DATE RECEIVED: AUGUST 28, 1990

NAME OF CORRESPONDENT: THE HONORABLE DAVID L. BOREN

SUBJECT: EXPRESSES CONCERN REGARDING THE IRAQI DEBT AND THE POSSIBLE EFFECT ON OUR AGRICULTURAL SECTOR

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<th>ROUTE TO:</th>
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| FREDERICK MCCLURE | ORG | 90/08/28 | F | M | 900906TC | 90/10/31L | IJ |
| REFERRAL NOTE:    |     |           |   |   |          |          |
| 99ASDA            |     |           |   |   |          |          |
| REFERRAL NOTE:    |     |           |   |   |          |          |
| 99OMB             |     |           |   |   |          |          |
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| NSC               |     |           |   |   |          |          |
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| 99Trea            |     |           |   |   |          |          |
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| 99 DOS            |     |           |   |   |          |          |
| COMMENTS:         |     |           |   |   |          |          |

COMMENTS: amccl - FYI - USDA 90/10/6 C 90/11/06 L

ADDITIONAL CORRESPONDENTS: MEDIA: L INDIVIDUAL CODES: 1210

MAIL USER CODES: (A) (B) (C)

* ACTION CODES: * DISPOSITION * OUTGOING * CORRESPONDENCE: * TYPE RESP=INITIALS * OF SIGNER * CODE = A * COMPLETED = DATE OF * OUTGOING *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75, 0EOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.
The Honorable David L. Boren  
United States Senate  
Washington, D.C. 20510-6175

Dear Dave:

Thank you for the copy of your recent letter to the President urging that he use available statutory powers concerning blocked Iraqi assets to permit U.S. creditors, including the Federal Government, to recover losses stemming from Iraq's defaults in connection with credit extended under the Commodity Credit Corporation's (CCC) Export Credit Guarantee Programs.

I assure you that we will take all possible steps to protect CCC assets and to recover any payments due from Iraq under our Export Credit Guarantee Programs.

The International Emergency Economic Powers Act (IEEPA) does not currently authorize the taking of the action you urge. Although IEEPA does confer upon the President certain authorities in declaring a national emergency and blocking Iraqi assets, the IEEPA does not provide the authority to vest in the U.S. title to Iraqi assets. The Trading with the Enemy Act contains such authority, which could be used in the event of the existence of a state of war between the United States and Iraq. This would be handled by the Office of Foreign Assets Control of the Department of the Treasury.

Thank you for your continuing interest in the GSM Export Credit Guarantee Program.

Sincerely,

Signed

Clayton Yeutter  
Secretary

CC: Sally Kelley  
The White House
August 29, 1990

Dear Dave:

Thank you very much for your recent letter to the President concerning Iraqi debt held by banks participating in the Agriculture Department's GSM credit guarantee programs.

We appreciate being apprised of your concerns regarding the potential cost to the Commodity Credit Corporation if banks for Iraqi purchasers of U.S. agricultural products begin to default and the eventual impact this could have on the agricultural sector. Please know that I have taken the liberty of sharing your comments with the President's agricultural and budget policy advisors so that they, too, are aware of views regarding this situation.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable David L. Boren
United States Senate
Washington, D.C. 20510

FDM:SLM:

bcc: w/ copy of inc to Dept. of Agriculture - for appropriate action
bcc: w/ copy of inc to OMB - FYI
bcc: w/ copy of inc to NSC - FYI
bcc: w/ copy of inc to Dept. of the Treasury - FYI
bcc: w/ copy of inc to Dept. of State - FYI
August 24, 1990

The Honorable George Bush  
President of the United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

As you continue to lead us through the current Middle East crisis, I wish to bring to your attention a particular problem resulting from the Iraqi situation that could have very direct and harmful effects on our agricultural sector.

The United States and its citizens currently hold an estimated $2.6 billion in Iraqi debt. Of this amount, approximately 1.9 billion is held by banks participating in the Agriculture Department’s GSM credit guarantee programs. Soon, when banks for Iraqi purchasers of U.S. agricultural products begin to default, the banks for U.S. exporters will turn to the Commodity Credit Corporation (CCC) and call the guarantees.

The impact on the CCC budget could be tremendous. The Department of Agriculture has estimated that paying the guarantees could cost up to $900 million in fiscal 1991.

I applaud your action freezing all Iraqi government assets held in the U.S. I now urge you to use all authority available to you under the International Emergency Economic Powers Act and any other applicable statute to transfer title of these assets, place liens against them, or otherwise attach them so U.S. creditors, including the Federal government, can recover some of their losses.

Thank you for your consideration of this request. I wish you well as you lead us in the Middle East effort.

Sincerely,

David L. Boren  
United States Senate

cc: The Honorable Nicholas Brady  
The Honorable Clayton Yeutter
The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

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Sincerely,

[Handwritten Signature]

David L. Boren
United States Senate

cc: The Honorable Nicholas Brady
    The Honorable Clayton Yeutter