

DAILY BULLETIN

OCTOBER 1, 2004

DEBT RELIEF FOR POOR NATIONS A U.S. PRIORITY, TREASURY'S SNOW SAYS

Treasury secretary celebrates healthy global economy on eve of G7 meeting 1

POWELL DISCUSSES IRAQ CONFERENCE, POSSIBLE FRENCH PARTICIPATION

Secretary of state adds conference idea originated with Iraqis..... 2

TREASURY DEPARTMENT HAILS IMF ASSISTANCE TO IRAQ

Secretary Snow calls \$436.3 million package an "important milestone" 3

POWELL, CHINA'S LI ZHAOXING DISCUSS NORTH KOREA, TAIWAN

Secretary says U.S. prepared to reschedule talks when North Korea ready 4

U.S. REFUGEE RESETTLEMENT POLICIES NEED REFORM, REPORT FINDS

"A new era" calls for change in Cold War policies 5

2006 U.S. VISA LOTTERY OPENS IN NOVEMBER

Program offers 50,000 permanent visas for immigrants to the United States 5

DEBT RELIEF FOR POOR NATIONS A U.S. PRIORITY, TREASURY'S SNOW SAYS

Treasury secretary celebrates healthy global economy on eve of G7 meeting

The Bush administration is continuing to push for expanded debt relief for poor countries, Treasury Secretary John Snow says.

"Grants and debt relief must be significantly increased -- we are considering more options to do so, including those that would provide up to 100 percent debt relief and grants from the international financial institutions," Snow said September 30 in Washington.

He said that employing both grants and debt relief would give the world's poorest countries a chance to reach international development goals of the U.N. Millennium Declaration without adding to their debt burdens.

The Millennium Development Goals (MDGs), which were agreed to by the United States and 188 other countries in 2000, include eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, and combating HIV/AIDS and other diseases.

Snow said he is working with his Group of Seven (G7) counterparts, other donors, international financial institutions and recipient countries on the best way to solve the debt sustainability problem.

Snow is to chair October 1 meetings of the finance ministers and central bank chiefs of the G7 countries -- the United States, Italy, France, Germany, Japan, the United Kingdom and Canada. The G7 officials are meeting in Washington on the sidelines of the International Monetary Fund (IMF) and the World Bank annual meetings, scheduled to conclude on October 3.

New grant assistance programs introduced by the World Bank, the African Development Bank and the Asian Development Bank have proven to be successful and popular in recipient countries, Snow said.

On another issue, the secretary said that the IMF should establish a new, non-borrowing facility -- a policy-monitoring arrangement -- that would allow the fund to signal its approval of a country's economic policies in the absence of a funded program. Such a mechanism would provide donors and markets with a regular assessment of a country's policies, and strengthen its own sense of responsibility for growth and stability, he said.

Snow said he hopes the International Monetary Financial Committee -- the IMF's policy-making body -- can reach agreement October 2 to urge the IMF to move quickly to put this mechanism in place.

Snow expressed strong confidence in the health of the global economy, but warned against "complacency" and urged the IMF and World Bank to continue reforms that seek to spur development without adding to poor countries' debt burdens.

He made his remarks during an event marking the 20th anniversary of the Bretton Woods Committee, a non-profit group that aims to increase understanding of international finance and development as well the role of the IMF and World Bank.

The secretary's comments also covered the global fight against terrorist financing, President Bush's commitment to cutting the U.S. budget deficit in half over the next five years, and international efforts to raise reconstruction funds for Afghanistan, Iraq and Haiti.

POWELL DISCUSSES IRAQ CONFERENCE, POSSIBLE FRENCH PARTICIPATION

Secretary of state adds conference idea originated with Iraqis

An Iraqi government proposal to organize an international conference to help the Iraq government prepare for a democratic future may take place at the end of November, Secretary of State Colin Powell says.

Powell told Agence France Presse reporters September 29 that while he talked about the future conference at the United Nations last week, it is actually an idea of Iraqi interim Prime Minister Iyad Allawi. The conference would bring together Iraq's neighbors, along with representatives of the Group of Eight, the Arab League and perhaps the Organization of the Islamic Conference, to meet to discuss next steps to aid Iraq's democratic transition, he said.

Powell said an early French government statement setting conditions for its attendance at an international conference on Iraq's future was confusing, but it had now been clarified by the French Foreign Ministry. The statement, in which France reportedly insisted the conference agenda include topics such as withdrawal of the Multinational Force (MNF) from Iraq and invitees including members of the Iraq insurgency, was not as it seemed, he said.

According to Powell, the French Foreign Ministry was referring to a meeting one year after the passage of U.N. Security Council Resolution 1546 (passed on June 8), which calls for a review of the multinational military force's mandate for Iraq in June 2005.

As for the idea of anti-government forces attending, Powell said, "you can't have terrorists going to a conference." He also said he did not think his French colleague "ever suggested that it would be a conference that would include people who are actively fighting against the [Iraqi] government."

In the wide-ranging interview, the secretary of state dealt with other issues, including:

-- Iraq's security situation: Iraqi and coalition forces are having a tough time right now, Powell said. The increase in violence, though, was expected, he said, since former regime remnants and foreign terrorists want Iraq's foray

into democracy to fail. He expressed confidence that Iraq will hold elections in January 2005.

-- Syria-Iraq meeting: Powell said the Syrian and the Iraqi interim governments -- along with U.S. military officials representing the Multinational Force-Iraq -- reached agreement September 29 on issues concerning the flow of foreign terrorists over their shared border, as well as steps to enhance sharing information and intelligence. He called it a positive step forward, but said the real test will come in judging Syria's subsequent actions.

-- Iran/IAEA: Powell deferred comment on the Russian government's reported statement on Iran's noncompliance with International Atomic Energy Agency (IAEA) concerns, saying that the main issue is what the IAEA Board of Governors will say in November.

-- North Korea: He said the Pyongyang regime has not lost, but only delayed an opportunity to achieve its goals in the six-party talks by not agreeing to the next set of meetings.

-- Sudan: Powell said the important near-term goal is to "provide the wherewithal" for the African Union to send several thousand more troops to Darfur, so that their presence can stabilize and pacify the situation.

-- Cat Stevens' immigration problem: Powell said there is an investigation into why former singer once known as Cat Stevens -- now Yusuf Islam -- recently was denied entry to the United States.

-- Libya: Powell said he had no current plans to visit Libya, but that he was encouraged by Libya's pledge to scrap its weapons of mass destruction programs. Still, he said Libya remains on the list of states sponsoring terrorism.

TREASURY DEPARTMENT HAILS IMF ASSISTANCE TO IRAQ

Secretary Snow calls \$436.3 million package an "important milestone"

U.S. Treasury Secretary John Snow has welcomed the decision by the International Monetary Fund (IMF) to make more than \$435 million in Emergency Post-Conflict Assistance (EPCA) available to Iraq on the strength of the Iraqi government's 2004-05 economic program.

"The Iraqi Interim Government in its economic program has demonstrated the capacity and commitment to pursue an ambitious program to strengthen the economy and to build a better life for the Iraqi people," Snow said in a September 30 news release.

The EPCA will allow the Iraqi government to borrow up to \$436.3 million from the IMF in support of its economic stabilization and reform efforts. Snow said, "This action by the IMF Executive Board is an important milestone in the international community's support for Iraq."

Upon announcing the decision, the IMF's Deputy Managing Director and Acting Chair Takatoshi Kato praised the Iraqi authorities' efforts to establish fiscal discipline and price stability.

He said that the 2004 and 2005 budgets focused on the crucial social support and reconstruction programs and that they limited expenditures to match expected revenues based on conservative estimates of oil prices. According to Kato, unexpected oil windfalls would be allocated to additional reconstruction projects or set aside to cover 2006 expenditures.

He also said that Iraqi monetary authorities have used the exchange rate to ensure price stability. Nevertheless, he encouraged the Iraqi government to develop additional tools to manage liquidity.

The IMF has provided technical support to Iraqi officials in the areas of tax policy, budget management, financial sector reform and the establishment of a treasury bill market, a government financial instrument used to control the money supply.

Kato said that Iraq needs to continue pursuing reforms in the financial sector, the structure of state enterprises and oil sector governance in order to strengthen its capacity

as a market economy. He added that the country remains in the shadow of an unsustainable external debt.

“The approval of EPCA will hopefully serve to catalyze much needed financial and technical assistance from the international community and will facilitate the process of reducing Iraq’s external debt to a sustainable level,” Kato said.

The Department of Treasury press release may be viewed at:
<http://www.treas.gov/press/releases/js1969.htm>

POWELL, CHINA’S LI ZHAOXING DISCUSS NORTH KOREA, TAIWAN

Secretary says U.S. prepared to reschedule talks when North Korea ready

Secretary of State Colin L. Powell met with Chinese Foreign Minister Li Zhaoxing in Washington on September 30, the fourth such meeting between the two officials so far in 2004.

In remarks to reporters after the meeting, Powell said he and Li had a “full discussion” of issues, including the status of negotiations on the North Korean nuclear program, U.S. policy toward Taiwan, the situation in the Darfur region of Sudan, and trade.

“[A]s partners, as friends, we can talk to each other candidly,” Powell said. “We can build on those areas where we have solid agreement. And when we do have areas of disagreement, we speak about them candidly in the spirit of friendship.”

Powell acknowledged that a new round of six-party negotiations on North Korea’s nuclear program had stalled when talks originally scheduled for September did not take place, but said all sides remain “solidly behind” the process. The parties involved are the United States, China, Japan, South Korea, North Korea and Russia.

“I know that China and the United States have a common view that the six-party talks are the way to move forward to resolve the issue of nuclear weapons on the Korean

Peninsula,” Powell said, “and I know that our Russian, South Korean, and Japanese friends feel the same way.”

The secretary emphasized that the United States is prepared to reschedule the talks and renew engagement when the North Koreans are ready. “They have, in recent weeks, indicated that they are still committed to the six-party talks,” he said.

Foreign Minister Li agreed that the six-party talks are “the only feasible and correct option” to resolve the nuclear issue on the Korean Peninsula. However, he said, “complicating factors and new difficulties” had emerged in planning for the next round of talks.

“Actually, this has required all of us to continue to adopt a more patient and more creative approach in finding a solution,” Li said.

Noting that the Taiwan issue is “of uppermost concern to our Chinese friends,” Powell stressed that the United States supports a resolution of the issue that is mutually acceptable to both sides. He reiterated the “One China” policy based on the three joint communiqués between the United States and China and U.S. obligations under the Taiwan Relations Act.

“[W]e strongly support our One China policy, which has stood the test of time,” he said. “It has benefited the people in Taiwan, benefited people in the mainland, and benefited the international community and certainly benefited the United States. So our policy remains unchanged.”

The secretary said the two sides had “a good conversation” on arms sales to Taiwan.

“[China’s] positions are well known,” he said. “As I said to the minister, our obligations under our domestic law with respect to the Taiwan Relations Act, in our judgment, are not, in any way, inconsistent with our One China policy.”

Without specifically naming the United States, Li said China is “firmly opposed to the sales of weapons by any foreign country to Taiwan.”

But Powell pointed out that the United States determines what is sold to Taiwan “on the basis of what they need for their self-defense.”

"I think our policy has served both nations, the United States and China, very, very well, and Taiwan very, very, well, over the course of a number of years," Powell said.

U.S. REFUGEE RESETTLEMENT POLICIES NEED REFORM, REPORT FINDS

"A new era" calls for change in Cold War policies

The U.S. government needs to reform its policies and methods for resettling refugees, according to a report from a consultant hired by the Department of State's Bureau of Population, Refugees and Migration (PRM) to conduct a review of the program.

"We are in a distinctively new era for refugee resettlement, and we need to recognize the true dimensions of the change," writes consultant David A. Martin, the Warner-Booker distinguished professor of international law at the University of Virginia, in the report's executive summary. The State Department released "Reforms for a New Era of Refugee Resettlement" September 29.

Congress adopted the current law governing this government activity, the Refugee Act, in 1980. Martin contrasts the current world situation of refugees to what existed then. Today, refugees who will be considered for resettlement in the United States are left stateless by civil war and environmental disaster. The nationality of such groups may change from one year to the next. In the 1970s and 1980s, however, U.S. refugee policy left an open door to anyone escaping the Soviet Union or Vietnam.

This new era "will require multiple decisions each year on resettling specific groups," Martin wrote, so "the challenge is to reform the U.S. decision making system, as well as certain operational practices," to facilitate the process.

The report recommends that the United States raise its sights on the number of refugees it admits each year. Current law calls upon the president to issue a presidential directive each year on the numbers of refugees that can be accepted. Since the 2001 terrorist attacks, actual admissions have never reached the allowable numbers

because officials have been reviewing the entire process and enhancing security considerations.

Average annual admissions for the five years prior to 2001 averaged about 76,000. Martin cites 2002 and 2003 admissions as below 28,000 refugees each year. PRM acknowledges that decline, but predicts 2004 admissions will exceed 50,000.

Martin said agencies managing refugee resettlement should view the annual presidential directive not as a ceiling on admissions but a target to achieve. "The reality of this highly successful program suggests the value of a steady and reasonable high-capacity resettlement program," the report says.

2006 U.S. VISA LOTTERY OPENS IN NOVEMBER

Program offers 50,000 permanent visas for immigrants to the United States

The U.S. Department of State will issue 50,000 permanent residency visas to the winners of a lottery that opens for registration November 5.

Applications from would-be immigrants in eligible countries will be accepted from November 5 through January 7, 2005, the State Department announced September 29. The program is formally known as the Diversity Visa Lottery because it offers visas to citizens of nations that have a traditionally low level of immigration to the United States. In so doing, it is designed to bring greater racial and ethnic diversity to the nation.

The State Department announcement also provides detailed information about the requirements of the program, the eligibility of applicants and the application process.

For the second year in a row, applications will only be accepted electronically through a specially designated Web site that will be activated when the application process begins: <http://www.dvlottery.state.gov>

No paper applications will be accepted.