

get the government back on its feet? Will you lend a hand to us in arming the Bosnian Government so it can defend itself when we leave?

Essentially, we got the cold shoulder. They do not want to talk about it. It requires money and requires a commitment.

They want to pat themselves on the back for the military operation which is succeeding well and not get to the hard business of making the peace work in Bosnia. My concern with going into Bosnia is not that we would not be able to succeed militarily, but this is an insufficient commitment on the part of the Europeans to follow through and make peace work. That is what we have seen.

This morning's wire, Mr. President, contains a very disturbing story. In an ominous sign from the AP wire story, "Bosnian Serbs followed through today on their threat to sever with the NATO-led peace force ties because of the government's arrest of two Serb officers at suspected war criminals."

They lost all top level contact with the Bosnian Serb Army and the ground commander said it was the worst crisis in Bosnia since the peace took hold 2 months ago.

"The commander, Lt. Gen. Sir Michael Walker, characterized the development as an ominous sign and direct breach of the Bosnian peace accord."

At the same time, I note that the Chairman of the United States Joint Chiefs of Staff, John Shalikashvili, urged the Bosnian Government to immediately release Serbs against whom there is no evidence of participating in war crimes.

Does that mean the two people arrested are being held? Very unclear. There is a total lack of cohesion because there has not been an agreement by the NATO allied forces of exactly what we are supposed to be doing over there, except keeping the warring sides from fighting with each other.

There is an absolute commitment to leave in the year. The Europeans say they will leave when we leave. When we are out of Bosnia next October, I can only hope that the Europeans have gotten together and have made a stronger commitment than they have so far to help rebuild that economy and that government and to deal with the war crimes issue and the arming of the Bosnian Government so that when we leave all we accomplished will not have been for nothing. I especially have reference to one U.S. death and other U.S. casualties.

I want to be able to say, when this is over with, that they did not die in vain. I am afraid if we do not get more cooperation from our European allies, that we will not be able to say that, and that will be a very, very big shame and a blot on the United States as well as our European allies.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

#### REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT—PM 118

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

*To the Congress of the United States:*

I hereby report to the Congress on the developments since my last report on August 1, 1995, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

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

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

Executive Order No. 12817 was issued on October 21, 1992, to implement in

the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. Member States to transfer to a U.N. escrow account any funds (up to \$200 million apiece) representing Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq, to finance Iraq's obligations for U.N. activities with respect to Iraq, such as expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds also funds the activities of the U.N. Compensation Commission in Geneva, which handles claims from victims of the Iraqi invasion and occupation of Kuwait. Member States also may make voluntary contributions to the account. The funds placed in the escrow account are to be returned, with interest, to the Member States that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the U.N. Security Council. No Member State is required to fund more than half of the total transfers or contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders No. 12724 and 12817 (the "Executive orders"). The report covers events from August 2, 1995, through February 1, 1996.

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

2. The Department of the Treasury's Office of Foreign Assets Control (FAC) continues its involvement in lawsuits seeking to prevent the unauthorized transfer of blocked Iraqi assets. In *Consarc Corporation v. Iraqi Ministry of Industry and Minerals*, No. 94-5390 (D.C. Cir. Dec. 15, 1995), the U.S. Court of Appeals for the D.C. Circuit issued its second opinion in this case, finding in FAC's favor on all issues presented to the court. The court ordered the district court judge to direct Consarc Corporation to restore the status quo by returning \$6.4 million plus interest to the blocked Iraqi government account from which it was withdrawn after the district court erroneously held that these funds were not blocked Iraqi government property. The court also found that the unsold furnace manufactured for the Iraqi government and sales proceeds of a second furnace were blocked property. Finally, the court reversed the district court's ruling that Consarc held a specific claim against a blocked Iraqi government account for \$6.4 million, holding that any claim Consarc had against the Government of Iraq was as a general creditor only.

Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior