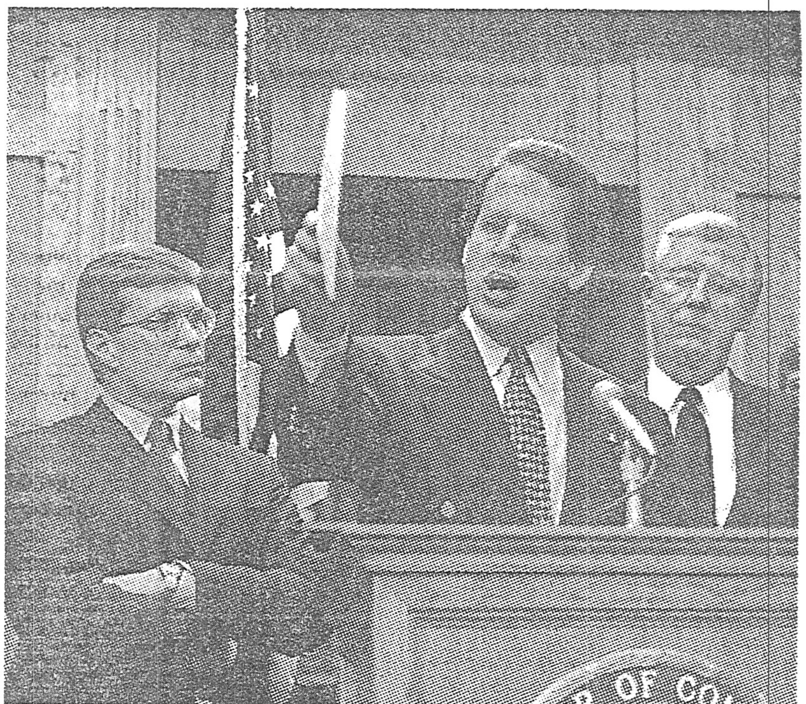

BY RAY LUSTIG—THE WASHINGTON POST

On Capitol Hill, Rep. Lincoln Diaz-Balart (R-Fla.) calls for sanctions against Cuba with Reps. Dick Zimmer (R-N.J.), left, and Dan Burton (R-Ind.).

Hill GOP Rules Out Compromise on Cuba

Sanctions Bill Raises Questions of Global Law

By John F. Harris and Paul Blustein
Washington Post Staff Writers

The Clinton administration got a cold reception on Capitol Hill yesterday in its efforts to reach a compromise with Republicans on a Cuban sanctions bill after the shootdown last weekend of two civilian planes over international waters.

As a result, administration officials acknowledged that Clinton may be forced to sign a bill that—before the weekend incident—his own administration had labeled "seriously objectionable" and "difficult to defend under international law."

Clinton on Monday said that, despite earlier skepticism, he was eager to work with Congress to help pass a Republican-sponsored Cuba sanctions bill, and believed negotiations would produce a compromise that he could sign.

The problem, according to administration and congressional officials, is that Republicans are in no mood to negotiate. A delegation of White House and State Department officials meeting on Capitol Hill yesterday with GOP foreign affairs staffers "got no traction" in their efforts to find a compromise, one administration official said.

"The time for compromise is over," said a Senate Republican staff member. "If they want to propose some minor modifications, we're willing to listen, but at the eleventh hour, we're not going to rewrite the legislation."

The fight concerns a provision in a bill by Sen. Jesse Helms (R-N.C.) and Rep. Dan Burton (R-Ind.) aimed at punishing foreign companies for investing in Cuba and benefiting from the use of property that had been expropriated by the Castro regime.

There are many foreign companies—Canadian mining interests, for instance—who do business in Cuba using property that once belonged to people who moved to the United States after Castro's revolution.

In the House version of the bill—which Senate Republicans now favor—Cuban-Americans would be given the right to file suit in U.S. courts against such foreign firms to receive compensation for the property they lost. The bill is to go before a House-Senate conference committee today.

The administration, in a policy statement issued before the shootdowns, said giving legal recourse to these victims of Castro "would create friction with our allies," and set a bad legal precedent that could hurt the United States in other instances around the globe. Officials say it might also deter foreign firms from investing here.

The administration yesterday proposed eliminating the section of the Helms-Burton act giving former Cuban property owners the right to sue in U.S. courts. Instead, they propose giving the president powers designed to deter foreign interests from profiting from expropriated assets of U.S. citizens. Clinton, at his discretion, could deny loans from the Export-Import Bank, for instance, or deny export licenses.

But a Republican staff member said Clinton's proposed compromise has "more loopholes than a cheap suit," because it gives Clinton alone the authority to decide what punishments are appropriate.

The GOP staffer added that the administration had not negotiated seriously over the legislation during the past several months. "Now four Americans are dead, and they want to be partners in rewriting the legislation."

Clinton has more support among international allies who, unlike the United States, maintain commercial ties to Havana.

Canadian Foreign Minister Lloyd Axworthy said the provision "would be really contravening international law." He said it would be paradoxical if such a law were enacted in the United States because of an action by Cuba—the downing of the planes—that Washington is also condemning as a violation of international law, Reuter reported.

Other diplomats warned that the provision risked hurting foreign investment in the United States, because foreign firms would be fearful of having assets here that might be subject to litigation or sanctions if Congress decided it didn't like some of their activities elsewhere.

"It would have a chilling effect on international commerce generally," a Canadian embassy spokesman said. "You can imagine circumstances where this would affect the United States if the shoe were on the other foot"—if, for example, France imposed sanctions on U.S. firms' French operations because their activities in some third country were deemed objectionable by the French government.