under our legislation, but those systems would follow rules similar to current rules until conversion to this new technology takes place.

It is time for this Congress to step up to the plate and solve this policy nightmare that is now at the door of countless homes across the nation. Our constituents rightly will not take ''not now'' as an acceptable answer.

I commend Chairman HATCH and Chairman MCCAIN for the leadership they have shown in solving this problem, and I look forward to continue working closely with them and with other Senators as we move this solution toward, and eventually across, the goal line.

ADMINISTRATION'S UPDATED ENCRYPTION POLICY

Mr. LEAHY. Mr. President, when the Administration first announced the encryption policy that has been in effect for the past two years, I warned on October 1, 1996, that:

> The general outline of the Administration's plan smacks of the government trying to control the marketplace for high-tech products. Only those companies that agree to turn over their business plans to the government and show that they are developing key recovery systems, will be rewarded with permission to sell abroad products with DES encryption, which is the global encryption standard.

The Administration announced yesterday that it is finally fixing this aspect of its encryption policy. New Administration guidelines will permit the export of 56-bit DES encryption without a license, after a one time technical review, to all users outside the seven terrorist countries. No longer will the Administration require businesses to turn over business plans and make promises to build key recoverable products for the freedom to export 56-bit DES.

In 1996, I also raised serious questions about the Administration's proposal to pull the plug on 56-bit DES exports in two years. I warned at the time that this ''sunset'' provision ''does not promote our high-tech industries overseas.'' I specifically asked,

> Does this mean that U.S. companies selling sophisticated computer systems with DES encryption overseas must warn their customers that the supply may end in two years? Customers both here and abroad want stable suppliers, not those jerked around by their government.

I am pleased that the Administration has also changed this aspect of its policy and adopted an export policy with no ''sunset.'' Instead, the Administration will conduct a review of its policy in one year to determine how well it is working.

Indeed, while 56-bit encryption may still serve as the global standard, this will not be the situation for much longer. 128-bit encryption is now the preferred encryption strength.

In fact, to access online account information from the Thrift Savings Plan for Federal Employees, Members and congressional staff must use 128-bit encryption. If you use weaker encryption, a screen pops up to say ''you cannot have access to your account information because your Web browser does not have Secure Socket Layer (SSL) and 128-bit encryption (the strong U.S./Canada-only version).''

Likewise, the Department of Education has set up a Web site that allows prospective students to apply for student financial aid online. Significantly, the Education Department states that ''[t]o achieve maximum protection we recommend you use 128-bit encryption.''

These are just a couple examples of government agencies or associated organizations directing or urging Americans to use 128-bit encryption. We should assume that people in other countries are getting the same directions and recommendations. Unfortunately, while American companies can fill the demand for this strong encryption here, they will still not be permitted to sell this strength encryption abroad for use by people in other countries.

Nevertheless, the Administration's new encryption policy announced today moves in the right direction to bolster the competitive edge of our Nation's high-tech companies, allow American companies to protect their confidential and trade secret information and intellectual property in communications with subsidiaries abroad, and promote global electronic commerce. These are objectives I have sought to achieve in encryption legislation that I have introduced and cosponsored with bipartisan support in this and the last Congress.

I remain concerned, however, that privacy safeguards and standards for law enforcement access to decryption assistance are ignored in the Administration's new policy. These are critical issues that continue to require our attention.

REPORT CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO IRAN—MESSAGE FROM THE PRESIDENT—PM 158

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 developments concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, and matters relating to the measures in that order and in Executive Order 12959 of May 6, 1995, and in Executive Order 13059 of August 19, 1997. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. On March 15, 1995, I issued Executive Order 12957 (60 Fed. Reg. 14615, March 17, 1995) to declare a national emergency with respect to Iran pursuant to IEEPA, and to prohibit the financing, management, or supervision by United States persons of the development of Iranian petroleum resources. This action was in response to actions and policies of the Government of Iran, including support for international terrorism, efforts to undermine the Middle East peace process, and the acquisition of weapons of mass destruction and the means to deliver them. A copy of the Order was provided to the Speaker of the House and the President of the Senate by letter dated March 15, 1995.

Following the imposition of these restrictions with regard to the development of Iranian petroleum resources, Iran continued to engage in activities that represent a threat to the peace and security of all nations, including Iran's continuing support for international terrorism, its support for acts that undermine the Middle East peace process, and its intensified efforts to acquire weapons of mass destruction. On May 6, 1995, I issued Executive Order 12959 (60 Fed. Reg. 24757, May 9, 1995) to further respond to the Iranian threat to the national security, foreign policy, and economy of the United States. The terms of that order and an earlier order imposing an import ban on Iranian-origin goods and services (Executive Order 12613 of October 29, 1987) were consolidated and clarified in Executive Order 13059 of August 19. 1997.

At the time of signing Executive Order 12959, I directed the Secretary of the Treasury to authorize through specific licensing certain transactions, including transactions by United States persons related to the Iran-United States Claims Tribunal in The Hague, established pursuant to the Algiers Accords, and related to other international obligations and U.S. Government functions, and transactions related to the export of agricultural commodities pursuant to preexisting contracts consistent with section 5712(c) of title 7, United States Code. I also directed the Secretary of the Treasury, in consultation with the Secretary of State, to consider authorizing United States persons through specific licensing to participate in market-based swaps of crude oil from the Caspian Sea area for Iranian crude oil in support of energy projects in Azerbaijan, Kazakhstan, and Turkmenistan.