

in Annexes 3A and 3B of that Agreement must be changed to ensure that the tariff and certain other treatment accorded under the USSFTA to originating goods will continue to be provided under the tariff categories that were modified in Presidential Proclamation 8097. The USSFTA parties have agreed to make these changes.

10. Section 202 of the USSFTA Act provides certain rules for determining whether a good is an originating good for the purposes of implementing tariff treatment under the USSFTA. Section 202(o) of the USSFTA Act authorizes the President to proclaim the rules of origin set out in the USSFTA and any subordinate tariff categories necessary to carry out the USSFTA, subject to certain exceptions set out in section 202(o)(2)(A).

11. I have determined that the modifications to the HTS proclaimed pursuant to section 202 of the USSFTA Act are necessary or appropriate to ensure that the tariff and certain other treatment accorded originating goods under tariff categories modified in Proclamation 8097 and to carry out the duty reductions proclaimed in Proclamation 7747.

12. Section 604 of the Trade Act of 1974, as amended (the "Trade Act") (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the provisions of that Act, and of other Acts, affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction. Section 1206(c) of the 1988 Act, as amended (19 U.S.C. 3006(c)), provides that any modifications proclaimed by the President under section 1206(a) of that Act may not take effect before the thirtieth day after the date on which the text of the proclamation is published in the *Federal Register*.

**Now, Therefore, I, George W. Bush,** President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to section 1206(a) of the 1988 Act, section 202 of the USSFTA Act, section 202 of the USCFTA Act, and section 604 of the Trade Act, do proclaim that:

(1) In order to reflect in the HTS the modifications to the rules of origin under the

USCFTA, general note 26 to the HTS is modified as provided in Annex I to this proclamation.

(2) In order to reflect in the HTS the modifications to the rules of origin under the USSFTA, general note 25 to the HTS is modified as provided in Annex II to this proclamation.

(3) Any provisions of previous proclamations and Executive Orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(4) The modifications and technical rectifications to the HTS set forth in Annexes I and II to this proclamation shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after the later of (i) February 1, 2008, or (ii) the thirtieth day after the date of publication of this proclamation in the *Federal Register*.

**In Witness Whereof,** I have hereunto set my hand this twenty-seventh day of December, in the year of our Lord two thousand seven, and of the Independence of the United States of America the two hundred and thirty-second.

**George W. Bush**

NOTE: At the time of publication, this proclamation had not been received by the Office of the Federal Register for assignment of a proclamation number. An original was not available for verification of the content of this proclamation.

**Memorandum on Provision of Aviation Insurance Coverage for Commercial Air Carrier Service in Domestic and International Operations**

*December 27, 2007*

*Memorandum for the Secretary of Transportation*

*Subject:* Provision of Aviation Insurance Coverage for Commercial Air Carrier Service in Domestic and International Operations

By the authority vested in me as President by the Constitution and laws of the United States including 49 U.S.C. 44302, *et seq.*, I hereby:

1. Determine that continuation of U.S.-flag commercial air service is necessary in the interest of air commerce, national security, and the foreign policy of the United States.

2. Approve provision by the Secretary of Transportation (Secretary) of insurance or reinsurance to U.S.-flag air carriers against loss or damage arising out of any risk from the operation of an aircraft in the manner and to the extent provided in chapter 443 of 49 U.S.C.:

(a) until August 31, 2008;

(b) after August 31, 2008, but no later than December 31, 2008, when the Secretary determines that such insurance or reinsurance cannot be obtained on reasonable terms and conditions from any company authorized to conduct an insurance business in a State of the United States; and

3. Delegate to the Secretary the authority, vested in me by 49 U.S.C. 44306(c), to extend this determination for additional periods beyond August 31, 2008, but no later than December 31, 2008, when the Secretary finds that the continued operation of aircraft to be insured or reinsured is necessary in the interest of air commerce or the national security, or to carry out the foreign policy of the United States Government.

You are directed to bring this determination immediately to the attention of all air carriers within the meaning of 49 U.S.C. 40102(2), and to arrange for its publication in the *Federal Register*.

**George W. Bush**

NOTE: An original was not available for verification of the content of this memorandum.

**Memorandum to the House of Representatives Returning Without Approval the “National Defense Authorization Act for Fiscal Year 2008”**

*December 28, 2007*

I am withholding my approval of H.R. 1585, the “National Defense Authorization Act for Fiscal Year 2008,” because it would imperil billions of dollars of Iraqi assets at a crucial juncture in that nation’s reconstruc-

tion efforts and because it would undermine the foreign policy and commercial interests of the United States.

The economic security and successful reconstruction of Iraq have been top priorities of the United States. Section 1083 of H.R. 1585 threatens those key objectives. Immediately upon enactment, section 1083 would risk the freezing of substantial Iraqi assets in the United States—including those of the Development Fund for Iraq (DFI), the Central Bank of Iraq (CBI), and commercial entities in the United States in which Iraq has an interest. Section 1083 also would expose Iraq to new liability of at least several billion dollars by undoing judgments favorable to Iraq, by foreclosing available defenses on which Iraq is relying in pending litigation, and by creating a new Federal cause of action backed by the prospect of punitive damages to support claims that may previously have been foreclosed. This new liability, in turn, will only increase the potential for immediate entanglement of Iraqi assets in the United States. The aggregate financial impact of these provisions on Iraq would be devastating.

While my Administration objected to an earlier version of this provision in previous communications about the bill, its full impact on Iraq and on our relationship with Iraq has become apparent only in recent days. Members of my Administration are working with Members of Congress to fix this flawed provision as soon as possible after the Congress returns.

Section 1083 would establish unprecedented legal burdens on the allocation of Iraq’s funds to where they are most needed. Since the fall of Saddam Hussein, I have issued Executive Orders to shield from entanglement in lawsuits the assets of the DFI and the CBI. I have taken these steps both to uphold international legal obligations of the United States and to remove obstacles to the orderly reconstruction of Iraq. Section 1083 potentially would place these crucial protections of Iraq’s core assets in immediate peril, by including a provision that might be misconstrued to supersede the protections I have put in place and to permit the judicial attachment of these funds. Iraq must not