

Clinton announces revival of trade 'weapon'

WASHINGTON — Unable to achieve a breakthrough in his battle to open Japanese markets, President Clinton brought back to life the most feared weapon in America's trade arsenal on Thursday.

By executive order, the president revived an expired provision of U.S. law known as Super 301. The president said he would put forward by Sept. 30 a target list of countries deemed to have erected the most harmful barriers to American goods and services.

If negotiations fail to remove those barriers, the administration would have the power to impose punitive tariffs of up to 100 percent against exports from those nations. The amount targeted would equal the sales being lost by American producers.

"This administration is committed to opening markets for high-quality goods and services produced by competitive American workers," the president said as he announced his decision. "This action will help us reach our objective."

Administration officials denied they were trying to start a trade war with Japan, but they said the United States would not relent in its efforts to open Japan's markets as a way of narrowing a record \$59.3 billion trade imbalance between the two nations.

The administration already has the power to initiate market-opening investigations and impose tariffs if the talks fail to produce results under the regular Section 301 of the 1974 trade act.

The clock will begin running March 31 with publication of an annual "National Trade Estimate Report" that provides a survey of unfair trade practices that are harming U.S. exporters around the world.

The administration will by Sept. 30 designate "priority foreign country practices" that are blocking the largest amount of U.S. exports and begin a 21-day period of preliminary negotiations.

If those preliminary talks fail to produce results, the United States would initiate a formal investigation that could take up to 18 months and allow time for further negotiations.

Only if those talks proved fruitless would the United States impose sanctions. That period could stretch until March 1996 although administration officials said if the talks were going nowhere, sanctions could come much sooner.

"We regret that the United States made a decision to revive Super 301," said Seiichi Kondo, a spokesman for the Japanese embassy. "We certainly hope the United States will recognize the inherent dangers" in imposing unilateral trade sanctions.

He warned about counter-retaliation on the part of Japan if the United States slaps punitive tariffs on Japanese products.

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— Clinton,
U.S. president

Israel-PLO talks still at standstill

RAMALLAH, Occupied West Bank — Israel released 400 more Palestinian prisoners Thursday, but the government remained firm in its refusal to close some Jewish settlements in the occupied lands.

Prime Minister Yitzhak Rabin also invited the right-wing, pro-settlement Tzomet (Crossroads) Party to join his coalition government. But that was strongly opposed by liberal coalition partners. The party controls five seats in the 120-seat Knesset, where Rabin has a one-vote margin.

The Labor Party Daily Davar said the party's conditions for joining the government included a pledge that none of the settlements would be uprooted.

Buses left the Ketziot prison camp in the southern Negev desert early Thursday and headed to the occupied Gaza Strip and West Bank, where the prisoners will be dropped off and make their way home, military sources said.

The release brings to 1,000 the number of Palestinians freed this week. The measure was among steps the government took to bring the PLO back to peace talks, suspended after last week's massacre in a Hebron mosque.

Israel says 8,200 Palestinians remain behind bars. Palestinians say there are 10,000 to 12,000.

Six days after the mosque massacre, the occupied lands still seethed. At least 64 Arabs were wounded Wednesday, including Saeb Erakat, head of the PLO's negotiating team, who suffered a leg injury in Jericho.

At least 66 people, all but three of them Arabs, have died in unrest in the occupied territories since Friday. At least 39 of them were killed by the Jewish settler who opened fire on worshippers in the Hebron mosque, according to an Associated Press count. The others

Israel disarms some settlers, clash with Palestinians

Israel began disarming extremist Jewish settlers today and warned others to stay out of Palestinian areas in the latest effort to reduce tension following the massacre in a Hebron mosque.

Settlers from nearby communities were disarmed and given orders to stay out of Palestinian areas.

Some 120,000 Jews live in 144 settlements in the territories, which are home to 1.8 million Palestinians.

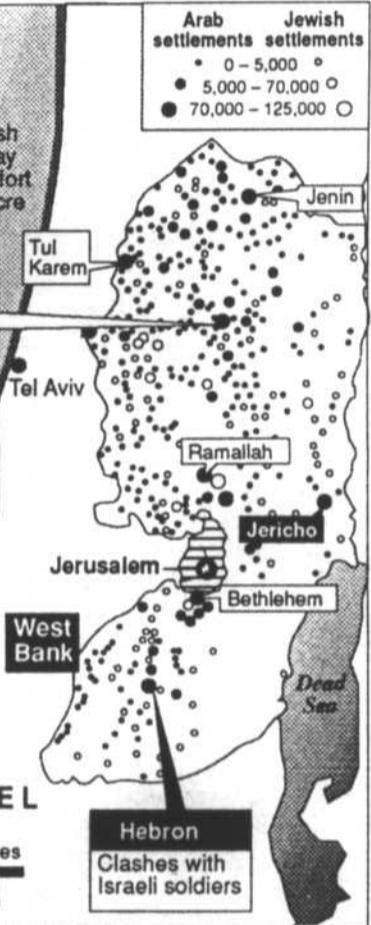
Palestinians wounded in clashes with Israeli troops.

died in violence the attack has unleashed. More than 400 people have been wounded.

Rabin appealed to the PLO to resume negotiations aimed at implementing Palestinian self-rule in Jericho and the Gaza Strip.

But the prime minister insisted that Israel would not change the Sept. 13 accord, which postpones the settlements issue for two years after the autonomy agreement takes effect.

Israeli security forces did disarm 18 extremist Jewish settlers Wednesday and banned them from Palestinian areas.



AP

The settlers' leaders Thursday called on settlers to resist being disarmed, saying they need guns to defend themselves.

Disarming a few extremist settlers was a radical move for the Israelis, though unlikely to placate Palestinians demanding the removal of Jewish settlements from the territories and international protection.

Audit reveals contractors racked up illegal charges

WASHINGTON — Taxpayers in the past three years paid defense contractors for trips to Hawaii, yacht parties, Boston Red Sox tickets, bar tabs and running shoes, congressional investigators reported Thursday.

Two audits of seven defense contractors by the General Accounting Office turned up \$4.9 million in illegal or questionable charges. That amount was in addition to \$4.4 million in charges that the Pentagon's own contract watchdog agency had rejected.

"No, this is not Donald Trump's Visa bill," Sen. Jim Sasser, D-Tenn., chairman of the Senate Budget Committee, said in a hearing Thursday. "It's the tab the American taxpayers are picking up for what defense contractors euphemistically call 'overhead.'"

Sasser said neither the companies involved nor the Defense Department were unique in this regard.

"The point is that this abuse is happening all over government," he said.

In fact, previous audits of major defense firms turned up numerous instances of contract money used for country club memberships, yachts and gifts.

The first audit report by the GAO, Congress' investigative arm, examined expenses submitted by six small defense contractors.

The study found \$2 million in illegal or questionable expenses in addition to \$1 million rooted out by Pentagon contract auditors.

The second GAO study, also requested by Sasser, examined E-Systems Inc. of Dallas, a top defense electronics firm.

Here, auditors identified \$2.9 million in illegal or questionable charges in addition to \$3.4 million uncovered earlier by the Pentagon.

Among other things, the GAO said E-Systems improperly billed the Pentagon \$1.9 million in costs associated with a merger. The company also violated a federal plea agreement and sought reimbursement of \$4,200 in court costs associated with the Justice Department's prosecution of four employees, it said.

E-Systems spokesman John Kumpf declined to comment on the GAO report.

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— Sasser
Chairman of Senate Budget Committee

U.S. takes dipolmatic step in tangle with North Korea

WASHINGTON — The United States agreed Thursday to resume high-level talks with North Korea and to suspend military exercises with South Korea.

The announcement followed the start earlier in the day of international nuclear inspections in the North and talks at the border between North and South Korea.

A State Department official said a third round of U.S.-North Korea talks will begin in Geneva, Switzerland, on March 21, and the training exercises would be suspended for this year only.

South Korea announced suspension of the exercises before the release of a State Department statement that said the decision "will not weaken our joint capabilities." North Korea had viewed the exercises as preparation for war.

Both steps depend on the success of the inspections that began Thursday at seven North Korean nuclear sites and on the exchange of special envoys between North and South Korea, said Undersecretary of State Lynn Davis, who informed Congress of the measures at a hearing.

And Winston Lord, assistant secretary of state for Asian affairs, said at a briefing that the status of the military exercise depends upon "successful completion of the inspections and exchange of envoys between the North and South."

Sens. Charles Robb, D-Va., and Frank Murkowski, R-Alaska, both criticized the diplomatic steps.

Robb said he found it "personally disquieting" that the United States had given in with such minimal compliance.

Murkowski said administration officials should have waited for agreement to inspect two other critical nuclear waste sites.

Davis said North Korea understands that concrete steps will be necessary for improved relations. The U.S. goal, she said, is to create a nuclear-free Korean peninsula.

Talks between North and South Korea in the border village of Panmunjom ended their first day Thursday without any report of progress, but Davis noted that the talks are to resume next week.

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