

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.

I. 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.

Executive Order 12959 revoked sections 1 and 2 of Executive Order 12613 of October 29, 1987, and sections 1 and 2 of Executive Order 12957 of March 15, 1995, to the extent they are inconsistent with it. A copy of Executive Order 12959 was transmitted to the Congressional leadership by letter dated May 6, 1995.

2. On August 19, 1997, I issued Executive Order 13059 in order to clarify the steps taken in Executive Order 12957 and Executive Order 12959, to confirm that the embargo on Iran prohibits all trade and investment activities by United States persons, wherever located, and to consolidate in one order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995. A copy of the Order was transmitted to the Speaker of the House and the President of the Senate by letter dated August 19, 1997.

The Order prohibits (1) the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran except information or informational material; (2) the exportation, reexportation, sale, or supply from the United States or by a United States person, wherever located, of goods, technology, or services to Iran or the government of Iran, including knowing transfers to a third country for direct or indirect supply, transshipment, or reexportation to Iran or the Government of Iran, or specifically for use in the production, commingling with, or incorporation into goods, technology, or services to be supplied, transshipped, or reexported exclusively or predominately to Iran or the Government of Iran; (3) knowing reexportation from a third country to Iran or the Government of Iran of certain controlled U.S.-origin goods, technology, or services by a person other than a United States person; (4) the purchase, sale, transport, swap, brokerage, approval, financing, facilitation, guarantee, or other transactions or dealings by United States persons, wherever located, related to goods, technology, or services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran, or to goods or services of Iranian origin or owned or controlled by the Government of Iran; (5) new investment by United States persons in Iran or in property or entities owned or controlled by the Government of Iran; (6) approval, financing, facilitation, or guarantee by a United States person of any transaction by a foreign person that a United States person would be prohibited from performing under the terms of the Order; and (7) any transaction that evades, avoids, or attempts to violate a prohibition under the Order.

Executive Order 13059 became effective at 12:01 a.m., eastern daylight time on August 20, 1997. Because the Order consolidated and clarified the provisions of prior orders, Executive Order 12613 and paragraph (a), (b), (c), (d) and

(f) of section 1 of Executive Order 12959 were revoked by Executive Order 13059. The revocation of corresponding provisions in the prior Executive orders did not affect the applicability of those provisions, or of regulations, licenses or other administrative actions taken pursuant to those provisions, with respect to any transaction or violation occurring before the effective date of Executive Order 13059. Specific licenses issued pursuant to prior Executive orders continue in effect, unless revoked or amended by the Secretary of the Treasury. General licenses, regulations, orders, and directives issued pursuant to prior orders continue in effect, except to the extent inconsistent with Executive Order 13059 or otherwise revoked or modified by the Secretary of the Treasury.

The declaration of national emergency made by Executive Order 12957, and renewed each year since, remains in effect and is not affected by the Order.

3. On March 4, 1998, I renewed for another year the national emergency with respect to Iran pursuant to IEEPA. This renewal extended the authority for the current comprehensive trade embargo against Iran in effect since May 1995. Under these sanctions, virtually all trade with Iran is prohibited except for trade in information and informational materials and certain other limited exceptions.

4. There have been no amendments to the Iranian Transactions Regulations, 31 CFR Part 560 (the "ITR"), since my report of March 16, 1998.

5. During the current 6-month period, the Department of the Treasury's Office of Foreign Assets Control (OFAC) made numerous decisions with respect to applications for licenses to engage in transactions under the ITR, and issued 12 licenses.

The majority of denials were in response to requests to authorize commercial exports to Iran—particularly of machinery and equipment for various industries—and the importation of Iranian-origin goods. The licenses that were issued authorized certain financial transactions and transactions relating to air safety policy. Pursuant to sections 3 and 4 of Executive Order 12959, Executive Order 13059, and consistent with statutory restrictions concerning certain goods and technology, including those involved in air safety cases, the Department of the Treasury continues to consult with the Departments of State and Commerce on these matters.

Since the issuance of Executive Order 13059, more than 1,500 transactions involving Iran initially have been "rejected" by U.S. financial institutions under IEEPA and the ITR. United States banks declined to process these transactions in the absence of OFAC authorization. Twenty percent of the 1,500 transactions scrutinized by OFAC resulted in investigations by OFAC to assure compliance with IEEPA and ITR by United States persons.

Such investigations resulted in 15 referrals for civil penalty action, issuance of 5 warning letters, and an additional 52 cases still under compliance or legal review prior to final agency action.

Since my last report, OFAC has collected 20 civil monetary penalties totaling more than \$110,000 for violations of IEEPA and the ITR related to the import or export to Iran of goods and services. Five U.S. financial institutions, twelve companies, and three individuals paid penalties for these prohibited transactions. Civil penalty action is pending against another 45 United States persons for violations of the ITR.

6. On January 22, 1997, an Iranian national resident in Oregon and a U.S. citizen were indicted on charges related to the attempted exportation to Iran of spare parts for gas turbines and precursor agents utilized in the production of nerve gas. The 5-week trial of the American citizen defendant, which began in early February 1998, resulted in his conviction on all counts. That defendant is awaiting sentencing. The other defendant pleaded guilty to one count of criminal conspiracy and was sentenced to 21 months in prison.

On March 24, 1998, a Federal grand jury in Newark, New Jersey, returned an indictment against a U.S. national and an Iranian-born resident of Singapore for violation of IEEPA and the ITR relating to exportation of munitions, helicopters, and weapons systems components to Iran. Among the merchandise the defendants conspired to export were parts for Phoenix air-to-air missiles used on F-14A fighter jets in Iran. Trial is scheduled to begin on October 6, 1998.

The U.S. Customs Service has continued to effect numerous seizures to Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the ITR. Various enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued.

7. The expenses incurred by the Federal Government in the 6-month period from March 15 through September 14, 1998, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are reported to be approximately \$1.7 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel); the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of Intelligence and Research, and the Office of the Legal Adviser); and the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

8. The situation reviewed above continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Order 12959 underscore the Government's opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The Iranian Transactions Regulations issued pursuant to Executive Orders 12957, 12959, and 13059 continue to advance import objectives in promoting the nonproliferation and anti-terrorism policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.

THE WHITE HOUSE, September 16, 1998.

MESSAGES FROM THE HOUSE

At 12:06 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 4550. An act to provide for programs to facilitate a significant reduction in the incidence and prevalence of substance abuse through reducing the demand for illegal drugs and the inappropriate use of legal drugs.

H.J. Res. Joint resolution making continuing appropriations for the fiscal year 1999, and for other purposes.

The message also announced that the House insists upon its amendment to the bill (S. 1260) to amend the Securities Exchange Act of 1934 to limit the conduct of securities class actions under the State law, and for other purposes, disagreed to by the Senate, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. BLILEY, Mr. OXLEY, Mr. TAUZIN, Mr. COX of California, Mr. WHITE, Mr. DINGELL, Mr. STUPAK, and Ms. ESHOO as the managers of the conference on the part of the House.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

S. 2112. An act to make the Occupational Safety and Health Act of 1970 applicable to the United States Postal Service in the same manner as any other employer.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

MEASURES REFERRED

The following bill was read the first and second time by unanimous consent and referred as indicated:

H.R. 4550. An act to provide for programs to facilitate a significant reduction in the incidence and prevalence of substance abuse through reducing the demand for illegal drugs and the inappropriate use of legal drugs; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on September 17, 1998 he had presented to the President of the United States, the following enrolled bill.

S.2112. An act to make the Occupational Safety and Health Act of 1970 applicable to the United States Postal Service in the same manner as any other employer.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2107. A bill to enhance electronic commerce by promoting the reliability and integrity of commercial transactions through establishing authentication standards for electronic communications, and for other purposes (Rept. No. 105-335).

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

H.R. 3303. A bill to authorize appropriations for the Department of Justice for fiscal years 1999, 2000, and 2001; to authorize appropriations for fiscal years 1999 and 2000 to carry out certain programs administered by the Department of Justice; to amend title 28 of the United States Code with respect to the use of funds available to the Department of Justice, and for other purposes.

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute and an amendment to the title:

H.R. 3494. A bill to amend title 18, United States Code, with respect to violent sex crimes against children, and for other purposes.

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. Res. 256. A resolution to refer S. 2274 entitled "A bill for the relief of Richard M. Barlow of Santa Fe, New Mexico" to the chief judge of the United States Court of Federal Claims for a report thereon.

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1637. A bill to expedite State review of criminal records of applicants for bail enforcement officer employment, and for other purposes.

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute and an amendment to the title:

S. 1727. A bill to authorize the comprehensive independent study of the effects on trademark and intellectual property rights holders of adding new a generic top-level domains and related dispute resolution procedures.

S. 2392. A bill to encourage the disclosure and exchange of information about computer processing problems and related matters in connection with the transition to the Year 2000.

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

William B. Traxler, Jr., of South Carolina, to be United States Circuit Judge for the Fourth Circuit.

Alvin K. Hellerstein, of New York, to be United States District Judge for the Southern District of New York.

Richard M. Berman, of New York, to be United States District Judge for the Southern District of New York.

Donovan W. Frank, of Minnesota, to be United States District Judge for the District of Minnesota.

Colleen McMahon, of New York, to be United States District Judge for the Southern District of New York.

William H. Pauley III, of New York, to be United States District Judge for the Southern District of New York.

Thomas J. Whelan, of California, to be United States District Judge for the Southern District of California.

H. Dean Buttram, Jr., of Alabama, to be United States District Judge for the Northern District of Alabama.

Inge Prytz Johnson, of Alabama, to be United States District Judge for the Northern District of Alabama.

Robert Bruce Green, of Oklahoma, to be United States Attorney for the Eastern District of Oklahoma for the term of four years.

Scott Richard Lassar, of Illinois, to be United States Attorney for the Northern District of Illinois for the term of four years.

James A. Tassone, of Florida, to be United States Marshal for the Southern District of Florida for the term of four years.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WELLSTONE:

S. 2489. A bill to amend the Child Care and Development Block Grant Act of 1990 and the Higher Education Act of 1965 to establish and improve programs to increase the availability of quality child care, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. FAIRCLOTH:

S. 2490. A bill to prohibit postsecondary educational institutions from requiring the purchase of goods and services from on-campus businesses, intentionally withholding course information from off-campus businesses, or preventing students from obtaining course information or materials from off-campus businesses; to the Committee on Labor and Human Resources.

By Mr. HATCH (for himself, Mr. LEAHY, and Mr. DEWINE):

S. 2491. A bill to amend title 18, United States Code, to protect children from sexual abuse and exploitation, and for other purposes; to the Committee on the Judiciary.

By Mr. GRASSLEY (for himself and Mr. GRAHAM):

S. 2492. A bill to amend the Internal Revenue Code of 1986 to allow a deduction for the long-term care insurance costs of all individuals who are not eligible to participate in employer-subsidized long-term care health plans; to the Committee on Finance.

By Mr. HARKIN:

S. 2493. A bill to amend the Internal Revenue Code of 1986 to allow a tax credit for the nutrient management costs of animal feeding operations; to the Committee on Finance.