



THE WHITE HOUSE
PRESIDENT
GEORGE W. BUSH



For Immediate Release
Office of the Press Secretary
December 28, 2007

Fact Sheet: National Defense Authorization Act Section 1083: A Danger to Iraq's Progress

President Bush To Veto National Defense Authorization Act, Work With Congress To Quickly Pass Technical Fix To Protect U.S. Interests And Iraqi Assets

 [Statement by Deputy Press Secretary Scott Stanzel](#)

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President Bush intends to veto the National Defense Authorization Act for FY08 (NDAA) because particular provisions included in the bill risk imposing financially devastating hardship on Iraq that will unacceptably interfere with the political and economic progress everyone agrees is critically important to bringing our troops home. Section 1083 of the NDAA amends the Foreign Sovereign Immunities Act, which establishes rules on how foreign countries may be sued under U.S. law. The amendments would dramatically change these rules and potentially invite foreign governments to take reciprocal action allowing suits to proceed against the United States even for legitimate government activities. Among other things, Section 1083 would allow plaintiffs' lawyers pursuing Iraq for Saddam-era acts of terrorism to freeze Iraq's assets in the amount of damages claimed in their lawsuits, and would permit the relitigation of billions of dollars of lawsuits against Iraq that have already been dismissed by our courts. At the same time, by subjecting the democratically elected Government of Iraq to this liability, the provision would imperil billions of dollars of Iraqi assets at a crucial juncture in that Nation's reconstruction efforts and undermine the foreign policy and commercial interests of the United States.

- **The potential liability created by Section 1083 cannot be overstated – it could reach multiple billions of dollars and subject the Development Fund for Iraq and Iraq's central bank reserves, which are both essential to building on security gains, to attachment and liens.** The provision would tie up Iraqi assets in litigation, and would have a potentially devastating impact on the Government of Iraq with serious implications for U.S. troops in the field, which count on Iraqi funds to expand and equip the Iraqi Security Forces and provide an antidote to terrorists and insurgents. In particular, Section 1083 would:
 - Allow Iraqi assets to be frozen solely upon the filing of a claim, up to the amount of plaintiffs' lawyers claim in a lawsuit and before any court considers its merits.
 - Expose both the assets of the Development Fund for Iraq and assets of the Central Bank of Iraq to attachment, potentially tying up tens of billions in core Iraqi assets while lawyers argue the merits of cases and the reasonableness of these actions in court.
 - Permit the freezing of assets in commercial entities in which Iraq has an interest,

- potentially exposing partnerships between United States businesses and Iraqi national enterprises to attachment. Iraq would likely take its future business elsewhere.
- Overturn prior litigation victories for the new, democratically elected Government of Iraq in lawsuits for Saddam-era acts and allow lawyers to reopen and expand those cases.
- Authorize punitive damages against the new, democratically elected Government of Iraq for Saddam-era conduct and eliminate Iraq's ability to assert standard legal defenses normally available to defendants in United States courts.
- Hold the democratically elected Government of Iraq, a friend and ally of the United States, liable in U.S. Courts for the crimes and atrocities of the Saddam Hussein regime.
- **Once in place, the restrictions on Iraq's funds that could result from the bill could take months to lift, and thus Section 1083 cannot become law even for a short period of time.**
- **The Administration is working with Congress to fix the flawed provision as soon as possible after Congress returns in January.** While the Administration objected to many provisions in the NDAA, and continues to have concerns about the bill's effects on U.S. commercial ventures in other countries, the President is vetoing the NDAA because of the threat that Section 1083 poses to Iraq. With modifications that fix this provision, the President would sign a new bill into law.
- **The President will act quickly with Congress to ensure the full military pay raise provided by the NDAA will go into effect as quickly as possible.** The NDAA includes authorization for a 0.5 percent additional pay raise for U.S. troops, on top of the 3 percent increase that will go into effect on January 1 without the NDAA. As soon as possible upon Congress' return, the Administration will work with Congress to enact the NDAA adjusted in a manner that protects Iraqi interests in the United States and ensures that the additional pay raise for our troops is retroactive to January 1.

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