achieve this goal I am now directing the additional steps set forth below:

1. The Office of Management and Budget ("OMB") shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.

2. The head of each agency identified by OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.

3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.

4. OMB shall provide periodic reports to the Vice President on the agency submissions and Government-wide actions taken to obtain an unqualified opinion of the Government's FY 1999 financial statements.

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/9 ACTION / CONCURRENCE / COMMENT DUE BY: 5/12

Subject: Proposed Presidential Memo - Improving Financial Mgmt

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☑	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☐	☐	SMITH	☐	☐
BEGALA	☑	☐	SOSNIK	☑	☐
BERGER (NO comment)	☑	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN	☑	☐
ECHAVESTE	☐	☐	STERN	☐	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☑	☐	YELLEN	☑	☐
LEWIS	☐	☐	______	☐	☐
LINDSEY	☐	☐	______	☐	☐
MARSHALL	☑	☐	______	☐	☐
			______	☐	☐

REMARKS:

Any comment?

RESPONSE:

Staff Secretary's Office
Ext. 62702

3375

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/9 ACTION / CONCURRENCE / COMMENT DUE BY: 5/12

Subject: Proposed Presidential Memo - Improving Financial Mgmt

'98 MAY 12 PM5:02

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☑	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☐	☐	SMITH	☐	☐
BEGALA	☑	☐	SOSNIK	☑	☐
BERGER	☑	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN	☑	☐
ECHAVESTE	☐	☐	STERN	☐	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☑	☐	YELLEN	☑	☐
LEWIS	☐	☐	______	☐	☐
LINDSEY	☐	☐	______	☐	☐
MARSHALL	☑	☐	______	☐	☐
			______	☐	☐

REMARKS:

Any comment?

RESPONSE:

May 12, 1998

The NSC has no comments on the attached proposed Presidential Memo.

E.A. Zeigl.
Deputy Executive Secretary

3/98

Staff Secretary's Office
Ext. 62702

'98 MAY 8 P4:54

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

THE DIRECTOR

MAY 8 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

However, while our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. In the Fiscal Year ("FY") 1997 audit of government-wide financial statements, the auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These system weaknesses and practice problems relate principally to: (a) Government property; (b) Federal credit programs; (c) liabilities related to the disposal of hazardous waste and remediation of environmental contamination; and (d) Federal Government benefits liabilities.

To address these weaknesses and problems, the proposed memorandum would direct Executive agencies to take certain actions. Among other things, the proposed memorandum would direct: (a) the Office of Management and Budget ("OMB") to identify agencies with problem systems and practices and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the Federal Government's FY 1999 consolidated financial statements; (b) the head of each agency identified by OMB to submit to OMB a plan, including milestones, for resolving financial reporting deficiencies identified by the auditors; and (c) OMB to provide periodic reports to the Vice President on the agency submissions and governmentwide actions taken to obtain an unqualified opinion on the Federal Government's FY 1999 consolidated financial statements.

None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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

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

To achieve this goal I am now directing the additional steps set forth below:

1. The Office of Management and Budget ("OMB") shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.

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Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/9 ACTION / CONCURRENCE / COMMENT DUE BY: 5/12

Subject: Proposed Presidential Memo - Improving Financial Mgmt

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓	☐	McCURRY	☐	✓
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McLARTY	☐	☐	NASH	☐	☐
PODESTA	✓	☐	REED	✓	☐
MATHEWS	✓	☐	RUFF	✓	☐
RAINES	☐	☐	SMITH	☐	☐
BEGALA	✓	☐	SOSNIK	✓	☐
BERGER	✓	☐	SPERLING	✓	☐
BLUMENTHAL	☐	☐	STEIN	✓	☐
ECHAVESTE	☐	☐	STERN	☐	☐
EMANUEL	✓	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	✓	☐	YELLEN	✓	☐
LEWIS	☐	☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
MARSHALL	✓	☐	____________	☐	☐
			____________	☐	☐

REMARKS:

Any comment?

RESPONSE:

'98 MAY 8 PM 6:54

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

THE DIRECTOR

MAY 8 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

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None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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263006
'98 MAY 8 PM 6:54

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

THE DIRECTOR

MAY 8 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

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None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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4. OMB shall provide periodic reports to the Vice President on the agency submissions and Government-wide actions taken to obtain an unqualified opinion of the Government's FY 1999 financial statements.

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

April 24, 1998

MEMORANDUM FOR DESIGNATED AGENCY HEADS
(SEE ATTACHED DISTRIBUTION LIST)

FROM: Robert G. Damus RGD
General Counsel

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

Attached is a proposed Memorandum entitled "Actions to Further Improve Financial Management."

It was prepared by the Office of Management and Budget, in accordance with the provisions of Executive Order No. 11030, as amended.

On behalf of the Director of the Office of Management and Budget, I would appreciate receiving any comments you may have concerning this proposal. If you have any comments or objections, they should be received no later than close of business Tuesday, April 28, 1998. Please be advised that agencies that do not respond by the deadline will be recorded as not objecting to the proposal.

Comments or inquiries may be submitted by telephone to Mr. Mac Reed of this office (Phone: 395-3563; Fax: 395-7294).

Thank you.

Attachments - Distribution List
Proposed Memorandum

cc: Jack Lew
Josh Gotbaum
T.J. Glauthier
Joe Minarik
Don Arbuckle
Barbara Chow
Ed DeSeve
Michael Deich
Danny Mendelson
Bill Halter
Jill Blickstein
Janet Himler

DISTRIBUTION LIST

Honorable Madeleine K. Albright
Secretary
Department of State

Honorable Robert E. Rubin
Secretary
Department of the Treasury

Honorable William S. Cohen
Secretary
Department of Defense

Honorable Daniel R. Glickman
Secretary
Department of Agriculture

Honorable Andrew Cuomo
Secretary
Department of Housing and Urban Development

Honorable Janet Reno
United States Attorney General

Honorable William M. Daley
Secretary
Department of Commerce

Honorable Rodney Slater
Secretary
Department of Transportation

Honorable Bruce Babbitt
Secretary
Department of the Interior

Honorable Alexis Herman
Secretary
Department of Labor

Honorable Richard W. Riley
Secretary
Department of Education

Honorable Donna E. Shalala
Secretary
Department of Health and Human Services

Honorable Federico Pena
Secretary
Department of Energy

Honorable Jesse Brown
Secretary
Department of Veterans Affairs

Honorable Carol M. Browner
Administrator
Environmental Protection Agency

Honorable George Tenet
Acting Director
Central Intelligence Agency

Honorable David J. Barram
Administrator
General Services Administration

Honorable Daniel S. Goldin
Administrator
National Aeronautics and Space Administration

Honorable Bruce Reed
Assistant to the President for
Domestic Policy

Honorable Janet L. Yellen
Chair
Council of Economic Advisers

Honorable Charles Ruff
Counsel to the President

Honorable Todd Stern
Assistant to the President
and Staff Secretary

Honorable Ron Klain
Chief of Staff to the Vice President

Draft-OMB-4-17-98

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

The first step in achieving this goal has been the efforts of the Federal Accounting Standards Advisory Board to develop accounting standards for the Federal Government. These standards formed the basis for the first ever government-wide financial statement of the Federal Government, issued on March 31, 1998.

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

To achieve this goal I am now directing the additional steps set forth below.

<u>Actions</u>.

1. The Office of Management and Budget shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statement. OMB shall provide periodic reports to the Vice President.

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4. The head of each agency that submits a plan shall provide quarterly reports to the Vice President, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the Vice President any impediments that would impact the government-wide goal.

The Director of OMB is authorized and directed to publish this memorandum in the Federal Register.

C:\work\wp\cfo\pressum4.wpd

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
May 8, 1998

MEMORANDUM FOR THE FILE

FROM: Mac Reed MWR 5-8-98
Assistant General Counsel

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management

The following Executive departments and agencies do not object to the proposed Executive order:

1. Department of State .... J. Norton (647-4463)

2. Department of the Treasury .... R. Carro (622-1146)

3. Department of Defense .... S. Brick (1-703-697-1305)

4. Department of Agriculture .... G. Broadway (720-1272)

5. Department of Housing and Urban Development .... J. Lischer (708-1793)

6. Department of Justice .... R. Hart (514-2027)

7. Department of Commerce .... M. Levitt (482-3151)

8. Department of Transportation .... T. Herlihy (366-4687)

9. Department of the Interior .... J. Leshly (208-5340)

10. Department of Labor .... B. Lesser (219-8106)

11. Department of Education .... J. Kristy (401-6267)

12. Department of Health and Human Services .... T. White (619-2155)

13. Department of Energy .... M. Shebok (586-1522)

VP

98 MAY 8 P4:54

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

THE DIRECTOR

MAY 8 1998

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Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

However, while our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. In the Fiscal Year ("FY") 1997 audit of government-wide financial statements, the auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These system weaknesses and practice problems relate principally to: (a) Government property; (b) Federal credit programs; (c) liabilities related to the disposal of hazardous waste and remediation of environmental contamination; and (d) Federal Government benefits liabilities.

To address these weaknesses and problems, the proposed memorandum would direct Executive agencies to take certain actions. Among other things, the proposed memorandum would direct: (a) the Office of Management and Budget ("OMB") to identify agencies with problem systems and practices and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the Federal Government's FY 1999 consolidated financial statements; (b) the head of each agency identified by OMB to submit to OMB a plan, including milestones, for resolving financial reporting deficiencies identified by the auditors; and (c) OMB to provide periodic reports to the Vice President on the agency submissions and governmentwide actions taken to obtain an unqualified opinion on the Federal Government's FY 1999 consolidated financial statements.

None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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

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

To achieve this goal I am now directing the additional steps set forth below:

1. The Office of Management and Budget ("OMB") shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.

2. The head of each agency identified by OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.

3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.

4. OMB shall provide periodic reports to the Vice President on the agency submissions and Government-wide actions taken to obtain an unqualified opinion of the Government's FY 1999 financial statements.

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98 MAY 9 P6:54

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

THE DIRECTOR

MAY 8 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines
Director

SUBJECT: Proposed Memorandum Entitled "Actions to Further Improve Financial Management"

SUMMARY: This memorandum forwards for your consideration a proposed memorandum that was prepared by this office. The proposed memorandum would direct Executive departments and agencies ("agencies") to take certain actions to further improve their financial management.

BACKGROUND: The Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the Federal Government. Since the enactment of the Chief Financial Officers Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting on the Federal Government's operations and financial condition.

However, while our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. In the Fiscal Year ("FY") 1997 audit of government-wide financial statements, the auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These system weaknesses and practice problems relate principally to: (a) Government property; (b) Federal credit programs; (c) liabilities related to the disposal of hazardous waste and remediation of environmental contamination; and (d) Federal Government benefits liabilities.

To address these weaknesses and problems, the proposed memorandum would direct Executive agencies to take certain actions. Among other things, the proposed memorandum would direct: (a) the Office of Management and Budget ("OMB") to identify agencies with problem systems and practices and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the Federal Government's FY 1999 consolidated financial statements; (b) the head of each agency identified by OMB to submit to OMB a plan, including milestones, for resolving financial reporting deficiencies identified by the auditors; and (c) OMB to provide periodic reports to the Vice President on the agency submissions and governmentwide actions taken to obtain an unqualified opinion on the Federal Government's FY 1999 consolidated financial statements.

None of the affected agencies objects to the proposed memorandum.

RECOMMENDATION: I recommend that you sign the proposed memorandum.

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions to Further Improve Financial Management

This Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Chief Financial Officers (CFOs) Act of 1990, the Federal Government has made substantial progress towards achieving our goal of fiscal discipline and reliably reporting to the American people on the Government's operations and fiscal condition.

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

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

To achieve this goal I am now directing the additional steps set forth below:

1. The Office of Management and Budget ("OMB") shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.

2. The head of each agency identified by OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.

3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.

4. OMB shall provide periodic reports to the Vice President on the agency submissions and Government-wide actions taken to obtain an unqualified opinion of the Government's FY 1999 financial statements.

264582

THE WHITE HOUSE

WASHINGTON

May 26, 1998

MR. PRESIDENT:

Attached for your approval is an EO, prepared by NSC, creating a high-level interagency team to oversee the government's efforts related to uranium enrichment.

Background. In July 1997, you approved a plan, developed by an NSC/NEC interagency team, for the privatization of the U.S. Enrichment Corporation (USEC); privatization was mandated by statute. The USEC is a wholly-owned government corporation that assumed operation of DOE's uranium enrichment facilities and produces commercial nuclear reactor fuel.

5-26-98

Privatization Plan. The plan you approved last summer included a negotiated sale to private investors and an initial public offering to the general investing public. As part of this plan, your advisors recommended you issue an EO setting up a high-level interagency oversight committee to monitor performance, particularly USEC's dealings with Russia over the U.S.-Russian Highly Enriched Uranium purchase. Private bids for the sale are due tomorrow and Treasury would like to have this EO in place so that the investors will understand the oversight parameters under which they'll be operating. The privatization will likely be finalized in July.

____ Approve EO ____ Disapprove ____ Discuss

Phil Caplan
Phil

EXECUTIVE ORDER

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

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

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

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

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

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

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with the USEC for the USEC to serve as the United States Government Executive Agent under the HEU Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE,

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

Subject: Proposed EO - U.S. Enrichment Oversight Committee

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY no objection	☑	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☐	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☐	☐	SMITH	☐	☐
BEGALA	☐	☐	SOSNIK	☑	☐
BERGER OK per Samore 5/22	☑	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN 5/21/98 no comment	☑	☐
ECHAVESTE	☐	☐	STERN - no comment	☑	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
MARSHALL	☐	☐	____________	☐	☐
			____________	☐	☐

REMARKS: Please advise

Signed by Pres
USEC EO.

RESPONSE:

3/98

Staff Secretary's Office
Ext. 62702

copy sent
to clerk

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

'98 MAY 21 PM12:18

Proposed EO concerning "Establishment of the Enrichment Oversight committee"

May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

264582

Clerk

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

'98 MAY 21 PM 12:18

May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

MEMORANDUM

Re: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The attached proposed Executive Order was prepared by the National Security Council ("NSC"). The Office of Management and Budget ("OMB"), with the approval of the Director, forwarded it to this Department for review with respect to form and legality.

The proposed Order would establish an Enrichment Oversight Committee ("Committee") to monitor and coordinate U.S. Government activities with respect to the privatized United States Enrichment Corporation ("USEC") and any successor entities involved in uranium enrichment and related businesses. The Committee would be chaired by a senior official from the NSC and would consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, and Energy, OMB, the NSC, the National Economic Council, the Council of Economic Advisers and the Intelligence Community.

The Order requires the Committee: (1) to collect information and monitor issues relating to foreign ownership, control, or influence of USEC or any successor entities; (2) to collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion activities; (3) to prepare annually for the President's signature a report to Congress as required by the USEC Privatization Act; and (4) to establish a subcommittee to continue coordinating the implementation of the February 18, 1993 Agreement between the U.S. and Russian Governments concerning the disposition of highly enriched uranium extracted from nuclear weapons, and to make recommendations regarding steps necessary to facilitate full implementation of the Agreement.

The proposed Order is approved with respect to form and legality.

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Establishment of the Enrichment Oversight Committee." This proposed Executive Order was submitted by the National Security Council. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

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

May 20, 1998

Honorable Janet Reno
United States Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

Enclosed in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee." The proposed order, which was prepared by the National Security Council, would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-3563).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Robert G. Damus

Robert G. Damus
General Counsel

Enclosures

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

(d) The collection and dissemination of information relevant to any of the foregoing on an ✓✓ on-going basis, including from the ~~Director of~~ Central Intelligence Agency and the Federal Bureau of Investigation. yes

✓ Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). ? The chair shall coordinate the ? fulfillment carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually the report for the President's transmittal signature ✓ a report to the Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the U~~nited States~~ Government on any issues that arise in the implementation of the Memorandum of Agreement with the USEC for the USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by the USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

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

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

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

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

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

THE WHITE HOUSE,

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

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

Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). The chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually for the President's signature a report to Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

(b) collect information from all available sources necessary for the preparation of the annual report to Congress required by section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

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

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

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

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

THE WHITE HOUSE,

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

MEMORANDUM

Re: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The attached proposed Executive Order was prepared by the National Security Council ("NSC"). The Office of Management and Budget ("OMB"), with the approval of the Director, forwarded it to this Department for review with respect to form and legality.

The proposed Order would establish an Enrichment Oversight Committee ("Committee") to monitor and coordinate U.S. Government activities with respect to the privatized United States Enrichment Corporation ("USEC") and any successor entities involved in uranium enrichment and related businesses. The Committee would be chaired by a senior official from the NSC and would consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, and Energy, OMB, the NSC, the National Economic Council, the Council of Economic Advisers and the Intelligence Community.

The Order requires the Committee: (1) to collect information and monitor issues relating to foreign ownership, control, or influence of USEC or any successor entities; (2) to collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion activities; (3) to prepare annually for the President's signature a report to Congress as required by the USEC Privatization Act; and (4) to establish a subcommittee to continue coordinating the implementation of the February 18, 1993 Agreement between the U.S. and Russian Governments concerning the disposition of highly enriched uranium extracted from nuclear weapons, and to make recommendations regarding steps necessary to facilitate full implementation of the Agreement.

The proposed Order is approved with respect to form and legality.

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Establishment of the Enrichment Oversight Committee." This proposed Executive Order was submitted by the National Security Council. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

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

May 20, 1998

Honorable Janet Reno
United States Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

Enclosed in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee." The proposed order, which was prepared by the National Security Council, would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-3563).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Robert G. Damus

Robert G. Damus
General Counsel

Enclosures

VP

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

'98 MAY 21 PM 12:18

May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

MEMORANDUM

Re: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The attached proposed Executive Order was prepared by the National Security Council ("NSC"). The Office of Management and Budget ("OMB"), with the approval of the Director, forwarded it to this Department for review with respect to form and legality.

The proposed Order would establish an Enrichment Oversight Committee ("Committee") to monitor and coordinate U.S. Government activities with respect to the privatized United States Enrichment Corporation ("USEC") and any successor entities involved in uranium enrichment and related businesses. The Committee would be chaired by a senior official from the NSC and would consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, and Energy, OMB, the NSC, the National Economic Council, the Council of Economic Advisers and the Intelligence Community.

The Order requires the Committee: (1) to collect information and monitor issues relating to foreign ownership, control, or influence of USEC or any successor entities; (2) to collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion activities; (3) to prepare annually for the President's signature a report to Congress as required by the USEC Privatization Act; and (4) to establish a subcommittee to continue coordinating the implementation of the February 18, 1993 Agreement between the U.S. and Russian Governments concerning the disposition of highly enriched uranium extracted from nuclear weapons, and to make recommendations regarding steps necessary to facilitate full implementation of the Agreement.

The proposed Order is approved with respect to form and legality.

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Establishment of the Enrichment Oversight Committee." This proposed Executive Order was submitted by the National Security Council. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

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

May 20, 1998

Honorable Janet Reno
United States Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

Enclosed in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee." The proposed order, which was prepared by the National Security Council, would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-3563).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Robert G Damus

Robert G. Damus
General Counsel

Enclosures

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

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

Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). The chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually for the President's signature a report to Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

(b) collect information from all available sources necessary for the preparation of the annual report to Congress required by section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

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

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

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

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

THE WHITE HOUSE,

COS

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

'98 MAY 21 PM12:18

May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

MEMORANDUM

Re: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The attached proposed Executive Order was prepared by the National Security Council ("NSC"). The Office of Management and Budget ("OMB"), with the approval of the Director, forwarded it to this Department for review with respect to form and legality.

The proposed Order would establish an Enrichment Oversight Committee ("Committee") to monitor and coordinate U.S. Government activities with respect to the privatized United States Enrichment Corporation ("USEC") and any successor entities involved in uranium enrichment and related businesses. The Committee would be chaired by a senior official from the NSC and would consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, and Energy, OMB, the NSC, the National Economic Council, the Council of Economic Advisers and the Intelligence Community.

The Order requires the Committee: (1) to collect information and monitor issues relating to foreign ownership, control, or influence of USEC or any successor entities; (2) to collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion activities; (3) to prepare annually for the President's signature a report to Congress as required by the USEC Privatization Act; and (4) to establish a subcommittee to continue coordinating the implementation of the February 18, 1993 Agreement between the U.S. and Russian Governments concerning the disposition of highly enriched uranium extracted from nuclear weapons, and to make recommendations regarding steps necessary to facilitate full implementation of the Agreement.

The proposed Order is approved with respect to form and legality.

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Establishment of the Enrichment Oversight Committee." This proposed Executive Order was submitted by the National Security Council. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

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

May 20, 1998

Honorable Janet Reno
United States Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

Enclosed in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee." The proposed order, which was prepared by the National Security Council, would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-3563).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Robert G. Damus

Robert G. Damus
General Counsel

Enclosures

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

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

Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). The chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually for the President's signature a report to Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

(b) collect information from all available sources necessary for the preparation of the annual report to Congress required by section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

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

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

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

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

THE WHITE HOUSE,

264582

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

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May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

MEMORANDUM

Re: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The attached proposed Executive Order was prepared by the National Security Council ("NSC"). The Office of Management and Budget ("OMB"), with the approval of the Director, forwarded it to this Department for review with respect to form and legality.

The proposed Order would establish an Enrichment Oversight Committee ("Committee") to monitor and coordinate U.S. Government activities with respect to the privatized United States Enrichment Corporation ("USEC") and any successor entities involved in uranium enrichment and related businesses. The Committee would be chaired by a senior official from the NSC and would consist of representatives from the Departments of State, the Treasury, Defense, Justice, Commerce, and Energy, OMB, the NSC, the National Economic Council, the Council of Economic Advisers and the Intelligence Community.

The Order requires the Committee: (1) to collect information and monitor issues relating to foreign ownership, control, or influence of USEC or any successor entities; (2) to collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion activities; (3) to prepare annually for the President's signature a report to Congress as required by the USEC Privatization Act; and (4) to establish a subcommittee to continue coordinating the implementation of the February 18, 1993 Agreement between the U.S. and Russian Governments concerning the disposition of highly enriched uranium extracted from nuclear weapons, and to make recommendations regarding steps necessary to facilitate full implementation of the Agreement.

The proposed Order is approved with respect to form and legality.

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

U. S. Department of Justice

Office of Legal Counsel

Office of the
Assistant Attorney General

Washington, D.C. 20530

May 20, 1998

The President,

The White House.

My dear Mr. President:

I am herewith transmitting a proposed Executive Order entitled "Establishment of the Enrichment Oversight Committee." This proposed Executive Order was submitted by the National Security Council. The Office of Management and Budget, with the approval of the Director, has forwarded it to this Department for review with respect to form and legality.

The proposed Executive Order is approved with respect to form and legality.

Respectfully,

Dawn E. Johnsen

Dawn E. Johnsen
Acting Assistant Attorney General

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

May 20, 1998

Honorable Janet Reno
United States Attorney General
Washington, D.C. 20530

Dear Madam Attorney General:

Enclosed in accordance with the provisions of Executive Order No. 11030, as amended, is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee." The proposed order, which was prepared by the National Security Council, would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

Your staff may direct any questions concerning this proposed Executive order to Mr. Mac Reed of this office (395-3563).

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Sincerely,

Robert G. Damus

Robert G. Damus
General Counsel

Enclosures

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

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

Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). The chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually for the President's signature a report to Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

(b) collect information from all available sources necessary for the preparation of the annual report to Congress required by section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

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

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

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

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

THE WHITE HOUSE,

White House

MEMORANDUM FOR THE FILE

FROM: Mac Reed MR 5-7-98
Assistant General Counsel

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

The following Executive departments and agencies do not object to the proposed Executive order:

1. Department of State .... J. Norton (647-4463)

2. Department of the Treasury .... R. Carro (622-1146)

3. Department of Defense .... S. Brick (703-697-1305)

4. Department of Justice .... R. Hart (514-2027)

5. Department of Commerce .... M. Levitt (482-3151)

6. Department of Energy .... M. Shebek (586-1522)

7. Central Intelligence Agency .... D. Eilenberger (703-874-3100)

8. White House Office of Domestic Policy .... B. Reed (456-6515)

9. Council of Economic Advisers .... J. Yellin (395-5042)

10. United States Trade Representative .... C. Barchefsky (395-3204)

11. White House Office of Science and Technology Policy .... J. Gibbons (456-7116)

12. National Security Council .... S. Berger (456-9481)

13. White House Counsel's Office .... C. Ruff (456-2632)

14. White House Staff Secretary's Office .... P. Caplan (456-2702)

15. Office of the Vice President .... R. Klain (456-6605)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

January 8, 1998

MEMORANDUM FOR ROBERT G. DAMUS

FROM: GLYN T. DAVIES (R) for

SUBJECT: E.O. re Enrichment Oversight Committee

Consistent with the importance the President places on monitoring and coordinating the efforts of the United States Government with regard to uranium enrichment and related businesses after the privatization of the United States Enrichment Corporation (USEC), the Assistant to the President for National Security Affairs and the Assistant to the President for International Economic Policy requests that you process the attached draft Executive Order pursuant to Executive Order 11030. The substance of the draft Executive Order has already been coordinated interagency, so we would like to have the draft Executive Order available for the President's signature by January 16, 1998.

In view of the pending privatization of the USEC, the draft Executive Order is intended to establish an Enrichment Oversight Committee (EOC) to monitor and coordinate U.S. Government efforts related to uranium enrichment. The need for this organization stems from USEC's role in implementing the U.S.-Russia HEU Agreement and the importance of uranium enrichment to national security. The EOC will be co-chaired by senior officials from the National Security Council (NSC) and the National Economic Council (NEC) and will include representatives from relevant agencies. The EOC will submit reports to the Assistant to the President for National Security Affairs and the Assistant to the President for International Economic Policy and will prepare annually for the President's signature a report to Congress pursuant to Section 3112 of the USEC Privatization Act.

The draft Executive Order directs the EOC to form an HEU Agreement Oversight Subcommittee to continue coordinating implementation of the U.S.-Russia HEU Agreement, and it specifies some of the tasks to be carried out by the Subcommittee. In addition, the draft Executive Order describes the responsibilities of the EOC in monitoring foreign ownership, influence or control of USEC. Finally, it addresses the EOC role in collecting and analyzing information related to the maintenance of domestic uranium mining, enrichment, and conversion industries.

Attachment: Draft Executive Order

EXECUTIVE ORDER

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Establishment of the Enrichment Oversight Committee

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

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

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

(1) the full implementation of the U.S.-Russian HEU Agreement and related contracts and agreements by USEC as executive agent or by any other executive agents;

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

(3) the development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

(4) the collection and dissemination of information relevant to any of the foregoing on an on-going basis, including from the Director of Central Intelligence and the Federal Bureau of Investigation, who will establish complementary monitoring programs to address the policy objectives of the EOC, consistent with U.S. law.

Sec. 3. Organization. The EOC shall be co-chaired by senior officials from the National Security Council (NSC) and the National Economic Council (NEC) (the co-chairs). The co-chairs will coordinate the carrying out of the purposes and policy objectives of this directive. The EOC will meet as often as appropriate, but at least quarterly, and will submit reports to the Assistant to the President for National Security Affairs and the Assistant to the President for International Economic Policy semi-annually, or more frequently as the co-chairs deem appropriate. The EOC will prepare annually for the President's signature a report to Congress pursuant to Section 3112 of the USEC Privatization Act.

The EOC shall consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council, the National Economic Council, the Council of Economic Advisers and the Intelligence Community. The EOC shall coordinate through appropriate Executive branch agencies with relevant regulatory agencies, including the Nuclear Regulatory Commission. The EOC shall formulate internal guidelines for its operations, including guidelines for convening meetings.

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

Sec. 4. HEU Oversight. The EOC shall form an HEU Agreement Oversight Subcommittee in order to continue coordination of the implementation of the U.S.-Russia HEU Agreement and related contracts and agreements (the HEU Agreement), monitor actions taken by the executive agent, and make recommendations regarding steps designed to facilitate full implementation of the HEU Agreement, including changes with respect to the executive agent. This subcommittee will be chaired by the Special Assistant to the President and NSC Senior Director for Nonproliferation and Export Controls and include representatives of the Departments of State, Energy, Defense, Justice and Commerce, the Office of Management and Budget, the National Economic Council, the Intelligence Community, and, as appropriate, the United States Trade

Representative and the Council of Economic Advisors. The subcommittee will meet as appropriate to review the implementation of the HEU Agreement and consider steps to facilitate full implementation of that Agreement.

In particular, the HEU Agreement Oversight Subcommittee will:

- Have access to all information concerning implementation of the HEU Agreement and related contracts and agreements;
- Monitor negotiations between the executive agent or agents and Russian authorities on implementation of the HEU Agreement, including the proposals of both sides on delivery schedules and on price;
- Monitor sales of the natural uranium component of low-enriched uranium derived from Russian HEU pursuant to applicable law;
- Establish procedures for designating alternative executive agents to implement the HEU Agreement;
- Coordinate policies and procedures regarding the full implementation of the HEU purchase agreement and related contracts and agreements, consistent with applicable law; and
- Coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the U.S.-Russian HEU Agreement.

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

- Monitor the application and enforcement of the FOCI requirements of the National Industrial Security Program with respect to USEC and any successor entities;
- Monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission under the Atomic Energy Act and the USEC Privatization Act;
- Ensure coordination with the Intelligence Community for the collection and analysis of intelligence and ensure coordination of intelligence with other information related to FOCI issues; and
- Ensure coordination with the Committee on Foreign Investment in the United States (CFIUS).

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

- Collect and review all public filings made by or with respect to USEC or any successor entities with the Securities and Exchange Commission;

- Collect information from all available sources necessary for the preparation of the annual report to Congress required by Section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

- Collect information relating to the development and implementation of the AVLIS technology;

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

- Coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

THE WHITE HOUSE,

[Date]

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

January 29, 1998

MEMORANDUM FOR DESIGNATED AGENCY HEADS
(SEE ATTACHED DISTRIBUTION LIST)

FROM: Robert G. Damus RGD
General Counsel

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

Attached is a proposed Executive order entitled "Establishment of the Enrichment Oversight Committee."

It was prepared by the National Security Council, in accordance with the provisions of Executive Order No. 11030, as amended.

On behalf of the Director of the Office of Management and Budget, I would appreciate receiving any comments you may have concerning this proposal. If you have any comments or objections, they should be received no later than close of business Tuesday, February 3, 1998. Please be advised that agencies that do not respond by the deadline will be recorded as not objecting to the proposal.

Comments or inquiries may be submitted by telephone to Mr. Mac Reed of this office (Phone: 395-3563; Fax: 395-7294).

Thank you.

Attachments - Distribution List
Proposed Executive Order

cc: Jack Lew
Josh Gotbaum
T.J. Glauthier
Joe Minarik
Sally Katzen
Barbara Chow
Ed DeSeve
Michael Deich
Bill Halter
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Honorable Todd Stern
Assistant to the President
and Staff Secretary

Honorable Ron Klain
Chief of Staff to the Vice President

July 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM; PHIL CAPLAN

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 you 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.

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

Subject: Proposed EO - U.S. Enrichment Oversight Committee

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☑	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☐	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☐	☐	SMITH	☐	☐
BEGALA	☐	☐	SOSNIK	☑	☐
BERGER	☑	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN	☑	☐
ECHAVESTE	☐	☐	STERN	☑	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
MARSHALL	☐	☐	____________	☐	☐
			____________	☐	☐

'98 MAY 21 PM 7:25

REMARKS: Please advise No comment

RESPONSE:

Staff Secretary's Office
Ext. 62702

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

May 20, 1998

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Acting Director

SUBJECT: Proposed Executive Order Entitled "Establishment of the Enrichment Oversight Committee"

SUMMARY: This memorandum forwards for your consideration a proposed Executive order that was prepared by the National Security Council. The proposed order would establish the "Enrichment Oversight Committee" to monitor and coordinate United States Government efforts related to uranium enrichment.

BACKGROUND: The United States Enrichment Corporation ("USEC") is a government corporation that produces and sells enriched uranium. As part of its responsibilities, it implements the United States - Russia Highly Enriched Uranium Agreement ("HEU Agreement").

The USEC is in the process of being privatized and will soon be out of the direct control of the United States Government. To ensure the United States maintains its ability to monitor and coordinate United States Government interests related to uranium enrichment, the proposed order would establish the "Enrichment Oversight Committee" ("Committee"). The Committee would consist of representatives from the Departments of State, Energy, the Treasury, Commerce, Justice, and Defense, the Office of Management and Budget, the National Security Council ("NSC"), the National Economic Council ("NEC"), the Council of Economic Advisers, and the Intelligence Community. It would be chaired by the NSC. The Committee would coordinate information and provide direction to agencies.

The Committee would monitor and coordinate the United States Government's efforts with respect to the privatized USEC and any successor entities involved in uranium enrichment. It would establish an HEU Agreement Oversight Subcommittee to continue coordinating the implementation of the HEU Agreement and it would monitor issues relating to foreign ownership, control, or influence of the USEC. It would also collect and analyze information related to the maintenance of domestic uranium mining, enrichment, and conversion industries. Further, it would coordinate with relevant agencies in monitoring the levels of natural and enriched uranium and enrichment services imported into the United States.

None of the affected agencies objects to the proposed Executive order.

RECOMMENDATION: I recommend that you sign the proposed Executive order.

Attachments

Executive Order

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ESTABLISHMENT OF THE ENRICHMENT OVERSIGHT COMMITTEE

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

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

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

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

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

(c) The development and implementation of U.S. Government policy regarding uranium enrichment and related technologies, processes, and data; and

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

Sec. 3. Organization. (a) The EOC shall be chaired by a senior official from the National Security Council ("NSC"). The chair shall coordinate the carrying out of the purposes and policy objectives of this order. The EOC shall meet as often as appropriate, but at least quarterly, and shall submit reports to the Assistant to the President for National Security Affairs semi-annually, or more frequently as appropriate. The EOC shall prepare annually for the President's signature a report to Congress pursuant to section 3112 of the USEC Privatization Act, Pub. L. No. 104-

134, Title III, 3112(b)(10), 110 Stat. 1321-344, 1321-346 (1996).

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

(c) The EOC shall coordinate sharing of information and provide direction, while operational responsibilities resulting from the EOC's oversight activities will rest with EOC member agencies.

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

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

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

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

(c) monitor sales of the natural uranium component of low-enriched uranium derived

from Russian HEU pursuant to applicable law;

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

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

(f) coordinate the position of the United States Government on any issues that arise in the implementation of the Memorandum of Agreement with USEC for USEC to serve as the U.S. Government Executive Agent under the HEU Agreement.

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

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

(b) monitor and review reports and submissions relating to FOCI issues made by USEC or any successor entity to the Nuclear Regulatory Commission ("NRC") under the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq. (1994), and the USEC Privatization Act, Pub. L. No. 104-134, Title III, 110 Stat. 1321-335 et seq. (1996);

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

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

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

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

(b) collect information from all available sources necessary for the preparation of the annual report to Congress required by section 3112 of the USEC Privatization Act, including information relating to plans by the USEC or any successor entities to expand or contract materially the enrichment of uranium using gaseous diffusion technology;

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

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

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

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

THE WHITE HOUSE,

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

'98 MAY 22 AM11:34

Subject: Proposed EO - U.S. Bunchment Oversight Committee

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☑	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☐	☐
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GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	______	☐	☐
LINDSEY	☐	☐	______	☐	☐
MARSHALL	☐	☐	______	☐	☐
			______	☐	☐

REMARKS:

Please advise

RESPONSE:

No objection

3/98

Staff Secretary's Office
Ext. 62702

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

May 20, 1998

THE DIRECTOR

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RECOMMENDATION: I recommend that you sign the proposed Executive order.

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Executive Order

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THE WHITE HOUSE,

TIME OF TRANSMISSION:

TIME OF RECEIPT:

'98 MAY 14 AM12:25

WHITE HOUSE SITUATION ROOM

5-14-98

PRECEDENCE: IMMEDIATE / PRIORITY / ROUTINE

RELEASER:

DTG:

MESSAGE NO: CLASSIFICATION: ~~SECRET~~ PAGES: (Including Cover)

FROM: PHIL CAPLAN (NAME) 62702 (PHONE NUMBER) GR FL WW (ROOM NO.)

MESSAGE DESCRIPTION:
1. CHIEF OF STAFF DAILY REPORT
2. ~~REED MEMO RE TOBACCO~~
3. RAINES MEMO RE ISTEA
4. ~~CEA NUMBERS~~ ✓ – 5/15/98

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
	SEAN MALONEY (FOR THE PRESIDENT)		(INFORMATION)
	cc: SYLVIA MATHEWS		

REMARKS:

DECLASSIFIED
E.O. 13526
White House Guidelines, May 16, 2017
By W NARA, Date 12/9/21
2019-0492-S

~~UNCLASSIFIED
WITH SECRET ATTACHMENT~~

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
5/14/98

'98 MAY 13 PM 9:02

May 13, 1998

copied
Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE B. BOWLES

SUBJECT: Issues Update

This memo provides updates on some of the issues White House offices are tracking today.

TOBACCO REPORT

- **Please see attached memo from Bruce Reed summarizing the current status of our tobacco negotiations with Senators McCain and Hollings.**

  The Senate Finance Committee will meet on Thursday, May 14 to consider S. 1415, the McCain Tobacco Settlement bill. The Finance Committee is expected to consider whether or not the fees which the bill currently imposes on tobacco companies should be converted to an excise tax. Senator Lott has indicated that he would like to bring the bill to the Senate floor on Monday, May 18.

LEGISLATIVE REPORT

The House

- **On Wednesday, May 13, the House considered the following legislation:**

  - **Financial Services Competition Act (H.R. 10):** The bill eliminates many of the barriers between banking, securities, insurance, and other kinds of businesses, in addition to creating a new entity called a Financial Holding Company under which such affiliations would occur. Secretary Rubin has recommended that you veto the bill because it would, among other things, stifle innovation in the national banking system and impose needless costs on small banks. The House is expected to complete action on the bill late this evening. Among the substantial amendments considered are:

- ***DEFEATED (115-306) the LaFalce (D-NY)-Vento (D-MN) amendment*** which would have permitted all financial activities except insurance underwriting and real estate development to be performed through a bank's operating subsidiary. This amendment would have addressed many of Secretary Rubin's principal concerns.

- ***DEFEATED (140-281, 1 present) the Baker (R-LA) amendment*** which would have expanded permissible bank activities in operating subsidiaries and would have repealed application of the Community Reinvestment Act to smaller banks.

- **PASSED (voice) the Rule for the Mandates Information Act of 1998 (H.R. 3534):** The bill would allow a Member of Congress to raise a point of order against any legislation which contains a federal mandate on the private sector in excess of $100 million. The bill is expected to come to the floor either late this evening or Thursday, May 14.

- **Campaign Finance:** On Wednesday, the House Government Reform Committee Democrats once again voted unanimously to deny immunity for four witnesses in the campaign finance investigation. The final vote, 24-19, failed to get the two-thirds necessary for granting immunity. The action followed a failed Democratic attempt to require the committee to abide by the same bi-partisan rules as other congressional investigations, stripping Chairman Burton (R-IN) of his unilateral power.

  As a result, Speaker Gingrich may assign a portion of the investigation to the House Oversight Committee. Chaired by Bill Thomas (R-CA), this committee has a two-thirds Republican majority. Democratic Leader Gephardt may offer a privileged resolution on the floor of the House Thursday, May 14, calling for Burton to step down as chairman of the investigation.

UNCLASSIFIED
WITH SECRET ATTACHMENT

House Outlook

- **Thursday, May 14, the House is scheduled to consider the following:**

  - **Mandates Information Act of 1998 (H.R. 3534):** The bill would allow a Member of Congress to raise a point of order against any legislation which contains a federal mandate on the private sector in excess of $100 million. The limitations would not be permitted, however, against bills that have net decreases in tax revenues over five years -- even if the measure includes a tax increase. The Administration is strongly opposed to the bill because it may create a procedural obstacle to the enactment of legislation in the public interest, including legislation designed to protect human health, safety, the environment, or the Nation's economic well-being.

    The Democrats are expected to offer an amendment which requires that the benefits of any subject bill be considered along with the costs.

  - **Freedom From Religious Persecution Act of 1998 (H.R. 2431):** The bill, which your senior advisers recommend you veto, would automatically impose sanctions on any nation engaging in religious persecution. The Administration objects to the measure because it could harm religious minorities and bilateral relations with allies, as well as limit your flexibility and raise questions regarding U.S. international obligations.

  - **New Wildlife Refuge Authorization Act (H.R. 512):** The bill would prohibit the use of funding from the Land and Water Conservation Fund to establish new refuges unless Congress passes a specific law authorizing the action. Congress currently approves, through annual appropriations, all acquisitions financed by the Fund. The Secretary of Interior recommends that you veto the bill because it would add an additional layer of Congressional approval, making it more difficult to acquire much needed refuge lands in a timely manner. A manager's amendment may be offered to address many of the Administration's objections.

  - **Burton Privileged Resolution:** Democratic Leader Gephardt may offer a privileged resolution calling for Chairman Burton to step down as chairman of the House Government Reform campaign investigation.

UNCLASSIFIED
WITH SECRET ATTACHMENT

The Senate

- **On Wednesday, May 13, the Senate considered the following:**

  - **American Missile Protection Act (S. 1873):** The Senate continued debate on the measure, sponsored by Senator Cochran, and failed to invoke cloture on the motion to proceed to consideration [(59-41) vote attached]. The Administration strongly opposes S. 1873 because it would commit the United States to deploy a national defense system in the absence of a current long-range ballistic missile threat by a rouge state.

  - **Religious Liberty and Charitable Donation Act (S. 1244):** The Senate passed (99-1) S. 1244, sponsored by Senator Grassley, the Religious Liberty and Charitable Donation Act (Kohl voted against.) The Administration-supported measure protects the donations made to religious and charitable groups by a debtor from being reclaimed by a bankruptcy court.

  - **Securities Litigation Uniform Standards Act (S. 1260):** The Senate passed (79-21) S. 1260, sponsored by Senator Gramm, which would require that all class-action securities fraud suits be filed in federal court. The Administration and the SEC were able to resolve all of their concerns with S. 1260 prior to final passage.

  - **Department of Defense Authorization Act for FY 1999 (S. 2057):** The Senate began consideration of S. 2057, sponsored by Senator Thurmond.

Senate Outlook

- On Thursday, May 14, the Senate is scheduled to resume consideration of S. 2057, the Department of Defense Authorization Act for FY 1999. Following S. 2057, the Senate may begin consideration of S. 1723, the American Competitiveness Act, H-1B visa waivers, sponsored by Senator Abraham. This measure is intended to respond to a reported skills shortage in the information technology industry by increasing the annual cap on the number of temporary visas for foreign "specialty" workers under this program. The Secretary of Labor has recommended veto of this bill.

THE PRESIDENT HAS SEEN
5-14-98

UNCLASSIFIED
WITH SECRET ATTACHMENT

ISTEA NEGOTIATIONS REPORT

- **ISTEA Reauthorization.** Larry Stein, Frank Raines and Jack Lew met this afternoon with Reps. Shuster and Petri to discuss the Republican response to the Administration's reauthorization offer of last week (see attached memo). Most of the discussion concerned two issues: total spending levels and the mechanism by which certain amounts of spending would be guaranteed.

The spending levels in Shuster's plan present two problems. First, the plan may be too costly. Shuster contends that CBO would score his plan as requiring less than $20 billion in offsets over 1999-2003, roughly $4 billion more than would be available from the VA tobacco offset under OMB scoring of the offset. If Shuster's plan really costs that little, the difference could be bridged fairly readily if Shuster gave up elements of his plan that are not essential to his aims (we could save roughly $3 billion, for example, simply by setting spending equal to *prior-year* Trust Fund receipts as in the Administration's proposal rather than *current-year* receipts as in the Shuster plan). OMB suspects, however, that CBO will score the Shuster plan at $23-25 billion. If so, Shuster is extremely unlikely to lower his spending levels enough so that VA tobacco alone would pay for his bill.

Also in dispute was the nature of the mechanism by which Congress would guarantee that the funds would be made available for obligation. The Administration's plan called for a guarantee that would serve as both a floor and a ceiling on surface transportation spending. By walling off surface transportation from other discretionary spending, the Administration's plan would prevent transportation from imposing ever growing demands on other discretionary priorities. Shuster takes a somewhat different approach. His plan would guarantee spending of roughly $200 billion (compared to $184 billion in the Administration's offer over the same 1998-2003 period). In addition, the plan would authorize $20 billion of additional spending that would compete with other priorities under the discretionary cap. Thus, Shuster's plan creates a floor but not a ceiling on surface transportation spending.

Further discussion will be needed before we know whether Shuster's construction can be made acceptable. If Shuster guarantees all of his own priorities and leaves the Administration's priorities to be funded through the regular appropriations process, surface transportation spending will continue to crowd out your other domestic priorities. Shuster would not identify the specific programs that would be guaranteed, but promised that we would find no 'poison pill.' Shuster argued that the additional authorized spending would be for programs that neither the Appropriators nor the Administration would regard as critical. We await more details.

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WITH SECRET ATTACHMENT

THE PRESIDENT HAS SEEN
5-14-98

ECONOMIC REPORT

- **Stock Market Rises To Record High.** The stock market rose today as data on PPI inflation and retail sales appeared to be favorably received by market participants. The Dow Jones Industrial Average rose 0.5 percent to a new record-high level of 9211.84, and closed above 9200 for the first time ever. The broad-based S&P 500 index rose 0.3 percent to close at 1118.86; this is slightly below the record high that was set on April 22nd. The Nasdaq composite index rose by 0.3 percent, and also remains below its April 22nd record high.

  Some observers credited the increase in stock prices to today's release of data on retail sales and the producer price index (PPI). Growth in retail sales in April was in line with market expectations; although April producer price inflation was slightly higher than market forecasts, roughly half of the increase in the core PPI (the PPI excluding food and energy) was the result of an increase in tobacco prices. Markets apparently saw these data as reducing the likelihood that the Federal Reserve will raise interest rates at the next FOMC meeting (this Tuesday, May 19th).

STAFF SECRETARY ITEM

- **Executive Orders.** You approved two related Executive Orders prior to your departure -- an update of the Federalism EO and then a necessary replacement of the tribal governments EO. You asked Phil whether tribal leaders had been consulted on the latter and whether they were ok with it. In the judgement of IGA and Lynn Cutler, the WH did not need to consult ahead of time on this EO. It is very similar to previous memos/EOs you have issued in this area and is better for the tribes in that it provides more access, coordination and consultation. Rather than consulting, the WH will be able to present the tribes with a bit of good news. If you have no objection, Phil will have the EOs issued on Thursday.

NSC REPORT

- Please see attached report from General Kerrick.

THE WHITE HOUSE

WASHINGTON

April 13, 1998

MR. PRESIDENT:

Attached are recommended phone calls to Mark O'Meara and Jack Nicklaus regarding the Masters Golf Tournament. I have also attached congratulatory letters if you don't want to make the calls. Of course, you can make the calls <u>and</u> send the letters if you wish.

Phil Caplan
Phil

4-14-98

2598608

THE WHITE HOUSE

WASHINGTON

'98 APR 13 PM 2:42

April 13, 1998

RECOMMENDED TELEPHONE CALL

TO: Jack Nicklaus (PGA Tour Player)

DATE: Monday, April 13, 1998

RECOMMENDED BY: Gene Sperling
Rahm Emanuel

PURPOSE: To congratulate Jack "the Bear" Nicklaus on a tremendous showing in the 1998 Masters, his 40th Master's tournament.

BACKGROUND: Jack finished four strokes behind winner Mark O'Meara, at 5-under 283, tied for sixth place. Nicklaus, 58, became the oldest player to ever finish in the top ten.

In 1963, Jack Nicklaus, 23, won his first Masters Title and became the Tournament's Youngest Champion at the time. In 1986, Jack became a six-time Masters Champion at age 46, the oldest to win. Jack's other Masters victories were in 1963, 1965, 1966, 1972 and 1975. One of Jack's greatest Master's moments was when he successfully defended his tile in 1966 by winning in a three-way playoff. Jack is also the youngest second-time winner ,1965, where he won with a record score of 271 (tied by Raymond Floyd in 1976) and a then record nine stroke winning margin. He is also the youngest three-time and four-time winner at the Master's. Runner-up in the Masters in 1964, 1971, 1977 and 1981. Jack has won four US Opens - 1962, 1967, 1972, 1980; five PGAs - 1963, 1971, 1973, 1975, 1980; and three British Opens - 1966, 1970, 1978. Jack has also been a member of six Ryder Cup Teams, Captain in 1983 and 1987. He is also the recipient of the 1975 Bob Jones Award presented by the USGA for 'distinguished sportsmanship in golf.'

TOPICS OF DISCUSSION:

- I would like to congratulation you on completing you 40th Master Tournament and becoming the oldest player to ever finish in the top ten.
- I want to also congratulate you on being honored, April 7, 1998, with a plaque that will be permanently affixed to the fountain between holes No. 16 and 17 in recognition of his play and for his contributions at the Masters.

- Please give my best to Barbara and your family.

- Hillary and I send our congratulations and our best!

CONTACT PERSON AND
TELEPHONE NUMBER: Marilyn Keough, Agent (561) 626-3322 - office

DATE OF SUBMISSION: April 13, 1998

2698916

THE WHITE HOUSE

WASHINGTON

April 13, 1998

'98 APR 13 PM2:41

RECOMMENDED TELEPHONE CALL

TO: Mark O'Meara (PGA Tour Player)

DATE: Monday, April 13, 1998

RECOMMENDED BY: Gene Sperling
Rahm Emanuel

PURPOSE: If you have not already called, you should call Mark O'Meara to congratulate him on winning the 1998 Masters Tournament.

BACKGROUND: O'Meara made a 20-foot birdie putt at the 405-yard 18th hole to win the 62nd Masters by a shot over playing partner Fred Couples and David Duval, solidifying his reputation as one of the greatest golfers. Mark birdied three of his last four holes, including the last two, to finish with a round of 67 and a 9-under total of 279. O'Meara started the final day of the Masters two shots off the lead and trailed, David Duval, with four holes to play.

Since turning professional, Mark has had 14 PGA Tour victories, including five at Pebble Beach, the latest in 1997. Also the 1997 Buick Invitational champion and the winner of the Trophee Lancome In Europe. Mark, a former US Amateur Champion 1979 (considered a major championship), tied for third in the 1988 US Open and tied for third in the 1985 and 1991 British Opens. Mark has also been a Member of the 1985, 1989, 1991 and 1997 Ryder Cup Teams. He also tied for fourth in the 1992 Masters, his best in 14 appearances.

TOPICS OF DISCUSSION:

- I would like to congratulate you on winning your *second* (including 1979 U.S. Amateur Championship) Championship, the 62nd Masters Tournament. I also want to congratulate you on solidifying your self as one of golf's greatest practitioners and final round closers.

- It must have been great to receive the green jacket from your close friend and last year's winner Tiger Woods.

- I am sure you are going to be in the Washington area, the week the Kemper Open is played at Avenel (June 4-7). I would like to invite you and your family to the White House when you are here.

- Hillary and I send our congratulations and our best!

CONTACT PERSON AND
TELEPHONE NUMBER: Mark O'Meara (407) 876-0848 - home
Peter Malik, Agent (IMG) 216-522-1200 - office

DATE OF SUBMISSION: April 13, 1998

TIME OF TRANSMISSION:

TIME OF RECEIPT:

263789
263792
263787

WHITE HOUSE SITUATION ROOM

PRECEDENCE: IMMEDIATE / PRIORITY / ROUTINE

RELEASER: '98 MAY 14 PM 11:12

DTG:

5-16-98

MESSAGE NO:

CLASSIFICATION: ~~SECRET~~

PAGES: 14 (Including Cover)

FROM: PHIL CAPLAN (NAME) 62702 (PHONE NUMBER) (ROOM NO.)

MESSAGE DESCRIPTION:
1. CHIEF OF STAFF DAILY REPORT
2. RAINES MEMO RE ISTEA REAUTHORIZATION
3. CEA NUMBERS

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
	SEAN MALONEY (FOR THE PRESIDENT)		(INFORMATION)
	CC: SYLVIA MATHEWS		

REMARKS:

DECLASSIFIED
E.O. 13526
White House Guidelines, May 16, 2017
By MM NARA, Date 12/9/21
2019-0992-S

UNCLASSIFIED
WITH SECRET ATTACHMENT

THE WHITE HOUSE

WASHINGTON

'98 MAY 14 P8:42

May 14, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: ERSKINE B. BOWLES

SUBJECT: Issues Update

This memo provides updates on some of the issues White House offices are tracking today.

TOBACCO NEGOTIATIONS REPORT

- We continued our discussions today with Senators McCain and Hollings, and believe we now have the outlines of an agreement; over the next few days, we will work with McCain's and Hollings' staff to incorporate it in a manager's amendment. As we described yesterday, we have improved the bill in key areas: strengthened lookback penalties, a tougher ETS provision, a higher liability cap and the elimination of other liability protections, and a narrowed antitrust exemption. Notwithstanding these improvements, some Senators have objected to our anticipated agreement with McCain, arguing that it will undermine their ability to pass strengthening amendments on the floor. Erskine spoke to the Caucus today and explained that we wanted to strengthen the bill as much as we could before it gets to the floor, given the fairly low probability of passing Democratic amendments there.

ISTEA NEGOTIATIONS REPORT

- The Republicans continue to push to spend more money on highways than they can offset with acceptable savings. Your ISTEA negotiating team met today with Representatives Gephardt, Spratt, and Oberstar to discuss the current Republican offsets, several of which are unnecessarily controversial and damaging to your policy agenda. Gephardt said that the only way to get the Administration to the negotiating table is to demonstrate that we can sustain a veto. Oberstar expressed the opinion that the Administration should weigh in with the Speaker to seek joint agreement on the offsets. In response, Gephardt asked Oberstar to let the Republican leadership know they would not have Democratic votes if they do not come up with an acceptable offset package. Oberstar went back to the Speaker's staff to say that they need to negotiate; a meeting is being set for tomorrow. Attached is a memo from Frank Raines seeking your guidance with regards to our ongoing ISTEA negotiations.

263789

BUDGET REPORT

- Kasich House Budget Resolution. House Budget Committee Chairman John Kasich released a detailed budget resolution late yesterday. His resolution funds a $50-100 billion tax cut by cutting $46 billion from discretionary programs and $54 billion from mandatory programs (all over 5 years). He also recycles cuts that the Administration has objected to strongly in the past (e.g., elimination of National Service, CDFI, and the Legal Services Corporation).

  Frank Raines responded to Kasich's budget in a joint press conference with Congressman Spratt, at which they highlighted Kasich's spending cuts in health care, public schools, and the environment and his tax increases on the working poor through cuts in the EITC. They also highlighted the purely political cuts in the Kasich plan, particularly his proposals to eliminate the Departments of Commerce and Energy and the Council of Economic Advisers. Some reports have suggested that the Republicans may set this detailed plan aside and instead move forward with a budget resolution that contains only aggregate numbers. However, we will continue to characterize their resolution as cutting your priority investments.

LEGISLATIVE REPORT

The House

- During the evening of Wednesday, May 13, the House considered the following:

  - **PASSED (214-213) the Financial Services Competition Act (H.R. 10):** The bill would eliminate many of the barriers between banking, securities, insurance, and other industries. Only the last-minute vote changes of several Republicans enabled the bill to pass; seventy-three Republicans joined 139 Democrats in opposing the measure. Secretary Rubin has recommended that you veto the bill because it would, among other things, unnecessarily limit the ability of national banks to conduct financial activity through a subsidiary and undercut the Administration's regulatory authority over banking activities. Having failed to move the legislation successfully last year, it is unlikely that the Senate will take up the measure in the relatively few remaining legislative days left.

- On Thursday, May 14, the House considered the following:

    - **Privileged Resolution:** The House voted 223-196 to table Democratic Leader Gephardt's privileged resolution calling for Dan Burton (R-IN) to step down as chairman of the House Government Reform campaign investigation. The action blocked consideration of Gephardt's resolution.

    - **PASSED (375-41, 1 present) the Freedom From Religious Persecution Act of 1998 (H.R. 2431):** The bill, which your senior advisers recommend you veto, would automatically impose sanctions on any nation engaging in religious persecution. The Administration objects to the measure because it could harm religious minorities and bilateral relations with allies, as well as limit your flexibility and raise questions regarding U.S. international obligations.

House Outlook

- The House will resume legislative business Tuesday, May 19. Next week the House may consider the New Wildlife Refuge Act (H.R. 512) and the Mandates Information Act (H.R. 3534), both opposed by the Administration. The House may also consider the Bankruptcy Reform Act (H.R. 3150) and the Campaign Integrity Act (H.R. 2183), which is the bi-partisan campaign finance reform bill sponsored by Rep. Hutchinson (R-AR) and Rep. Allen (D-ME). The Defense authorization bill (HR. 3616) is also expected to be considered. In addition, two conference reports may come to the floor: the Intermodal Surface Transportation Efficiency Act (H.R. 2400), known as ISTEA, and the Education Savings Act (H.R. 2646), known in the Senate as the Coverdell bill.

The Senate

- **Department of Defense Authorization Act for FY 1999 (S. 2057):** The Senate continued debate on S. 2057, sponsored by Senator Thurmond. The Administration supports prompt Congressional consideration of S. 2057, which authorizes $270.6 billion for national defense programs in FY 1999, the amount you requested; however, the Administration has serious budget and policy concerns which must be addressed. Of particular concern, S. 2057 would reallocate funds to the Department of Defense military programs by reducing funding for the Department of Energy's FY 1999 defense discretionary budget request and by significantly reducing the Administration's request for intelligence activities. The bill also includes your $950 million request for researching a national ballistic missile defense. Unlike the House legislation, the Senate version would delay consideration of sex-segregated training until after a Congressional commission issues its report next year. Senators Hutchison and Byrd plan to offer an amendment requiring a phased withdrawal of troops from Bosnia over the next three years.

- **Digital Millennium Act (S. 2037):** The Senate passed (99-0) S. 2037, sponsored by Senator Hatch. The Administration-supported measure would enact the two new World Intellectual Property Organization (WIPO) treaties. This is crucial for promoting electronic commerce over the Internet and in other networking environments, and for protecting U.S. copyrighted works from international piracy.

Senate Outlook

- On Friday, May 15, the Senate may continue debate on S. 2057, the Department of Defense Authorization Act for FY 1999.

- On Monday, May 18, the Senate will begin debate on S. 1723, the American Competitiveness Act, H-1B visa waivers, sponsored by Senator Abraham. The Senate is expected to vote on final passage on S. 1723 the same day. This measure is intended to respond to a reported skills shortage in the information technology industry by increasing the annual cap on the number of temporary visas for foreign "specialty" workers under this program. The Secretary of Labor has recommended that you veto this bill because it emphasizes providing opportunities for foreign workers rather than providing opportunities for and protecting U.S. workers. In addition, the bill does not help ensure that U.S. workers do not lose their jobs to temporary foreign workers. Nor does the bill ensure that employers have made serious efforts to recruit U.S. workers for open positions so that qualified U.S. workers have the opportunity to fill a job before temporary foreign worker is hired.

- Following consideration of S. 1723, the Senate will vote on the motion to invoke cloture to proceed to S. 1415, the McCain Tobacco Settlement bill.

DPC REPORT

- Drunk Driving -- .08 BAC: This morning, the Transportation Department released preliminary 1997 data indicating that while the overall number of traffic fatalities remained roughly level from the previous year's total (42,000), the percentage of alcohol-related fatalities dropped to its lowest level (39.3%) since DOT began collecting the data in 1975. DOT representatives announced the data at an event commemorating the 10th anniversary of the worst drunk driving crash in U.S. history, and were joined by MADD in pushing for .08 legislation. In addition, the Vice President and a bipartisan group of Senators and House Members held a press event in the Roosevelt Room yesterday to spotlight the .08 issue, which remains unresolved in the transportation bill conference. It was reported today that the conference may not conclude prior to the Memorial Day recess.

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WITH SECRET ATTACHMENT

OSTP REPORT

- **Climate Change.** Yesterday, May 13, a large climate change advertisement (attached) in the *Washington Post* contained the following statement from a group of prominent corporations: "First, we accept the views of most scientists that enough is known about the science and environmental impacts of climate change for us to take actions to address its consequences." The companies (Boeing, United Technologies, Lockheed-Martin, Sunoco, 3M, Maytag, Whirlpool, Enron, American Electric Power, Intercontinental Energy Corporation, BP, U.S. Generating Company, Toyota) pledge to establish and meet their own emissions reduction objectives and invest in new, more efficient technologies. They are members of the Business Environmental Leadership Council of the newly formed Pew Center on Global Climate Change, which paid for the advertisement. Also attached is a favorable *Washington Post* editorial on this initiative.

NSC REPORT

- Please see attached report from General Kerrick.

The Washington Post

THURSDAY, MAY 14, 1998

A Few Brave Firms

THE DEBATE about global warming has featured too much name-calling and too little attention to practical solutions. Many U.S. corporations and their lobbyists have devoted more effort to belittling the science than to soberly preparing for the consequences. So it's encouraging to welcome a new player to the debate, the Pew Center on Global Climate Change. Funded initially by a $5 million grant from the Pew Charitable Trusts and headed by a former Clinton administration official, Eileen Claussen, the center intends to focus on research, public education and—most of all—figuring out what can and can't be done about this very real problem.

What's most heartening about this effort is the list of major corporations that have signed on as advisers to the center. For many of them, it has taken some courage to step out from the crowd of stone-throwers and commit themselves to pragmatic consideration of climate change, and to how they may participate in—and perhaps profit from—solutions.

These companies are not contributing money to the center, it's important to note, and they're not mostly firms that obviously stand to gain if climate change is taken seriously. On the contrary, they include mostly companies that will have to adapt and change considerably: gas and oil firms Sunoco, British Petroleum and Enron; power generators American Electric Power Co., Intercontinental Energy Corp. and U.S. Generating Co.; giant aerospace firms Boeing and Lockheed Martin; appliance makers Maytag and Whirlpool Corp.; the Toyota car maker; United Technologies, which has aerospace, automotive and other interests; and the consumer and chemical giant 3M.

It's not that these companies, coming together as the Business Environmental Leadership Council, have endorsed anything you could call radical. But they "accept the views of most scientists that enough is known about the science and environmental impacts of climate change for us to take actions to address its consequences." That sensible statement alone is enough to set them apart, and even no doubt subject them to some abuse from their competitors; you'll note there's no American auto maker on the list. In the long run, these forward-looking companies' willingness to accept the inevitable and begin dealing with it will doubtless give them a competitive advantage. In the short run, they deserve some credit for forthrightness.

BOEING

U.S. Generating Company

BP

TOYOTA

IEC
INTERCONTINENTAL ENERGY CORPORATION

ENRON

MAYTAG

QUESTION:

WHAT DO WE ALL AGREE ON?

Whirlpool

LOCKHEED MARTIN

United Technologies

SUNOCO

3M

AEP
AMERICAN ELECTRIC POWER

We believe we must address one of the major challenges of the 21st Century: responding to global climate change while maintaining economic growth. We are working together through the Pew Center on Global Climate Change, as members of its Business Environmental Leadership Council to educate the public in the U.S. and abroad, conduct studies and policy analyses and increase international understanding.

We begin this effort united in several beliefs:

First, we accept the views of most scientists that enough is known about the science and environmental impacts of climate change for us to take actions to address its consequences.

ANSWER:

TAKING ON THE CHALLENGE OF GLOBAL CLIMATE CHANGE.

PEW CENTER ON Global CLIMATE CHANGE

Second, businesses can and should take concrete steps now in the U.S. and abroad to assess their opportunities for emission reductions, establish and meet their emission reduction objectives, and invest in new, more efficient products, practices and technologies.

Third, the Kyoto agreement represents a first step in the international process, but more must be done both to implement the market-based mechanisms that were adopted in principle in Kyoto and to more fully involve the rest of the world in the solution.

Fourth, we can make significant progress in addressing climate change and sustaining economic growth in the United States by adopting reasonable policies, programs and transition strategies.

The Washington Post
WEDNESDAY, MAY 13, 1998

262138

THE WHITE HOUSE

WASHINGTON

May 11, 1998

5-14-98

MR. PRESIDENT:

Attached for your approval are two related Executive Orders prepared by OMB.

1) Federalism: This EO updates the Federalism EO issued by President Reagan in 1987. Like the original EO, it lays out a set of principles that agencies should follow when formulating or implementing policies that affect states, *e.g.*, regulations, legislation or other policy statements. More importantly, DOJ and a group of WH offices, led by Sally Katzen, have drafted several changes to the EO to both keep it current with recent Supreme Court rulings and bring it more in line with other EOs you have issued in the area of development of regulatory policy, *i.e.*, unfunded mandates, regulatory reform. For example, it directs agencies to have an effective process to permit state and local officials to have meaningful input in the development of regulatory policies, rather than the more "command and control" structure of the 1987 EO that was aimed at achieving specific policy goals.

2) Tribal Governments: The second EO requires the agencies to improve their consultation practices with Indian tribal governments, reduce unfunded mandates and streamline certain regulatory procedures. The Federalism EO of above supersedes the EO you issued in 1993 on relations with tribal governments, thus making this new EO necessary.

____ Approve both EOs ____ Disapprove ____ Discuss

Phil Caplan Phil

EXECUTIVE ORDER

\- - - - - - -

FEDERALISM

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to guarantee the division of governmental responsibilities, embodied in the Constitution, between the Federal Government and the States that was intended by the Framers and application of those principles by the Executive departments and agencies in the formulation and implementation of policies, it is hereby ordered as follows:

Section 1. Definitions. For purposes of this order:

(a) "State" or "States" refer to the States of the United States of America, individually or collectively, and, where relevant, to State governments, including units of local government and other political subdivisions established by the States.

(b) "Policies that have federalism implications" refers to Federal regulations, proposed legislation, and other policy statements or actions that have substantial direct effects on the States or on the relationship, or the distribution of power and responsibilities, between the Federal Government and the States.

(c) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1), other than those considered to be independent regulatory agencies, as defined in 44 U.S.C. 3502(5).

Sec. 2. Fundamental Federalism Principles. In formulating and implementing policies that have federalism implications, agencies shall be guided by the following fundamental federalism principles:

(a) The structure of government established by the Constitution is premised upon a system of checks and balances.

(b) The Constitution created a Federal Government of supreme, but limited, powers. The sovereign powers not granted to the Federal Government are reserved to the people or to the States, unless prohibited to the States by the Constitution.

(c) Federalism reflects the principle that dividing power between the Federal Government and the States serves to protect individual liberty. Preserving State authority provides an essential balance to the power of the Federal Government, while preserving the supremacy of Federal law provides an essential balance to the power of the States.

(d) The people of the States are at liberty, subject only to the limitations in the Constitution itself or in Federal law, to define the moral, political, and legal character of their lives.

(e) Our constitutional system encourages a healthy diversity in the public policies adopted by the people of the several States according to their own conditions, needs, and desires. States and local governments are often uniquely situated to discern the sentiments of the people and to govern accordingly.

(f) Effective public policy is often achieved when there is competition among the several States in the fashioning of different approaches to public policy issues. The search for enlightened public policy is often furthered when individual States and local governments are free to experiment with a variety of approaches to public issues. Uniform, national approaches to public policy problems can inhibit the creation of effective solutions to those problems.

(g) Policies of the Federal Government should recognize the responsibility of -- and should encourage opportunities for -- States, local governments, private associations, neighborhoods, families, and individuals to achieve personal, social, environmental, and economic objectives through cooperative effort.

Sec. 3. Federalism Policymaking Criteria. In addition to adhering to the fundamental federalism principles set forth in section 2 of this order, agencies shall adhere, to the extent permitted by law, to the following criteria when formulating and implementing policies that have federalism implications:

(a) There should be strict adherence to constitutional principles. Agencies should closely examine the constitutional and statutory authority supporting any Federal action that would limit the policymaking discretion of States and local governments, and should carefully assess the necessity for such action.

(b) Agencies may limit the policymaking discretion of States and local governments only after determining that there is constitutional and legal authority for the action.

(c) With respect to Federal statutes and regulations administered by States and local governments, the Federal Government should grant States and local governments the maximum administrative discretion possible. Any Federal oversight of such State and local administration should not unnecessarily intrude on State and local discretion.

(d) It is important to recognize the distinction between matters of national or multi-state scope (which may justify Federal action) and matters that are merely common to the States (which may not justify Federal action because individual States, acting individually or together, may effectively deal with them). Matters of national or multi-state scope that justify Federal action may arise in a variety of circumstances, including:

(1) When the matter to be addressed by Federal action occurs interstate as opposed to being contained within one State's boundaries.

(2) When the source of the matter to be addressed occurs in a State different from the State (or States) where a significant amount of the harm occurs.

(3) When there is a need for uniform national standards.

(4) When decentralization increases the costs of government thus imposing additional burdens on the taxpayer.

(5) When States have not adequately protected individual rights and liberties.

(6) When States would be reluctant to impose necessary regulations because of fears that regulated business activity will relocate to other States.

(7) When placing regulatory authority at the State or local level would undermine regulatory goals because high costs or demands for specialized expertise will effectively place the regulatory matter beyond the resources of State authorities.

(8) When the matter relates to Federally owned or managed property or natural resources, trust obligations, or international obligations.

(9) When the matter to be regulated significantly or uniquely affects Indian tribal governments.

Sec. 4. Consultation. (a) Each agency shall have an effective process to permit elected officials and other representatives of State and local governments to provide meaningful and timely input in the development of regulatory policies that have federalism implications.

(b) To the extent practicable and permitted by law, no agency shall promulgate any regulation that is not required by statute, that has federalism implications, and that imposes substantial direct compliance costs on States and local governments, unless:

(1) funds necessary to pay the direct costs incurred by the State or local government in complying with the regulation are provided by the Federal Government; or

(2) the agency, prior to the formal promulgation of the regulation,

(A) in a separately identified portion of the preamble to the regulation as it is to be issued in the Federal Register, provides to the Director of the

Office of Management and Budget a description of the extent of the agency's prior consultation with representatives of affected States and local governments, a summary of the nature of their concerns, and the agency's position supporting the need to issue the regulation; and

(B) makes available to the Director of the Office of Management and Budget any written communications submitted to the agency by States or local governments.

Sec. 5. Increasing Flexibility for State and Local Waivers. (a) Agencies shall review the processes under which States and local governments apply for waivers of statutory and regulatory requirements and take appropriate steps to streamline those processes.

(b) Each agency shall, to the extent practicable and permitted by law, consider any application by a State or local government for a waiver of statutory or regulatory requirements in connection with any program administered by that agency with a general view toward increasing opportunities for utilizing flexible policy approaches at the State or local level in cases in which the proposed waiver is consistent with applicable Federal policy objectives and is otherwise appropriate.

(c) Each agency shall, to the extent practicable and permitted by law, render a decision upon a complete application for a waiver within 120 days of receipt of such application by the agency. If the application for a waiver is not granted, the agency shall provide the applicant with timely written notice of the decision and the reasons therefor.

(d) This section applies only to statutory or regulatory requirements that are discretionary and subject to waiver by the agency.

Sec. 6. Independent Agencies. Independent regulatory agencies are encouraged to comply with the provisions of this order.

Sec. 7. General Provisions. (a) This order is intended only to improve the internal management of the executive branch and is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

(b) This order shall supplement but not supersede the requirements contained in Executive Order 12866 ("Regulatory Planning and Review"), Executive Order 12988 ("Civil Justice Reform"), and OMB Circular A-19.

(c) Executive Order 12612 of October 26, 1987, and Executive Order 12875 of October 26, 1993, are revoked.

(d) The consultation and waiver provisions in sections 4 and 5 of this order shall complement the Executive order entitled, "Consultation and Coordination with Indian Tribal Governments," being issued on this day.

(e) This order shall be effective 90 days after the date of this order.

THE WHITE HOUSE,

EXECUTIVE ORDER

- - - - - - - -

CONSULTATION AND COORDINATION
WITH INDIAN TRIBAL GOVERNMENTS

The United States has a unique legal relationship with Indian tribal governments as set forth in the Constitution of the United States, treaties, statutes, Executive orders, and court decisions. Since the formation of the Union, the United States has recognized Indian tribes as domestic dependent nations under its protection. In treaties, our Nation has guaranteed the right of Indian tribes to self-government. As domestic dependent nations, Indian tribes exercise inherent sovereign powers over their members and territory. The United States continues to work with Indian tribes on a government-to-government basis to address issues concerning Indian tribal self-government, trust resources, and Indian tribal treaty and other rights.

Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to establish regular and meaningful consultation and collaboration with Indian tribal governments in the development of regulatory practices on Federal matters that significantly or uniquely affect their communities; to reduce the imposition of unfunded mandates upon Indian tribal governments; and to streamline the application process for and increase the availability of waivers to Indian tribal governments; it is hereby ordered as follows:

<u>Section 1</u>. <u>Definitions</u>. For purposes of this order:

(a) "State" or "States" refer to the States of the United States of America, individually or collectively, and, where relevant, to State governments, including units of local government and other political subdivisions established by the States.

(b) "Indian tribe" means an Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the Secretary of the Interior acknowledges to exist as an Indian tribe pursuant to the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 479a.

(c) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1), other than those considered to be independent regulatory agencies, as defined in 44 U.S.C. 3502(5).

Sec. 2. Policymaking Criteria. In formulating policies significantly or uniquely affecting Indian tribal governments, agencies shall be guided, to the extent permitted by law, by principles of respect for Indian tribal self-government and sovereignty, for tribal treaty and other rights, and for responsibilities that arise from the unique legal relationship between the Federal Government and Indian tribal governments.

Sec. 3. Consultation. (a) Each agency shall have an effective process to permit elected officials and other representatives of Indian tribal governments to provide meaningful and timely input in the development of regulatory policies on matters that significantly or uniquely affect their communities.

(b) To the extent practicable and permitted by law, no agency shall promulgate any regulation that is not required by statute, that significantly or uniquely affects the communities of the Indian tribal governments, and that imposes substantial direct compliance costs on such communities, unless:

(1) funds necessary to pay the direct costs incurred by the Indian tribal government in complying with the regulation are provided by the Federal Government; or

(2) the agency, prior to the formal promulgation of the regulation,

(A) in a separately identified portion of the preamble to the regulation as it is to be issued in the Federal Register, provides to the Director of the Office of Management and Budget a description of the extent of the agency's prior consultation with representatives of affected Indian tribal governments, a summary of the nature of their concerns, and the agency's position supporting the need to issue the regulation; and

(B) makes available to the Director of the Office of Management and Budget any written communications submitted to the agency by such Indian tribal governments.

Sec. 4. Increasing Flexibility for Indian Tribal Waivers. (a) Agencies shall review the processes under which Indian tribal governments apply for waivers of statutory and regulatory requirements and take appropriate steps to streamline those processes.

(b) Each agency shall, to the extent practicable and permitted by law, consider any application by an Indian tribal government for a waiver of statutory or regulatory requirements in connection with any program administered by that agency with a general view toward increasing opportunities for utilizing flexible policy approaches at the Indian tribal level in cases in which the proposed waiver is consistent with the applicable Federal policy objectives and is otherwise appropriate.

(c) Each agency shall, to the extent practicable and permitted by law, render a decision upon a complete application for a waiver within 120 days of receipt of such application by the agency. The agency shall provide the applicant with timely written notice of the decision and, if the application for a waiver is not granted, the reasons for such denial.

(d) This section applies only to statutory or regulatory requirements that are discretionary and subject to waiver by the agency.

Sec. 5. Cooperation in developing regulations. On issues relating to tribal self-government, trust resources, or treaty and other rights, each agency should explore and, where appropriate, use consensual mechanisms for developing regulations, including negotiated rulemaking.

Sec. 6. Independent agencies. Independent regulatory agencies are encouraged to comply with the provisions of this order.

Sec. 7. General provisions. (a) This order is intended only to improve the internal management of the executive branch and is not intended to, and does not, create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

(b) This order shall supplement but not supersede the requirements contained in Executive Order 12866 ("Regulatory Planning and Review"), Executive Order 12988 ("Civil Justice Reform"), OMB Circular A-19, and the Executive Memorandum of April 29, 1994, on Government-to-Government Relations with Native American Tribal Governments.

(c) This order shall complement the consultation and waiver provisions in sections 4 and 5 of the Executive order, entitled "Federalism," being issued on this day.

(d) This order shall be effective 90 days after the date of this order.

THE WHITE HOUSE,

264236

THE WHITE HOUSE

WASHINGTON

X

5-29-98

May 29, 1998

MR. PRESIDENT:

The attached Berger memo asks you to approve using the Emergency Refugee and Migration Assistance Fund (ERMA) to assist refugees in Africa and Southeast Asia.

Background. Under the Migration and Refugee Assistance Act, you may authorize ERMA funds to meet "unexpected urgent refugee and migration" needs whenever you determine it is in the national interest to do so. You have made similar determinations on a number of occasions in recent years.

The State Department recommends an ERMA drawdown of \$37M to assist repatriation and other humanitarian efforts in Liberia, Sierra Leone, Rwanda, and throughout the Great Lakes and Greater Horn regions; and in Cambodia and Thailand. This drawdown would reduce the Fund's balance from about \$115M to about \$78M. The drawdown would support the efforts of the UN High Commissioner for Refugees, the UN World Food Program, the International Committee for the Red Cross, and others. These efforts include providing emergency assistance to those fleeing civil war in Sierra Leone; airlifts and emergency road repairs to facilitate food delivery; and humane and orderly migration assistance in Thailand.

None of your advisers objects to the drawdown. If you approve, please sign the Presidential Determination as indicated.

Phil Caplan Phil
Sean Maloney

3116 264236

THE WHITE HOUSE

WASHINGTON

'98 MAY 19 PM8:52

May 19, 1998

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER

SUBJECT: Emergency Refugee and Migration Assistance (ERMA) Drawdown Request

Purpose

To authorize assistance from the United States Emergency Refugee and Migration Assistance Fund (ERMA) to meet "unexpected urgent refugee and migration" needs.

Background

Emergency Migration and Refugee Assistance (ERMA)

Under the Migration and Refugee Assistance Act, you may authorize assistance from the United States Emergency Refugee and Migration Assistance Fund (ERMA) to meet "unexpected urgent refugee and migration" needs whenever you determine it is "important to the national interest" to do so.

The Department of State recommends a drawdown from the Fund of up to $37 million to respond to unexpected and urgent needs of refugees, migrants, victims of conflict and other persons at risk in Africa and Southeast Asia. The current balance in the ERMA is $115,639,811. If this drawdown is approved, $78,639,811 will remain in the Fund.

The funds are requested for a range of unexpected needs associated with repatriation efforts in Africa and Southeast Asia. Monies will be used to provide contributions to the emergency appeals of the United Nations High Commissioner for Refugees (UNHCR), the UN World Food Program (WFP), the International Committee for the Red Cross (ICRC), the International Federation of the Red Cross and Red Crescent Societies (IFRC) and several non-governmental organizations.

The emergencies for which the ERMA funds will be used are briefly described below.

Africa

The funds will be used to support reintegration of Liberian refugees following the recent elections in that country; to provide emergency assistance to over 120,000 Sierra Leonean refugees fleeing civil war; to support peacemaking and reconciliation in Rwanda; to support refugee screening throughout the Great Lakes region; and for airlifts and emergency road repairs to facilitate emergency food deliveries in the Greater Horn region.

Southeast Asia

In Southeast Asia, over 67,000 Cambodians have been forced to flee to Thailand, and the funds will be provided to UN programs that support this group. In addition, funds will be used to promote humane and orderly migration procedures throughout the region, where the economic downturn has created pressures (or pretexts) for officials to crack down harshly on undocumented migrants.

RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Attachments
Tab A Presidential Determination

THE WHITE HOUSE

WASHINGTON

Presidential Determination
No._______________________

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Pursuant to Section 2(c)(1)of the Migration and Refugee Assistance Act of 1962, as Amended

Pursuant to sections 2(c)(1) of the Migration and Refugee Assistance Act of 1962, as amended, 22 U.S.C. 2601(C)(1), I hereby determine that is important to the national interest that up to $37,000,000 be made available from the U.S. Emergency Refugee and Migration Assistance Fund to meet the urgent and unexpected needs of refugees, victims of conflict, and other persons at risk in Africa and Southeast Asia. These funds may be used, as appropriate, to provide contributions to international and non-governmental agencies.

You are authorized and directed to inform the appropriate committees of the Congress of the determination and the obligation of funds under this authority and to publish this memorandum in the Federal Register.

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

Subject: Emergency Refugee Memorandum

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓	☐	McCURRY	☐	✓
BOWLES	✓	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	✓	☐	REED	☐	☐
MATHEWS	✓	☐	RUFF	✓	☐
RAINES	✓	☐	SMITH	☐	☐
BEGALA	☐	☐	SOSNIK	☐	☐
BERGER	☐	☐	SPERLING	✓	☐
BLUMENTHAL	☐	☐	STEIN	☐	☐
ECHAVESTE	✓	☐	STERN	☐	☐
EMANUEL	✓	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	✓	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
MARSHALL	☐	☐	____________	☐	☐
			____________	☐	☐

REMARKS: Please advise

RESPONSE:

'98 MAY 19 PM8:51

THE WHITE HOUSE

WASHINGTON

May 19, 1998

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER

SUBJECT: Emergency Refugee and Migration Assistance (ERMA) Drawdown Request

Purpose

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Background

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RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Attachments
Tab A Presidential Determination

THE WHITE HOUSE

WASHINGTON

Presidential Determination
No.________________________

MEMORANDUM FOR THE SECRETARY OF STATE

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You are authorized and directed to inform the appropriate committees of the Congress of this determination and the obligation of funds under this authority and to publish this memorandum in the Federal Register.

Document No. ______________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

Subject: Emergency Refugee Drawdown

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☐	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☑	☐	SMITH	☐	☐
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BERGER	☐	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN	☐	☐
ECHAVESTE	☑	☐	STERN	☐	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☑	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	______________	☐	☐
LINDSEY	☐	☐	______________	☐	☐
MARSHALL	☐	☐	______________	☐	☐
			______________	☐	☐

REMARKS: Please advise

RESPONSE:

3/98

Staff Secretary's Office
Ext. 62702

'98 MAY 19 PM8:51

THE WHITE HOUSE

WASHINGTON

May 19, 1998

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER

SUBJECT: Emergency Refugee and Migration Assistance (ERMA) Drawdown Request

Purpose

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RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Attachments
Tab A Presidential Determination

THE WHITE HOUSE

WASHINGTON

Presidential Determination
No.________________________

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Pursuant to Section 2(c)(1) of the Migration and Refugee Assistance Act of 1962, as Amended

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You are authorized and directed to inform the appropriate committees of the Congress of this determination and the obligation of funds under this authority and to publish this memorandum in the Federal Register.

THE WHITE HOUSE

WASHINGTON

Presidential Determination
No.__________________

MEMORANDUM FOR THE SECRETARY OF STATE

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You are authorized and directed to inform the appropriate committees of the Congress of this determination and the obligation of funds under this authority and to publish this memorandum in the Federal Register.

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

Date: 5/21 ACTION / CONCURRENCE / COMMENT DUE BY: 5/22

Subject: Emergency Refugee Drawdown

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	McCURRY	☐	☑
BOWLES	☑	☐	McGINTY	☐	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	☑	☐	REED	☐	☐
MATHEWS	☑	☐	RUFF	☑	☐
RAINES	☑	☐	SMITH	☐	☐
BEGALA	☐	☐	SOSNIK	☐	☐
BERGER	☐	☐	SPERLING	☑	☐
BLUMENTHAL	☐	☐	STEIN	☐	☐
ECHAVESTE	☑	☐	STERN	☐	☐
EMANUEL	☑	☐	STREETT	☐	☐
GIBBONS	☐	☐	VERVEER	☐	☐
IBARRA	☑	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	☐	☐	____________	☐	☐
LINDSEY	☐	☐	____________	☐	☐
MARSHALL	☐	☐	____________	☐	☐
			____________	☐	☐

REMARKS: Please advise

Circulate then to Sean for cover note.

RESPONSE:

3/98

Staff Secretary's Office
Ext. 62702