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THE WHITE HOUSE

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For Immediate Release

September 23, 1991

REMARKS BY THE PRESIDENT
TO THE UNITED NATIONS GENERAL ASSEMBLY

United Nations
New York, New York

12:44 P.M. EDT

THE PRESIDENT: Mr. President, thank you, sir. Mr. Secretary General, distinguished delegates to the United Nations, I am honored to speak with you as you open the 46th Session of the General Assembly.

I'd first like to congratulate outgoing President Guido de Marco of Malta, and salute our incoming President Samir Shihabi of Saudi Arabia. I also want to salute especially Secretary General Javier Perez de Cuellar, who will step down in just over three months. But let me say, Secretary General Perez de Cuellar has served with great distinction during a period of unprecedented change and turmoil. For almost 10 years we've enjoyed the leadership of this man of peace; a man that I, along with many of you, feel proud to call friend. So today, let us congratulate our friend, and praise his spectacular service to the United Nations -- and to the people of the world. Mr. Secretary General. (Applause.)

Let me also welcome new members to this chamber: two delegations representing Korea, particularly our democratic friends, the Republic of Korea; the Republics of Estonia, Latvia, and Lithuania; and new missions from the Marshall Islands and Micronesia.

Twenty years ago, when I was the permanent representative here for the United States, there were 132 U.N. members. Just one week ago, 159 nations enjoyed membership in the United Nations. Today, the number stands at 166. The presence of these new members alone provides reasons for us to celebrate.

My speech today will not sound like any you've heard from a President of the United States. I'm not going to dwell on the superpower competition that defined international politics for half a century. Instead, I will discuss the challenges of building peace and prosperity in a world leavened by the Cold War's end and the resumption of history.

Communism held history captive for years. It suspended ancient disputes; and it suppressed ethnic rivalries, nationalist aspirations, and old prejudices. As it has dissolved, suspended hatreds have sprung to life. People who for years have been denied their pasts have begun searching for their own identities -- often through peaceful and constructive means, occasionally through factionalism and bloodshed.

This revival of history ushers in a new era, teeming with opportunities and perils. And let's begin by discussing the opportunities.

First, history's renewal enables people to pursue their natural instincts for enterprise. Communism froze that progress until its failures became too much for even its defenders to bear.

MORE

And now citizens throughout the world have chosen enterprise over envy; personal responsibility over the enticements of the state; prosperity over the poverty of central planning.

The U.N. Charter encourages this adventure by pledging "to employ international machinery for the promotion of the economic and social advancement of all peoples." And I can think of no better way to fulfill this mission than to promote the free flow of goods and ideas.

Frankly, ideas and goods will travel around the globe with or without our help. The information revolution has destroyed the weapons of enforced isolation and ignorance. In many parts of the world technology has overwhelmed tyranny, proving that the age of information can become the age of liberation if we limit state power wisely and free our people to make the best use of new ideas, inventions, and insights.

By the same token, the world has learned that free markets provide levels of prosperity, growth and happiness that centrally planned economies can never offer. Even the most charitable estimates indicate that in recent years the free world's economies have grown at twice the rate of the former communist world.

Growth does more than fill shelves. It permits every person to gain -- not at the expense of others, but to the benefit of others. Prosperity encourages people to live as neighbors, not as predators.

Economic growth can aid international relations in exactly the same way. Many nations represented here are parties to the General Agreement on Tariffs and Trade. The Uruguay Round, the latest in the postwar series of trade negotiations, offers hope to developing nations, many of which have been cruelly divided -- cruelly deceived by the false promises of totalitarianism.

Here in this chamber we hear about North-South problems. But free and open trade, including unfettered access to markets and credit, offer developing countries means of self-sufficiency and economic dignity.

If the Uruguay Round should fail, a new wave of protectionism could destroy our hopes for a better future. History shows all too clearly that protectionism can destroy wealth within countries and poison relations between them. And therefore, I call upon all members of GATT to redouble their efforts to reach a successful conclusion for the Uruguay Round. I pledge that the United States will do its part.

I cannot stress this enough: Economic progress will play a vital role in the new world. It supplies the soil in which democracy grows best.

People everywhere seek government of and by the people. And they want to enjoy their inalienable rights to freedom and property and person.

Challenges to democracy have failed. Just last month coup plotters in the Soviet Union tried to derail the forces of liberty and reform, but Soviet citizens refused to follow. Most of the nations in this chamber stood with the forces of reform, led by Mikhail Gorbachev and Boris Yeltsin, and against the coup plotters.

The challenge facing the Soviet peoples now -- that of building political systems based upon individual liberty, minority rights, democracy and free markets -- mirrors every nation's responsibility for encouraging peaceful, democratic reform. But it also testifies to the extraordinary power of the democratic ideal.

As democracy flourishes, so does the opportunity for a third historical breakthrough: international cooperation. A year ago, the Soviet Union joined the United States and a host of other nations in defending a tiny country against aggression -- and opposing Saddam Hussein. For the very first time on a matter of major importance, superpower competition was replaced with international cooperation.

The United Nations, in one of its finest moments, constructed a measured, principled, deliberate and courageous response to Saddam Hussein. It stood up to an outlaw who invaded Kuwait, who threatened many states within the region, who sought to set a menacing precedent for the post-Cold War world.

The coalition effort established a model for the collective settlement of disputes. Members set the goal -- the liberation of Kuwait -- and devised a courageous, unified means of achieving that goal.

And now, for the first time, we have a real chance to fulfill the U.N. Charter's ambition of working "to save succeeding generations from the scourge of war, to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and nations large and small to promote social progress and better standards of life in larger freedom." Those are the words from the Charter.

We will not revive these ideals if we fail to acknowledge the challenge that the renewal of history presents.

In Europe and Asia, nationalist passions have flared anew, challenging borders, straining the fabric of international society. At the same time, around the world, many age-old conflicts still fester. You see signs of this tumult right here. The United Nations has mounted more peacekeeping missions in the last 36 months than during its first 43 years. And although we now seem mercifully liberated from the fear of nuclear holocaust, these smaller, virulent conflicts should trouble us all.

We must face this challenge squarely: first, by pursuing the peaceful resolution of disputes now in progress; second, and more importantly, by trying to prevent others from erupting.

No one here can promise that today's borders will remain fixed for all time. But we must strive to ensure the peaceful, negotiated settlement of border disputes.

We also must promote the cause of international harmony by addressing old feuds. We should take seriously the Charter's pledge "to practice tolerance and live together in peace with one another as good neighbors."

UNGA Resolution 3379, the so-called "Zionism is racism" resolution, mocks this pledge and the principles upon which the United Nations was founded. And I call now for its repeal.

Zionism is not a policy; it is the idea that led to the creation of a home for the Jewish people, to the state of Israel. And to equate Zionism with the intolerable sin of racism is to twist history and forget the terrible plight of Jews in World War II and, indeed, throughout history. To equate Zionism with racism is to reject Israel itself -- a member of good standing of the United Nations.

This body cannot claim to seek peace and at the same time challenge Israel's right to exist. By repealing this resolution

unconditionally, the United Nations will enhance its credibility and serve the cause of peace.

As we work to meet the challenge posed by the resumption of history, we also must defend the Charter's emphasis on inalienable human rights.

Government has failed if citizens cannot speak their minds; if they can't form political parties freely and elect governments without coercion; if they can't practice their religion freely; if they can't raise their families in peace; if they can't enjoy a just return from their labor; if they can't live fruitful lives and, at the end of their days, look upon their achievements and their society's progress with pride.

Politicians who talk about "democracy" and "freedom" but provide neither eventually will feel the sting of public disapproval and the power of people's yearning to live free.

Some nations still deny their basic rights to the people. And too many voices cry out for freedom. For example, the people of Cuba suffer oppression at the hands of a dictator who hasn't gotten the word, the lone hold-out in an otherwise democratic hemisphere; a man who hasn't adapted to a world that has no use for totalitarian tyranny. Elsewhere, despots ignore the heartening fact that the rest of the world has embarked upon a new age of liberty.

The renewal of history also imposes an obligation to remain vigilant about new threats and old. We must expand our efforts to control nuclear proliferation. We must work to prevent the spread of chemical and biological weapons and the missiles to deliver them.

It is for this reason that I put forward my Middle East arms initiative, a comprehensive approach to stop and, where possible, reverse the accumulation of arms in that part of the world most prone to violence.

We must remember that self-interest will tug nations in different directions, and that struggles over perceived interests will flare sometimes into violence.

We can never say with confidence where the next conflict may arise. And we cannot promise eternal peace -- not while demagogues peddle false promises to people hungry with hope; not while terrorists use our citizens as pawns, and drug dealers destroy our peoples. We, as a result -- we must band together to overwhelm affronts to basic human dignity.

It is no longer acceptable to shrug and say that one man's terrorist is another man's freedom fighter. Let's put the law above the crude and cowardly practice of hostage-holding.

In a world defined by change, we must be as firm in principle as we are flexible in our response to changing international conditions. That's especially true today of Iraq. Six months after the passage of U.N. Security Council Resolutions 687 and 688, Saddam continues to rebuild his weapons of mass destruction and subject the Iraqi people to brutal repression.

Saddam's contempt for U.N. resolutions was first demonstrated back in August of 1990. And it continues even as I am speaking. His government refuses to permit unconditional helicopter inspections, and right now is refusing to allow U.N. inspectors to leave inspected premises with documents relating to an Iraqi nuclear weapons program.

And it is the United States view that we must keep the United Nations sanctions in place as long as he remains in power. And this also shows that we cannot compromise for a moment in seeing that Iraq destroys all of its weapons of mass destruction and the means to deliver them. And we will not compromise.

This is not to say -- and let me be clear on this one -- that we should punish the Iraqi people. Let me repeat, our argument has never been with the people of Iraq. It was and is with a brutal dictator whose arrogance dishonors the Iraqi people. Security Council Resolution 706 created a responsible mechanism for sending humanitarian relief to innocent Iraqi citizens. We must put that mechanism to work.

We must not abandon our principled stand against Saddam's aggression. This cooperative effort has liberated Kuwait; and now it can lead to a just government in Iraq. And when it does, when it does, the Iraqi people can look forward to better lives; free at home, free to engage in a world beyond their borders.

The resumption of history also permits the United Nations to resume the important business of promoting the values that I've discussed today. This body can serve as a vehicle through which willing parties can settle old disputes. In the months to come, I look forward to working with Secretary General Perez de Cuellar and his successor as we pursue peace in such diverse and troubled lands as Afghanistan, Cambodia, Cyprus, El Salvador, and the Western Sahara.

The United Nations can encourage free-market development through its international lending and aid institutions. However, the United Nations should not dictate the particular forms of government that nations should adopt. But it can and should encourage the values upon which this organization was founded. Together, we should insist that nations seeking our acceptance meet standards of human decency.

Where institutions of freedom have lain dormant, the United Nations can offer them new life. These institutions play a crucial role in our quest for a new world order, an order in which no nation must surrender one iota of its own sovereignty; an order characterized by the rule of law rather than the resort to force; the cooperative settlement of disputes, rather than anarchy and bloodshed; and an unstinting belief in human rights.

Finally, you may wonder about America's role in the new world that I have described. Let me assure you, the United States has no intention of striving for a Pax Americana. However, we will remain engaged. We will not retreat and pull back into isolationism. We will offer friendship and leadership. And in short, we seek a Pax Universalis built upon shared responsibilities and aspirations.

To all assembled, we have an opportunity to spare our sons and daughters the sins and errors of the past. We can build a future more satisfying than any our world has ever known. The future lies undefined before us, full of promise; littered with peril. We can choose the kind of world we want: one blistered by the fires of war and subjected to the whims of coercion and chance, or one made more peaceful by reflection and choice. Take this challenge seriously. Inspire future generations to praise and venerate you, to say: On the ruins of conflict, these brave men and women built an era of peace and understanding. They inaugurated a new world order, an order worth preserving for the ages.

Good luck to each and every one of you. And thank you very, very much. (Applause.)

Statement of

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Robert B. Zoellick

Under Secretary of State for
Economic and Agricultural Affairs
and Counselor

U.S. Department of State

Before the

Subcommittee on Europe and the Middle East of the
House Foreign Affairs Committee

on

Relations of the U.S. with the Soviet Union and the Republics

October 2, 1991

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to report on recent events in the Soviet Union and the republics.

I will stress five points:

- o First, the events of August 1991 in the Soviet Union constitute one of the undeniable watersheds of our age. As President Bush stated last week, "[t]his revival of history ushers in a new era, teeming with opportunities and perils." And the President took a major initiative in setting the course for this new age last Friday through his announcement of bold steps and proposals to reduce the nuclear threat.

- o Second, power has shifted almost completely to the republics of the Soviet Union; the fundamental question now is whether a new form of cohesion among them is possible or desirable.
- o Third, democratic reformers are now in key positions, but myriad threats lurk around them. Their success is by no means assured.
- o Fourth, in this new post-Cold War era, the U.S. must continue to be deeply engaged with the Soviet Union and the republics -- on matters of internal political evolution, economic reform, and foreign and security policy.
- o Fifth, we need a sensible and realistic basis for assessing what constitutes successful policy in this time of transition.

A New Era of History

Government officials are frequently accused, fairly I suppose, of overdramatizing changes in policy or events. Not this time. We have leapt into a new era of history.

Consider the situation in the wake of the failed Apparatchik Counterrevolution. The Russian Empire, and then the Communist

Empire that succeeded it, have been among the great forces that determined the history of Europe, Asia, and indeed the world, for the past three centuries. That empire is now shattered. The Communist Party that ran it is banned or suspended in its homeland, its assets have been taken away, and it is under investigation. A country that reaches across 11 time zones is in the throes of political, economic, and social upheaval.

but
Russia
remains
intact,
itself an
empire.

It may be many years before this new age settles into its own pattern. Even the first label in common usage -- the post-Cold War era -- reflects the fact that to date its single most dominant characteristic is the abandonment of the Cold War that came before. (Indeed, a former colleague recalled the story of the Chinese historian who, when asked recently to comment on the historical consequences of the French Revolution, responded, "It is too soon to tell.")

In grasping for historical analogies, it is natural to seize on other lost, multinational empires -- for example, the Austro-Hungarian or the Ottoman. Like earlier multinational empires that fragmented, our longstanding antagonist is struggling to determine how the pieces might relate to one another. But I would also like to draw attention to another point of comparison: the dangers and opportunities that the United States faced in the aftermath of World War II, when we reached out to former enemies, Germany and Japan, helping to establish them as democratic market economies and allies. Now

the Cold War has ended. Many of the new leaders in the Soviet Union and the republics are looking to the United States to help guide them into becoming contributors in the democratic community of nations.

Last week at the United Nations, President Bush referred to the challenges of building peace and prosperity as we face this "resumption of history." Last Friday, the President outlined steps we will take, and others that we propose, to stand down from the tense nuclear confrontation with the Soviet Union -- a state of imminent danger that my generation had etched onto its early consciousness in 1962 and had expected to have persist through its existence.

The new security environment that President Bush hopes to establish also has enormous political implications for the future. As Secretary Baker stated this June in Berlin, "the door to the Euro-Atlantic community is open. But only the Soviets can decide to step over the threshold."

The agents of the old Soviet regime did not want to take that step. But ironically, their actions in August to backtrack ended up toppling them and sending the Soviet Union and its republics stumbling ahead. The direction is right, but there are serious questions as to whether new leaders of reform can keep their footing.

The reformers are attempting to transform the traditional institutions of repression in the Soviet Union. Their effort with the KGB and the Army may offer one of the most startling examples of the Soviet Union's metamorphosis.

Vadim Bakatin, the new head of the KGB, told us in September that he intended to cut back many of the KGB's activities and establish those that remain on a legal foundation. Bakatin was particularly interested in learning more about the legal and oversight systems that Western countries have developed for their intelligence services. Nor were these just musings; he demonstrated the detailed knowledge he had already obtained about Western legislation on wiretaps. Bakatin also seemed eager to strengthen exchanges with the CIA. While our anti-terrorism discussions with the KGB have already broken new and potentially beneficial ground, Bakatin's interest clearly extended further. He wanted to draw from the experience of Western intelligence agencies to establish the KGB as a responsible institution in the new Soviet society.

One important element of Bakatin's strategy is to bring in new people and then build up new leaders who are committed to reform. The new democrats were deeply troubled by the quiescence of many officials during the August coup.

The new ways have dangers of their own, of course. One Russian told us that when the new head of the KGB for a large city asked what he was supposed to do, he was told that one

task alone would ensure success: He was to make sure his democratic bosses were alerted in advance of any other coup attempt.

The new Minister of Defense, Air Marshal Shaposhnikov, also outlined his intention to redirect a defense establishment that for decades had been a pillar of the totalitarian state. He is seeking to build upon the military's pride in being an army of the people. At critical moments in Russian and Soviet history, the military became the embodiment of the Motherland. Shaposhnikov is proud that during the critical moments of August, this army of the people would not fire on them.

But Shaposhnikov is not content with an army guided by its heart; he wants to support these impulses by winning over the minds of soldiers and civilians alike. His strategy, like Bakatin's, is to establish a Defense Ministry and military subject to civilians and the rule of law.

Shaposhnikov intends to reduce the size of his forces and to increase the role of volunteers. He plans to transform the military to reflect a new state of center-republic relations. He speculated about working out legal arrangements with each republic, establishing clearly that the military's role would be to defend, and not to interfere, in the republics. Indeed, his questions about U.S. stationing and status of forces arrangements abroad appeared to be a search for appropriate models.

I was struck particularly by Shaposhnikov's interest in the U.S. code of military justice and our military police. He wants to build public legitimacy for the Soviet Army. And he believes that to do so, the civilian public must trust that the military adheres to the rule of law in its own internal affairs as well as toward the society at large. Given all the demands on Shaposhnikov's time, his attention to this means of building the military's place in a civilian society suggested to me that a very new man is in charge.

The democrats hope to transform the old institutions of repression into what they describe as a "safety net" for democracy. They can build on the fact that during the August coup many people in the security apparatus simply refused to act against democratic leaders or, just as important, against the people in the streets. Nevertheless, it will take time for the new thinking to be accepted by all the old rank and file.

It is too early to know whether these courageous leaders will succeed. If this is indeed a second Russian revolution, we must also face up to the fact that the furies of revolutions have frequently created consequences that were impossible to foresee or control. The forces now unleashed in the Soviet Union could lead to disintegration and conflict that could plague Eurasia and the world for decades to come. One or more autocrats may seek to impose dominating authority at a

terrible price, as Lenin was able to do after the Civil War period. Whatever the course of the future, we can shape it only if we recognize that the policy framework that we have used for the Soviet Union over the past 40 years is now history.

The Great Power Shift: The Dominance of the Republics

Perhaps the most striking characteristic of the post-coup environment is the dramatic shift of power from the center to the republics. Almost overnight, the key question about the political compact has been transformed: Before August, we asked what would be the division of political power between the center and the republics; today the question is whether cohesion among republics is possible.

1. **From the Center to the Republics to**

Mayor Popov of Moscow placed this dramatic development within a context. He outlined three different stages of political contract and related them to the reform impulse. In the first, Gorbachev had tried to reform Soviet society from the center. Like Peter the Great or Alexander II, the other great Russian modernizers who preceded him, Gorbachev had launched an era of reform from above. ✓

But as the reforms met resistance from the established order, an order based on the entrenched power of highly centralized institutions, some Soviets -- Russians and non-Russians -- speculated that the route to reform would have to run through the individual republics. But this second alternative, while theoretically possible, also confronted many obstacles. It divided the combined force of reformers. (Nationalism, and old animosities, at times superseded the drive for democracy and market reforms.) Moreover, the republics were linked by a highly centralized industrial structure, and even if the old economic structure could be overcome, autarkic republics would forgo the potential benefits from higher degrees of integration.

Popov's third stage was a division of labor between the center and the republics. The first effort to legally establish such an allocation of power came from the center earlier this year when Gorbachev negotiated the one-plus-nine agreement -- Gorbachev plus nine republic leaders -- that was to lead to the new union treaty. Indeed, it was the prospect of signing that treaty in late August that probably led the coup plotters to act when they did. But in the aftermath of the coup, Popov concluded, only what he labels a "nine-plus-one arrangement" is possible. By this he means it is up to the independent republics to determine what authorities they will cede to a new center.

Another Russian reformer was even more explicit about the loss of central authority, at least in economic matters. The concept of one-plus-others is gone, he said. The question now is whether they'll even have a zero-plus-nine or -twelve or some other number. Thus, he believes that any common economic authority will have to be newly created by the republics.

2. A Crisis of Legitimacy

I suspect that the underlying problem of fragmentation runs even deeper than a shift of power to the republics. We are already seeing signs that subordinate groups or regions within the republics are questioning republican authority as well.

In testimony I gave to the Senate Foreign Relations Committee in February of this year, I stated that the fundamental problem confronting all leaders and governments in the Soviet Union is to overcome a (crisis of legitimacy.) As perestroika and glasnost gave people the freedom to question, as the grip of fear loosened, people would not follow a leadership that had no right to govern. That is still a primary problem today. It is true for both the center and many republics.

During the winter and early spring, the Soviet leadership tried to cope with the crisis of legitimacy by restoring order. They falsely equated order with political legitimacy. And for them, order depended on authority.

But equating legitimacy with order and authority turned out to be a backward formula. The heavy hand of authority could not restore order in the Baltics, at least not at a price the leadership was willing to pay. Nor could authority reorder a broken down economy or currency. The leadership failed to reestablish the power of the center through national institutions like the Army, the KGB, and the Communist Party. Then when Gorbachev tried to reestablish political legitimacy based on a new Union Treaty linked to the development of a new constitution and elections, the old Communist boyars made their last gasp through the coup. The brave and successful resistance mobilized by President Yeltsin around the Russian Republic doomed the old center that Gorbachev had sought to maintain through a new union treaty.

So we are now in a period when the republics are seeking to establish their legitimacy. They have declared independence. Now they must determine what independence means for their people and the relation of republics to one another.

We have also seen that one cannot necessarily equate republics with reform. After decades of a Cold War waged against the totalitarian center, some assumed that those within the Soviet Union who opposed this center must also stand for the democratic principles the center crushed. And in fact, as the old central authorities delayed or retreated, many republics had become the driving forces for reform. But we have already seen, in a relatively short time, that the republics also have

a mixed record. Some leaders are using the disintegration of central authority to maximize their own power at home. Others use violence and intimidation against those who challenge them and to threaten minorities within their republics.

We need to be careful not to examine the development of republican independence solely through the lens of our conceptions of the nation-state. Nationalism, one of the momentous movements of the 19th and 20th Centuries in the rest of the world, has followed a somewhat different course in the Soviet Union. Russian nationalism has existed for some time, but it had been harnessed to serve the ends of Soviet Communism. Russian chauvinism had antagonized many other peoples in the USSR. Now the national movements in the border republics have been freed to define their own national characters and their origins in culture, literature, language, territory, and history; they are still evolving and still exploring how they relate to one another. While many of the nationalisms have old and distinguished lineages, the relation between nationalism and the state is frequently not yet well defined.

Moreover, the national movements do not fit neatly within republic boundaries. One in five Soviet citizens lives outside his or her ethnic republic or area. So there is substantial potential for friction and conflict between republic governments and national movements.

Ultimately, political legitimacy, and the stability that it offers, must be based on consent of the governed. That's one reason why President Yeltsin, one of the few leaders elected by his people, has a particularly important role to play. Republican independence must be complemented by democracy.

Yet the rule of the majority must respect the rights of the minority. As Thomas Jefferson stated in his First Inaugural Address: "Though the will of the majority is in all cases to prevail, that will, to be rightful, must be reasonable; the minority possess their equal right, which equal laws must protect, and to violate which would be oppression."

3. Cooperation Among Independent Republics

The newly independent republics also need to recognize the benefits of integrating or coordinating structures. This is not the same as seeking a recentralization of power. As former Secretary of State Kissinger pointed out recently in a thoughtful op-ed piece, the highly centralized Russian state -- through different leaders, ideologies, and centuries -- has relied on hegemonic armed forces and outward expansion to try to dominate at least two continents. But autarkic republics, suspicious and perhaps even hostile to one another, pose dangers, too.

In particular, cooperation among republics may be important in:

- o Avoiding ethnic discord and even civil war;
- o Enhancing security, particularly through the central command and control of nuclear weapons; and
- o Strengthening the prospects for a successful economic reform program.

Given the ethnic patchwork of the Soviet Union, some basic cohesion may be important to stave off disintegration. The importance of some cooperation among the republics was driven home to us by our conversations a few weeks ago with Aleksandr Yakovlev, Eduard Shevardnadze, and other reform leaders. They were particularly anxious about the Ukraine. Of the 52 million people in the Ukraine, an estimated 11 million are Russian; many have intermarried. While Yakovlev and Shevardnadze acknowledged the fact of the Ukraine's independence, they also pointed out the danger that if the Ukraine totally disassociates itself from Russia, large Russian minorities in places like Kharkov, the Donbas, Odessa, and the Crimea may try to secede. If the Russians in the Ukraine leave, they continued, the Russians that comprise 38 percent of the population in Kazakhstan may decide they, too, wish to restore ties with Russia. A divided Kazakhstan could spur the rise of a new Islamic tide across the southern

reaches of the Soviet Union. The two reformers concluded this could have far-reaching spillover effects -- not only on the Islamic neighbors, but also in nearby multi-ethnic nations like India.

This may well be an overly fearful picture. But these men are serious observers, and their warnings bear careful reflection on the part of all sides. It will be particularly important for Russian leaders to demonstrate to non-Russians that they will be able to receive fair treatment and can exert equitable influence in any arrangements that are struck.

Some cohesion is important for security and stability, too. Central control of nuclear forces is critical to preventing proliferation. Eurasian stability also will not be served by the creation of large, independent republican armies. Nor can economic reform be pursued by small states striving to build military establishments.

Finally, there are significant economic reasons for some common policies among republics. As the United States has demonstrated for over 200 years and as the Western Europeans have also learned, there are substantial economic benefits to a large internal market unhindered by trade barriers. Indeed, it is vital that the reform leaders finally move ahead with a serious, comprehensive program for a market economy, and that effort will be far harder if the republics cannot agree on common economic policies.

Robert Hormats elucidated this point in his recent testimony before the Senate. One of the legacies of Stalin and his successors is a highly interdependent structure of production. Hormats reported that one recent Soviet study examining 6000 different products determined that about three quarters were supplied by just one producer. Soviet industrialists told him that single factory monopolies tend to be the rule, not the exception, and that they account for an estimated 30-40 percent of industrial output. The CIA has pointed out that "the Soviet Union's entire output of potato, corn and cotton harvesting equipment comes from single factories -- all in different republics."

This extraordinary economic monopolization already makes price decontrol exceedingly difficult; if the republics do not maintain open trade and agree to instituting reforms at a roughly similar pace, the already substantial dislocations will intensify. Similarly, the development of a macroeconomic stabilization program -- to establish some steady value for a currency -- depends on sound monetary and fiscal policies. These policies depend, in turn, on agreements to cut spending, collect revenues, and control the money supply. Therefore, one of the critical challenges facing the people of the Soviet Union is how to strike the appropriate balance between smaller, independent political units and cohesion that recognizes economic and political interdependencies. This is not a new question, and the leaders of the republics can draw from the experiences of others as they search for answers.

4. Balancing the Devolution and Evolution of Sovereignty

As Secretary Baker pointed out in a speech in Berlin this June, one of the most striking phenomena across all of Europe today is the combined and simultaneous devolution and evolution of the nation-state. While the nation-state remains by far the most significant political unit, its political role is being increasingly supplemented by both supranational and subnational units.

In Western Europe, an intense and comprehensive voluntary evolution of governing authority above the national level has been accompanied by the devolution of power to state and local governments, to regions that sometimes cross national borders, and to the private sector. In Central and Eastern Europe, and now clearly in the Soviet Union as well, devolution is certainly the more prominent phenomenon. The collapse of Communism has freed ethnicity to re-emerge as a powerful political force, threatening to erect new divisions between countries and, even more acutely, within multinational states.

Evolution and devolution need not be alternatives, but instead can be complementary, and indeed interdependent developments. The foundation must be democracy and grassroots involvement in political processes. The challenge for democracy is to encompass, to represent, but also to transcend, ethnic ties on the basis of common values.

The United States balances democracy and diversity through federalism. The architects of a united Europe have adopted the principal of "subsidiarity" -- the devolution of responsibility to the lowest level of government capable of performing it effectively. By the same token, it makes sense for the various parts of the Soviet Union to consider balancing devolution of authority with the voluntary common delegation of powers for basic matters such as defense, trade, monetary systems, and the protection of basic human rights -- particularly equal treatment of minorities. Given the strength of the drive for independence, it may take time before the citizens of the republics are willing to consider such combinations -- but the need will not go away.

In 1945, much of Western Europe was broken, hungry, and hostile. But the integration of Western Europe within the EC and NATO has virtually transcended all the old territorial disputes, irredentist claims, and ethnic grievances among and within their member states. Euro-Atlantic integration has made it literally inconceivable that localized disputes could become a source for serious conflict among these states. The incentives for cooperation within these multi- and supranational frameworks are overwhelmingly high compared to with the remaining areas of discord.

Eventually, similar structures will have to develop to shape interdependence with and among the lands of Central and Eastern Europe and the Soviet Union if they are to ever share

in comparable levels of peace and prosperity. The processes of evolution and devolution need to be kept in constructive equilibrium. Only by achieving balanced progress in both directions can the individual be assured a voice in a democratic and interdependent world.

5. In Sum

In sum, although power has now shifted to the republics, the crisis of political legitimacy remains acute. The fragmentation of authority could continue -- down to still smaller units -- if the new leaders fail to establish legitimacy through democracy with respect for minority rights. A preoccupation with republican independence is yesterday's battle, a conflict waged and won against totalitarian central authority. Decentralized power in the republics will not necessarily overcome ethnic strife or economic autarky. At this point in time, an ongoing reform effort needs to turn to these new challenges. We need only look as far as Yugoslavia to see the costs of devolution that slides into disintegration.

An Opportunity for Democracy

In the immediate aftermath of the coup, Aleksandr Yakovlev told us that he and his fellow democrats owed a great debt of

thanks to the coup plotters. Those eight men, he explained, had opened the way for the democrats to propel reform five or ten years ahead. Old apparatchiks could be moved to the side. The confrontation had produced a real revolution in the minds of the people. Power was now with the democrats. But Yakovlev still asked, "Can we cope?"

There is now a great opportunity to launch true, far-reaching reforms in the Soviet Union and its republics. Conditions at home remain extraordinarily difficult. The old command economy has broken down, but no market system exists to succeed it. The traditional system of authority has collapsed, but the forces of the new, rough-edged pluralism have yet to work out cooperative arrangements so that they can design and implement a program.

The democrats recognize that they must build a stronger base of support. One reform leader told us that during the coup the democrats drew vital support from the "oppositionists". These people are not necessarily the same as democrats. They have rejected the old Communist ways, but as of yet they do not have a deep commitment to any successor system.

Shevardnadze, Yakovlev, Popov, Sobchak, Stankevich and others launched in July 1991 a new Movement for Democratic Reform. At present, it is an umbrella organization that draws from the various fledgling democratic parties that had already been forming, as well as from new participants. They are working

to avoid the traditional Russian reform problem of failing to link the intelligentsia with other groups. Interestingly, Shervardnadze told us that two core groups of support were young people and some leaders in the defense industrial sector. The latter -- intelligent, technologically sophisticated leaders -- recognize that the old system does not work, and they believe there is an opportunity to put their skills to use in a market economy.

The greatest danger the reformers now face is the discrediting of democracy. The average man or woman on the street seems sullen, tired of talk. The new parliaments, like the old Dumas of 1905-17, seem to offer high drama, but no change for the better. One person summarized the situation with an anecdote: The first person who puts vodka on the shelves, she said, will carry the day. Presidents Gorbachev and Yeltsin, who seem to be working in concert, both told us: We need to help people.

Gorbachev also told us that the coup removed the head of the serpent, but a large body of traditionalists remains. He pointed to two significant risks. First, indifference and apathy would weigh down efforts to stimulate a new political and economic system. Alternatively, frustrations might build into an acute response, a demand for action, any action.

Authoritarian strains run deep in Russian and Soviet society. At some point, desperate people may turn back to the autocrat

who claims a firm hand is needed to pull people back up. Yet the coup demonstrated that an organized resistance, assembled around newly elected leaders, could defeat authoritarians. Moreover, important groups -- including the Army and parts of the KGB -- would not intervene against the democrats. Frankly, the big unknown variable is the legendary ability of the Russian people to endure.

A visitor to Moscow or St. Petersburg knows that **winter is coming.** Perhaps because winter has played such a major role in Russian history, defeating invaders and leaders alike, the encroaching winter appears to be taking on a symbolic feature of challenge. While the task ahead for the democrats will of course extend much beyond the next six months, the new democratic mayors of Moscow and St. Petersburg are mobilizing to meet the needs of their publics over this period.

For Mayor Sobchak of St. Petersburg and other new, dynamic leaders, these preparations are part of a larger strategy: They understand people need confidence in the future; they need hope; they need some examples of success. Sobchak also recognizes that the spirit of the people needs to be invigorated by their own sense of what they can accomplish, not by what others can give to them.

These are proud people. They want their accomplishments and potential -- which are great -- to be recognized. They want our support and cooperation. But they prefer investments or

loans to handouts. Perhaps the most encouraging sign is that the type of leaders who will need to step forward if Russia and the other republics are going to be successful -- people like Sobchak and Nazarbayev of Kazakhstan -- recognize that the great opportunities to be seized and the dangers to be avoided ultimately depend on tapping the creativity and energy of the people they represent.

A Policy of Active U.S. Engagement with the Soviet Union and the Republics

Throughout four decades of Cold War, America's relations with the Soviet Union were the primary preoccupation of our foreign policy. Although the old Communist regime is now gone, it would be a tremendous mistake to disengage just as the Soviet Union and its republics are moving into a critical stage of transition. The United States continues to have strong national interests in the course of events in that country. U.S. policy towards the Soviet Union and the republics must continue to adapt to meet changed and changing circumstances.

One strong national interest draws from a strain of our foreign policy that dates back to our earliest days as a nation. The United States has always viewed itself as a practical experiment in liberty and democracy. And we have welcomed, encouraged and, when possible, even protected those who aspire to these same values. This is the important

element of idealism in American foreign policy. Today's events in the Soviet Union and its republics offer one of our greatest historical opportunities to promote those values, and through doing so, to foster a democratic partner that can help us address other challenges around the world.

But America's statecraft has also sought to blend realism with this idealism. In this situation, our realistic national self-interests also dictate serious engagement. There is the potential for a democratic and market-oriented Soviet Union to contribute to global peace, stability, and prosperity.

But even if this potential fails to be fulfilled, we have an interest in precluding a return to an authoritarian state or states that may threaten neighbors. Within the past two centuries, the armies of Russia and the Soviet Union have marched from the shores of the Pacific to Paris and Berlin. Today, the borders of the Soviet Union mark an arc of other lands in transition: from the aspiring democracies of Central and Eastern Europe, through the Islamic lands of the Mideast, on to South Asian countries struggling with their own religious and national conflicts, and extending to the Communists of Eastern and Northern Asia who are trying to bolster bankrupt regimes. A large share of the world's nuclear weapons remains in the Soviet Union. Various republics have great factories for producing advanced conventional weapons, and some may be already looking for new markets in the world's troublespots. Upheaval in the heart of Eurasia could threaten the very countries that are our primary

In sum, because of both our ideals and our self-interest, our foreign policy must continue to direct considerable energy and creativity to the Soviet Union and its republics.

Let me briefly highlight our thinking on three topics:

(1) political evolution; (2) economic reform; and (3) foreign and security policy.

1. Political Evolution

Our policy towards the political evolution of the Soviet Union needs to respect the fluidity of the situation. And we must acknowledge the limits of any outsider's ability to affect the future course of events.

This is a key point: The fundamental need to establish political legitimacy can only be accomplished by the people of the Soviet Union and its republics. It's up to them to determine the outcome, not us.

But we are not disinterested bystanders. Many Soviet reformers, people of great reputation at home and abroad, have told us that the opinions of the Western democracies, and in particular the United States, are important. And although it is not our place to delineate the final outcome of the new political arrangements, we can speak to the process by which the decisions are reached.

Therefore, we have informed the leaders of the Soviet Union and its republics that our policies towards them will be guided by five principles set out by Secretary Baker on September 4:

- o First, they should determine the future of the country peacefully, consistent with democratic values and practices, and the principles of the Helsinki Final Act.
- o Second, we urge respect for existing borders, internal and external; any change of borders should only occur by peaceful and consensual means, consistent with CSCE principles.
- o Third, all levels of government should be based on democracy and the rule of law, especially through elections.
- o Fourth, all parties should safeguard human rights, based on full respect for the individual and including equal treatment of minorities.
- o Fifth, we urge respect for international law and existing international obligations.

These principles are of course not only applicable to the Soviet Union. They are drawn from the core principles of CSCE, the Helsinki Process, including the Charter of Paris.

They have been adopted by 38 countries reaching from North America throughout Europe.

These principles are not mere guidelines. They are also standards of accountability. Those Soviet leaders and peoples who adhere to these principles should know they are building the only sure basis for our support and assistance.

That's the message Secretary Baker conveyed to all Soviet and republic leaders when he went to the Soviet Union last month. That's a message we've asked our allies to reinforce. And that's a message we ask the Congress to support, too.

I would also draw special attention to the fact that **human rights remains at the heart of our policy toward the USSR and the republics.** It is as important now as ever before, as the republics gain authority over such issues as emigration and other fundamental human liberties. **Some of the republics are potential abusers of human rights.** So we're making very clear to all of them that human rights, including equal rights for minorities, must be respected and that their behavior in this regard will be a major factor in determining our engagement with them.

As I pointed out in February, we also need to try to manage uncertainty by multiplying our points of access within a society that is transforming itself. We have been working for

some time to expand our contacts with republic and local leaders. This has included a program of "circuit riders" -- regular visits by U.S. Embassy officials to republics where they can develop special ties. These contacts need to be strengthened further through opening new American consulates or "small posts" in various republics. We have sought ways to support democrats, free trade unions, the development of a free media, and market reformers. We have recently proposed Peace Corps programs.

We also believe that it's time for the Soviet Union and the U.S. to eliminate the impediments to human contacts that are among the most pernicious legacies of the Cold War. We urge Soviet agreement to our "Open Lands" proposal that would open all closed areas in both countries to travel by each others' citizens. We are also eager to work to lift onerous travel controls, visa restrictions, and other barriers to regular contacts between our citizens.

Our efforts are designed to expand our contacts with the full range of important groups in the newly pluralistic Soviet Union. Indeed, the need may be greatest with "swing groups", such as the Soviet military and the defense industrial complex. These remain powerful institutions or groups, and they reflect the anxiety that troubles much of the society. No Soviet leader will be able to ignore the military's concern about housing and jobs for the troops withdrawn from Central

and Eastern Europe and the Baltics. No economic reform program will be politically successful if it does not address the fears of the skilled and influential workers in the defense industrial sector.

2. Economic Reforms

Market economic reforms also must catch up with the new political freedom.

The most obvious need is to offer humanitarian support to ensure that basic needs are met during the winter. We have already sent two high-level missions to evaluate needs and distribution problems throughout the Soviet Union. This week Secretary Madigan is leading another team, including a number of private business executives. Since a significant dimension of the food problem is the failure to acquire, transport, store, and distribute foodstuffs effectively, an important part of USDA's work is to identify ways to help the Soviets and the republics introduce markets, thus fully utilizing what they produce. We are also sharing our assessments with the other G-7 countries, and our experts will meet within about a week to strengthen our cooperation.

In the meantime, we have decided to accelerate the availability of the \$1.5 billion of CCC credit guarantees that the President announced this June, and increased the coverage, so the Soviets can secure credit to buy large quantities of

American grain and other basic foodstuffs. (This \$1.5 billion is in addition to \$1 billion of CCC credit guarantees we provided in December 1990.) And we are examining other possibilities to meet emergency food needs.

Since early this year, we have worked with Project Hope to deliver urgently needed medical supplies directly to target locations. A number of U.S. pharmaceutical firms have made generous in-kind donations to this effort. So far, we have sent shipments to the Ukraine, the Aral Sea region of Kazakhstan and Uzbekistan, and Moscow, and we have others planned for the Urals industrial region and elsewhere. AID is working with Project Hope to extend and expand this program.

The second element of our economic effort is to work with the Soviet Union and its republics to develop expeditiously a serious and comprehensive market economic reform plan. The new Special Association with the IMF and World Bank, first proposed by President Bush last December, enables the reformers to start working right away with Western experts to develop a reform program that meets the standards of the international economic community. It is very important that the reforms meet these standards -- not because Western governments want to establish hurdles, but because these reforms are the key to tapping the Soviet Union's own considerable resources and talents. Private capital will only invest where businesses determine the mix of return and risk to be worthwhile. The critical fact is that given the size of

the Soviet economy, even large infusions of funds from Western governments would be insufficient to make a difference on the fundamental question of economic growth. We don't do the new reform leaders any favor by obscuring the fact that only private capital flows will enable them to create growth and jobs.

Most economists could probably agree on the components of a suitable market economic reform plan for the Soviet Union. That's not the problem. The plan will need to include the clear establishment of property and contract rights, privatization, competition among producers, macroeconomic stabilization, price decontrol, and some narrowly delineated system to ensure that the general public receives necessities in the aftermath of price decontrol and before producers respond to price signals by increasing supplies. The difficult task is the sequencing of these actions.

There is no doubt that the implementation of such a plan would be difficult. But as we have told the Soviets for years now, the situation will not get better while they wait. Indeed, I believe it is imperative to act promptly so as to draw upon public support in the aftermath of the coup. I believe leading reform economists, such as Grigory Yavlinskiy, share this perspective. But they are struggling at present to secure a new economic treaty among republics that might enable them to have the authority to implement such a plan.

The third component of our economic engagement is an enhanced program of technical cooperation. We began this effort in the autumn of 1989; now we need to expand it. As you are aware, the Administration is seeking authorization from Congress to spend a limited sum of foreign assistance monies for technical assistance to the Soviet Union and the republics.

Our political assistance will concentrate on helping to build democratic institutions.

Our present economic priorities are:

- o Improvements in the food distribution system, so the Soviets can use their own resources to help meet basic needs.
- o Promotion of private investment in the energy sector, which could help the Soviets and the republics increase their hard currency earnings in the medium term.
- o Support for defense conversion, which, while extraordinarily difficult, is obviously highly significant politically and economically.
- o Finally, we need to expand our efforts to train people in the basics of business and to improve the understanding of how a market economy works.

President Bush sought to lend high visibility to the priority of helping to build a private sector by hosting a large breakfast for business entrepreneurs when he visited Moscow. The Commerce Department has begun an internship program with American businesses, which we would like to expand. The Peace Corps has proven helpful in Central and Eastern Europe at a low cost, and we are examining whether we might draw on its skills in this area in the Soviet Union. In addition, as Secretary Brady has suggested, we are working on ways to draw on the capabilities of our private sector, including through groups like the Citizen Democracy Corps.

We hope the Congress will be able to support our efforts by authorizing expenditures for enhanced technical assistance to help build democracy and a market economy, by repealing the Stevenson and Byrd limitations on our credit programs, and by ratifying the Trade Agreement.

3. Foreign and Security Policy

Our third area of engagement is through our foreign policy agenda. We are pleased with the accomplishments in this realm to date, but we have much more to do. Our strategy since 1989 has been to explore and develop possible "points of mutual advantage" for both the United States and the Soviet Union. We probed the "new thinking" in Soviet foreign policy, seeking to shape and, where possible, to alter Soviet policy

calculations so that they might face up to the contradictions between the new thinking and old habits. This strategy required us to broaden and deepen our agenda with the Soviets.

Our first objective was to work with the Soviets to overcome the division of Europe, the original cause of the Cold War. Our cooperative approach avoided singularizing or isolating any party that respected moves towards freedom. The Iron Curtain was scrapped, and we achieved German unification peacefully and democratically. The Baltics have been freed. Although many Soviet troops still need to return home from Germany, Poland, the Baltics and Cuba, we are close to achieving some of the key goals of U.S. foreign policy for over 45 years.

Second, we stressed our common interest in resolving regional conflicts peacefully, often seeking to rely on elections as a means of establishing legitimacy and the local popular will. To create an appropriate context for elections, we sought to use our respective influence to persuade conflicting parties that the use of arms would not produce an enduring solution. This has been the approximate formula for our cooperative efforts in Nicaragua, El Salvador, Cambodia, Angola, and Afghanistan. The experience provided the basis for the immediate, joint U.S.-Soviet denunciation of Iraq's attack on Kuwait, which in turn provided the basis for unprecedented UN and multinational action.

Since the failed August coup, the pathways of cooperation that we established have multiplied. We have agreed with the Soviets to cut off all arms to the antagonists in Afghanistan by the end of the year. The Soviet Union has agreed to withdraw its troops from Cuba and put its economic relationship with Cuba on a commercial basis. We hope the increasing isolation of Castro will eventually persuade him that the people of Cuba can only prosper if they are given the freedom that more and more people around the world now enjoy. There also now is a chance that the rebels in El Salvador recognize there is no future in killing, and that both sides of that deeply wounded society have decided to try to leave hatred behind for peaceful reconciliation. There may be possibilities for returning the Northern Territories to Japan, ending one of the last territorial disputes of World War II. Finally, we are working with the Soviets to launch a Mideast peace conference.

Third, over the past two years, we have deepened and expanded the arms control agenda. This led to landmark agreements on conventional forces, strategic arms, and chemical weapons destruction. We still must focus on the ratification and complete implementation of such agreements.

But now we can also move to a different threshold of accomplishment. President Bush pointed the way to a whole new attitude toward nuclear weapons, stability, and security in his Friday address.

Indeed, inherent in the President's message was an important theme: The dangers that we, and the Soviets, will face in the future are more likely to come from rogue third parties than from one another. So it makes sense that our arms control thinking shift increasingly to the risks of proliferation and regional conflicts.

Our fourth objective was to launch joint efforts to solve transnational problems of common interest, such as narcotics, terrorism, and the environment. Now this work must increasingly involve republic leadership.

In sum, our foreign policy agenda remains rich in potential. As we sweep away the items on the old agenda, it is our intention to move to a new agenda, one where we hope the changing Soviet Union can act increasingly as a partner in addressing future problems.

Defining Policy Success

I would like to conclude by raising a point that might seem somewhat unusual, but which I believe is important as the United States considers its future relations with the Soviet Union and the republics. We are likely to be working through a transitional period for what could be a considerable period of time. So we need to reflect carefully on what we would consider to be the results of a successful policy.

I suspect we would generally share a sense of the objectives on the foreign policy agenda I outlined. But what constitutes success in the other dimensions of our policy -- especially those related to political evolution and economic reform?

Frankly, we should not be surprised if the Soviet Union and its republics are not able to completely transform themselves into a stable, prosperous democracy or democracies on the Western European model within the next few years.

Nevertheless, there are numerous results short of that goal that might be possible. These intermediate results could prove beneficial to the United States and the world at large. And they could be steps on a pathway to a tremendous achievement.

I suggest that we direct our efforts at maintaining the conditions in which democratic and market economic reformers can continue to strive to bring the Soviet Union within the larger Euro-Atlantic community. We should expect that there will be setbacks. We should expect that some republics will go through periods of struggle, violence, factionalism, and even a return to the old tools of repression. But these twists and turns should not dissuade us from continuing to encourage and support those who continue the effort to embrace the five political principles I outlined above.

For 45 years, other Americans held fast so that freedom and liberty could finally light the lives of hundreds of millions of people frozen in a backward and frightening age. These people will need the leadership, spirit, and example that only America can supply. And subsequent generations of Americans will be better off for our continued effort.

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U.S. DEPARTMENT OF STATE

Office of the Assistant Secretary/Spokesman

AS PREPARED

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ADDRESS

BY

SECRETARY OF STATE JAMES A. BAKER, III
TO THE
ASPEN INSTITUTE BERLIN

Steigenberger Hotel
Berlin, Germany
Tuesday, June 18, 1991

THE EURO-ATLANTIC ARCHITECTURE:
FROM WEST TO EAST

I am pleased to be back in Berlin.

When I visited you in 1920, the Wall had just become a Gateway.

When I returned in 1990, I took part in negotiations to end the division of this city, this nation, this continent.

And now, in 1991, I have the honor of meeting in the capital of a united Germany.

Not as great as this progress has been, there is something else of lasting vitality we have created here. Berlin is much more than a city to Americans. Berlin is the birthplace of a special kinship between Germans and Americans. It is here that Germans and Americans, once adversaries, stood together. This is the place where we suffered, shared, and strove for freedom.

We started the trans-Atlantic community here.

And it is from here that we must extend it.

When I spoke in Berlin in December 1989, I outlined our ideas about the architecture of a New Europe and a New Atlanticism. We have made notable advances in this architecture for a post-Cold War era.

Yet our vision must look beyond.

We must begin to extend the trans-Atlantic community to Central and Eastern Europe, and to the Soviet Union. These are the still incomplete pieces of our architecture. The revolutions of freedom in Central and Eastern Europe need our ongoing support to become lasting democracies. Perestroika needs our encouragement to move further toward a free society and free markets.

Our objective is both a Europe whole and free, and a Euro-Atlantic Community that extends east from Vancouver to Vladivostok.

President Bush spoke in Prague about a "new commonwealth of freedom...rest[ing] on shared principles...that constitute our common values."

We are starting to build this larger Euro-Atlantic Community here, in the eastern Laender of Germany.

America's commitment to the unification of Germany did not end with the ratification of the Two-plus-Four Treaty. That's why I wanted to listen to some of the people of the East myself today, to see their home with my own eyes. That's why we have launched a comprehensive program to extend America's hand to all Germans.

I have no doubt that before too long this part of Germany will be one of the foremost engines in Europe. On that day, I believe Americans and Germans will be standing on the shop floor together.

But we cannot rest with the integration of all of Germany.

The Atlantic Community: A Community of Values

To me, the trans-Atlantic relationship stands for certain Enlightenment ideals of universal applicability. These values are based upon the concept of individual political rights and economic liberty rooted in European ideas of the 17th and 18th Centuries, and first planted in the new American nation.

While these values were originally associated with Western Europe and the United States, they transcend national borders. Indeed, these ideals stand in sharp contrast to some later 19th Century views about the intrinsic qualities of societies and peoples, based upon history and heredity, which could allegedly find their highest expression in the state.

Ironically, perhaps, the narrow 19th Century European nationalism also gave way to another, and very different, rationalist and universalist ideology that would also transcend national borders: Marxism. In the Soviet Union, Bolshheviks blended this ideology with a slavophile movement that was itself a reaction against allegedly alien Western values. Stalin imposed this ideology on half of Europe. Now its failures and destruction are obvious to all.

As the shackles of this failed ideology have been lifted or broken -- in Central and Eastern Europe, in the Soviet Union itself, and elsewhere in the world -- old 19th Century nationalisms and animosities have reemerged. These forces cast shadows over the new democracies, particularly those cooking root in multi-ethnic societies. They expose anxieties about political, economic, and military security. They risk creating new divisions of Europe.

We need to offer an inspiration, even a goal, to these peoples rediscovering new values upon which they can build pluralistic, democratic, and free market societies. We need to picture their place in the new architecture.

Our architecture needs to fulfill the long-established NATO goal, from the 1967 Harmel Report, of achieving "a just and lasting peaceful order in Europe." To do so, our structures need to promote Euro-Atlantic political and economic values, the ideals of the Enlightenment. They need to establish the components of cooperative security for a Europe whole and free. And we need to demonstrate how integration can cope with new dangers from old enmities.

The Devolution and Evolution of the European Nation-State

Perhaps the most striking phenomenon across all of Europe today is the combined and simultaneous devolution and evolution of the nation-state. While the nation-state remains by far the most significant political unit, its political role is being increasingly supplemented by both supranational and subnational units. In other words, some of the nation-state's functions are being delegated "upward" and others "downward."

In Western Europe, the process of evolution has been striking. Over the past forty years, West Europeans have transferred more and more functions from the national to the supranational level. The European Community has achieved history's most intense and comprehensive voluntary evolution of governing authority above the national level. The Atlantic Alliance, for its part, may have achieved the most fundamental intergovernmental cooperation, for it is to NATO that Europeans as well as North Americans have entrusted not merely their prosperity, but their personal and national existence.

In Western Europe, evolution has been accompanied by the devolution of power to state and local governments, to regions that sometimes cross national borders, and to the private sector.

In Central and Eastern Europe, on the other hand, devolution is certainly the more prominent phenomenon. With the collapse of Communism, ethnicity has reemerged as a powerful political force, threatening to erect new divisions between countries and, even more acutely, within multinational states.

Yet even in the East, there is a simultaneous process of evolution underway. We are seeing the beginnings of a Europe of Regions that may well be overlapping. Cooperation among Poland, Hungary, and Czechoslovakia; the Pentagone; and the exploration of ties among northern states that rim the Baltic and of southern states on the Black Sea are examples of early efforts. Similarly, the Nine-plus-One accord within the Soviet Union is a first effort to reestablish the legitimacy of that multinational state on the basis of voluntary association among component parts. Furthermore, the interest of these states in associating themselves with Western institutions like the IMF, the EC, and the OECD is also evidence of this evolutionary tendency.

Evolution and devolution are not alternatives, but complementary, and indeed interdependent developments. The building of a Euro-Atlantic Community can only be achieved on a democratic basis if there is grassroots involvement in the process. Thus, the architects of a united Europe have adopted the principle of "subsidiarity," something like American "federalism" -- that is, the devolution of responsibility to the lowest level of government capable of performing it effectively. By the same token, the process of devolution in the East will lead to fragmentation, conflict, and ultimately threaten democracy if it is not accompanied by the voluntary delegation of powers to national and even supranational levels for basic matters such as defense, trade, currency, and the protection of basic human rights -- particularly minority rights.

The United States is a nation of ideas, not of blood, birth, or creed. Americans know that many levels of government can coexist and cooperate effectively, and that one can thereby build a strong nation out of diversity. Throughout the Euro-Atlantic community, and indeed elsewhere around the globe, a fundamental challenge for democracy is to encompass, to represent, but also to transcend ethnic ties on the basis of common, indeed universal, values.

The integration of Western Europe within the EC and NATO has virtually transcended all the old territorial disputes, irredentist claims, and ethnic grievances among and within its member states. Euro-Atlantic integration has made it literally inconceivable that localized disputes could become a source for serious conflict among these states. The incentives for cooperation within these multi- and supranational frameworks are overwhelmingly high in comparison with the remaining areas of discord. If we are to ensure comparable levels of peace and prosperity for Europe as a whole, comparable structures should be introduced to shape and develop interdependence among these countries.

In sum, in both East and West, the processes of evolution and devolution need to be kept in constructive equilibrium. Only by achieving balanced progress in both directions can the individual be assured a voice in the management of an ever more interdependent world.

Let me turn now to this architecture's essential structures -- NATO, the EC, and CSCE. I will examine how they have developed since December 1989, and consider how they might contribute to a Euro-Atlantic architecture extending from North America across Europe to the Soviet Union.

NATO's New Missions

So far, NATO's adaptability has attested to its vitality. It is, in fact, both a sturdy cornerstone and initiator of cooperative structures of security for a Europe whole and free.

First and foremost, our London Summit Declaration paved the way for the peaceful unification of a democratic Germany.

Next, our common resolve in the CFE negotiations resulted in a landmark agreement that will transform the military map of Europe. Within the past two weeks, the Alliance's foreign ministers agreed on NATO's core security functions in the new Europe. We agreed that the Alliance provides one of the indispensable foundations for a stable European security environment. It serves as a trans-Atlantic forum for allied consultations and coordination in fields of common concern. It deters and defends against any threat of aggression against the territory of any member state. And it preserves the strategic balance within Europe.

We also agreed that the development of a European security identity would further strengthen the Alliance and enhance its capabilities to fulfill these functions in the future, while encouraging an even more prominent European role in the process. The United States has pledged to support our European Allies in the development of this identity and work with them in expanding cooperation between European and Atlantic institutions in the defense and security fields.

The Alliance's new agenda, especially its political role, is evident as well in our plans to build partnerships with the countries of Central and Eastern Europe and the Soviet Union. We have proposed initiatives to intensify contacts among security officials, military authorities, parliamentarians, leadership groups, and scientific and environmental experts.

The new democracies of Central and Eastern Europe are already committed to our shared values; now we must focus on the practical relationships that will help promote and secure them.

These Alliance contacts are also designed to draw the Soviet Union toward the new architecture. If reform in an increasingly pluralistic Soviet Union is going to succeed, we must reach out to the Soviet military and defense industrialists, as well as to reformers. We want them to know about NATO's strategy, doctrine, and defensive nature. They may be able to draw from our experience with civil-military relations. And we want to support efforts to convert defense industries to civilian production that will benefit the well-being of working men and women.

- 6 -

The European Community: Continuing Integration and Support for an Eastern Agenda

The European Community's success at integration enables its member nations to benefit from common policies, preserve distinctive national attributes, and also devolve authority to local governments closer to the people. The Community is now in the midst of two intergovernmental conferences that will deepen its political and economic integration. As I said in Berlin in 1989, this was the goal supported by the United States of Marshall and Acheson. And we support it today.

Of course, we do so in the expectation that a European union will assume a place as a responsible leader contributing to the strengthening of structures of global, as well as continental, interdependence. Our commonwealth of freedom must reach out further, to Japan and Asia, to Latin America, to Africa.

It is in this global context that the EC's energetic commitment to a successful Uruguay Round looms large. Unfortunately, EC agricultural policies have raised concern. While we recognize the important role that the Common Agricultural Policy played in Europe's integration, we hope that Europeans now recognize that its continuation in its present form will injure developing nations and the GATT system. It would be tragic for the Community to send a signal of global insularity during the very year that it was achieving new levels of European integration.

The strength of the Euro-Atlantic community depends on cooperation between the Community and the United States keeping pace with European integration and institutional development. Our US-EC declaration, completed late last year, reflects a first step on this path. Under Luxembourg's strong leadership, our contacts with the Council Presidency and the Troika have developed rapidly and fruitfully. Similarly, we are opening new ties with the Commission in areas such as energy, competition policy, and privacy.

It is my hope that as the Community makes decisions on its own future, it will continue to develop the possibilities for effective interaction with the United States and others as global partners. The successful creation of a coherent internal structure for the Community should also strengthen its capacity for effective external relations and responsibilities.

In the near term, perhaps the EC's greatest external challenge is to reach out to the East. The EC's very political and economic success has already served as a magnet, drawing eastern nations toward democracy and market economics.

The Commission complemented this appeal through its coordinating role for the Group of 24 effort for the new market democracies of Central and Eastern Europe. We hope this is but the first of many steps to removing the economic barriers these countries face within Europe. The Community's intention to negotiate expanded association agreements, consistent with GATT, is another stage.

It is a simple fact that the new market democracies will not be able to draw foreign investment, to privatize, to build competitive businesses that will create jobs -- if they are not allowed to compete fairly for markets.

I am optimistic that the European Community will meet this challenge of extending the Euro-Atlantic community eastward. Whether by example, supportive policies, association, ties with other regional groups, or even, if some day Europeans so decide, through further integration, the EC can help these market democracies establish a home in our larger community of common values.

CSCE: A Comprehensive Framework for Building a Euro-Atlantic Community

CSCE, the Helsinki process, remains the one group that brings together all the countries of Europe and North America on the basis of a common commitment to human rights and democratic principles. These rights and principles are the foundation for a Euro-Atlantic Community already reaching beyond Berlin to the East.

We need to build a practical record of success for CSCE, with appropriate capabilities in all three baskets in a mutually supportive fashion, and thus support the process of reform that will allow CSCE to become a true community of values.

Tomorrow, CSCE Foreign Ministers will meet for the first time as the Council of Ministers established in the Charter of Paris. I hope that over the next two days my colleagues and I will be able to take additional steps to enrich CSCE along the lines of the proposals Foreign Minister Genscher and I made in May. We should adopt a procedure for calling emergency meetings of CSCE officials at the sub-ministerial level. We can strengthen the Conflict Prevention Center. And I hope we can also develop procedures under which ministers could direct the establishment of fact-finding missions.

We also need to entertain other ideas. Minister Bessmertnykh has made a proposal for a standing CSCE human rights body. This merits serious attention. It might be complemented by adding fact-finding missions as a fifth step in the Human Dimension Mechanism.

I propose we consider convoking a specialized CSCE meeting on support for free media. We might also expand the mandate of the Office of Free Elections to become an Office of Democratic Institutions so that voting day will be matched by 364 other days of liberty in the year.

In the economic area, I propose we establish new CSCE Chambers of Commerce in countries moving to market economies to organize and speak for the interests of private businesses. We might also organize a seminar on the social and financial implications of defense conversion and budget cuts.

- 8 -

CSCE is also an appropriate forum to address the issues of migration within Europe. An experts' meeting could seek to develop humanitarian principles for handling massive immigration and refugees within the CSCE region and cooperative arrangements to anticipate and address the causes and benefits of such population movements.

In sum, I envisage CSCE developing an agenda that can foster the sharing of ideas and cooperation on issues of common concern. That is a prerequisite to more complex integration.

It is also important that we view CSCE as a framework, not a unitary body for the Euro-Atlantic agenda. Indeed, as we extend the Euro-Atlantic architecture to the East, we need to be creative about employing multiple methods and institutions -- including NATO, the EC, the OECD, the Council of Europe, and others -- to address common concerns.

Take the issue of security. We have in fact been developing arrangements for cooperative security to meet the needs of the newly emerging democracies and to engage a reformed Soviet Union.

One, CSCE will contribute by creating the political, economic, and security conditions that may defuse conflict. CSCE will also have systems to warn of potential dangers, mechanisms to attempt to mediate them, and ways to engage others to help resolve them. In this way, the structure would help avoid the conditions and bias toward escalation that characterized Europe in August 1914.

Two, NATO would provide a complementary role. A strong defensive Alliance allows for lower levels of military forces and provides a foundation of stability within Europe as a whole. The arms control agenda pursued by NATO will augment this security. NATO's liaison missions will communicate the Alliance's peaceful intentions, encourage civil-military relations, and contribute to a climate discouraging intimidation and aggression.

Three, such other integrating institutions of the Euro-Atlantic community as the EC, the Council of Europe, and the OECD are creating a network of political and economic support. This support both strengthens the new market democracies internally and signals to any would-be threat that these nations are part of a larger community with a stake in their success.

Finally, it is also important to shape the future security agenda in Europe to meet changing challenges, including the special needs of the East. The time has come to set new goals, which go beyond the concept of balance, and begin to establish the basis for a real cooperative security. To this end, I propose a three-tier agenda for future CSCE activities in the arms control and security area.

First, we need to institutionalize openness and transparency in our military affairs. We should intensify our efforts to reach an Open Skies treaty. We should establish a regular dialogue about military forces, budgets, defense plans, and doctrines.

And to address the possible regeneration of forces within the Atlantic to the Urals region, we should consider measures that would provide early and clear indications of rebuilding efforts -- not simply to avoid surprise but also to inhibit such moves.

The second part of our agenda is conflict prevention. Such milestone measures as the CFE Treaty and the CSBMs agreement will all but eliminate the threat of a short-warning, massive war in Europe. But we also need to address more discrete localized problems within the CSCE area with the potential to lead to conflict between CSCE members.

These might include new measures to address some of the security concerns of particular regions. They might include new measures to cope with the problems of the Balkans or other areas where stability could be at risk. Some of these measures could be along the lines of arms control and confidence-building measures. They might also involve a broader, political approach, such as supplying CSCE fact-finding, mediation, and peace-keeping capabilities when requested by nations immediately concerned.

Third is the challenge of proliferation: stopping the spread of chemical, biological, and nuclear weapons -- as well as the missiles that deliver them -- and cooperating in the development of national policies to exercise restraint in the sale of conventional weapons. President Bush has called for a concentrated global effort to meet this challenge. We in the CSCE can contribute by building a partnership of responsibility and restraint.

CSCE members are some of the most important arms suppliers in the world. As an offshoot of East-West confrontation, some CSCE economies have become heavily dependent on exporting weaponry. This is a problem we must address together to find innovative approaches to the problems of defense industry conversion.

Taken as a set -- the CFE Treaty and the manpower declarations being negotiated in CFE 1A; CSCE, including this new agenda for arms control; the continued vitality of NATO, including its liaison missions; the EC and other European institutions -- we are building the basis for a cooperative security in Europe.

Extending the Trans-Atlantic Community to the Soviet Union

Our greatest challenge will be to extend the trans-Atlantic community to the Soviet Union. While the new architecture can accomplish much short of that goal, it will be incomplete as long as the USSR hesitates outside.

Perestroika is an opportunity for "new thinking" in many areas -- not only in foreign policy, where we have achieved much together, but also in defense policy, economics, democratization, Center-Republic relations, and human rights.

The revolution of perestroika has unleashed a new pluralism. The old political and economic structures have broken down. And it will take time to build new ones based on the popular will.

The elections in Russia and elsewhere are a good start. We need to engage the diverse groups -- reformer and traditionalist -- recognizing that coalitions will form, break down, and form again. The transformation of the Soviet Union will inevitably have its ups and downs.

It should be our ongoing objective, however, to reassure and even buttress this home-grown Soviet effort. Perestroika is a Soviet concept and a Soviet objective, driven by the realization that change is essential to reverse stagnation and deterioration. It is in the interest of the Soviet peoples to embrace a real market economy, democracy, and the rule of law. It is in our interest to support them.

I have spoken in recent weeks of the political, economic, nationalities, foreign, and defense policy context that could enable the Soviet Union to fulfill the hopes of perestroika.

And I have spoken today of a number of ways that NATO, the EC, CSCE, and other Euro-Atlantic structures can serve as models for Soviet internal reform and international cooperation.

Yet I also recognize that the United States, for reasons of history, has a special role to play in supporting the process of change in the Soviet Union. As the Soviets demonstrate the will to help themselves, to follow President Gorbachev's call in Oslo to "stay the course" on perestroika and the new thinking, then we can and should join them step-by-step.

As I said last week before the US Senate, "[w]e can serve as a catalyst for political and economic reform. Indeed, we are developing a package of supportive measures, which we hope to coordinate with other Western governments."

The complete package is, of course, for the President to announce. But as we have pointed out in recent weeks, elements could include a special association with the IMF and World Bank to help design and implement serious economic reforms; a public-private project to resolve impediments to private investment in energy development, which can earn hard currency and provide an example of a successful sector operating with property and contract rights; a mutual effort to invigorate the food distribution sector to produce improvements for consumers soon through the establishment of market incentives; work to support defense conversion; enhanced technical cooperation, including in the field of economic education; more open trade; and the additional \$1.5 billion of credit guarantees the President authorized last week for the purchase of grains.

I hope President Gorbachev now brings forward a new effort at serious market reform that will enable us to advance perestroika -- to advance a Soviet agenda and Soviet goals. The door to the Euro-Atlantic Community is open. But only the Soviets can decide to step over the threshold.

- 11 -

The Euro-Atlantic Outlook

A half century ago, it would have seemed impossible that an American Secretary of State would stand in Berlin, speaking to Germans and Americans, about the values of the Euro-Atlantic Community. Particularly, that he would describe ideas about securing these values in the new market democracies of Central and Eastern Europe, extending them to a Soviet Union in the throes of reform, and indeed promoting these values in the world at large. But our predecessors have made the impossible, possible. Now it is the turn of our generations to draw out and then help sustain the Enlightenment spirit. To do so, we must be idealists and realists, setting a goal, and then adapting our successful, workable trans-Atlantic architecture to meet the new challenges of a post-Cold War era.

It is most fitting that in Berlin, Freedom's City, we would chart this course.

PRESS DEPARTMENT OF STATE

4

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"A NEW EUROPE, A NEW ATLANTICISM:
ARCHITECTURE FOR A NEW ERA"

ADDRESS BY SECRETARY OF STATE

JAMES A. BAKER, III

TO THE

BERLIN PRESS CLUB

STEIGENBERGER HOTEL

BERLIN

TUESDAY, DECEMBER 12, 1989

AS PREPARED FOR DELIVERY

For further information contact:

It is a great honor for an American to speak at this time in this city. For me and for millions of my fellow citizens, Berlin is the crucible of half a century of history.

-- Here we have seen clearly what elsewhere hid in shadows.

-- Here the ambiguous disclosed its true nature.

-- Here we made the choices and took the stands that shaped today's world.

In 1945, pictures of a bombed-out Berlin brought home to us the terrible cost of war.

In 1948, the Soviet Union stalked out of the Four Power Control Commission and blockaded Berlin -- the clear declaration of cold war.

In 1953, Berliners staged the first popular revolt against Soviet tyranny in Eastern Europe.

In 1961, the Berlin Wall closed the last escape hatch from the prison camp of nations which Eastern Europe had become.

In 1971, the Quadripartite Agreement on Berlin epitomized the terrible dilemma of detente -- the proposition that cooperation between East and West assumed the continued division of this continent.

Then in 1989, the most important event -- certainly the most dramatic -- of the postwar era occurred, right here in Berlin.

On November 9, the Wall became a gateway. Berliners celebrated history's largest, happiest family reunion. And all of us who watched these scenes felt, once again: We are all Berliners.

Once more images from Berlin flashed around the world, images that again heralded a new reality. This new reality has its roots in those older Berlin scenes -- the scenes of West Berlin's dramatic postwar reconstruction; the scenes of Allied aircraft supplying a blockaded city; the scenes of American and Soviet tanks facing off at Checkpoint Charlie.

By standing together, in Berlin as elsewhere, Western nations created the essential preconditions for overcoming the division of this city, of this nation, and of this continent.

As these recent events have unfolded, the Soviet Union has shown a remarkable degree of realism. And President Gorbachev deserves credit for being the first Soviet leader to have the courage and foresight to permit the lifting of repression in Eastern Europe.

But the real impulse for change comes from an altogether different source: the peoples of Poland, of Hungary, of Czechoslovakia, of Bulgaria, and of East Germany.

They have freed themselves.

From the Baltic to the Adriatic, an irresistible movement has gathered force -- a movement of, by, and for the people. In their peaceful urgent multitude, the peoples of Eastern Europe have held up a mirror to the West and have reflected the enduring power of our own best values. In the words of Thomas Jefferson, the first American Secretary of State, "Nothing is more certainly written in the book of fate than that these people are to be free."

The changes amount to nothing less than a peaceful revolution.

Now, as President Bush stated last week, "the task before us is to consolidate the fruits of this peaceful revolution and provide the architecture for continued peaceful change."

The first step is for free men and women to create free governments. The path may appear difficult, even confusing, but we must travel it with understanding. For true stability requires governments with legitimacy, governments that are based on the consent of the governed.

The peoples of Eastern Europe are trying to build such governments. Our view, as President Bush has told President Gorbachev, is that the political and economic reforms in the East can enhance both long-term stability in Europe and the prospects for perestroika. A legitimate and stable European order will help, not threaten, legitimate Soviet interests. An illegitimate order will provide no order at all.

Free men, and free governments, are the building blocks of a Europe whole and free. But hopes for a Europe whole and free are tinged with concern by some that a Europe undivided may not necessarily be a Europe peaceful and prosperous. Many of the

guideposts that brought us securely through four sometimes tense and threatening decades are now coming down. Some of the divisive issues that once brought conflict to Europe are reemerging.

As Europe changes, the instruments for Western cooperation must adapt. Working together, we must design and gradually put into place a new architecture for a new era.

This new architecture must have a place for old foundations and structures that remain valuable -- like NATO -- while recognizing that they can also serve new collective purposes. The new architecture must continue the construction of institutions -- like the EC -- that can help draw together the West while also serving as an open door to the East. And the new architecture must build up frameworks -- like the CSCE process -- that can overcome the division of Europe and bridge the Atlantic Ocean.

This new structure must also accomplish two special purposes. First, as a part of overcoming the division of Europe there must be an opportunity to overcome through peace and freedom the division of Berlin and of Germany. The United States and NATO have stood for unification for 40 years, and we will not waver from that goal.

Second, the architecture should reflect that America's security -- politically, militarily, and economically -- remains linked to Europe's security. The United States and Canada share Europe's neighborhood.

As President Bush stated in May, "The United States is and will remain a European power". And as he added last week, "The U.S. will maintain significant military forces in Europe as long as our Allies desire our presence as part of a common security effort". This is our commitment to a common future, a recognition of a need for an active United States role in Europe, a need even acknowledged by President Gorbachev.

The charge for us all, then, is to work together toward the New Europe and the New Atlanticism.

New Missions for NATO

In May of this year, President Bush suggested to his NATO colleagues that it was time to begin considering New Missions for NATO.

For over forty years, the North Atlantic Treaty Organization has secured peace in Europe through both deterrence and dialogue with the East. Today, NATO is working in Vienna to build a new security structure for Europe, one in which the military component is reduced and the political is enhanced. This is NATO's first new mission.

A conventional forces agreement is the keystone of this new security structure. In May, NATO adopted President Bush's suggestion to seek such an agreement on an accelerated timetable. President Gorbachev has responded to this opportunity positively. And we have moved significantly closer to concluding an agreement limiting conventional armaments from the Atlantic to the Urals. In Malta, President Bush proposed a summit meeting to sign such an agreement in 1990.

Today, I further propose that the Ministers of the 23 NATO and Warsaw Pact nations take advantage of our February meeting in Ottawa, where we will launch the Open Skies negotiations, to review the status and give a further push to the Vienna Talks on Conventional Forces.

As we construct a new security architecture that maintains the common defense, the non-military component of European security will grow. Arms control agreements, confidence-building measures and other political consultative arrangements will become more important. In such a world the role of NATO will evolve. NATO will become the forum where Western nations cooperate to negotiate, implement, verify and extend agreements between East and West.

In this context, the implementation and verification monitoring of a conventional forces agreement will present a major challenge for enduring security. NATO must make an important contribution.

I therefore invite Allied governments to consider establishing a NATO Arms Control Verification Staff. Verification will remain a national responsibility. But such a new Staff would be able to assist member governments in monitoring compliance with arms control and confidence building measures in Europe. A NATO organization of this sort could be valuable in assisting all Allies and coordinating the implementation of inspections. It could provide a clearinghouse for information contributed by national governments, perhaps joining with collective European efforts through the Western European Union.

As the East-West confrontation recedes, and as the prospects for East-West cooperation advance, other challenges for European and Atlantic security will arise. They point to NATO's second new mission. Regional conflicts -- along with the proliferation of missiles and nuclear, chemical and biological weapons -- present growing dangers. Intensified NATO consultations on these issues can play an important role in forming common Western approaches to these various threats.

Third, NATO should also begin considering further initiatives the West might take, through the CSCE process in particular, to build economic and political ties with the East, to promote respect for human rights, to help build democratic

institutions, and to fashion, consistent with Western security interests, a more open environment for East-West trade and investment.

Finally, NATO may have its greatest and most lasting effect on the pattern of change by demonstrating to the nations of the East a fundamentally different approach to security. NATO's four decades offer a vision of cooperation, not coercion; of open borders, not iron curtains. The reconciliation of ancient enemies, which has taken place under the umbrella of NATO's collective security, offers the nations of Eastern Europe an appealing model of international relations.

Whatever security relationships the governments of Eastern Europe choose, NATO will continue to provide Western governments the optimal instrument to coordinate their efforts at defense and arms control, and to build a durable European order of peace. The interests of Eastern Europe, and indeed the interests of the Soviet Union, will be served by the maintenance of a vigorous North Atlantic Treaty Organization.

The Role of the European Community

The future development of the European Community will play a central role in shaping the New Europe.

The example of Western cooperation through the European Community has already had a dramatic effect on Eastern attitudes toward economic liberty. The success of this great European experiment, perhaps more than any other factor, has caused Eastern Europeans to recognize that people as well as nations cooperate more productively when they are free to choose. The ballot box and the free market are the fundamental instruments of choice.

But the European experiment has succeeded not just because it has appealed to the enlightened self-interest of European producers and consumers. This experiment has succeeded because the vision of its founders encompassed and yet transcended the material. This experiment has succeeded because it also held out the higher goal of political as well as economic barriers overcome, of a Europe united.

This was the goal of Monnet and Schumann. This was the goal supported by the United States of Marshall and Acheson. This was the goal contained in the Treaty of Rome and more recently in the European Single Act. The United States supports this goal today with the same energy it did 40 years ago.

Naturally, the United States seeks a European Community open to cooperation with others. We believe Americans will profit from access to a single European market, just as Europeans have long profited from their access to a single American market. However, it is vital to us all that both these markets remain open -- indeed that both become even more open.

As Europe moves toward its goal of a common internal market, and as its institutions for political and security cooperation evolve, the link between the United States and the European Community will become even more important. We want our transatlantic cooperation to keep pace with European integration and institutional reform.

To this end, we propose that the United States and the European Community work together to achieve, whether in treaty or some other form, a significantly strengthened set of institutional and consultative links. Working from shared ideals and common values, we face a set of mutual challenges -- in economics, foreign policy, the environment, science, and a host of other fields. So it makes sense for us to seek to fashion our responses together as a matter of common course.

We suggest that our discussions about this idea proceed in parallel with Europe's efforts to achieve by 1992 a common internal market so that plans for US-EC interaction would evolve with changes in the Community.

The United States also encourages the European Community to continue and expand cooperation with the nations of the East. The promotion of political and economic reform in the East is a natural vocation for the European Community. That is why we were exceptionally pleased with the agreement at the Paris Economic Summit that the European Commission should assume a special role in the Group of 24 effort to promote reform in Poland and Hungary.

The United States has worked closely with the European Community in mobilizing economic and financial support for Hungary and Poland. Indeed, the United States has authorized almost \$1 billion of assistance to these two nations. This week, we look to the Group of 24 meeting to move as close as possible toward achieving the \$1 billion stabilization fund Poland requested to support its major move toward currency convertibility and macroeconomic reform.

That should be just the start of our common labor. Poland and Hungary have forty years of economic stagnation to overcome, and this will take time and our steady support. As Czechoslovakia, Bulgaria and the German Democratic Republic undertake political and economic reforms comparable to those already underway in Poland and Hungary, we believe the activities of the Group of 24, centered around the EC, should be expanded to support peaceful change in these countries as well.

As the nations of Eastern Europe achieve more open political and economic systems, they may seek new relationships with the European Community, with the Council of Europe and with other institutions serving both Europe and the broader international community. In fact, such ties could be fundamental to our strategy of rebuilding the economies of Eastern Europe through

private capital and initiative: Private investors in Eastern Europe will want to know that they can sell their products in Western markets.

I am confident that creative new arrangements can be devised to encourage and sustain the process of political and economic reform in the countries of Eastern Europe, while at the same time preserving the integrity and the vitality of existing institutions. We need to offer the nations of the East hope, opportunities that can be seized as they take steps toward democracy and economic liberty. Perhaps the recent work on an agreement between the EC and the six nations of the European Free Trade Association will set a pattern for improved ties with others.

We see no conflict between the process of European integration and an expansion of cooperation between the European Community and its neighbors to the East and West. Indeed, we believe that the attraction of the European Community for the countries of the East depends most on its continued vitality. And the vitality of the Economic Community depends in turn on its continued commitment to the goal of a united Europe envisaged by its founders -- free, democratic and closely linked to its North American partners.

The Helsinki Process -- The New Role of CSCE

The institution that brings all the nations of the East and West together in Europe, the Conference on Security and Cooperation in Europe, is in fact an ongoing process launched over 14 years ago in Helsinki. There have been different perceptions as to the functions of this CSCE process. Some saw the Helsinki Final Act of 1975 as a ratification of the status quo, the equivalent of a peace treaty concluding World War II, and thus the legitimization of Europe's permanent division. Others, however, saw this process as a device by which these divisions could be overcome.

The dynamic concept of the CSCE process has prevailed. In 1975, the governments of Eastern Europe may not have taken seriously their commitments to respect a wide range of fundamental human rights. Their populations did. The standards of conduct set by the Helsinki Final Act are increasingly being met through international pressure and domestic ferment. Last month, here in Berlin, we witnessed one of the proudest achievements of the CSCE process as the GDR fulfilled its commitment to allow its people to travel freely.

Now it's time for the CSCE process to advance further. We can look toward filling each of its three baskets with new substance.

First, we can give the security basket further content through the 35-nation negotiations on confidence-building measures currently underway in Vienna. The agreements under consideration there should help prevent force, or the threat of force, from being used again in an effort to intimidate any European nation. Apart from reducing further the risk of war, new confidence building measures can create greater openness. They can institutionalize a predictable pattern of military interaction, a pattern that is difficult to reverse and that builds a new basis for trust.

Second, the relatively underdeveloped economic basket can assume new responsibilities. President Bush suggested to President Gorbachev at Malta that we could breathe new life into this CSCE forum by focusing it on the conceptual and practical questions involved in the transition from stalled, planned economies to free, competitive markets. When our nations meet in Bonn in May of next year to discuss economic cooperation, I suggest we concentrate on this issue.

Third, the CSCE process has made its most distinctive mark in the field of human rights. One fundamental right, however, has not yet been fully institutionalized. This is the right for people to choose, through regular, free, open, multi-party elections, those who will govern them.

This is the ultimate human right, the right that secures all others. Without free elections, no rights can be long guaranteed. With free elections, no rights can be long denied.

On May 31, in Mainz, President Bush announced a major new Helsinki initiative to help end the division of Europe. He called for free elections and political pluralism in all the countries of Europe. Now, this is coming to pass.

In June, the United States and the United Kingdom co-sponsored a free elections initiative at the CSCE human rights meeting in Paris. This proposal called on all 35 CSCE participating states to allow periodic, genuine and contested elections based on universal and equal suffrage, by secret ballot, and with international observers. Individuals would be allowed to establish and maintain their own political parties in order to ensure fully democratic procedures.

Free elections should now become the highest priority in the CSCE process. In 1945, Josef Stalin promised free elections and self-determination for the peoples of Eastern Europe. The fact that those elections were not free, and that those peoples were not allowed to determine their destiny, was a fundamental cause of the Cold War.

Now this Stalinist legacy is being removed by people determined to reclaim their birthright to freedom. They should not be denied. They will not be denied.

As all or nearly all the CSCE states move toward fully functioning representative governments, I suggest we consider another step: We could involve parliamentarians more directly in CSCE processes, not only as observers as at present, but perhaps through their own meetings. To sustain the movement toward democracy, we need to reinforce the institutions of democracy.

Germany and Berlin in a New Europe

A new Europe, whole and free, must include arrangements that satisfy the aspirations of the German people and meet the legitimate concerns of Germany's neighbors. Before the Bundestag on November 28, Chancellor Kohl laid out an approach designed to achieve German aspirations in peace and freedom. At last week's NATO Summit, President Bush reaffirmed America's long-standing support for the goal of German unification. He enunciated four principles that guide our policy, and I am pleased to note these ideas were incorporated into the statement issued last week by the leaders of the European Community nations at Strasbourg.

- One, self-determination must be pursued without prejudice to its outcome. We should not at this time endorse nor exclude any particular vision of unity.
- Two, unification should occur in the context of Germany's continued commitment to NATO and an increasingly integrated European Community, and with due regard for the legal role and responsibilities of the Allied powers.
- Three, in the interests of general European stability, moves toward unification must be peaceful, gradual, and part of a step-by-step process.
- Four, on the question of borders, we should reiterate our support for the principles of the Helsinki Final Act.

President Bush concluded that "an end to the unnatural division of Europe, and of Germany, must proceed in accordance with and be based upon the values that are becoming universal ideals, as all the countries of Europe become part of a commonwealth of free nations."

As an American, I am proud of the role my nation has played and will continue to play standing with you. Yet this very positive course will not be easy, nor can it be rushed. It must be peaceful. It must be democratic. It must respect the legitimate concerns of all the participants in the New Europe.

As Berlin has stood at the center of a divided Europe, so it may stand at the center of a Europe whole and free -- no longer the embattled bastion of freedom, but instead a beacon of hope for a better life.

A New Europe. A New Atlanticism

My friends, the changes we see underway today in the East are a source of great hope. But a new era brings different concerns for all of us. Some are as old as Europe itself. Others are themselves the new products of change.

Were the West to abandon the patterns of cooperation that we have built up over four decades, these concerns could grow into problems. But the institutions we have created -- NATO, the European Community, and the CSCE process -- are alive. Rooted in democratic values, they fit well with the people power that is shaping history's new course.

More important, these institutions are also flexible and capable of adapting to rapidly changing circumstances. As we adapt, as we update and expand our cooperation with each other and with the nations of the East, we will create a New Europe on the basis of a New Atlanticism.

NATO will remain North America's primary link with Europe. As arms control and political arrangements increasingly supplement the still vital military component of European security, NATO will take on new roles.

The European Community is already an economic pillar of the transatlantic relationship. It will also take on, perhaps in concert with other European institutions, increasingly important political roles. Indeed, it has already done so, as evidenced by the Community's coordination of a Western effort to support reform in Eastern Europe. And as it continues to do so, the link between the United States and the European Community should become stronger, the issues we discuss more diversified, and our common endeavors more important.

At the same time, the substantive overlap between NATO and European institutions will grow. This overlap must lead to synergy, not friction. Better communication among European and transatlantic institutions will become more urgent.

The CSCE process could become the most important forum of East-West cooperation. Its mandate will grow as this cooperation takes root.

As these changes proceed, as they overcome the division of Europe, so too will the divisions of Germany and Berlin be overcome in peace and freedom.

This fall a powerful cry went up from the huge demonstrations in Leipzig, Dresden and Berlin. "We are the people!" the crowds chanted at the Party that ruled in their name. On the other side of the globe, Lech Walesa was addressing the U.S. Congress, thanking America for supporting Polish liberty. He began with words written two hundred years ago, the words that open the U.S. Constitution: "We the people."

Between 1789 and 1989, between the expressions "We the people" and "We are the people," runs one of history's deepest currents. What the American Founding Fathers knew, the people of East Germany and Eastern Europe now also know -- that freedom is a blessing, but not a gift. That the work of freedom is never done, and it is never done alone. Between the America of "We the people" and the Europe of "We are the people," there can be no division. On this basis a New Atlanticism will flourish, and a New Europe will be born.

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4.A.

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FILE, CNC/ASG, CNC/CCG, CNC/OPS-6, CNC/SPG-3, CNC/TECH, D/CNC-2,
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CONTROLS

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BRUSSELS ALSO FOR USEC

E.O. 12356: N/A

BODY

TAGS: PREL, US, EEC

SUBJECT: TEXT OF US-EC DECLARATION

REF: (A) 90 ROME 21818

1. THERE WAS AN OMISSION IN THE TEXT OF THE USEC
DECLARATION TRANSMITTED IN REFTEL. THE TICK ON THE US-EC
COMMISSION MINISTERIALS IN THE INSTITUTIONAL FRAMEWORK
SECTION WAS INADVERTENTLY LEFT OUT. WE ARE TRANSMITTING
BELOW THE OFFICIAL TEXT OF THE DECLARATION AS RELEASED IN
WASHINGTON NOVEMBER 23.

2. BEGIN TEXT:

DECLARATION ON US-EC RELATIONS

*See last page
for institutionalized
consultations*

*Announced 20 Nov 90.
US-EC Summit in The Hague
8-9 Nov 91 is a result
of this agreement.*

THE UNITED STATES OF AMERICA ON ONE SIDE AND, ON THE OTHER, THE EUROPEAN COMMUNITY AND ITS MEMBER STATES,

- MINDFUL OF THEIR COMMON HERITAGE AND OF THEIR CLOSE HISTORICAL, POLITICAL, ECONOMIC AND CULTURAL TIES,

GUIDED BY THEIR FAITH IN THE VALUES OF HUMAN

DIGNITY, INTELLECTUAL FREEDOM AND CIVIL LIBERTIES, AND IN THE DEMOCRATIC INSTITUTIONS WHICH HAVE EVOLVED ON BOTH SIDES OF THE ATLANTIC OVER THE CENTURIES,

- RECOGNIZING THAT THE TRANSATLANTIC SOLIDARITY HAS BEEN ESSENTIAL FOR THE PRESERVATION OF PEACE AND FREEDOM AND FOR THE DEVELOPMENT OF FREE AND PROSPEROUS ECONOMIES AS WELL AS FOR THE RECENT DEVELOPMENTS WHICH HAVE RESTORED UNITY IN EUROPE,

- DETERMINED TO HELP CONSOLIDATE THE NEW EUROPE, UNDIVIDED AND DEMOCRATIC,

- RESOLVED TO STRENGTHEN SECURITY, ECONOMIC COOPERATION AND HUMAN RIGHTS IN EUROPE IN THE FRAMEWORK OF THE CSCE, AND IN OTHER FORA,

NOTING THE FIRM COMMITMENT OF THE UNITED STATES AND THE EC MEMBER STATES CONCERNED TO THE NORTH ATLANTIC ALLIANCE AND TO ITS PRINCIPLES AND PURPOSES,

ACTING ON THE BASIS OF A PATTERN OF COOPERATION PROVEN OVER MANY DECADES, AND CONVINCED THAT BY STRENGTHENING AND EXPANDING THIS PARTNERSHIP ON AN EQUAL FOOTING THEY WILL GREATLY CONTRIBUTE TO CONTINUED STABILITY, AS WELL AS TO POLITICAL AND ECONOMIC PROGRESS IN EUROPE AND IN THE WORLD,

AWARE OF THEIR SHARED RESPONSIBILITY, NOT ONLY TO FURTHER COMMON INTERESTS BUT ALSO TO FACE TRANSNATIONAL CHALLENGES AFFECTING THE WELL-BEING OF ALL MANKIND,

BEARING IN MIND THE ACCELERATING PROCESS BY WHICH THE EUROPEAN COMMUNITY IS ACQUIRING ITS OWN IDENTITY IN ECONOMIC AND MONETARY MATTERS, IN FOREIGN POLICY AND IN THE DOMAIN OF SECURITY,

DETERMINED TO FURTHER STRENGTHEN TRANSATLANTIC SOLIDARITY THROUGH THE VARIETY OF THEIR INTERNATIONAL RELATIONS,

HAVE DECIDED TO ENDOW THEIR RELATIONSHIP WITH LONG-TERM PERSPECTIVES.

COMMON GOALS

THE UNITED STATES OF AMERICA AND THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES SOLEMNLY REAFFIRM THEIR
DETERMINATION FURTHER TO STRENGTHEN THEIR PARTNERSHIP IN
ORDER TO:

SUPPORT DEMOCRACY, THE RULE OF LAW AND RESPECT FOR
HUMAN RIGHTS AND INDIVIDUAL LIBERTY, AND PROMOTE
PROSPERITY AND SOCIAL PROGRESS WORLDWIDE;

SAFEGUARD PEACE AND PROMOTE INTERNATIONAL SECURITY,
BY COOPERATING WITH OTHER NATIONS AGAINST AGGRESSION AND
COERCION, BY CONTRIBUTING TO THE SETTLEMENT OF CONFLICTS
IN THE WORLD AND BY REINFORCING THE ROLE OF THE UNITED
NATIONS AND OTHER INTERNATIONAL ORGANISATIONS;

PURSUE POLICIES AIMED AT ACHIEVING A SOUND WORLD
ECONOMY MARKED BY SUSTAINED ECONOMIC GROWTH WITH LOW
INFLATION, A HIGH LEVEL OF EMPLOYMENT, EQUITABLE SOCIAL
CONDITIONS, IN A FRAMEWORK OF INTERNATIONAL STABILITY;

PROMOTE MARKET PRINCIPLES, REJECT PROTECTIONISM AND
EXPAND, STRENGTHEN AND FURTHER OPEN THE MULTILATERAL
TRADING SYSTEM;

CARRY OUT THEIR RESOLVE TO HELP DEVELOPING COUNTRIES
BY ALL APPROPRIATE MEANS IN THEIR EFFORTS TOWARDS
POLITICAL AND ECONOMIC REFORMS;

- PROVIDE ADEQUATE SUPPORT, IN COOPERATION WITH OTHER
STATES AND ORGANISATIONS, TO THE NATIONS OF EASTERN AND
CENTRAL EUROPE UNDERTAKING ECONOMIC AND POLITICAL REFORMS
AND ENCOURAGE THEIR PARTICIPATION IN THE MULTILATERAL
INSTITUTIONS OF INTERNATIONAL TRADE AND FINANCE.

PRINCIPLES OF US-EC PARTNERSHIP

-----"
TO ACHIEVE THEIR COMMON GOALS, THE EUROPEAN COMMUNITY AND
ITS MEMBER STATES AND THE UNITED STATES OF AMERICA WILL
INFORM AND CONSULT EACH OTHER ON IMPORTANT MATTERS OF
COMMON INTEREST, BOTH POLITICAL AND ECONOMIC, WITH A VIEW
TO BRINGING THEIR POSITIONS AS CLOSE AS POSSIBLE, WITHOUT
PREJUDICE TO THEIR RESPECTIVE INDEPENDENCE. IN
APPROPRIATE INTERNATIONAL BODIES, IN PARTICULAR, THEY WILL
SEEK CLOSE COOPERATION.

THE USEC PARTNERSHIP WILL, MOREOVER, GREATLY BENEFIT
FROM THE MUTUAL KNOWLEDGE AND UNDERSTANDING ACQUIRED
THROUGH REGULAR CONSULTATIONS AS DESCRIBED IN THIS

DECLARATION.ECONOMIC COOPERATION

BOTH SIDES RECOGNIZED THE IMPORTANCE OF STRENGTHENING THE MULTILATERAL TRADING SYSTEM. THEY WILL SUPPORT FURTHER STEPS TOWARDS LIBERALIZATION, TRANSPARENCY, AND THE IMPLEMENTATION OF GATT AND OECD PRINCIPLES CONCERNING BOTH TRADE IN GOODS AND SERVICES AND INVESTMENT.

THEY WILL FURTHER DEVELOP THEIR DIALOGUE, WHICH IS ALREADY UNDERWAY, ON OTHER MATTERS SUCH AS TECHNICAL AND NON-TARIFF BARRIERS TO INDUSTRIAL AND AGRICULTURAL TRADE, SERVICES, COMPETITION POLICY, TRANSPORTATION POLICY, STANDARDS, TELECOMMUNICATIONS, HIGH TECHNOLOGY AND OTHER RELEVANT AREAS.

EDUCATION, SCIENTIFIC AND CULTURAL COOPERATION

THE PARTNERSHIP BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ON THE ONE HAND, AND THE UNITED STATES ON THE OTHER, WILL BE BASED ON CONTINUOUS EFFORTS TO STRENGTHEN MUTUAL COOPERATION IN VARIOUS OTHER FIELDS WHICH DIRECTLY AFFECT THE PRESENT AND FUTURE WELL-BEING OF THEIR CITIZENS, SUCH AS EXCHANGES AND JOINT PROJECTS IN SCIENCE AND TECHNOLOGY, INCLUDING, INTER ALIA, RESEARCH IN MEDICINE, ENVIRONMENT PROTECTION, POLLUTION PREVENTION, ENERGY, SPACE, HIGHENERGY PHYSICS, AND THE SAFETY OF NUCLEAR AND OTHER INSTALLATIONS, AS WELL AS IN EDUCATION AND CULTURE, INCLUDING ACADEMIC AND YOUTH EXCHANGES.

TRANS-NATIONAL CHALLENGES

THE UNITED STATES OF AMERICA AND THE EUROPEAN COMMUNITY AND ITS MEMBER STATES WILL FULFIL THEIR RESPONSIBILITY TO ADDRESS TRANS-NATIONAL CHALLENGES, IN THE INTEREST OF THEIR OWN PEOPLES AND OF THE REST OF THE WORLD. IN PARTICULAR, THEY WILL JOIN THEIR EFFORTS IN THE FOLLOWING FIELDS:

COMBATING AND PREVENTING TERRORISM;

PUTTING AN END TO THE ILLEGAL PRODUCTION,
TRAFFICKING AND CONSUMPTION OF NARCOTICS AND RELATED
CRIMINAL ACTIVITIES, SUCH AS THE LAUNDERING OF MONEY;

- COOPERATING IN THE FIGHT AGAINST INTERNATIONAL CRIME;

PROTECTING THE ENVIRONMENT, BOTH INTERNATIONALLY AND
DOMESTICALLY, BY INTEGRATING ENVIRONMENTAL AND ECONOMIC

GOALS;

PREVENTING THE PROLIFERATION OF NUCLEAR ARMAMENTS,
CHEMICAL AND BIOLOGICAL WEAPONS, AND MISSILE TECHNOLOGY.

INSTITUTIONAL FRAMEWORK FOR CONSULTATION

BOTH SIDES AGREE THAT A FRAMEWORK IS REQUIRED FOR REGULAR
AND INTENSIVE CONSULTATION. THEY WILL MAKE FULL USE OF
AND FURTHER STRENGTHEN EXISTING PROCEDURES, INCLUDING
THOSE ESTABLISHED BY THE PRESIDENT OF THE EUROPEAN COUNCIL
AND THE PRESIDENT OF THE UNITED STATES ON 27TH FEBRUARY
1990, NAMELY:

BI-ANNUAL CONSULTATIONS TO BE ARRANGED IN THE UNITED
STATES AND IN EUROPE BETWEEN, ON THE ONE SIDE, THE
PRESIDENT OF THE EUROPEAN COUNCIL AND THE PRESIDENT OF THE
COMMISSION, AND ON THE OTHER SIDE, THE PRESIDENT OF THE
UNITED STATES;

BI-ANNUAL CONSULTATIONS BETWEEN THE EUROPEAN
COMMUNITY FOREIGN MINISTERS, WITH THE COMMISSION, AND THE
US SECRETARY OF STATE, ALTERNATELY ON EITHER SIDE OF THE
ATLANTIC;

AD HOC CONSULTATIONS BETWEEN THE PRESIDENCY FOREIGN
MINISTER OR THE TROIKA AND THE US SECRETARY OF STATE;

BIANNUAL CONSULTATIONS BETWEEN THE COMMISSION AND
THE US GOVERNMENT AT CABINET LEVEL;

" BRIEFINGS, AS CURRENTLY EXIST, BY THE PRESIDENCY TO
US REPRESENTATIVES ON EUROPEAN POLITICAL COOPERATION (EPC)
MEETINGS AT THE MINISTERIAL LEVEL.

BOTH SIDES ARE RESOLVED TO DEVELOP AND DEEPEN THESE
PROCEDURES FOR CONSULTATION SO AS TO REFLECT THE EVOLUTION
OF THE EUROPEAN COMMUNITY AND OF ITS RELATIONSHIP WITH THE
UNITED STATES.

THEY WELCOME THE ACTIONS TAKEN BY THE EUROPEAN PARLIAMENT
AND THE CONGRESS OF THE UNITED STATES IN ORDER TO IMPROVE
THEIR DIALOGUE AND THEREBY BRING CLOSER TOGETHER THE

PEOPLES ON BOTH SIDES OF THE ATLANTIC.

BAKER

ADMIN

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PAGE 01 OF 02 STATE 327685 030119Z 026315 S007492
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BRUSSELS FOR USEC; VIENNA FOR CSBMS; USVIENNA FOR CFE

E.O. 12356: N/A

TAGS: PREL, NATO, CSCE, FRG

SUBJECT: OCTOBER 2 BAKER-GENSCHER STATEMENT

REF: STATE 155815

1. FOLLOWING THEIR OCTOBER 2 MEETING, SECRETARY BAKER

AND FRG FOREIGN MINISTER GENSCHER ISSUED A JOINT STATEMENT ADDRESSING CURRENT POLITICAL AND SECURITY ISSUES. TEXT OF THE STATEMENT IS EMBARGOED UNTIL 7 A.M. (WASHINGTON TIME) OCTOBER 3. TEXT FOLLOWS AT PARA 2. FOLLOWING EMBARGO POSTS SHOULD PROVIDE TEXT TO HOST GOVERNMENTS, NOTING THAT WE SEE IT AS A CONTRIBUTION TO ONGOING NATO CONSULTATIONS ON THESE TOPICS. FURTHER INSTRUCTIONS FOR CERTAIN INDIVIDUAL POSTS WILL BE PROVIDED SEPTEL.

2. BEGIN TEXT:

JOINT STATEMENT BY SECRETARY OF STATE JAMES A. BAKER III AND HANS-DIETRICH GENSCHER MINISTER FOR FOREIGN AFFAIRS OF THE FEDERAL REPUBLIC OF GERMANY

WASHINGTON, D.C.
 WEDNESDAY, OCTOBER 2, 1991

MEETING TODAY IN WASHINGTON, FOREIGN MINISTER GENSCHER AND SECRETARY BAKER REVIEWED THE NEXT STEPS IN STRENGTHENING AND EXTENDING THE TRANSATLANTIC COMMUNITY.

THEY DID SO IN THE CONTEXT OF THE DRAMATIC CHANGES BROUGHT ABOUT BY TWO MOMENTOUS DEVELOPMENTS: THE ASCENDENCY OF THE FORCES OF REFORM IN THE SOVIET UNION, AND THE INITIATIVE BY PRESIDENT BUSH TO PUT BEHIND US THE BALANCE OF NUCLEAR TERROR THAT CHARACTERIZED THE COLD WAR AND TO ACHIEVE THE GOAL OF A JUST AND LASTING ORDER OF

PEACE IN EUROPE. THEY LOOK FORWARD TO THE NATO SUMMIT IN ROME THE EUROPEAN COMMUNITY SUMMIT IN MAASTRICHT, AND THE CSCE REVIEW CONFERENCE NEXT YEAR IN HELSINKI AS KEY OPPORTUNITIES TO HELP BUILD A NEW SYSTEM OF COOPERATIVE

STATE 327685 030119Z 026315 S007492
 SECURITY IN EUROPE BASED ON DEMOCRACY AND RESPECT FOR THE HELSINKI PRINCIPLES WHICH WOULD COMPLEMENT AND NOT DETRACT FROM NATO AND ITS INDISPENSABLE ROLE. ON THE FIRST ANNIVERSARY OF GERMAN UNIFICATION, SECRETARY BAKER CONGRATULATED THE MINISTER ON THE SUCCESS OF THE GERMAN PEOPLE AND LEADERS IN MEETING THE DIFFICULT CHALLENGE THAT IT POSED. MINISTER GENSCHER EXPRESSED APPRECIATION FOR THE STRONG AND CONTINUING SUPPORT OF THE UNITED STATES THROUGHOUT THE PROCESS OF UNIFICATION.

ON BEHALF OF THE GOVERNMENT AND PEOPLE OF GERMANY, MINISTER GENSCHER WELCOMED THE PRESIDENT'S INITIATIVE OF SEPTEMBER 27 WHICH CLEARLY SIGNALS TO THE LEADERS AND PEOPLES OF THE SOVIET UNION THAT THE COURSE THAT NATO IS EMBARKED ON WILL ENHANCE THEIR SECURITY AND BUILD STABILITY. IT SENDS THE SAME MESSAGE TO ALL THE PEOPLES OF THE TRANSATLANTIC COMMUNITY AND AROUND THE GLOBE. IT OPENS THE DOOR TO AN ERA OF COOPERATION, PEACE AND COMMON RESPONSIBILITY FOR THE WHOLE WORLD. THIS INITIATIVE CLEARLY DEMONSTRATES THE ENDURING VALUE OF THE CLOSE CONSULTATIONS WHICH ARE THE LIFEBLOOD OF THE NATO ALLIANCE AND OF THE U.S./GERMAN RELATIONSHIP. THEY CALL ON THE SOVIET UNION TO RESPOND WITH EQUAL BOLDNESS AND IMAGINATION TO PRESIDENT BUSH'S INITIATIVE.

MINISTER GENSCHER AND SECRETARY BAKER AGREED THAT THE PRESIDENT'S INITIATIVE DOES EVEN MORE THAN TRANSFORM THE

EUROPEAN SECURITY LANDSCAPE. IT ALSO HELPS IMMEASURABLY IN THE CONSTRUCTION OF THE NEW EURO-ATLANTIC COMMONWEALTH OF FREE NATIONS WE ARE WORKING TO BRING INTO BEING. IN THAT CONTEXT, THE MINISTERS TODAY REVIEWED THE SUCCESSFUL

IMPLEMENTATION OF MANY OF THE IDEAS IN THEIR MAY 10 STATEMENT, AND DISCUSSED THEIR LONG-RANGE POLITICAL GOALS FOR THIS EURO-ATLANTIC COMMUNITY. THEY ALSO SURVEYED PROGRESS MADE UNDER THE TRANSATLANTIC DECLARATION OF 1990 AND CONSIDERED FUTURE PROSPECTS.

THE MINISTERS AGREED THAT THE SUCCESS OF THE FORTHCOMING SUMMIT MEETINGS OF NATO AND OF THE EC WILL BE CRITICAL TO THIS OBJECTIVE BOTH INSTITUTIONS -- AS WELL AS CSCE, WEU, AND THE COUNCIL OF EUROPE -- ARE OF FUNDAMENTAL IMPORTANCE TO THE STABILITY AND PROSPERITY OF EUROPE AND OF THE WIDER EURO-ATLANTIC COMMUNITY. THEY ARE IN THE PROCESS OF FUNDAMENTAL TRANSFORMATIONS WHICH WILL ENSURE THAT THEY MAINTAIN THEIR VITALITY. THESE PROCESSES ARE COMPLEMENTARY AND INTERDEPENDENT, AND THE MINISTERS REITERATED THEIR COMMITMENT TO WORK TOGETHER WITH THEIR COUNTERPARTS TO ENSURE THE FULL SUCCESS OF BOTH SUMMITS.

THEY AGREED THAT, AS SECRETARY BAKER STATED THIS JUNE IN BERLIN THEIR COMMON OBJECTIVE IS A EURO-ATLANTIC COMMUNITY THAT EXTENDS EAST FROM VANCOUVER TO VLADIVOSTOK. THE ATLANTIC LINK, EUROPEAN INTEGRATION AND COOPERATION WITH OUR EASTERN NEIGHBORS ARE THE LINCHPINS OF THIS COMMUNITY. RECENT EVENTS HAVE DEMONSTRATED ONCE AGAIN THE STRENGTH OF THIS VISION. NOW, THE WESTERN ALLIES, RECOGNIZING THEIR COMMON

RESPONSIBILITY TO HELP THE REFORM EFFORTS TO SUCCEED, MUST FOCUS ON THE PRACTICAL RELATIONSHIPS THAT WILL HELP PROMOTE AND SECURE FOR COUNTRIES OF CENTRAL AND EASTERN EUROPE AND THE SOVIET UNION THE INSTITUTIONS OF DEMOCRACY, FREE ECONOMIES, AND RESPECT FOR HUMAN RIGHTS TO WHICH THEY HAVE COMMITTED THEMSELVES.

SECRETARY BAKER AND MINISTER GENSCHER SEE A SPECIAL PLACE FOR CSCE IN THEIR VISION OF THE FUTURE OF EUROPE. THEY AGREED THAT THE CSCE HAS A UNIQUE ROLE IN BOTH WIDENING

DEPARTMENT OF STATE
CMC REARCS

PAGE 02 OF 02 STATE 327685 030119Z 026315 S007492
AND DEEPENING THE REACH OF DEMOCRACY THROUGHOUT EUROPE,
AND THAT THE NATO SUMMIT MUST THEREFORE CONTRIBUTE TO THE
FURTHER EVOLUTION OF THE CSCE PROCESS AND ITS NEW
INSTITUTIONS. THE ROME SUMMIT SHOULD LOOK TO THE 1992
HELSINKI REVIEW CONFERENCE, IN THE SPIRIT OF THE
CONTRIBUTIONS TO THE DEVELOPMENT OF THE CSCE MADE BY
NATO'S LONDON SUMMIT AND COPENHAGEN DECLARATION, TO TAKE
MAJOR STEPS TOWARD THESE GOALS.

NATO ITSELF CAN DIRECTLY CONTRIBUTE TO THE ESTABLISHMENT
OF A STRONG DEMOCRATIC EUROPE, AS IT HAS DONE SINCE ITS
FOUNDING 42 YEARS AGO. NATO WILL WORK TO ADAPT ITS

STRUCTURES TO ENCOMPASS EUROPEAN DESIRES FOR A DISTINCT
SECURITY IDENTITY WITHIN THE ALLIANCE AND WILL ENCOURAGE
GREATER EUROPEAN RESPONSIBILITY FOR EUROPEAN DEFENSE.
THE DEVELOPMENT OF A EUROPEAN SECURITY IDENTITY AND
DEFENSE ROLE, REFLECTED IN THE STRENGTHENING OF THE
EUROPEAN PILLAR WITHIN THE ALLIANCE, WILL REINFORCE THE
INTEGRITY AND EFFECTIVENESS OF THE ATLANTIC ALLIANCE.

THE MINISTERS ALSO AGREED TO WORK WITH THEIR ALLIED
PARTNERS TO DEVELOP NATO'S NEW INSTITUTIONAL RELATIONSHIP
WITH THE NEW DEMOCRACIES OF CENTRAL AND EASTERN EUROPE
AND THE SOVIET UNION. THEY BELIEVE THAT PROMOTING
DEMOCRATIC INSTITUTIONS AND REFORM IN THE EAST
COMPLEMENTS THE MAINTENANCE OF A COMMON DEFENSE IN
ENSURING OUR SECURITY. IN ADDITION TO MOVING AHEAD WITH
THE IDEAS THEY SET FORTH IN MAY, THEY BELIEVE THAT NATO
SHOULD GIVE SERIOUS CONSIDERATION AT ITS ROME SUMMIT TO:

-- FORMALIZING THE LIAISON RELATIONSHIP BY ESTABLISHING
A MORE ROUTINE SET OF MEETINGS AMONG THE SIXTEEN AND THE
LIAISON COUNTRIES, PERHAPS AS A "NORTH ATLANTIC
COOPERATION COUNCIL";

-- HAVING SUCH A COUNCIL MEET REGULARLY AT THE
AMBASSADORIAL LEVEL, AND PERIODICALLY AT THE MINISTERIAL
LEVEL, AND AT OTHER TIMES AS THE NAC AGREES THAT
CIRCUMSTANCES WARRANT;

-- WELCOMING PERIODIC LIAISON PARTICIPATION IN MEETINGS
OF NATO'S POLITICAL AND ECONOMIC COMMITTEES AND POLICY
PLANNING SESSIONS OF THE ATLANTIC POLICY ADVISORY GROUP,
AS WELL AS ROUTINE PARTICIPATION IN NATO'S CIVILIAN
EMERGENCY PLANNING SESSIONS AND THE COMMITTEE ON THE
CHALLENGES OF MODERN SOCIETY;

-- ENCOURAGING NEW CIVILIAN AND MILITARY EXCHANGES
DESIGNED TO PROMOTE WESTERN CONCEPTS OF CIVIL-MILITARY
RELATIONS;

-- CONSIDERING THE DEDICATION OF NATO RESOURCES AS
AVAILABLE TO THE OPENING OF NATO INFORMATION OFFICES IN
EASTERN CAPITALS;

-- OFFERING TO COMMENCE PLANNING WITH LIAISON COUNTRIES
FOR JOINT ACTION ON DISASTER RELIEF AND REFUGEE PROGRAMS,
AND PLEDGING NATO'S SUPPORT FOR CSCE IN DEALING WITH
THESE AND OTHER NEW SECURITY CHALLENGES IN EUROPE; AND

-- EXAMINING ON A PRIORITY BASIS THE CONTRIBUTION THAT
NATO CAN MAKE TO SUPPORT EFFORTS TO CONVERT DEFENSE
INDUSTRIES IN THE EMERGING DEMOCRACIES TO CIVILIAN
PRODUCTION.

THE MINISTERS ALSO NOTED THE DIVERSITY OF THE TIES THAT
BIND THE MEMBERS OF THE ATLANTIC COMMUNITY. IN

STATE 327685 030119Z 026315 S007492
PARTICULAR, THEY STRESSED THAT THE SUCCESSFUL COMPLETION
OF THE URUGUAY ROUND IS IMPERATIVE IF WE ARE TO BE ABLE
SUCCESSFULLY TO PURSUE OUR COMMON GOALS OF ECONOMIC
GROWTH, SUPPORT FOR REFORM IN THE EAST AND ASSISTANCE TO
THE POORER COUNTRIES OF THE WORLD.

IN THIS CONNECTION, THEY EXPRESSED STRONG SUPPORT FOR THE
EFFORTS UNDERWAY BY PRESIDENT GORBACHEV, PRESIDENT
YELTSIN AND OTHER UNION AND REPUBLIC LEADERS IN THE
SOVIET UNION, TOGETHER WITH THE INTERNATIONAL FINANCIAL
INSTITUTIONS TO DEVELOP A NEW ECONOMIC REFORM PROGRAM.
THEY EXPRESSED THEIR READINESS, TOGETHER WITH OTHER
MEMBERS OF THE INTERNATIONAL COMMUNITY, TO PROVIDE
HUMANITARIAN ASSISTANCE TO THE SOVIET UNION TO HELP MEET
THE NEEDS OF THE WINTER. THEY ALSO PLEDGED THEIR

CONTINUING SUPPORT FOR THE EFFORTS, UNDERTAKEN IN THE
CONTEXT OF THE GROUP OF 24, TO PROVIDE ASSISTANCE TO THE
REFORMING ECONOMIES OF CENTRAL AND EASTERN EUROPE. THEY
INVITE THE NEW DEMOCRACIES IN CENTRAL AND EASTERN EUROPE
TO JOIN IN THE EFFORT TO PROMOTE DEMOCRACY IN THE SOVIET
UNION.

THEY NOTED THAT THE SITUATION IN YUGOSLAVIA POSES A
SERIOUS THREAT TO PEACE AND SECURITY IN EUROPE.
SECRETARY BAKER EXPRESSED CONTINUED UNITED STATES SUPPORT
FOR THE EFFORTS OF THE EUROPEAN COMMUNITY, IN THE CONTEXT
OF THE CSCE, TO BRING THIS CRISIS TO A PEACEFUL AND
DEMOCRATIC SOLUTION.

FINALLY, THEY CALLED ON THEIR PARTNERS TO JOIN WITH THEM
IN SEIZING THE EXTRAORDINARY OPPORTUNITY THE END OF COLD
WAR HAS OPENED FOR THE MEMBERS OF THE EURO-ATLANTIC
COMMUNITY AND INDEED FOR THE ENTIRE WORLD. RARELY HAVE
PROSPECTS BEEN SO BRIGHT, THANKS IN LARGE PART TO THE
COOPERATION BETWEEN EUROPE AND NORTH AMERICA TO WHICH
BOTH MINISTERS REDEDICATED THEIR SUPPORT.

END TEXT. BAKER

US-German Views on the New European and Trans-Atlantic Architecture

Secretary Baker, German Foreign Minister Genscher, Joint Statement

Secretary Baker and Foreign Minister Genscher, May 10, 1991

Opening remarks following their meeting at the Department of State, Washington, DC.

Secretary Baker: I'm pleased to have had the opportunity today to welcome my friend Hans-Dietrich Genscher back to the State Department. We've had a wide-ranging discussion of a host of different issues focusing primarily on the agenda for the NATO and CSCE Ministerials that will be held in Copenhagen and Berlin, respectively, in June.

We talked at some length about relationships between NATO and the CSCE process and the Soviet Union and the countries of Central Europe. We had an opportunity to discuss, as well, the forthcoming visit of Chancellor Kohl to the United States later this month to visit President Bush.

We have issued, as you know, already issued a joint statement regarding our discussions this afternoon. We talked about the situation in Yugoslavia. I reviewed for the Minister the process we are trying to put together in the Middle East to promote peace, to promote a conference that would move us in the direction of peace.

We talked about the Minister's recent visit to Iran, and we talked as well about some bilateral issues. And it's a real pleasure to have had this opportunity to visit with my friend and colleague, and we'd be delighted to respond to your questions after he's had an opportunity to make some remarks.

Foreign Minister Genscher (through interpreter): First of all, I should like to express our desire to my friend and colleague, Jim Baker, the desire that his renewed visit to the Near and the Middle East will be as successful as

possible. Germany has always, right from the beginning, supported the efforts that the United States has undertaken in this respect and we once again extend our support to you for your next visit to that region, because we believe that the momentum must be maintained, and this, once again, is very important.

The paper that has been published today—as a result of close consultations between the American and German side, in order to prepare the NATO conference and the equally important Berlin CSCE meeting—is pointing to the fact that both our countries agree as far as important questions, such as the future of the alliance, the West-East relationship, the development in Europe and the relationship with Middle, the Central and East European countries and the Soviet Union is concerned. And I think that this is a constructive effort on our part to try to increase the stability in Europe on the basis of the Paris Charter. And when I speak of stability in Europe, I'm not only thinking of military stability, but also of political and economic stability.

I also reported to the Foreign Minister, the Secretary of State, that is, on the situation and the development in the five new *Laender* of the Federal Republic of Germany, the eastern interest in the development going on in these *Laender* of the Federal Republic, and he has made a great contribution toward the establishment of Germany unity.

We have a great interest in seeing as many American investors as possible come to that area of Germany, because we believe that in a couple of years from now they will belong to the most modern, industrialized areas in Europe. I also invited the Secretary of State Jim Baker to visit these five new *Laender* as soon as possible.

As usual, we have had, and this I can say, on the whole and totally speak-

ing, friendly, agreeable talks, as always. This visit today was made possible by the fact that I've been in New York yesterday and today and that I will be going to South Carolina tonight to deliver a speech, as I've done in New York today, and I've used this opportunity to continue our standing exchange of views on matters of general importance.

Joint Statement, May 10, 1991

Joint statement issued by Secretary Baker and Foreign Minister Genscher, May 10, 1991, Washington, DC.

Foreign Minister Genscher and Secretary Baker, who met today in Washington, have had a comprehensive dialogue over the past months on mutual efforts to address the evolution of the European and Trans-Atlantic architecture. In particular, they have focused on the security concerns of Central and East European countries and on ways to continue to reach out to the USSR so as to demonstrate a spirit of cooperation.

The success of the ongoing reforms in all fields in Central and East European countries and the Soviet Union is in the interest of all 34 CSCE [Conference on Security and Cooperation in Europe] member states. It is an indispensable element of the stability of Europe as a whole. Foreign Minister Genscher and Secretary Baker therefore stressed their commitment to encourage this ongoing reform process.

They also emphasized that stability embraces political, economic, social and ecological security, as well as the traditional military dimension. NATO, the European Community, the WEU [Western European Union], the CSCE, and the Council of Europe are important cornerstones of European stability. The European Community is opening up to the new democracies of Central and Eastern Europe.

Secretary Baker welcomed the 10 principles regarding the future of Europe as agreed in Prague on April 11, 1991, between Minister Genscher and Czechoslovak Foreign Minister Dienstbier. The Minister and the Secretary emphasized in particular the Trans-Atlantic dimension of European security, the need for the CSCE process to be given new institutional

impetus on the basis of the Charter of Paris for a New Europe and the necessity to include the Soviet Union in the European and Trans-Atlantic architecture.

Minister Genscher and Secretary Baker believe the June 6-7 meeting of NATO foreign ministers in Copenhagen and the June 19-20 meeting of CSCE foreign ministers in Berlin offer important opportunities for constructive initiatives in these areas.

In their 1990 London Declaration, NATO leaders stated that "the Atlantic community must reach out to the countries of the East which were our adversaries in the Cold War, and extend to them the hand of friendship." The upcoming NATO Ministerial meeting should respond to the interest expressed by the Soviet Union and the new democracies of Central and Eastern Europe for greater contact with NATO, in furtherance of this goal. It also should advance NATO's strategy review and the related development of a European security and defense identity. In keeping with the London Declaration and Article 2 of the North Atlantic Treaty, the meeting should also be used to enhance the political component of the North Atlantic Alliance. One of the most effective ways to do this will be to advance concrete ideas for how the Berlin Ministerial can be used to strengthen CSCE institutions to respond to the political and security needs of an evolving Europe.

With these goals in mind, Secretary Baker and Foreign Minister Genscher offer the following ideas as contributions to these two important ministerial meetings:

I. NATO Strategy Review and the Development of a European Security Identity

At its London Summit, NATO mandated a thoroughgoing review of its strategy. The discussions underway, both in NATO and in European fora, on the development of a European security identity, are an essential element of this process.

The Alliance's ultimate goal remains the establishment of a just and lasting order of peace in the whole of Europe. While striving to develop as far as possible cooperative structures

Dispatch Supplement

A special *Dispatch Supplement* containing the text of the Charter of Paris and the Joint Declaration of 22 States can be purchased for \$1.25 (stock no. 044-000-02308-3) through the Superintendent of Documents, Government Printing Office, Washington, DC, 20402-9325 (tel. 202-783-3238).

of security for a Europe whole and free, the Alliance must continue to perform fundamental security tasks.

As NATO agreed at Brussels in December, "a European security identity and defense role, reflected in the construction of a European pillar within the Alliance, will not only serve the interests of the European states but also help to strengthen Atlantic solidarity."

In their meeting today, Secretary Baker affirmed that the United States is ready to support arrangements the European Allies decide are needed for the expression of a common European foreign, security, and defense policy.

Minister Genscher affirmed that the Atlantic Alliance as a whole should be enhanced by strengthening the role of giving added responsibility to the Europeans in the context of security and defense policy, and that in that respect a European security and defense identity should be reflected in the development of a European pillar within the Alliance.

They both agreed that to ensure this development will strengthen the integrity and effectiveness of the Atlantic Alliance, NATO should be the principal venue for consultation and the forum for agreement on all policies bearing on the security and defense commitment of its members under the North Atlantic Treaty.

They further agreed that NATO should maintain an effective integrated military structure to provide for collective defense; and that appropriate arrangements should be instituted so that all European members of NATO could participate in some appropriate manner in the development of a European pillar within the Alliance.

II. NATO Liaison Function

NATO, in its London Summit Declaration, extended the hand of friendship to the Soviet Union and the countries of Central and Eastern Europe. In keeping with NATO's historic role as both guarantor of stability and agent of change, NATO agreed at London to enhance the political component of the Alliance as provided for by Article 2 of the North Atlantic Treaty. NATO has undertaken to expand the East/West dialogue as a means of helping ensure an enduring peace in a Europe whole and free.

To this end, NATO proposed high-ranking visits, establishment of a regular diplomatic liaison, and an intensification of military contacts.

Secretary Baker and Foreign Minister Genscher strongly favor building upon and developing this liaison function to include more intensive contacts between NATO and Central/East European states, as well as the Soviet Union. They believe this can be accomplished through:

- High-ranking political visits in both directions;
- Contacts below the political level in Brussels and in capitals in the political and military fields, including visits by delegations of young leaders;
- Organization of seminars, symposia, and policy planning sessions, about topics in the security policy field with political and military participants;
- Invitation of military officers from the Soviet Union and Central and Eastern European countries to NATO Academy programs;
- Establishing training programs at NATO's Defense College for military officers on issues connected to civilian oversight of defense;
- Providing the Soviet Union and Central and East Europeans with expertise on conversion of defense industries to peaceful purposes;
- Participation of Soviet and Central and East European experts in certain NATO activities, including those related to NATO's "third dimension," airspace management, or civil emergency questions;
- Greater contacts between Soviet and Central and East European parliaments and the North Atlantic Assembly, as agreed among the parliamentarians concerned;

- When further progress has been made, discussing questions relating to NATO's strategy review;
- Seeking increased outlets in the USSR and Central and Eastern Europe for NATO publications; and
- Proposals for the establishment of "Atlantic Councils" in those countries.

III. CSCE in the New Europe

Secretary Baker and Foreign Minister Genscher attach great importance to the Conference on Security and Cooperation in Europe—the Helsinki Process. The decisions taken at last year's CSCE Summit in Paris, many of which stem from initiatives launched at the NATO Summit in London, will help strengthen the CSCE to meet the challenges of a new era. The meeting of CSCE ministers this June in Berlin will mark a major opportunity to reflect and build on those successes.

To enlarge the instruments enabling CSCE to cope with potential crises, the CSCE Council of Ministers of Foreign Affairs should adopt in Berlin a procedure for calling emergency meetings of CSCE officials at subministerial level. It should provide for the possibility of holding an emergency meeting at the request of a participating state particularly concerned about a serious emergency situation arising from a violation of a Principle of the Helsinki Final Act or from a major disruption of another nature.

To ensure that such a mechanism plays a constructive and effective role in enhancing stability, the request for such an emergency meeting should be seconded by a number of member states to be determined. Substantive decisions would, of course, continue to require the consensus that is at the heart of CSCE's processes. The ministers should endorse such a mechanism at their June meeting in Berlin.

The Berlin meeting can also be used to strengthen the Conflict Prevention Center in order to assist the Council in reducing the risk of conflict. For this purpose, Ministers should consider in Berlin the following steps:

- Meetings of the Center's Consultative Committee should be held on a more frequent basis, e.g., once or twice during each round of the CSBM negotiations.

- The CPC should organize a further seminar on military doctrines with participation of high-level military representatives. Other specific topics for future seminars at lower levels might be discussed.

- The CPC should be tasked to function as the "nominating institution" for the CSCE Dispute Settlement Mechanism, which was worked out by the Valletta Meeting of Experts on Peaceful Settlement of Disputes and which could be endorsed by the CSCE Council in Berlin. In this capacity, the CPC could maintain the register of mediators envisaged under the Valletta proposal and could help organize the appropriate dispute resolution processes.

- CPC communication facilities should be endorsed for use as a "hotline" for emergency communications between CSCE capitals. Of course, such use of these facilities should be structured so that it does not

interfere with the system's ability to handle its primary tasks related to the implementation of the CSBMs agreement and of the CFE Treaty.

In addition to these immediate decisions, Secretary Baker and Foreign Minister Genscher will ask their counterparts in the CSCE Council to consider whether, to strengthen CSCE's ability to facilitate the peaceful resolution of disputes, procedures might be developed under which ministers could direct the establishment of fact-finding missions as appropriate.

Secretary Baker and Foreign Minister Genscher also believe that the Berlin meeting should address the issue of modalities, in particular the preparatory consultations for the CSCE-wide security negotiations which will follow the Helsinki Review Conference, on the basis of proposals developed in the appropriate fora and endorsed at the NATO Ministerial in Copenhagen. ■

Algeria: Iraq's Protecting Power

*Statement by Margaret Tutwiler,
Department Spokesman, May 7, 1991.*

Algeria has become the protecting power for Iraq in the United States.

As President Bush has made clear, we cannot have normal relations with Iraq so long as Saddam Hussein remains in power. Establishment of a protecting power will permit us to maintain a minimal channel of communication with the Iraqi government.

Property. Upon completion of accreditation of the interests section staff, the Algerians will take over the former Iraqi chancery which housed the offices of the embassy. The Algerians will not take over custody of the former residence of the Iraqi ambassador. Custody of this property will remain with the Office of Foreign Missions as it has been since March 8.

Interests Section. The Algerians are permitted to use the former Iraqi chancery for an Iraqi interests section.

The interests section will be staffed by three individuals (two diplomats, one administrative and technical) who were notified to the United States on May 7 as members of the Algerian diplomatic mission. These three are Iraqi nationals who were formerly accredited with the United States as members of the Iraqi diplomatic mission. There may also be local employee support staff, individuals who must be US citizens or resident aliens whose immigration status permits them to work in the United States.

The interests section will facilitate maintenance of minimal communications between the United States and Iraq and provide basic consular services.

Travel Restrictions. Iraqi nationals staffing the interests section in Washington will continue to be restricted to a 25-mile zone of free movement. They must seek permission from the Department of State to travel for any reasons beyond that zone.

US-Finnish Relations

Presidents Bush and Koivisto

Remarks upon departure, White House, May 7, 1991

President Bush

President Koivisto, welcome again to the United States. It's a pleasure to try to return the hospitality you showed President Gorbachev and me in Helsinki last September. And we're very grateful for that hospitality, and I'd like to think that meeting was very constructive.

Our meeting today was only the latest of many exchanges that we have shared. It's been nearly a decade since you and I first met. Today, as always, I greatly value your views on world events and your efforts over many years to build the excellent relationship between the United States and Finland.

This visit, albeit very brief, gave me an opportunity to thank you personally for Finland's constructive policy in the Middle East. Your country's strong leadership in the UN Security Council and the Iraqi Sanctions Committee last fall and your generous aid to the people suffering from Iraqi oppression represent Finland's fine tradition of active partnership in the community of nations.

This sense of responsibility led Finland, within a year of its admission to the United Nations, to serve as part of the UN Emergency Force in 1956 following the Suez crisis. Finns have served bravely in virtually every peace-keeping force since then, contributing more troops than any other country. Your nation continues this proud tradition in the current UN observer force in Kuwait and Iraq.

Finland and the United States enjoy a long and healthy trade relationship. Today, we touched on some new economic issues, including the advantages that could come from a Finnish purchase of our advanced aircraft.

Let it be said in fairness that you made a pitch to us on several items that might benefit Finland's trade, so this was a mutual exchange. We also

discussed the new Europe, from economic integration to arms control, from new challenges to the Conference on Security and Cooperation in Europe (CSCE) to the continuing role of NATO in European security.

The United States and Finland share a deep interest in events in the Soviet Union. I've always valued the opportunity to exchange views with President Koivisto, who is a knowledgeable, an expert, a most perceptive observer of the USSR.

We discussed the very complex situation in the Baltic states. And I reaffirmed the policy of the United States to support a process of change through constructive and fair negotiations. We agreed on the inadmissibility of the use of force and the importance of pragmatism by all parties in the search for a solution to this problem of the Baltics.

The United States and Finland will continue to support the process of reform in the USSR which was initiated by President Gorbachev. We want to see that process continue. We want to see it strengthened. And we will be ready to assist the Soviet and republic governments in attaining the twin goals of democratization and market economic reform.

Finally, we discussed another issue of major importance to both of our countries: the transition to free markets and liberal political systems by the new democracies of Eastern Europe. We are determined to make every effort to assist them in their historic quest to remake themselves and find a place in the new Europe. This must be a priority for all Western countries.

As democratic peoples, Finns and Americans share many special bonds of friendship. Finns have long added to the American experience. Mr. President, your countrymen were among the first to settle in this country 350 years

ago, establishing new lives in the Delaware River valley. Over a century later, John Morton, a Finnish-American delegate to our Continental Congress, cast the deciding vote for our Declaration of Independence.

The ideals that led him—liberty and self-government—remain dear to both our nations. Just look to Philadelphia, 1776, and Helsinki, 1917. And since that time we've enjoyed over 70 years of warm diplomatic relations. And I look forward to continuing this friendship.

May God bless the people of Finland and the United States. Thank you, sir.

President Koivisto

Mr. President. Let me first thank you, Mr. President, for the excellent hospitality extended to me and my party here in Washington. We enjoyed our stay very much. It was also a great pleasure to meet you again and exchange views on the changing world situation.

When we last met in Helsinki in September at the American-Soviet top-level meeting on the Persian Gulf, the world was facing a direct challenge to the rule of law. The Iraqi aggression was repelled by the coalition. Kuwait is now free. Finland faced its responsibility in the UN Security Council in its decision to thwart the aggression. And now work must continue to build a new, equitable world.

Finland and the United States are different in many ways, yet we share the same values of freedom, democracy, justice, and human rights. We both want to see the world based on these fundamental principles. But principles are not enough. The economic, social, and the ecological problems can only be overcome through determined international cooperation.

For Finland, developments in Europe and particularly in our vicinity are of vital importance. While we must encourage progress everywhere toward our shared values, we must at the same time maintain stability. Reform efforts in Eastern Europe, including the Soviet Union, now need our support. With the Cold War behind us, no new devices must be drawn, but avenues of cooperation be opened for all.

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PAGE 01 OF 02 BRUSSE 04455 00 OF 02 041720Z 014501 S055636

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TAGS: PREL, RAID, PGOV, PINR, PL, EEC, ELAB

SUBJECT: DELORS MEETS WALESA: WELCOME TO EUROPE BUT DON'T RUSH INTO THE EC

REF.: BRUSSELS 3856

1. (U) SUMMARY AND INTRODUCTION: PRESIDENT LECH WALESA OF POLAND CALLED ON THE EC COMMISSION APRIL 3 AS PART OF A THREE-DAY "INFORMAL" VISIT TO BRUSSELS. WALESA'S APRIL 4 VISIT TO THE EUROPEAN PARLIAMENT IS REPORTED SEPTEL. HE WAS ACCOMPANIED BY FOREIGN MINISTER SKUBISZEWSKI AND MINISTER FOR EXTERNAL ECONOMIC RELATIONS LEDWOROSKI DURING HIS ENTIRE STAY IN BRUSSELS. TALKS WITH PRESIDENT DELORS AND VICE-PRESIDENT ANDRIESEN (EXTERNAL RELATIONS AND TRADE POLICY) WERE FOLLOWED BY A WORKING SESSION WITH THE ENTIRE COMMISSION AND A JOINT DELORS/WALESA PRESS CONFERENCE WHICH FOCUSED ON FUTURE TIES BETWEEN THE EC AND POLAND.

2. (LOU) "THE IRON CURTAIN HAS BEEN DESTROYED; WE DON'T WANT IT TO BE REPLACED BY A SILVER CURTAIN SEPARATING A RICH

WEST FROM A POOR EAST," WALESA TOLD THE EC PRESS CORPS. HE CALLED FOR THE ASSOCIATION AGREEMENT BEING NEGOTIATED BETWEEN THE EC AND POLAND TO BE SIGNED THIS YEAR. DELORS SAID THE COMMISSION WAS WILLING TO SIGN BEFORE THE YEAR'S END BUT CAUTIONED ABOUT MAKING TOO SPEEDY AN APPLICATION FOR FULL EC MEMBERSHIP. HE REFERRED TO THE FUTURE PACT AS A "EUROPE AGREEMENT" THAT WOULD SEND A TWOFOLD SIGNAL TO THE POLES AND THE REST OF THE WORLD.

THE POLES WILL BE TOLD THEY ARE "A FULL PART OF EUROPE," ACTING AS A LINK BETWEEN DIFFERENT COMPONENTS OF THE CONTINENT. TO THE REST OF THE WORLD, THE AGREEMENT WILL SIGNAL THAT POLAND HAS "SEALED ITS DESTINY" WITH DEMOCRACY AND THAT THE EC CAN VOUCH FOR THAT, WHICH

SHOULD HELP TO BRING INVESTMENT TO POLAND, ACCORDING TO DELORS. SEPARATELY, COMMISSION OFFICIALS TOLD US APRIL 4 THE COMMISSION WAS EXAMINING A BROAD RANGE OF PRODUCTS, INCLUDING AGRICULTURAL ONES, ON WHICH THE EC COULD OPEN ITS MARKETS TO THE POLES. THE PROBLEM, WE WERE TOLD, WILL BE WHETHER THE MEMBER STATES HAVE THE POLITICAL WILL TO BUY OFF ON SUCH CONCESSIONS. END SUMMARY AND INTRODUCTION.

7

3. (U) POLISH DEMANDS FOR SPECIFIC TRADE CONCESSIONS ON FOOD, STEEL AND TEXTILE EXPORTS UNDER THE EC/POLAND AGREEMENT WILL BE REFERRED TO THE NEGOTIATORS. WALESA TOLD REPORTERS HE HAD REACHED HIS OBJECTIVE IN GETTING "UNDERSTANDING" FOR THE POLISH DEMANDS (REFTEL). HE WAS CONFIDENT THAT DELORS' "CONVICTION" AND THE COMMUNITY'S "GOODWILL" WILL EVENTUALLY PAVE THE WAY TO COMPROMISES AND ACCEPTABLE SOLUTIONS. TO ANOTHER QUESTION, HE SAID HE HAD MET "POLITICAL FRIENDS, SEEING FAR AHEAD." HOWEVER, HE COULD NOT HIDE HIS IMPATIENCE WITH LIMITATIONS ON POLISH EXPORTS. POLISH SHOPS WERE FULL OF EUROPEAN GOODS BUT THE REVERSE WAS NOT TRUE.

4. (LOU) IN SEPARATE CONVERSATION WITH DG I OFFICIALS INVOLVED IN BOTH THE ASSOCIATION AGREEMENT TALKS AND THE WALESA VISIT, WE WERE TOLD THAT WALESA'S PITCH HAS INDEED BEEN HEARD. OUR CONTACTS TOLD US THE WORKING

GROUPS FOCUSING ON WHAT SPECIFIC POLISH EXPORTS TO THE EC COULD BE LIBERALIZED HAD IDENTIFIED A NUMBER OF SUCH PRODUCTS. ON THAT BASIS, WE WERE TOLD, THE COMMISSION WILL PROBABLY PROPOSE SOME SUCH LIBERALIZATION TO FOREIGN MINISTERS TO CONSIDER AT THEIR APRIL 15 GENERAL AFFAIRS COUNCIL IN LUXEMBOURG. THE DIFFICULTY, OUR COMMISSION CONTACTS NOTED, WILL BE POLITICAL. THEY UNCLASSIFIED

NOTED THAT REGARDLESS OF OBJECTIVE POSSIBILITIES, IT IS A POLITICALLY SENSITIVE TIME TO ASK, FOR EXAMPLE, FARMERS TO OPEN UP THEIR MARKETS MORE.

5. (U) IN HIS PRESS CONFERENCE, DELORS CAUTIONED NOT TO PUT THE CART BEFORE THE HORSE ON THE ROAD TO FULL MEMBERSHIP OF THE COMMUNITY. HE RECALLED THAT SPAIN AND PORTUGAL HAD TO WAIT FOR SEVEN YEARS. "I WOULD PREFER A SUCCESSFUL ACCESSION IN A FEW YEARS' TIME RATHER THAN HURRIED ACCESSION RIGHT AWAY WHICH COULD LEAD TO DISAPPOINTMENT AND RANCOUR," DELORS ADDED. HE WARNED THAT EXPANDING THE EC TOO SOON COULD TURN THE COMMUNITY INTO "A VAGUE WHOLE" ("UN ENSEMBLE MOU") WHICH WOULD HAVE NO FUTURE.

6. (U) ASKED TO SPECIFY THE TIMETABLE FOR POLISH ACCESSION TO THE COMMUNITY, DELORS ARGUED THAT THE FUTURE EUROPE PACT COMBINED WITH STRENGTHENED POLITICAL AND CULTURAL CONTACTS WILL BRING POLAND INTO "THE CLOSE CIRCLE OF EUROPEAN COUNTRIES INVOLVED IN COOPERATION." AS THE EC WILL HAVE COMPLETED ITS OWN "FACELIFT," (POLITICAL UNION, ECONOMIC AND MONETARY UNION), TIME

WILL COME WHEN POLAND WILL HAVE MADE "THE PROGRESS NECESSARY FOR ACCESSION TO BE MORE PROFITABLE THAN DAMAGING."

7. (U) DELORS FURTHER CAUTIONED THAT THE ENLARGED COMMUNITY SHOULD REMAIN "A REAL COMMUNITY," WHICH IMPLIES "MORE POWER AT THE CENTER, MORE DECENTRALIZATION AND MORE DEMOCRATIC CONTROL AT THE CENTER." HE SAID THE COMMISSION WOULD PROPOSE A FRAMEWORK FOR A COMMUNITY OF 20 TO 24 MEMBERS BEFORE THE END OF ITS TERM (END 1992).

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PAGE 02 OF 02 BRUSSE 04455 00 OF 02 041720Z 014501 0855636

8. (U) TO A QUESTION ON POLISH SECURITY, WALES SAID
FUTURE SECURITY ARRANGEMENTS IN EUROPE SHOULD AVOID
THREATENING THE SOVIET UNION, A POINT HE HAD ALREADY
MADE TO REPORTERS AFTER MEETING NATO SECRETARY-GENERAL
WOERNER AT THE POLISH EMBASSY. "WE WANT TO LIVE IN A
SAFE EUROPE AND HAVE GOOD RELATIONS WITH BOTH THE SOVIET
UNION AND GERMANY," HE STRESSED.
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DEPARTMENT FOR S/CSCC, C, E (YOUNG), EUR/RPM, HA, IO
VIENNA ALSO FOR USDEL CSBM, BRUSSELS ALSO FOR USEC,

ROME ALSO FOR VATICAN

E.O. 12356: N/A

TAGS: PRL, CSCC, PHUM, UR
SUBJECT: MOSCOW CHD MESSAGE NO. 6;
TEXT OF SECRETARY BAKER'S ADDRESS

1. THIS IS A MESSAGE FROM THE U.S. DELEGATION TO THE
MOSCOW MEETING OF THE CONFERENCE ON THE HUMAN DIMENSION.

2. THE FOLLOWING IS THE PREPARED TEXT OF THE ADDRESS
GIVEN BY SECRETARY BAKER AT THE SEPTEMBER 11 PLenary OF
THE MOSCOW MEETING OF THE CONFERENCE ON THE HUMAN
DIMENSION.

BEGIN TEXT.

WHEN, A LITTLE OVER ONE YEAR AGO, I ADDRESSED THE
COPENHAGEN CSCE MEETING, I LOOKED AROUND AND SAW THE
CHANGING FACE OF EUROPE. ARRANGED AT THE TABLE WERE
DELEGATES FROM A REFORMING SOVIET UNION, FROM TWO
GERMANIES ONLY A FEW MONTHS SHY OF UNIFICATION, AND FROM
THE NEW CENTRAL AND EASTERN EUROPEAN DEMOCRACIES.

IN THE INTERVENING MONTHS, THE TRANSFORMATION OF EUROPE
HAS CONTINUED WITHOUT PAUSE. THE DIFFICULT TASK OF
CONSOLIDATING DEMOCRACY AND ESTABLISHING MARKET
ECONOMIES HAS ADVANCED ACROSS CENTRAL AND EASTERN
EUROPE. GERMANY IS UNITED, AND ALBANIA IS OPEN.
LATVIA, LITHUANIA, AND ESTONIA, DEPRIVED OF THEIR
INDEPENDENCE BY FORCE HALF A CENTURY AGO, HAVE AT LAST
TAKEN THEIR RIGHTFUL PLACE AMONG US.
AHEAD WILL SURELY TEST -- AND REVEAL -- THE STRENGTH OF
THEIR COMMITMENT TO DEMOCRATIC VALUES. THE SCOPE,
DEPTH, AND CONSEQUENCES OF THE DECISIONS THAT THE
CITIZENS OF THIS COUNTRY ARE NOW MAKING ARE INDEED
UNPRECEDENTED. BUT IN SHAPING THEIR DEMOCRATIC FUTURE,
THEY ARE NOT WITHOUT GUIDELINES FOR ACTION, OR STANDARDS
OF ACCOUNTABILITY.

AT THIS TIME OF CHANGE IN ALL ASPECTS OF SOVIET NATIONAL
LIFE, WE SHOULD TAKE THIS OPPORTUNITY TO ADDRESS ALL
SOVIET CITIZENS AND THEIR LEADERS. MY MESSAGE IS
SIMPLE: THE COURAGE YOU SHOWED IN ENDURING POLITICAL AND
CONTINUED AND CONSOLIDATED NOW IN ENDURING POLITICAL AND
ECONOMIC FREEDOM. AS YOU WORK TO BUILD DEMOCRACY AND

FREE MARKETS, THE WEST WILL STAND WITH YOU. THE PATH
AHEAD IS CHARTED BY ENDURING PRINCIPLES, UNIVERSAL
DEMOCRATIC PRINCIPLES THAT CAN HELP YOU MEET THE
CHALLENGE OF CHANGE PEACEFULLY AND LEGITIMATELY.

IN PARTICULAR, I'D URGE YOU TO FOLLOW FIVE FUNDAMENTAL
PRINCIPLES.

ONE, IT'S IMPORTANT THAT YOU DETERMINE THE FUTURE OF
THIS COUNTRY PEACEFULLY, CONSISTENT WITH DEMOCRATIC
VALUES AND PRACTICES AND THE PRINCIPLES OF THE HELSINKI
FINAL ACT. IF, INDEED, YOUR ULTIMATE OBJECTIVE IS A
THRIVING DEMOCRACY, YOU CAN DO NOTHING LESS.

INTIMIDATION, ILLGALITY, AND VIOLENCE ARE NOT THE
HANDMAIDENS OF DEMOCRACY, THEY ARE THE HARBINGERS OF
DESPOTISM. JUST AS YOU FACED DOWN TANKS, SEE THESE
EVILS OF INTOLERANCE SQUARELY FOR WHAT THEY ARE.

TWO, WE URGE ALL TO RESPECT EXISTING BORDERS, INTERNAL
AND EXTERNAL; ANY CHANGE OF BORDERS SHOULD ONLY OCCUR
LEGITIMATELY BY PEACEFUL AND CONSENSUAL MEANS.

CONSISTENT WITH CSCE PRINCIPLES. THE AGREEMENTS THIS
RECENTLY ACHIEVED BY SOME REPUBLICS UNDERSCORE THIS
PRINCIPLE. THE ALTERNATIVE IS SPIRALING INSTABILITY,
AUTARKY, SCORE-SETTLING AND THE THREAT OR USE OF FORCE

FOR TERRITORIAL GAIN CANNOT BE LEGITIMATE ELEMENTS OF
THE NEW EURO-ATLANTIC COMMUNITY. EUROPEAN HISTORY IS
REPLETE WITH TOO MANY EXAMPLES OF HOW SUCH IRRESPONSIBLE
BEHAVIOR HAS LED TO IMMENSE SUFFERING ON THIS CONTINENT.

THREE, WE URGE SUPPORT FOR DEMOCRACY AND THE RULE OF
LAW. WE SUPPORT PEACEFUL CHANGE ONLY THROUGH ORDERLY
LAW. WE REMAIN DEEPLY SADDENED AND CONCERNED BY
THE TRAGIC BLOODSHED IN YUGOSLAVIA. TO THOSE WHO WOULD
PERSIST IN THE THREAT OR USE OF FORCE, WE SAY: THERE IS
NO HONOR IN IT, NO LASTING GAIN, NO FUTURE. YOU CANNOT
ACHIEVE PROSPERITY AND SECURITY FOR YOUR PEOPLE BY
FORCE. YOU CAN ONLY REAP A WHIRLWIND OF MISERY,
TURMOIL, AND LOSS.

I WISH TO MAKE IT CLEAR TO ALL PARTIES -- AND MOST OF
ALL TO THE SERBIAN LEADERSHIP AND THE YUGOSLAV FEDERAL
ARMY -- THAT WITH EVERY USE OF AGGRESSIVE FORCE THEY
FURTHER ISOLATE THEMSELVES FROM THE NEW EUROPE AND RAISE
THE COSTS TO THEIR OWN PEOPLE OF AN ALREADY SEVERE
ECONOMIC CRISIS. WE DOUBT THE PEOPLES OF YUGOSLAVIA
TRULY WISH TO PAY THE HIGH PRICE OF POLITICAL AND
ECONOMIC EXILE.

WE JOIN OTHER MEMBERS OF CSCE IN REITERATING OUR STRONG
SUPPORT FOR THE EUROPEAN COMMUNITY'S CONTINUING EFFORTS
TO BRING ABOUT A GENUINE CEASEFIRE AND A POLITICAL
SETTLEMENT. WE URGE ALL PARTIES TO REACH OUT OF THE
ABYSS OF VIOLENCE INTO WHICH THEY HAVE DESCENDED AND
GRASP HOLD OF THIS OPPORTUNITY FOR PEACE. THE REST OF
EUROPE IS MOVING FORWARD TO POLITICAL AND ECONOMIC
FREEDOM.

GUIDELINES FOR DEMOCRATIC ACTION

NO ONE IS MOVING FORWARD MORE VIGOROUSLY THAN THE
PEOPLES OF THE SOVIET UNION. FOR THE PEOPLES OF THIS
LAND, THIS IS TRULY DEMOCRACY'S SEASON. AND, WITH YOU,
THE AMERICAN PEOPLE REJOICE IN ITS COMING. HERE IN
MOSCOW, WE BREATHE THE WARM WIND OF NEW-WON FREEDOMS.

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INFO: LD (01) DW (01) PH (01) JH (01) JF (01) PS (01)GENEVA 04492 00 OF 04 171009Z 008200 S096254
ON GLOBAL TRENDS IN THE TRADING SYSTEM".

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ACTION STR-18

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CTME-00 DINT-05 DODE-00 EB-00 E-01 FRB-01 H-01
INRE-00 INR-01 IO-19 ITC-01 JUSE-00 LAB-04 L-03
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E.O. 12356: N/A;
TAGS: ETRD, GATT, USTR, MTN, EFIN
SUBJ: EC TRADE POLICY REVIEW : U.S. STATEMENT1. BELOW IS THE TEST OF THE STATEMENT DELIVERED BY MR.
PETER ALLGEIER, ASSISTANT USTR FOR EUROPE AND THE
MEDITERRANEAN, AT THE TRPM REVIEW FOR THE EC ON APRIL
15, 1991.

BEGIN TEXT:

INTRODUCTION

MR. CHAIRMAN, DISTINGUISHED DISCUSSANTS, FELLOW

CONTRACTING PARTIES:

-- OURS IS A WEIGHTY TASK TODAY, THAT IS, TO REVIEW
THE TRADE POLICY REGIME OF THE LARGEST TRADING ENTITY
IN THE WORLD. THAT TASK HAS BEEN MADE MUCH EASIER,
HOWEVER, BY THE OUTSTANDING SECRETARIAT REPORT THAT
ACCOMPANIES AND COMPLEMENTS THE COMMUNITY'S OWN
DOCUMENT. I STRONGLY COMMEND THE SECRETARIAT FOR
COMPILING AND, MOST IMPORTANTLY, FOR ANALYZING SO
OBJECTIVELY SUCH AN ENORMOUS QUANTITY OF MATERIAL.-- THE COMMUNITY'S DOCUMENT, WHILE LESS SPECIFIC, IS A
USEFUL INTRODUCTION TO THE COMMON COMMERCIAL POLICY.
IN PARTICULAR, THE SECTIONS ON THE TRADE POLICY
FRAMEWORK WERE EXTREMELY INTERESTING, AND HAVE SPARKED
A NUMBER OF QUESTIONS ON OUR PART WHICH WE WILL OFFER
FOR RESPONSE EITHER AT THIS MEETING OR LATER.

GENERAL COMMENTS

-- BEFORE LAUNCHING HEADLONG INTO OUR TASK, I SUGGEST
UNCLASSIFIED 2THAT WE REFLECT ON WHAT BENCHMARK WE MIGHT USE IN
CONDUCTING SUCH A REVIEW.-- AT A MINIMUM, WE SHOULD COMPARE THE EC'S TRADE
REGIME TO THE GATT IDEAL OF NON-DISCRIMINATION,
TRANSPARENCY, AND THE ABSENCE OF QUANTITATIVE
RESTRICTIONS, NON-TARIFF BARRIERS AND TRADE-DISTORTING
SUBSIDIES. THIS IS THE STANDARD TO WHICH WE ALL SHOULD

BE HELD.

-- BUT THE SECRETARIAT DOCUMENT CORRECTLY IDENTIFIES
THE COMMUNITY AS ONE OF THE "PACEMAKERS" OF
INTERNATIONAL TRADE POLICY AND OF "CRITICAL INFLUENCE-- THE COMMUNITY'S IMPORTANCE IN THE TRADING SYSTEM
IS UNDERLINED BY THE EXTRAORDINARY EFFORT BY THIS
COLLECTION OF TWELVE GATT CONTRACTING PARTIES TO
DISMANTLE THE REMAINING BARRIERS IN ITS INTERNAL
MARKET, MOVING IT CLOSER TO ITS OWN IDEAL OF A TRULY
SINGLE MARKET AND EVEN ACHIEVING MONETARY AND POLITICAL
UNION.-- THROUGH THIS TRANSFORMATION, THE EC ASPIRES TO BE
AN ECONOMIC SUPERPOWER. WITH THAT NEW STATUS MUST COME
INCREASED LEADERSHIP, INCLUDING LEADING BY EXAMPLE.-- THUS, IT IS APPROPRIATE TO EVALUATE THE EC'S TRADE
REGIME IN TERMS OF OUR HIGHEST ASPIRATIONS FOR THE GATT
SYSTEM AT THE TURN OF THE CENTURY.

OVERALL ASSESSMENT

-- THE UNITED STATES COMMENDS THE EUROPEAN COMMUNITY
FOR ITS EFFORTS TO PROMOTE REGIONAL ECONOMIC
INTEGRATION. WE WELCOME THE EC'S EFFORTS TO
CONTINUALLY DEEPEN AND BROADEN THIS INTEGRATION --
PROVIDED THAT THE INTEGRATION IS IMPLEMENTED WITHIN THE
FRAMEWORK PROVIDED BY ARTICLE XXIV OF THE GENERALAGREEMENT AND PROVIDED THAT THE BENEFITS OF THE SINGLE
MARKET ARE EXTENDED TO THIRD COUNTRIES AS WELL.-- THE SHEER SWEEP OF THE COMMUNITY'S TRADE POLICIES
PREVENTS ONE FROM COMMENTING COMPREHENSIVELY ABOUT ITS
TRADE REGIME. I WILL CONFINE MYSELF TODAY, THEREFORE,
TO A FEW OF THE MOST IMPORTANT AREAS OF MY COUNTRY'S
CONCERN ABOUT EC TRADE POLICY.

AGRICULTURE

-- NO ONE IN THIS ROOM WILL BE SURPRISED THAT THE U.S.
GOVERNMENT SEES THE COMMUNITY'S AGRICULTURAL TRADE
POLICIES AS BEING PARTICULARLY DESTRUCTIVE TO THE
MULTILATERAL TRADING SYSTEM. THE COMBINATION OF
VARIABLE IMPORT LEVIES, DOMESTIC PRICE SUPPORTS, AND
EXPORT SUBSIDIES HAVE LED TO DISTORTED COMPETITION ON
WORLD MARKETS. THIS CERTAINLY IS NOT LEADERSHIP WORTH
FOLLOWING.-- MANY CONTRACTING PARTIES, PARTICULARLY THE
DEVELOPING COUNTRIES, HAVE BEEN SEVERELY AFFECTED BY
THESE POLICIES SINCE THE SCOPE OF THE PROGRAM IS
ENORMOUS. THE GATT SECRETARIAT NOTES THAT FOR MAJOR
AGRICULTURAL PRODUCTS, SUCH AS CEREALS, DAIRY PRODUCTS
AND BEEF, SUBSIDIZED EXPORTS HAVE REPLACED INTERVENTION
STORAGE AS THE PRINCIPAL TOOL FOR REGULATING EC
MARKETS.-- IT SURELY WAS NOT THE INTENTION OF THE CAP'S
FOUNDERS TO ESTABLISH A THREAT TO THE MULTILATERAL
TRADING SYSTEM, AND WE CANNOT UNDERSTAND HOW THE
COMMUNITY CAN RECONCILE ITS CURRENT AGRICULTURAL TRADE
POLICIES WITH THE EXPRESSED OBJECTIVE OF ARTICLE 110 OF
THE TREATY OF ROME "TO CONTRIBUTE, IN THE COMMON
INTEREST, TO THE HARMONIOUS DEVELOPMENT OF WORLD
TRADE."-- WE REALIZE THE EC HAS UNDERTAKEN EFFORTS TO GAIN
SOME MEASURE OF CONTROL OVER AGRICULTURAL SPENDING AND

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PAGE 02 OF 03 GENEVA 04492 00 OF 04 171009Z 008200 S096254

GENEVA 04492 00 OF 04 171009Z 008200 S096254

PRODUCTION.

-- FACED WITH THE INADEQUACIES OF THESE MEASURES, HOWEVER, WE ENCOURAGE THE EC TO INTENSIFY RECENT EFFORTS AIMED AT UNDERTAKING FUNDAMENTAL CHANGES TO THE COMMON AGRICULTURAL POLICY.

-- IT WAS CLEARLY DEMONSTRATED IN BRUSSELS LAST DECEMBER THAT THE LARGE MAJORITY OF PARTICIPANTS VIEWED SUCH REFORM AS A SINE-QUA-NON FOR THE COMPLETION OF THE URUGUAY ROUND.

-- THEREFORE, THE EC CAN BEST DEMONSTRATE ITS COMMITMENT TO THE MULTILATERAL SYSTEM BY UNDERTAKING THE NECESSARY STEPS TO REFORM ITS AGRICULTURAL POLICIES AND TO JOIN THE REST OF THE WORLD IN THE PROGRESSIVE LIBERALIZATION OF TRADE IN AGRICULTURE.

SUBSIDIES

-- I WILL LEAVE IT TO OTHER CONTRACTING PARTIES TO ADDRESS IN DETAIL THE BORDER MEASURES THAT THE COMMUNITY APPLIES IN THE INDUSTRIAL SECTORS. I WOULD PREFER TO FOCUS ON A MATTER THAT RECEIVED EXTREMELY SHORT SHRIFT IN THE COMMUNITY'S SUBMISSION, NAMELY, SUBSIDIES.

-- THE SECRETARIAT'S DOCUMENT POINTS OUT HOW WIDESPREAD WITHIN THE COMMUNITY ARE SUBSIDIES TO ENTERPRISES AND INDUSTRIES. BETWEEN 1986 AND 1989, FOR EXAMPLE, THE NUMBER OF STATE AID PROPOSALS NOTIFIED TO THE COMMISSION UNDER ARTICLE 93 WAS SUCH (1,121) THAT ON AVERAGE MORE THAN ONE STATE AID WAS NOTIFIED FOR EVERY SINGLE WEEKDAY OF THE FOUR YEARS. MOREOVER, THE COMMISSION'S OWN REPORT ACKNOWLEDGES THAT "SOME MEMBER STATES HAVE GRANTED A RELATIVELY LARGE NUMBER OF AIDS WITHOUT PRIOR NOTIFICATION".

-- IT CERTAINLY WOULD BE USEFUL IF THE COMMUNITY WOULD DESCRIBE FOR US DURING THIS REVIEW WHAT STEPS IT PLANS TO TAKE TO CORRECT THIS PATTERN OF PRODUCTION- AND TRADE-DISTORTION.

-- IN FAIRNESS, I DO WANT TO RECOGNIZE THAT THE COMMISSION HAS TAKEN THE INITIATIVE IN RECENT YEARS TO REIN IN CERTAIN STATE AIDS ON THE GROUNDS THAT THEY DISTORT INTERNAL COMPETITION. SECTORS COVERED HAVE INCLUDED STEEL, COAL, SHIPBUILDING AND AUTOMOBILES.

-- WE HOPE THAT THE FINAL 18 MONTHS OF THE SINGLE MARKET PROGRAM WILL BE A TIME OF AGGRESSIVE COMPETITION

MEASURES BY THE COMMISSION.

GOVERNMENT PROCUREMENT PRACTICES

-- GOVERNMENT-OWNED UTILITIES IN THE EC MEMBER STATES HAVE CONSISTENTLY FOLLOWED BUY-NATIONAL POLICIES IN SEVERAL SECTORS, SUCH AS HEAVY ELECTRICAL EQUIPMENT, TELECOMMUNICATIONS SWITCHING EQUIPMENT AND SATELLITES, AND IN SOME SERVICES SECTORS.

-- WE REALIZE THAT RESISTANCE TO LIBERALIZATION IS FORMIDABLE--EC MEMBER STATES HAVE ONLY RECENTLY AGREED TO OPEN PROCUREMENT TO PRODUCERS IN OTHER MEMBER STATES. NEVERTHELESS, THE COMMUNITY CAN HARDLY LAY CLAIM TO LEADERSHIP OF THE TRADING SYSTEM IF IT WITHHOLDS MORE THAN 15 PERCENT OF ITS GDP FROM

INTERNATIONAL COMPETITION.

-- WE LOOK FORWARD TO INTENSIFYING OUR EFFORTS WITH THE COMMUNITY AND OTHER NEGOTIATING PARTNERS TO ACHIEVE A SUCCESSFUL RENEGOTIATION OF THE GOVERNMENT PROCUREMENT CODE. THIS IS AN AREA IN WHICH THE SINGLE MARKET PROGRAM CAN MAKE A TRULY SIGNIFICANT CONTRIBUTION TO THE MULTILATERAL TRADING SYSTEM.

STANDARDS

-- OVER THE YEARS, WE HAVE COMPLAINED ABOUT WIDELY DIFFERING STANDARDS, TESTING, AND CERTIFICATION

PROCEDURES AMONG EC MEMBER STATES FOR BOTH INDUSTRIAL AND CONSUMER PRODUCTS.

-- THERE OFTEN HAVE BEEN LENGTHY DELAYS IN SALES WHILE OUR EXPORTERS WAITED FOR PRODUCTS TO BE TESTED AND CERTIFIED MANY TIMES TO ACCOUNT FOR DIFFERING NATIONAL REQUIREMENTS. THESE CONFLICTING REQUIREMENTS WERE OFTEN COSTLY AND CUMBERSOME.

-- THROUGH THE SINGLE MARKET PROGRAM, THE EC HAS FOCUSED ON PROBLEMS TO THE FREE FLOW OF GOODS THROUGHOUT THE COMMUNITY POSED BY THIS PATCHWORK-QUILT OF DIFFERING NATIONAL STANDARDS AND IS UNDERTAKING A MAJOR EFFORT TO MINIMIZE TRADE IMPEDIMENTS STEMMING FROM DIFFERING OR EXCESSIVE TECHNICAL RESTRICTIONS. WE APPLAUD THIS EFFORT.

-- WE WOULD LIKE TO SEE THIS PROGRESS EXPANDED, WITH THE RECOGNITION OF COMPETENT THIRD COUNTRY ORGANIZATIONS TO TEST AND CERTIFY CONFORMITY TO EC HEALTH AND SAFETY REQUIREMENTS, AND WE URGE THE EC TO IMPLEMENT PROCEDURES THAT WILL ENSURE ACCESS FOR NON-EC EXPORTERS TO A STANDARDS, TESTING AND CERTIFICATION SYSTEMS EQUAL TO THAT ACCORDED EC PRODUCERS.

-- AND, OF COURSE, ALL SUCH HEALTH AND SAFETY REQUIREMENTS SHOULD BE BASED ON SOUND SCIENCE RATHER THAN FORMULATED AS A MEANS OF BLUNTING COMPETITION OR STIFLING INNOVATION.

RESIDUAL QUOTAS AND BILATERAL RESTRAINT AGREEMENTS

-- WHILE THE EC HAS MADE PROGRESS TOWARD ELIMINATING QUANTITATIVE RESTRICTIONS THAT HAVE BEEN MAINTAINED BY INDIVIDUAL MEMBER STATES, THE UNITED STATES WOULD REMIND THE EC THAT THESE RESTRICTIONS ARE IN CONTRAVENTION OF GATT ARTICLE XI AND SHOULD BE

ELIMINATED.

-- THE UNITED STATES IS PARTICULARLY CONCERNED THAT THE COMMUNITY NOT TRANSFORM THE REMAINING MEMBER STATE RESTRICTIONS INTO COMMUNITY-WIDE RESTRICTIONS AFTER 1992, FOR EXAMPLE, BY EXTENDING THE DURATION OF QUOTAS AND RESTRAINT ARRANGEMENTS IN PARTICULARLY SENSITIVE SECTORS SUCH AS AUTOMOBILES. ANY SUCH BROADENING WOULD UNDERMINE SERIOUSLY THE POSITIVE ASPECTS OF EC-92.

-- THE MOST EGREGIOUS EXAMPLE OF THIS OCCURRING IS THE "BROADCAST DIRECTIVE." WHEREAS ONLY A FEW MEMBER STATES HAD QUOTAS PRIOR TO 1989, AND SOME OF THOSE WERE RARELY ENFORCED, NOW ALL EC MEMBER STATES HAVE

COMMITTED TO APPLY QUOTAS TO NON-EUROPEAN TELEVISION ENTERTAINMENT PROGRAMS.

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PAGE 03 OF 03 GENEVA 04492 00 OF 04 171009Z 008200 S096254

PREFERENTIAL TRADING ARRANGEMENTS

-- OUTSIDE OF EC CREATION AND ENLARGEMENT, THE COMMUNITY HAS DEVELOPED A VAST ARRAY OF PREFERENTIAL TRADING ARRANGEMENTS.

-- THE EXCLUSION FROM COVERAGE OF THESE AGREEMENTS OF SIGNIFICANT SECTORS, PARTICULARLY AGRICULTURE, CLEARLY CONTRADICTS THE BASIC ARTICLE XXIV REQUIREMENT THAT SUCH ARRANGEMENTS COVER "SUBSTANTIALLY ALL TRADE."

-- THIS CONCERN ARISES ONCE AGAIN WITH THE FREE TRADE ARRANGEMENTS THE EC IS CURRENTLY NEGOTIATING WITH EASTERN EUROPE, WHICH REPORTEDLY SEEK TO EXCLUDE AGRICULTURE, TEXTILES AND STEEL. SUCH EXCLUSIONS WOULD WORK TO DEFEAT THE STATED PURPOSE OF THE AGREEMENTS, PARTICULARLY IF THE EXCLUDED SECTORS CONTAINED A SUBSTANTIAL PORTION OF CURRENT EXPORTS INTO THE EC.

TRANSPARENCY

-- THE COMMUNITY'S TPRM SUBMISSION INCLUDED A CANDID DISCUSSION OF THE DECISION-MAKING PROCESS WITHIN THE COMMUNITY, AND PARTICULARLY THE TENSION BETWEEN MEMBER STATES' PAROCHIAL INTERESTS AND THE COMMUNITY'S GLOBAL OBJECTIVES. IT WOULD APPEAR THAT THE COMMUNITY COULD BOLSTER THE LATTER INTERESTS BY INCREASING THE FORMAL TRANSPARENCY OF ITS DECISION-MAKING.

-- A CONCERTED EC EFFORT TO OPEN UP ITS DECISION-MAKING PROCESS, PARTICULARLY WITH RESPECT TO AREAS LIKE DRAFTING REGULATIONS AND CONDUCTING INVESTIGATIONS,

WOULD GO A LONG WAY TOWARD AVERTING MISUNDERSTANDINGS AND SUSPICION ON THE PART OF ITS TRADING PARTNERS AND THEIR FIRMS.

-- A LEADER OF THE TRADING SYSTEM SHOULD HAVE THE CONFIDENCE TO LET THE REST OF THE WORLD SEE AND COMMENT FORMALLY ON ITS EVOLVING LEGISLATION AND REGULATIONS.

CONCLUSION

-- IN CONCLUSION, MR. CHAIRMAN, I WANT TO MAKE CLEAR THAT DESPITE THE SERIOUS CONCERNS THAT MY GOVERNMENT HAS WITH VARIOUS ASPECTS OF THE EC'S TRADE REGIME, WE CONGRATULATE THE EUROPEAN COMMUNITY FOR ITS VISION AND DETERMINATION IN BUILDING THE SINGLE MARKET. DESPITE STRONG PRESSURES FOR PROTECTIONISM BOTH WITHIN THE COMMUNITY AND AMONG SOME OF ITS EXTERNAL TRADING PARTNERS, THE EC HAS CARRIED OUT THE SINGLE MARKET PROGRAM LARGELY AS A TRADE EXPANDING EXERCISE.

OUR HOPE IS THAT THE COMMUNITY WILL EXHIBIT A SIMILAR DEGREE OF VISION AND DETERMINATION -- AND LEADERSHIP -- TO BRING THE STOLER

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