

U.S. DEPARTMENT OF STATE

Office of the Spokesman

For Immediate Release
October 9, 2008

2008/857

On-The-Record Briefing

Assistant Secretary of State for Near East Affairs C. David Welch

On U.S.-Libya Relations

October 9, 2008

Via Teleconference

Washington, D.C.

(1:30 p.m. EDT)

OPERATOR: Welcome and thank you for standing by. All participants are in a listen-only mode until the question and answer session. If you'd like to ask a question, please press *1. I would now like to turn the call over to Mr. Robert Wood. Sir, you may begin.

MR. WOOD: Thank you. Thanks, everyone, for joining. We have, of course, Assistant Secretary David Welch here and he's going to talk to you about the Libya claims settlement agreement. This is just - David is going to answer your questions. We're going to go right to them and he doesn't have anything to announce, and we have about 15 - somewhere between 15 and 20 minutes. David has to get off to the Secretary's retreat. So let's go right to your questions, please.

OPERATOR: And once again, if you'd like to ask a question, please press *1. To withdraw your question, press *2.

Our first question comes from Matthew Lee. Your line is open.

QUESTION: Hi, David. Just first, is this - what's the - how - is this background or on the record? What's the ground rules here?

ASSISTANT SECRETARY WELCH: Robert, I thought I said on the record.

MR. WOOD: Yeah, it's on the record. Mm-hmm.

QUESTION: Okay, great. So can you - I don't know if you'll be able to - want to answer this question, but how much is this payment for, or can you give us an idea other than just substantial? How much do you expect the total fund to be in the end? Where was the deposit made? You know, what bank; who's got control of it?

ASSISTANT SECRETARY WELCH: Well, those are a lot of questions. Let me just try and give you a summary answer. The agreement that we forged with Libya provides for a humanitarian fund which would settle claims on both sides. The total value of that humanitarian fund is to be \$1.8 billion, of which 300 million would be for victims - Libyan victims, and one-point - 1,500,000,000 would be for American victims.

The - this was agreed between Libya and the United States in the arrangement signed on the 14th of August. We've received a substantial amount of money in the account, the U.S. Government account established for American claimants. This is a direct deposit that was just made overnight.

QUESTION: I'm sorry, can I just ask - excuse me, is - can you hear me?

ASSISTANT SECRETARY WELCH: I can.

QUESTION: Ah, okay. The - and has there been any deposit on the other side?

ASSISTANT SECRETARY WELCH: I'm not aware of any, but I'm not sure that that would be transparent to us in the same way. What, in this case, the Libyans did is they bypassed the global humanitarian fund and made a direct deposit into a U.S. Government controlled account, which we

deem to be evidence of their commitment to fully implementing the whole agreement, and a substantial indication of their commitment.

QUESTION: Okay. Thank you.

OPERATOR: Richard Lister, your line is open.

QUESTION: Hi, this is Richard Lister from the BBC in Washington. Just a clarification on, first of all, the money that is allocated for the various victims. You said, I think, 1.8 billion is the total fund; 300 million for Libyan victims, 1.5 billion for American victims. By American victims, does that mean actually all non-Libyan victims; i.e., including those British people on the Lockerbie flight, for example?

ASSISTANT SECRETARY WELCH: Well, it's complicated, but let me try and carve through and make it simple. The agreement actually establishes on each side a process to settle the claims, so it's for court cases that exist in Libya and I guess here in the United States, or previous settlement agreements.

In the case of the court cases in the United States, the Administration is only authorized, constitutionally and under our law, to address cases of Americans or American nationals. However, the Pan Am settlement is part of this in the sense that it's an existing settlement which included, you're correct, non-Americans, for example, people in Scotland on the ground. And they would be embraced by the settlement amounts contemplated on the, if you will, American side of the ledger.

QUESTION: That's great. Could I - I just have one follow-up, which is - and you may have just covered this in your earlier answer, but whether there is any other money in this fund from any source apart from the Libyan money now.

ASSISTANT SECRETARY WELCH: Well, you know, the fund itself can receive contributions from anyplace. It's always been considered to be a voluntary fund. And this initial deposit was - came from the Libyan side directly into the Account, A, as we call it, for the American claimants. I don't know the provenance of it. And the important thing is that the deposit - the initial deposit has now been made, which is a promising development toward the full capitalization of the fund.

QUESTION: And you're still awaiting a further deposit from other sources in order to trigger the final payout of this money because it has to reach an agreed limit?

ASSISTANT SECRETARY WELCH: Well, the agreement provides that the obligations on each side, Libya and the United States, do not come into effect until the agreement is fully implemented. And that means, in this case, that it is capitalized to the agreed level.

QUESTION: Thank you.

OPERATOR: Sue Fleming, your line is open.

QUESTION: Yeah. Hi, David. When - have the Libyans given you an indication when they're going to give the remaining required amount before Secretary Rice can certify this and allow for the immunity to, you know, be sorted out?

ASSISTANT SECRETARY WELCH: Well, I've always said I was optimistic, Sue. But I've also always said that I didn't want to put a timetable down. Of course, in our private discussions, we've had some exchanges about our expectations on how soon this would move. And I would note that, as I said earlier, it's a promising thing that a substantial deposit has actually now been received and directly into a U.S. Government account.

You may have noticed that it's a little bit difficult to raise money these days, and so, you know, it's taken a little bit of time and may take yet some more time. But I remain optimistic that this will be done and hopeful that it'll be done expeditiously.

QUESTION: And do you have any idea where the Libyans are getting their funds from? Because the Libyans have been calling in U.S., Libyan, French and other companies, asking them to donate funds. Do you have any idea whether U.S. companies are donating to this fund?

ASSISTANT SECRETARY WELCH: I am aware that they have spoken to international companies, meaning non-American companies to - they tell me they've spoken to some Libyan companies. And I have been in touch with some American firms who say that they have been approached. I

don't know about whether any of those non-American or Libyan companies have contributed. I don't believe that any American companies have yet contributed, but I'm not sure that I have spoken - or that the folks who I have spoken to represent all of the universe who were approached. Again, it's a voluntary process and we've stressed that with companies and with Libya. So if they've elected to do something, they may also have elected not to inform anybody about it, except for the recipient. So - but that's the best of my knowledge on this issue.

QUESTION: Okay. Thank you, David.

OPERATOR: Viola Gienger, your line is open.

QUESTION: Yes. Hello, David. Can you tell me, was this current payment linked in any way to the Commerce Department's visit out there just within the past week to set up a trade office? And if I understood you correctly, you said you're still not sure of a timeframe to complete the process. Correct?

ASSISTANT SECRETARY WELCH: No and yes. (Laughter.) Sorry, Viola. The - this is - the agreement is not linked to anything else. The agreement stands on its own. And the visit of a Commerce Department official to Tripoli in the last few days was to continue to build our platform for, among other things, commercial engagement in an important new market. The - I am optimistic that the agreement will be satisfied. I say that because I'm in regular touch with a number of people on the Libyan side and they have reinforced their commitment to us, including at the highest levels dating back to when Secretary Rice visited and ever since. I don't like to put timetables on these things, because I realize that collecting contributions for a humanitarian fund, especially in today's economic climate, it could be a bit of a challenge. But they gave me every sense that they're proceeding apace. And I, therefore, continue to be optimistic that we'll get it fully satisfied.

QUESTION: Can I follow up on that? Did you say how much has been deposited so far?

ASSISTANT SECRETARY WELCH: I did not. I said a substantial amount.

QUESTION: Right. And you wouldn't want to make that more specific?

ASSISTANT SECRETARY WELCH: Well, you know, I - how to express this? No, we've decided not to be specific, because I think there's a high level of interest in the claimant community in these issues. And we don't want to, you know, provoke any anxiety or infighting among them about it. We remain in pursuit of the full funding of the agreement. But the word substantial means what it means. And by today's standards, I think, you know, this would be a low risk mortgage down payment, if you understand what I mean.

QUESTION: Okay. Thank you.

OPERATOR: Libby Leist, your line is open.

QUESTION: Hi, David. It's Libby. How are you?

ASSISTANT SECRETARY WELCH: Hey, Libby.

QUESTION: Hey, can I go off topic, for a minute? These two American journalists that were detained in Syria -

ASSISTANT SECRETARY WELCH: Yes.

QUESTION: - do we know yet when they were detained? And what reason did the Syrians give the U.S. about why they were detained? It was a little bit unclear at the briefing today or a lot unclear. (Laughter.)

ASSISTANT SECRETARY WELCH: You know, Libby, I can't answer that right now. We do have some additional information on this. Our Embassy in Damascus is in touch with the Syrian authorities. We believe they're in good condition, but we're trying to get access to them. I would rather not answer it any more than that right now. But -

QUESTION: Do you believe they've fulfilled their obligations to notify the U.S. about when they were detained?

ASSISTANT SECRETARY WELCH: I can't answer that, because I don't know exactly when we were notified. But that does not seem to have been the real problem here.

QUESTION: Okay.

ASSISTANT SECRETARY WELCH: And we need to go to talk to our folks also before - I mean, these are American citizens and, therefore, we want to speak to them before we say anything more publicly.

QUESTION: Okay. Thank you.

MR. WOOD: We have time for two brief questions.

OPERATOR: Sylvie Lanteaume, your line is open.

QUESTION: Hi, David. I would like to go back to Libya.

ASSISTANT SECRETARY WELCH: Yeah.

QUESTION: Do you think the initial amount that has been paid could be enough for the Congress to accept - to confirm the U.S. Ambassador to Libya or to approve the funds for the new U.S. Embassy?

ASSISTANT SECRETARY WELCH: Well, you'll have to ask the Congress on the former; that is, the confirmation of an ambassador. We believe that the Senate should have moved to confirm an ambassador anyways, because we think that having the highest level and highest quality of representation is useful to protecting and advancing American interests, including the interests of our claimant community. So that's the answer on the ambassador.

The picture on additional funding is more complicated, because there are certain restrictions Congress has put in place that require us to certify that the claims have been satisfied. And we are not in a position yet to do that. So the question really doesn't arise at this point.

QUESTION: Okay. So it will depend - or it will have to wait for the claims to be lifted?

ASSISTANT SECRETARY WELCH: Under the law, as I recall, the Secretary, once satisfied that we've got the amounts we need to settle the claims, would certify to Congress that that's the case. And then we're in a position to - we would have addressed the requirements of the law and we could move ahead in doing what we need to do. But we're not in - at that moment yet.

MR. WOOD: Okay, we have time for one last quick question, please.

OPERATOR: Samir Nader, your line is open.

QUESTION: I was going to see if I can ask about the Syrians, but Libby did it for me. Thank you.

MR. WOOD: Okay. One - very last question.

OPERATOR: Viola Gienger, your line is open.

QUESTION: Hi, David. I'm sorry, one more. You mentioned that - if I understood you correctly, that Libya has told you they have approached some foreign companies and that some American companies have told you they have been approached. They've been approached by Libya presumably, or Libya representatives, yes? And can you also tell us have you - what kind of discussions have you had with them? What kind of questions - have they asked you any questions about this arrangement and what - sort of, are there any concerns about this? What discussions has the State Department had with - or the U.S. Government had with American companies related to contributing to the fund?

ASSISTANT SECRETARY WELCH: Well, again, I'm not in touch with any foreign companies or Libyan companies. I've only spoken to several American countries, and I'm not sure that represents the entire universe of those who may have been approached.

We've told them the same thing we've told the Libyan Government, that participation in any humanitarian fund of this sort must be voluntary, therefore, we would not pressure - the U.S. Government would not pressure American companies to do something that they don't want to do. And we've also told both the American companies and the Libyan representatives that we would not countenance Libya pressuring companies to participate, in this case, American companies. The exercise should be voluntary, if they wish to do it.

Now, some firms have had some more complex legal questions about both the agreement itself and whether any other American laws are implicated. And to the extent that they've had those questions, they've been in touch with our legal counsel here at the State Department. I don't know if any of them have spoken to the Department of Justice about this or not. But we made sure in entering into the agreement itself, Viola, that, you know, if a company wished to voluntarily participate, there would be no legal bar to doing so. And that is the case. They can if they wish. There's no problem under American laws. We understand it. But they don't have to.

MR. WOOD: Okay. Well, Assistant Secretary Welch, thank you very much for making time for this call. And everyone else, thank you very much.

ASSISTANT SECRETARY WELCH: Have a good day, all.