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U.S. DEPARTMENT OF STATE
Office of the Assistant Secretary/Spokesman
(Tokyo, Japan)

INTERVIEW BY
JOHN DANCY, NBC "TODAY SHOW"

U.S. Ambassador's Residence
Thursday, April 15, 1993

Q: (Inaudible)

SECRETARY CHRISTOPHER: He is by far the best opportunity we have for leadership in market reform in democracy, reform in foreign policy. He is now involved in a political campaign and I assume he is doing what politicians intend to do. But, John, the fact is that in the last few days there has been the first indication that the Central Bank there is moving to bring inflation under control. I'm sure that would be one of his primary tasks if he prevails in the election on the 25th of April. So, I know that that's a high priority for him and his economic team and I think that that will be, as I say, the first priority.

Q: Much of the aid that the world is offering is conditioned in fact on him getting inflation under control. Are you convinced he can do it?

SECRETARY CHRISTOPHER: Yes, I think he can do it if he gets a substantial majority in the election on the 25th of April. It would give him a mandate to take steps to bring the reform into reality. You are quite right. A good deal of the aid is conditioned on the fact that the printing presses stop, that they get inflation under control and that they take steps to prevent just the tremendous super inflation which is undercutting the values in that country day by day.

Q: You are offering a lot easier conditions than the Bush Administration did to the Russian government. For example, they get the first billion and a half of this money just with a smile and a handshake -- just by saying that they will change things. Is that a wise idea to offer such easy conditions?

SECRETARY CHRISTOPHER: I want to work a little bit on the pronoun of that sentence, John. These are decisions made by the international financial institutions. They decided that their conditions earlier were simply unreasonably tough. They decided to go forward based upon statements of intention on the part of the Russian government. I think that they have a very good record of being tough-minded and wise about this and so I think that we are going to be prepared to follow their lead and to think that they are doing a prudent thing here.

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Q: But Yeltsin doesn't really have control of the situation at this point.

SECRETARY CHRISTOPHER: He doesn't really have control at the present time. But, back to what I just said a minute ago, his Finance Minister Mr. Federov has reached an agreement with the current Central Bank to bring the economy much better under control in the second quarter. If that trend continues, they will take a big step forward. And, if he prevails in the referendum on the 25th of April, he will have a mandate to make those changes.

Q: You've got a lot riding on Boris Yeltsin...

SECRETARY CHRISTOPHER: Yes, we certainly have, but go ahead.

Q: What do you do if he fails?

SECRETARY CHRISTOPHER: Well, we don't expect him to fail. We think that he will prevail -- that the people of Russia not having another satisfactory choice will go forward with it. But, I will say this -- if he should fail the United States will be steadfast in seeking market reform, preserving its determination to go forward with democracy in Russia. We will want to continue to have reform in foreign policy in short or even for the long haul. We certainly hope and expect President Yeltsin to prevail. But, if he doesn't, we will turn to the other reformers and the other people who are around him and try to give them some

Q: What is all this going to cost the American taxpayers?

SECRETARY CHRISTOPHER: Well, it's going to cost the American taxpayers a substantial sum for the bilateral aid. The multilateral aid that is to come from international financial institutions will not be charged to the American taxpayers. What I want to stress, John, is the sums that are being expended, I think, are very good investments for the American taxpayer. It is in their interest to avoid a recurrence of the threat of nuclear war. It's in their interest to avoid big defense spending. It's very much in their interest to avoid the instability that will come if Yeltsin doesn't win.

Q: Mr. Secretary, let me ask you about Bosnia for a moment. Margaret Thatcher said on this program that the European Community was guilty of being an accomplice to a massacre by not intervening militarily in Bosnia and she called for two things -- loosening the arms embargo so the Bosnians could get arms and a bombing campaign to make it painful for the Serbs. What's your reaction to that?

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U.S. DEPARTMENT OF STATE
Office of the Assistant Secretary/Spokesman
(Tokyo, Japan)

INTERVIEW BY
RALPH BEGLEITER, CNN

Ambassador's Residence
Thursday, July 15, 1993

Q: Mr. Secretary, it used to be said that sending more aid to Russia was sending it down a black hole. What makes the Western nations think that this big package of aid is not going to be lost forever?

SECRETARY CHRISTOPHER: Well, I think we had this package much more carefully designed than they had done it in the past. It's designed to be down to earth to get to the people. Three quarters of it is going to be disbursed through non-governmental institutions which I think is one important guarantee of effectiveness. The second three quarters of it is going to be outside of Moscow, out in the country where it will really get to the people. In addition to that, the United States put forward an idea that the G-7 countries should establish an implementation, a coordinating office in Moscow to try to make sure this aid is skillfully and effectively spent. And, that was well received by the Russians. So, a number of things are going to be done to try to make sure that this time around, the aid is effectively used.

Q: The aid this time is not as conditioned on steps the Russians must take as it used to be. Presumably, some of the money will begin flowing to Russia very shortly, perhaps within a matter of weeks. Are you confident that the Russian Central Bank will actually stop printing rubles and that inflation will be brought under control?

SECRETARY CHRISTOPHER: Well, that was a decision taken by the international financial institutions, particularly the IMF. Those organizations have a very good record of efficiency and effectiveness in disbursing their funds. The fact that they are going to send some funds forward with less conditionality than they have in the past, is their decision. But, I think I should emphasize that most of the funds are conditioned on reform of the economy in the sense that inflation must be brought under control and that the printing presses must be stopped. So, although some is going forward with less conditionality, most of the sums are dependent upon reform of the inflationary problems.

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Q: Does Boris Yeltsin and his reform associates in Moscow -- do they have the power at this point to actually do those sorts of things?

SECRETARY CHRISTOPHER: Well, there certainly is a question about control of the Central Bank. But, there has been some good news there in the last few days and that is that Finance Minister Federov and the head of the bank have agreed to some steps in the second quarter of this year which are really quite impressive in terms of limiting the supply of money. It's a very important step in a good direction. Finance Minister Federov was here today and reported to the G-7 of how many steps and although they are not binding as far as the future, I think that they indicate that the Central Bank itself has come to understand the tremendous disadvantages of this super inflation.

Q: Some of the other things you talked about here in Tokyo with your partners at the United Nations and in the western industrial democracies included Russia's role in bringing to an end the war in Bosnia Hercegovina. Did you get any new assurances from Russian Foreign Minister Kozyrev or perhaps others in the party about how Russia will behave in this matter?

SECRETARY CHRISTOPHER: Well, I met with him last night and talked with him again this morning. Russia believes they have an opportunity to try to persuade the Serbs -- the Bosnian Serbs -- to negotiate and come into agreement in the Vance-Owen process. Not the precise map that is now in existence, but that kind of a map as adjusted. We think that they ought to have at least a brief period of time to see if those negotiations work so they agreed to try to seek a two week delay, now only a ten day delay in the imposition of tougher, tighter sanctions. But, I think the conversation with Foreign Minister Kozyrev was a very constructive and positive one. It's a great pleasure to deal with a Russian official and have the kind of positive and constructive attitude we are finding from them. It's a tremendous contrast to the old days when you couldn't talk about anything without getting into a struggle with them.

Q: You are getting into a struggle to some extent with the U.N. and with non-aligned nations who aren't so interested in having a delay in sanctions enforcement. Are you going to be able to hold that ten day delay and prevent the enforcement from going ahead?

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SECRETARY CHRISTOPHER: Well, I'm a long ways from New York right here sitting in Tokyo. I think that delay will probably be granted until the 25th or 26th now. I'd have to say that that's a very fine point, a nuance if you will, because the delay until the 25th or 26th will be under circumstances where there is no two week grace period of the kind that there was in the prior resolution. So, I don't think there'd be any effective delay in the long run. I very much respect the view of the non-aligned countries and those countries who want to go forward immediately. The United States is anxious to have those sanctions come into effect. When you are dealing in a multilateral context, when you need the votes of nine people to pass a resolution, you clearly get involved in discussion and, indeed, some compromises with respect to non-substantive matters like timing. And, that's what's involved here. There's no underlying difference between us and Russia as to the importance of bringing that terrible conflict under control.

Q: And, do you have a firm commitment from Russia at the end of this time period to actually implement the sanctions before the end of this time?

SECRETARY CHRISTOPHER: We have a firm commitment from them to cooperate with the passage of the resolution if there has not been agreement by the Serbs by the 26th of April.

Q: Thanks very much, Secretary of State Warren Christopher, for joining us on CNN. I'm Ralph Begleiter in Tokyo.

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U.S. DEPARTMENT OF STATE
Office of the Assistant Secretary/Spokesman
(Tokyo, Japan)

EMBARGOED UNTIL 3:00 P.M., Tokyo Standard Time

BACKGROUND BRIEFING
(UNEDITED)

BY

SENIOR U.S. OFFICIALS TRAVELING WITH THE DELEGATION
American Embassy Auditorium/Tokyo, Japan
Thursday, April 15, 1993

SPOKESMAN (Mr. McCurry): I want to introduce our briefers and then we will get going. These are senior U.S. officials with the U.S. Delegation in Tokyo.

OFFICIAL #1: I want to describe the program of support multilaterally that has emerged from this first-ever joint foreign and finance ministers meeting.

The program is designed to provide rapid reinforcement for Russian reform efforts and to assist in a comprehensive fashion over time the Russian reform effort. It is intended and I believe will succeed in providing powerful support for President Yeltsin and Finance Minister Fyodorov's reform efforts over the next year. The program draws on the international financial institutions and the export credit agencies of different countries. It has no -- and I refer now to the multilateral portion of the program -- it has no U.S. budgetary impact.

I think it would be helpful if you look at the table entitled "Support Program for Russia" and if I talk through that table in describing the elements of the program. But let me reemphasize that this page is part of a communique which is still subject to discussion, and so before relying on any of these numbers or the presence of this table in the communique, you will need to check whether it has been ultimately agreed.

One can think of the support from this program as coming in three stages: A first stage of support is initial support for the stabilization effort. This refers to funds that will be delivered very quickly following Russian actions to get control of the Central Bank and reduce inflation. There are two categories of such funding -- the new IMF facility that I think

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I briefed many of you on the plane about. This is a new facility, a new procedure for disbursing money, that the IMF has devised in response to this critical problem, and it will be disbursing 3 billion dollars in two tranches -- a first tranche following a clear political commitment to stabilization, and a subsequent 1.5 billion dollar tranche following progress in controlling inflation. The World Bank will also be in a position to provide support for critical imports during this initial phase of stabilization effort through accelerated disbursement of the loan that the Russians and the World Bank have already concluded for import rehabilitation, and through a second import rehabilitation loan that will support critical imports. The combined value of the initial support for stabilization is 4 billion dollars, and a substantial part of that can be expected to flow very quickly assuming that the Russians move on achieving stabilization.

The second phase of support, which we have referred to as the full stabilization program, refers to the IMF standby loan. This is the standard type of loan that the IMF makes available to countries when they have taken prior actions and put in place a comprehensive program directed at stabilizing their economies. That loan will disburse in several stages up to 4.1 billion dollars. The second item that can support full stabilization -- those of you who covered this story last year will recall -- this is the 6 billion dollar stabilization fund that was put in place last year and remains in place this year. That represents old money that is still available. The other funds that I have described represent new money that can support stabilization.

It is the Russians' conviction, and our conviction in the G-7 as well, that stabilization is imperative to the Russian reform effort that bringing down inflation is necessary to create a viable market mechanism. But it is by no means enough and that durable stabilization is impossible and increases in living standards are impossible without very substantial structural reform. Without moving to a market economy in the way that the industry is organized, without critical imports that provide spare parts for the oil industry where one in seven wells is shut down. So the third dimension of support for the reform effort refers to structural reform and essential imports.

A key role will be played by the World Bank through its investment lending in the energy sector, in the agricultural sector, and in other sectors, and through loans to support policy reforms in areas such as privatization. The rate at which this support will be provided will, of course, depend upon the pace at which it can be used effectively, and so it will be phased with the progress of the reform effort, but up to an additional 3.4 billion dollars will be available.



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The World Bank's energy sector loan, which we are hopeful will be agreed very quickly -- it is in a late stage of negotiations between the Russian authorities and the World Bank, is co-financed; that is, the World Bank is providing some of the financing and the EBRD is providing other financing for an additional half a billion dollars.

A third major source of support for reform is the EBRD, the European Bank for Reconstruction and Development. The G-7 have agreed to work with the EBRD to set up a fund to support small and medium enterprises supported in part by a contribution of G-7 resources from G-7 countries and other countries that wish to participate and in part from the EBRD's own resources. This is an effort that will complement the enterprise fund initiative announced by the President on a bilateral basis in Vancouver.

A final and very substantial source of support for the reform effort will be export credits from various export credit agencies. (OFFICIAL #2) will have something to say about the activities of the U.S. Export Credit Agency in just a moment but we expect that as was the case last year the total flow of support from export credit agencies will be in the range of 10 billion dollars.

I would finally mention that this program does not explicitly include debt rescheduling because a debt rescheduling agreement was reached several weeks ago on April 2 in Paris. That debt rescheduling agreement will defer some 14 billion dollars in payments that otherwise would have come due during 1993. The official debt agreement sets the stage for an agreement between Russia and its private creditors that is likely to provide another substantial amount of relief on the order of half the additional relief, half as large as the relief provided by the official debt agreement.

Finally I would emphasize that this compilation refers to the multilateral package that has been agreed and does not take account of the various bilateral announcements that have been made in the past and will be made in the future. Overall, this program represents a substantial support for the reform effort, one that can be delivered quite quickly, and one that I think represents an important step in an ongoing process. The communique also commits to discussions to further work in working groups on the U.S. proposal for a privatization fund into which G-7 countries would make contributions and to further discussion in the period leading up to the summit of arrangements for denuclearization and for facilitating the effective implementation of the support that is being provided.

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Q: Before you go on, what happened to the Vancouver II?

OFFICIAL #1: The original guidance was that I was going to discuss the multilateral package, program of support, and (OFFICIAL #2) is going to say something. I'm done, so he is now going to talk about exactly Vancouver II.

OFFICIAL #2: I just want to say a few words briefly about the intention of the United States to expand its bilateral economic assistance or, as you say, Vancouver II, or Tokyo II -- whatever you want to call it. And let me just start by saying that the President has decided to seek additional funding, U.S. bilateral economic funding, for Russia and for the other countries of the former Soviet Union. And specifically I can confirm this morning that the President will seek from Congress an additional 1.8 billion dollars in assistance.

This number is I think most easily understood if it is broken into two parts. There will be base funding, primarily a grant of 1.3 billion dollars, and there is also a possible U.S. contribution of 500 million dollars to a multilateral privatization fund. This is the fund that (OFFICIAL #1) was just referring to, should other G-7 countries decide to join us in that effort.

I also want to note for you this morning that the Administration is very pleased to announce that the United States and Russia have signed a Memorandum of Understanding to implement a 2 billion dollar Exim-Bank oil and gas framework facility. Some of you may remember in Vancouver we talked about this and we set ourselves the goal of April 14 of doing this. We have done it by April 15, which is not such a bad deal. Together these two initiatives, in our view, represent a substantial U.S. commitment to support the Russian government and reformers throughout Russia.

Let me just give you some background on this. I think, as all of you know very well, the President has been determined for quite a while, for several months, to find some concrete ways for the U.S. to actively support reform in Russia. We announced our 1.6 billion dollar package in Vancouver, and the focus of that was to use available funding from the Congress for concrete programs that could be implemented this year. The President is determined that all of that package be implemented this year and, in fact, we have already taken some steps since Vancouver to begin the implementation of a great number of projects under the 1.6.

As you remember from the press conference in Vancouver, the President also indicated to you that he was interested in doing

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more in order to provide the greatest possible United States support for the reform process again this year. And in Vancouver he consulted with President Yeltsin on what it was that we could do in a specific way -- what were the sectors we could work in to achieve that purpose. Deputy Prime Minister Fyodorov was in Washington the week following Vancouver. We followed up with him and the President has since consulted widely with the Congress, with the congressional leadership, especially over the last week. And as a result, we have developed, I think, a series of very creative and innovative measures in this second bilateral package.

Let me talk about the specific elements of the package, and let me caution you, to begin with, that I am not going to provide specific funding levels below the 1.3 and the 500 million dollars. The reason I am not going to do that is because they haven't been worked out yet. The reason that they haven't been worked out is that we are still consulting -- the President and others in Washington -- with the Congress on the exact make-up of the package. And I think it's fair to say that we are listening very carefully to those in Congress who have expressed certain ideas about what that package should entail.

As you know, we talked in Vancouver about energy and the environment and I think it's fair to say that we in the Administration believe that the United States has a lot to offer Russia, in both areas, we are considering very seriously a greatly expanded series of initiatives in nuclear power safety. We are also interested in doing what we can to improve oil production and gas production in Russia. And also to help them deal with the very critical problem of emissions -- methane leaks -- from their gas pipelines.

Another area, secondary that I want to mention, is housing for military officers. And, again, this was identified by President Yeltsin in Vancouver as one of the major priorities of the government in Moscow. We announced in Vancouver a very limited demonstration project of 460 houses to be built this year. We want to go way beyond that, and we haven't worked out the exact number of houses that we will build this year and next. We are consulting with the Russians on this but it is fair to say that in this expanded package, when we are in a position to release the numbers for the individual projects, housing will be a major priority. And I think it will involve both the U.S. private sector and the private voluntary community.

Q: Can you give us the magnitudes?

OFFICIAL #2: I can't today, John, I'm sorry.

P/

Q: ...like tens of thousands...?

OFFICIAL #2: Just can't do it because this is being negotiated with the Congress. I mean, obviously, there are all sorts of options that we are considering but I don't want to go into them today. Let me just get through just this very brief presentation then (OFFICIAL #1 and OFFICIAL #3) and I will be glad to answer any questions that you have.

A third area that we are going to concentrate on in this expanded effort is private sector development. And this is to expand on a number of the initiatives that we set in motion in Vancouver. First and foremost will be small business creation. But we are also looking at assistance to newly privatized companies and also support for private agriculture.

Another area that the President is particularly interested in is democratization and exchanges. As you know, in Vancouver the President announced the implementation of a democracy corps and under that initiative we are now considering very seriously a major expansion in exchanges -- people-to-people exchanges between Russia and the United States -- and between the other countries of the former Soviet Union and the United States. And in this regard, we are very much interested in some of the ideas that Senator Bradley has put forward to expand that effort.

The President would like to do more in medical assistance. And here, as a lot of you know, there is an acute shortage of pharmaceutical products badly needed in the Russian Far East and in population centers outside of European Russia -- in the Ural mountain areas and other areas -- and we want to greatly expand the amount of money that we can put into medical deliveries.

And, finally, trade and investment which as you remember from Vancouver was a major priority there. We'd like to do more in the way of trade promotion for American businesses. We'd also like to expand programs for Exim Bank and OPEC.

Let me just break down the numbers a little bit for you to give you a little bit more definition. Again, the President has made the decision to go ahead with this. He has consulted on a very wide basis this week with congressional leadership and beyond the leadership. I do want to let you know that we have been working on this program for quite some time. We began working on this six to eight weeks ago as a parallel effort to the effort to produce the Vancouver bilateral package. And they are quite different. The Vancouver package took money that was already appropriated that the Administration, in effect, inherited from the last Administration. This new effort is

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entirely new and is solely a product of this Administration. And I think it bears the stamp of the particular interests of this Administration.

I can't answer any questions you may have today about the specific form of this funding. It remains to be worked out with the Congress, but I can tell you about the 1.8 broken down again into 1.3 and 5. Of the 1.3, the majority will be grant, and I want to emphasize the grant basis of what we are doing. Given Russia's economic problems, particularly its debt problems, we think it's most appropriate now to try to convey assistance, as much as we can, in the form of grants. And a majority of those grants under the 1.3 will be directed to Russia but a very significant part of it will also be directed to the other eleven countries of the former Soviet Union. There will be a minor share of that 1.3 which is export and investment credits. The 500 million dollars, again, is a possible U.S. contribution to the multilateral privatization fund. It is contingent upon the willingness of other countries in the G-7 to contribute with us.

I also want to emphasize one more point and that is that this 1.3 plus 500 million dollar request is above and beyond the 1.1 billion dollars we have already requested for FY '94. The 1.1 billion dollars is the 700 million dollars in economic support funds, and the 400 million dollars as the third stage of a Nunn-Lugar effort. That's what the Administration has already requested in the budget that was sent up last week. The 1.3 plus 5 is above and beyond the 1.1.

And let me just mention to close a little bit about the Exim deal because we think it's particularly important given the priority emphasis that we are placing on trade and investment. This has been under negotiation for quite some time and we think this is a really major development. And we think that way because we are very hopeful that this sale -- Exim's financing -- of 2 billion dollars worth of oil and gas equipment from the United States to Russia will help the Russians in what they consider to be a major initiative and a major objective -- increase their oil and gas production to earn hard currency revenues. This is a very good match for us because our oil and gas industry is in a somewhat depressed state now and this, we think, will give it a good boost.

And let me just give you an indication of that. The Exim board has already voted to make available immediately the first 500 million dollar tranche of the 2 billion dollars. And Exim estimates that this could sustain between 8- to 9,000 American jobs in the American oil and gas sector. And, again, this is very much consistent with the emphasis that the President has placed on trade and investment.

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So, with that, that constitutes my brief comments. We will be glad to take any questions you have.

Q: This additional 1.8. Is it tacked on to the '94 special supplemental...?

OFFICIAL #2: It hasn't been decided yet. It is under consideration with the Congress by people back in Washington. So I am really not in a position to speak to it.

Q: Could it possibly come ahead of fiscal '94? Does this have higher priority and you'd want it faster?

OFFICIAL #2: There are various ways you can do it but I can tell you because I talked to Washington this morning that no final decisions have been made, that we have to work this out with the Congress first and then we'll be glad to tell you about it once we do.

OFFICIAL #1: This is something that is on a faster track than the '94 budget and that is why we are talking about that today, and there has been an express commitment by the Administration to do something and to not wait until next year in terms of assisting the democratic reform process in Russia.

Q: But, this is 1.3 plus perhaps another 500 million on top of the FY '94 budget..

OFFICIAL #2: That's right. That's correct.

Q: ..and are you going to seek additional money for this? You're not going to try to reprogram it out of some other

OFFICIAL #2: Well, again, I don't want to make any predictions as to what will be the result of the consultations between the President and the Congress on this. There are various ways this could be managed. It is under negotiation now, and the three of us up here really can't give you anything more than we are giving you on that.

Q: Is it fair to say that not only does the multilateral not have any budgetary impact on the United States. It has none on the other six nations, or does it?

OFFICIAL #1: To be strictly accurate, I apologize. I did misspeak on one point, which is: there are contributions to the EBRD -- small and medium enterprise fund -- which are expected to total approximately 150 million dollars across the G-7. And those will have a budgetary impact on us and others.

Q: That's total?

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OFFICIAL #1: That's total.

Q: I have a question on the multilateral package. Of the money that's being committed for the IMF and the World Bank, besides the ruble stabilization fund, how much of the rest of the IMF loans were accounted for in the 24 billion dollar package. In other words, how much of this was included in the prior?

OFFICIAL #1: The World Bank loan pipeline was expected last year to disburse 1 billion dollars. The 4 billion dollars that are expected in commitments this year represents a 3 billion dollar increase. And so, a little bit of the World Bank money was programmed last year as well but all told approximately 7 billion dollars, largely the stabilization fund, is money that was contained in last year's 24 billion dollar package.

Q: Can you step back a little and tell us how this played with the others. There are at least two reports and maybe there are more than two that the allies were reluctant to cough up more money. It sounds like you did pretty well. You got 28 plus. But was there opposition? Was there coolness? Did they have to be persuaded hard? What about those reports? Is there a basis to them?

OFFICIAL #1: This has been an ongoing process of discussion for some time leading up to this meeting. At the meeting, there was a sense, I believe, from each of the ministers who spoke that this was a historic moment and that it was necessary that we do all that we can. So I would say that there was a general consensus, a strong consensus, in favor of the program that emerged and that there were not any major footdraggers with respect to this program.

Q: To follow that. Two questions on items here. First, did I understand you correctly that the Export Credit Agency credits and guarantees, the 10 billion there, is essentially a flat-line continuation of what was already available last year? In other words, expecting the G-7 to simply continue the level of export guarantees that was already there? And then, second question: Why is there a blank space next to bilateral assistance since we were told in Vancouver that as part of this process you hoped that the G-7 would all come forward with programs of bilateral assistance?

OFFICIAL #1: You're factually accurate on the export credit agencies, though I would have characterized it differently. Just as they provided substantial new money last year, they are going to provide substantial additional money this year. And that we anticipate that support for investment from export credit agencies for private investment in Russia will be a

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continuing source of support for the Russian reform effort over the next several years.

Your other question was about the bilateral. We are pleased with the bilateral commitments that have been forthcoming from the Japanese, from the British, from others, following the President's call in Vancouver. It was judged best to present this information in a way that concentrated on the multilateral package and avoid the various ambiguities of what was new money and what was old money and what was credits, and the like, and simply to take note of the fact that there were important bilateral commitments but not to try to add them in presenting this program.

OFFICIAL #3: If I could just add one thing to that which is that, in fact, last year we exceeded the estimate on export credit agencies. We were above the 10 billion dollars. I think that's an important point to remember that this is an estimate here. And the other point on that is that in completing the debt rescheduling agreement two weeks -- that was a very important step that's going to make available to these export credit agencies the ability to continue lending.

Q: On the question of the 10 billion dollars, you mentioned they were bilateral before. So if, say, for instance, Japan in their bilateral program announces, say, a billion and a half dollars of additional new loan credits, is that in this 10 billion, or is that in addition to this 10 billion?

OFFICIAL #1: New export credits are in; export credits are in the export credit figure that's included here. Other efforts are not.

Q: ...any bilateral announcement that includes credits is in this 9 billion?

OFFICIAL #1: No. Just the credit component. All export credit agency activity ... an estimate of likely export credit agency activity is reflected in this figure. So, for example, of what (OFFICIAL #2) spoke of, the 2 billion dollar Exim facility is reflected in this 10. The remainder of the 1.8 billion -- the 1.8 billion dollar of Vancouver II that he described is not reflected in this 10 billion dollar figure.

Q. How about the Japanese, for instance?

OFFICIAL #1: The Japanese export credit agency activities would be reflected in this 10 billion dollars.

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Q. And the British also? I think they announced about 400...

OFFICIAL #1: That would be reflected. Yes.

Q: Could I just ask about the difference between our program and the Japanese program? The Japanese program, a large part of it involves basically loan guarantees. Ours is grant assistance. Ours is real money which comes out of the pockets of the taxpayers. The loan guarantees may or may not be spent. If it is spent, it'll probably go to help Japanese companies. Are you guys unhappy about that?

OFFICIAL #2: Let me just say, John, in answer to that. I think that we are very pleased with the fact that in reply to the call the President made more than a month ago for expanded efforts, we have seen a lot of progress. (OFFICIAL #3) referred to the Paris Club Agreement. A major share of the burden of that 14-15 billion dollar debt relief, debt rescheduling, for Russia has fallen on our allies. I think we also can't forget that Germany, for instance, has borne the lion's share of the effort over the last five or six to seven years. We are also impressed by the fact that all of us need to be aggressive in trying to promote reform in Russia through various means. Export credits are important. They are important to the Russian government. They are important to allow the Russian government to import the products that they need to maintain a stable society. Grants are also important. And they are important, as I noted, because Russia has a very difficult economic situation, particularly on debt. And so, I would say that we are very pleased with the efforts that we have been able to kind of amass here in Tokyo. We have gone about devising our package in the way that we did because we thought it was best tied to our own comparative advantage, and the best way that we could help this year.

Q: Is there any way that you can help us a little bit more on this bilateral assistance issue of what's old money versus what's new money from other countries? I mean, we're going to need some sort of a number to be able to show and you guys suggested in Vancouver that we should be looking at, that we were going to lead by example, and we were going to convince other people to kick in new money. So, it would be nice if we could, if you could walk us through just a little bit more of a way we can total up what other countries have come up with -- either between Vancouver now and in the last, today and tomorrow, today and yesterday.

OFFICIAL #1: I don't have that data at my disposal right now. I would say that the 10 billion dollars in new export credit agency activity that has been agreed that I anticipate this year will be very substantially concentrated on support for industrial restructuring, does represent a significant contribution by other countries. But it is the nature of the

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export credit business that the project will work out, the project will be negotiated, the project won't be negotiated. So, it's not like grant financing where you can preview precisely what the sum of money that an individual country will do and in what sector it will do it in advance. So, I would emphasize that the 10 billion dollars in export credits represents an important contribution by other countries, but I'm not going to be able to go into more detail on it than that.

OFFICIAL #3: Can I add something to that, which is that two of the things he noted earlier which is that there will be follow on discussions in two areas. One is on the denuclearization. The G-7 ministers agreed in their draft statement that this is a very important area that's critical to all of us, and have agreed to continue talking about that. We presented them with some ideas in the last week in that area, and we are going to follow up rapidly in continuing discussions. In fact, there will be informal discussions at a working group level, or a technical level, this afternoon already on that issue.

The other area is on privatization. There was recognition in the communique again that this is something that everybody is interested in and thinks is important. Although we have just discussed with them in the last week some of our ideas for that area and they want to do some more thinking. So I would say there are two important areas that we are still discussing on and that this is a progression that we are talking about here, not a final point or beginning or ending point.

Q. How does differ from what you learned last year, and the difficulties, particularly with export credits? Is this going to be a two or three year program, first of all? And second of all, you used the expression "quickly," or "swiftly" in talking about certain kinds of the funds that you wanted to go. Can we say something like -- as much as X billion dollars within the next three months, or six months? -- I mean, give us some kind of time frame because there were a lot of expressions of haste, even last year, that were never met?

OFFICIAL #1: I want to emphasize that as I think (OFFICIAL #3) pointed out, last year the export credit estimate was exceeded. So, the export credits were, in fact, disbursed and I anticipate that 10 billion dollars will be disbursed in the next year in export credits. Of course, one of the things I emphasized in describing the program was that the program is phased -- this is an important point -- was phased with the progress of reform in Russia, and that means that the rate at which support will be provided will depend upon the progress of the reform effort. If the reform effort succeeds, all of the funds here could be committed and, as I've indicated, the lion's share would be disbursed within approximately the next year.

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I would expect that with rapid movements it and when the Russian government moves on reform and stabilization, in particular, I would expect something like 2 billion dollars to move within the next two to three months.

Q. That's based on the hard criteria the Japanese asserted goals as to whether they've met...?

OFFICIAL #1: That's based on a clear demonstrated commitment to stabilization.

Q: The document is pretty fudged on that issue. You've got three different statements of what the Russians have to do.

Q: Who controls the Central Bank in Russia. If Boris Yeltsin can control the Central Bank, he would have done it two years ago. And the problem is, he has asked repeatedly in the congress how to control the Central Bank. And he can't do it. So, how, politically, are you ever going to get that fund generated when he can't control the Central Bank?...it's impossible.....

OFFICIAL #1: We are encouraged by the agreement that Deputy Prime Minister Fyodorov and representatives of the Central Bank concluded within the last week that called for limits substantially more severe than there have been in the past on the growth of credit during the second quarter. That seems to us to be an encouraging development. We are also encouraged by the discussions that Secretary Bentsen had with Minister Fyodorov in Vancouver and that the President had with President Yeltsin where this question of stabilization was discussed. We're encouraged about and optimistic about real progress in the near term.

Q: But they are going to have to do more than what they have done so far. Is that a fair statement?

OFFICIAL #1: They are going to have to do more than certainly has been put in place prior to this moment. But we are optimistic that there will be progress.

OFFICIAL #3: I really would like to expand on that because I think this is really important. The question as to what we think the chances of success are of this program and how this relates to last year. Something very important here is that this is not just more of the same. There are a lot of different things in here. And, in particular, this has been designed to make the chances of success of the reform movement more likely, of their ability.

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In particular, if you look at that table where we have initial support for stabilization. Most of this was not here last year. There is a special facility which is going to make it more likely to allow the government to take first small steps and then larger steps and that incremental approach in that reform effort gives us a better chance of having success on this.

Q. Have you any contributions from any other countries?

OFFICIAL #1: At this point, discussions are under way and we've agreed that a working group will pursue the idea and we have not sought formal contributions. We, after all, are in the process of announcing that we will go to the Congress with this proposal but I think the discussions are well under way.

Q: But you've had informal discussions and clearly if you had other countries that were eager to be participants in this, you would say yes.

OFFICIAL #1: I think it would be premature to make any announcement regarding the program other than that we were working on it until and if the program is in place. And at this point it is not in place. It is subject to further discussion.

Q: What response have they given, I mean, to your informal discussions? Have they said -- this is a good idea?

OFFICIAL #1: They expressed a desire to pursue it through the working group that's described in the communique.

Q: On the denuclearization fund, Secretary Bentsen indicated yesterday that it would proceed also if G-7 countries matched or exceeded our contribution. What constitutes our contribution? Is that the Nunn-Lugar money we've already put in? Or will there be additional money in this new bilateral program that will count towards that denuclearization fund?

OFFICIAL #3: The U.S. has already announced their contribution to this effort although we should point out that there is a difference between what Congress has appropriated, which is 800 million dollars, and what's in the President's budget request for 1994, which is 400 million dollars. So the total U.S. contribution would be 1.2 billion dollars. That's the benchmark and I think we are hoping to substantially see some substantial support from other countries in this effort.

Q: What is the situation in terms of targetting this aid? The multilateral package is fairly clear -- World Bank, IMF, EBRD -- that's definitely targetted. But export credit guarantees have basically fallen flat because of the inability to actually go to effective productive things. What is the G-7, is their an agreement to target the ECA's activity, and what kind of mechanism will or has been created?

OFFICIAL #3: I think (OFFICIAL #2) emphasized that the U.S. package is targetted at the energy sector where there is a major need, where on some calculations each billion dollars of extra equipment that is purchased pays off as much as 800 million dollars in additional hard currency revenues in the first year, which is an extremely high rate of return on an investment.

The communique recognizes this concern and has language referring to cooperation between export credit agencies and the World Bank. That's in an effort to ensure that and to help countries target their export credits as effectively and as efficiently as possible to support the reform effort rather than for the narrow commercial interest of individual governments. And I think that clear sentiment is reflected quite clearly in the language in the communique.

Q: You said that you were encouraged by the agreement over the Central Bank and optimistic, and so on and so forth. Can I infer, therefore, that if Mr. Yeltsin were to leave power after April 25 all bets are off? Or have you been encouraged by any opposition comments?

OFFICIAL #2: That's a hypothetical question that none of us here are prepared to answer.

Q. But all the things are hypothetical. It's hypothetical that they can get control of the Bank, in fact.

OFFICIAL #2: We're just trying to give you some background information on specific programs. I don't think we want to get into politics.

Q: Have you been in contact with any of the opposition on this program?

OFFICIAL #1: This is a briefing where we are trying to give you some information about this program and the process that led into it. We don't want to get into general characterizations of the future of Russia.

OFFICIAL #3: I don't want to get into that either. But can we just say, when we are talking about controlling the Central Bank

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we're not making a political statement here. What we are talking about is the policies of the Central Bank being reined in in terms of the credit emissions (?) of that Central Bank, the amount of money that it's supplying.

Q. On the 1.3 billion dollar unilateral stuff which you are going to go to Congress on. You gave us a long laundry list, a menu so to speak, of different things that you were considering. Does that mean that these ten or eleven different things are what you are asking Congress for, may ask Congress for? Additional money for housing, small business relations, expansion of the democracy corps, medical things for the Far East? All of those will be in the 1.3 billion...?

OFFICIAL #2: That's why we're reluctant to attach any sub numbers to those programs because this is under consultation with the Congress, but I will say: We have identified these areas, particularly in consultation with the Russians at Vancouver, as probably the most important things that we can do over the next 18-24 months to try to help support reform. And let me just pick out two as particularly important -- the energy sector, where we feel we have some comparative advantage, particularly in our private sector obviously.

What we are trying to marry what we can do through grant programs with what we can do through trade and investment, particularly the Exim oil and gas deal that I mentioned.

Second is housing. I can't give you a figure of the number of houses that we plan to build, but let's just say that in Vancouver we announced a pilot project. We did so because we had very limited funds with which to work and because we wanted to investigate the best way to build housing in Russia. Other countries have had some experience with that -- Germany, Turkey, Italy -- to name three. We have consulted and are consulting with them. And I think it's fair to say that we want to make a major effort in housing. This is housing for returning military officers from the Baltic States, so there are some political benefits as well as economic benefits here. And I think -- to get back to your earlier question -- I would say it's going to be a substantial number.

SPOKESMAN: Before we break, I want to again emphasize that the comments by the Senior U.S. Officials and the paper itself that we have distributed is strictly embargoed until 3:00 P.M. Tokyo. I also want to remind you and emphasize that that piece of paper that's the draft G-7 statement has a last sheet attached to it that is a U.S. sheet that is just our attempt to give you some sense of how the flow of this stuff works. And I've also got Secretary Christopher's advance prepared text here which you have not yet received. So you can get a copy of that.

April 14, 1992

Questions and Answers
Press Briefing on Post-Vancouver Package

Q. Can you give us a breakdown of this new assistance package? What part of it goes to Russia? What part to other NIS?

A. The \$1.8 billion in additional U.S. support for reform in Russia can be broken down as follows:

- \$500 million would be the U.S. contribution to a multilateral Special Privatization and Restructuring Fund that would support the privatization of state enterprises in Russia;
- \$750 million in grant bilateral assistance to Russia focussing on the key areas of energy and environment, housing, private sector development, democracy support, exchanges, and humanitarian assistance;
- \$250 million to finance export and investment credits; and
- \$300 million for grant bilateral assistance to other new independent states in these same key areas. These countries could also benefit from expanded export and investment credits.

This package reflects the priority areas that have been identified by the Russian leaders and we will be working with them as well as the Congress and our G-7 partners to develop more detailed plans over the next few weeks.

Q. How does the President intend to fund this package? Will he seek a supplemental budget from Congress this fiscal year?

A. The Administration is still consulting with Congress on funding for this package. No decisions have been made at this time.

Q. Why has the Administration decided to announce a new package so shortly after Vancouver. Why are you doing this now before other G-7 countries have committed themselves to new assistance programs?

A. At Vancouver, the President announced his intention to provide the \$1.6 billion in already appropriated funds on an expedited basis and targeted toward key Russian priorities. At that time, he indicated that more needed to be done to support the democratic and economic reforms in Russia. The additional U.S. support is intended to compliment and enhance the multilateral measures announced today.

-- Other countries have joined the U.S. in this important effort. Japan announced an assistance package at the Tokyo ministerial. The Germans, Canadians and British have also announced new support for Russia in recent days.

-- The multilateral package agreed to today along with the significant debt rescheduling announced two weeks ago also underlines the support of all the G-7 countries.

-- As a result of discussion we have had at these meetings, we are hopeful that additional contributions to the efforts on privatization and denuclearization will be made in the weeks and months to come.

Q. How does this assistance package relate to the \$700 million authorization that the President has already said he will seek in the FY 1994 budget.

A. The \$1.8 billion announced today is separate from the \$700 million requested in the President's FY 1994 Budget.

Q. Is an increased Nunn-Lugar authorization included in this package?

A. No. The President had already requested an additional \$400 million authorization under Nunn-Lugar for de-nuclearization activities in the FY 1994 Budget. This is not included in the \$1.8 billion announced today.

-- We are seeking to build on our Nunn-Lugar program by requesting that other G-7 countries contribute to a multilateral fund for the safe and secure dismantlement of nuclear weapons.

TALKING POINTS
ON THE PRESIDENT'S MEETING WITH GENERAL JOHN VESSEY
SPECIAL EMISSARY FOR POW/MIA AFFAIRS

--The President met today with General John W. Vessey, Jr., Special Emissary for POW/MIA Affairs, to discuss his upcoming mission to Vietnam.

--The General will leave for Vietnam today to seek further, visible progress toward the fullest possible accounting for American POW/MIAs. The President is grateful General Vessey has agreed to undertake this important mission and honored he will be representing the United States.

--Ambassador Malcolm Toon, Co-Chairman of the U.S.-Russian Joint Commission on POW/MIAs, also participated in the meeting.

--At the meeting, the President stressed to General Vessey that the fullest possible accounting for America's POW and MIA's must lie at the core of our policy toward Vietnam.

--He stressed that no decision has been taken on US-Vietnamese relations and that future decisions will depend on visible progress toward that goal.

--They discussed areas in which additional progress must be made, including Vietnam's response to the questions raised by the Russian document stating Vietnam held 1205 American POW's in 1972.

--Other areas to be raised include investigations on discrepancy cases, increased efforts on remains, implementing trilateral investigations with the Lao, access to military archives.

--Ambassador Toon briefed the President on the activities of the Joint Commission and on the document on POW/MIAs in Vietnam obtained from the Russians last week in Moscow.

--The President asked General Vessey to attach special emphasis during his mission to obtaining all the information he can about this document.

--Prior to their meeting with the President, General Vessey and Ambassador Toon also met with Toon's Russian counterpart on the Commission, General Volkogonov. General Volkogonov briefed General Vessey on Russian knowledge of the document and pledged full cooperation in investigating the document.

--The American people and the families of POW/MIA's deserve to know the full story behind this document and, more generally, the truth about the fate of our POW/MIAs.

WHITE HOUSE PRESS GUIDANCE -- 11:00 AM
THURSDAY, APRIL 15, 1993

Intelligence Budget

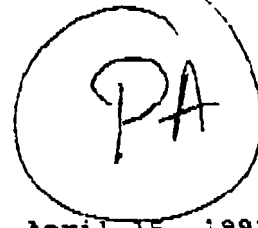
Q: Why is the Clinton Administration requesting more money for Intelligence than the Congress Appropriated last year?

A: -- The Clinton Administration's budget for civilian and military intelligence programs represents a \$ 7 billion reduction for the years 1993 to 1997 when compared to the Bush administration's plan for the same time period.

-- And as the Director of Central Intelligence has publicly stated, we may be able to do better.

-- We are now in the process of reviewing how we can consolidate costly collection systems, streamline operations and eliminate costly redundancies that may exist in military and civilian intelligence programs.

-- Establishing new priorities may take some additional time. We will meet the President's commitment to reduce intelligence spending. But we will do so in a measured way that does not impair our nation's security.



April 15, 1992

Questions and Answers
Press Briefing on Post-Vancouver Package

Q. Can you give us a breakdown of this new assistance package?

A. Of the \$1.8 billion in additional U.S. support announced today:

- \$500 million has been proposed for a U.S. contribution to a multilateral Special Privatization and Restructuring Fund that would be supplemented by contributions from other donors and would support the privatization of state enterprises in Russia;
- The remainder would be primarily used for grant support in the key areas of energy and environment, housing, private sector development, democracy support, exchanges, trade and investment programs, and humanitarian assistance;
- Some of the funds will also be used to support reform in other new independent states.
- We will be working with the Congress and leaders in Russia and the new independent states over the coming weeks to develop more detailed plans.

Q. How does the President intend to fund this package? Will he seek a supplemental budget from Congress this fiscal year?

A. The Administration is still consulting with Congress on funding for this package. No decisions have been made at this time.

Q. Why has the Administration decided to announce a new package so shortly after Vancouver. Why are you doing this now before other G-7 countries have committed themselves to new assistance programs?

A. At Vancouver, the President announced his intention to provide the \$1.6 billion in already appropriated funds on an expedited basis and targeted toward key Russian priorities. At that time, he indicated that more needed to be done to support the democratic and economic reforms in Russia. The additional U.S. support is intended to compliment and enhance the multilateral measures announced today.

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-- The multilateral package agreed to today along with the significant debt rescheduling announced two weeks ago also underlines the support of all the G-7 countries.

-- As a result of discussion we have had at these meetings, we are hopeful that additional contributions to the efforts on privatization and denuclearization will be made in the weeks and months to come.

Q. How does this assistance package relate to the \$700 million authorization that the President has already said he will seek in the FY 1994 budget.

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A. No. The President had already requested an additional \$400 million authorization under Nunn-Lugar for de-nuclearization activities in the FY 1994 Budget. This is not included in the \$1.8 billion announced today.

-- We are seeking to build on our Nunn-Lugar program by requesting that other G-7 countries contribute to a multilateral fund for the safe and secure dismantlement of nuclear weapons.

Haiti

[Background: On the amnesty issue, it's important to understand the distinction between amnesty under Article 147 of the Haitian constitution and broad, blanket amnesty. Amnesty under 147 covers only political crimes, and Aristide has always been willing to grant that, and has said so publicly (most recently in his Easter speech). At issue is whether he is willing to grant amnesty for common crimes, which he believes the High Command is also guilty of (killings and other human rights abuses). Aristide has been much more ambiguous on this point. He has told Caputo in private that he's willing to extend the amnesty to common crimes, but he has told his advisors differently. He's probably, in fact, onboard, but we do not know for sure, and we certainly should not comment or speculate on this in public.]

Q: Any update on the Haiti talks?

- A: -- Dante Caputo returned to Haiti Tuesday to continue his efforts toward a negotiated solution to the crisis there.
- We are supporting those efforts; our Special Advisor in Washington, Ambassador Lawrence Pezzullo, and our Special Charge in Haiti, Ambassador Charles Redman, are following them closely.
- We will leave it to Mr. Caputo to comment on the status of the talks.

Q: Any comment on Aristide's reported amnesty offer?

- A: -- Amnesty has been a long-standing issue in the negotiations.
- We believe assurances of security for all Haitians are necessary as part of a broader political settlement of Haiti's crisis.
- Just what those assurances should be is a matter for the Haitians themselves to work out.

Q: Is it true that the U.S. military is planning to send military advisors to Haiti to professionalize the Haitian army?

- A: -- We are considering civic action programs and programs to help professionalize the Haitian armed forces as part of a comprehensive settlement to restore democracy and the return of President Aristide to Haiti.

Q: What specifically is being considered, and when would the programs begin?

A: -- No final decisions have been made on specific programs. Timing will depend on the progress of the ongoing negotiations.

PM PRESS GUIDANCE

April 15, 1993

NUNN-LUGAR ASSISTANCE TO BELARUS

Q: Why has the Administration been so slow to deliver assistance to Belarus, despite its agreement to become non-nuclear?

A: -- THE U.S. HAS MOVED VERY QUICKLY TO PROVIDE NUNN-LUGAR DISMANTLEMENT AND NON-PROLIFERATION ASSISTANCE TO BELARUS.

-- WE HAVE SIGNED FOUR AGREEMENTS WITH BELARUS WORTH ABOUT \$10 MILLION. THESE AGREEMENTS INCLUDE AN UMBRELLA TO PROVIDE AN INTERNATIONAL LEGAL FRAMEWORK FOR ASSISTANCE, EMERGENCY RESPONSE, EXPORT CONTROL AND A GOVERNMENT-TO-GOVERNMENT COMMUNICATIONS LINK.

-- ASSISTANCE FROM THESE AGREEMENTS HAS BEGUN TO FLOW TO BELARUS. FOR EXAMPLE, A U.S. TEAM RECENTLY VISITED MINSK TO START WORK ON A CONTINUOUS COMMUNICATIONS LINK BETWEEN THE TWO GOVERNMENTS.

-- ANOTHER U.S. TEAM WILL VISIT MINSK IN THE NEXT TWO WEEKS TO TRAIN BELARUSIANS IN EXPORT CONTROL TECHNIQUES.

- IN ADDITION TO THIS FIRST TRANCHE OF ASSISTANCE, THE U.S. HAS AGREED TO PROVIDE UP TO \$ 65 MILLION IN NUNN-LUGAR ASSISTANCE IN RECOGNITION OF THE BELARUSIAN RATIFICATION OF START AND ACCESSION TO THE NPT.
- AMBASSADOR GOODBY WILL LEAD A DELEGATION OF U.S. OFFICIALS TO BELARUS LATER THIS MONTH TO EXPLORE HOW THIS ASSISTANCE WILL BE USED.

U.S. DEPARTMENT OF STATE

Office of the Acting Assistant Secretary, Spokesman

For Immediate Release

April 14, 1993

READ OUT ON ARAB ISRAELI PEACE TALKS CONSULTATIONS

Q: Could you provide a read-out on the consultations with the parties to the Arab Israeli peace talks?

A: WHEN SECRETARY CHRISTOPHER AND HIS RUSSIAN CO-SPONSOR INVITED THE PARTIES TO THE ARAB ISRAELI PEACE TALKS TO RESUME NEGOTIATIONS ON APRIL 20, THEY ALSO INVITED THE PARTIES TO CONSULTATIONS BEFORE THE TALKS BEGAN.

IN RESPONSE TO THIS INITIATIVE, WE HELD EXTENSIVE CONSULTATIONS WITH THE ISRAELIS AT THE TIME OF PRIME MINISTER RABIN'S VISIT. WE WILL MEET AGAIN WITH AMBASSADOR RABINOVITCH THURSDAY, APRIL 15 AND WITH ELI RUBINSTEIN AND OTHERS ON MONDAY APRIL 19.

ASSISTANT SECRETARY DJEREJIAN AND THE PEACE TEAM HELD CONSULTATIONS WITH PALESTINIANS ON MARCH 27 AND AGAIN ON APRIL 14. THEY ALSO MET WITH THE JORDANIANS AND SYRIANS ON APRIL 13 AND THE LEBANESE ON APRIL 14. AT THE SAME TIME WE HAD EXTENSIVE CONTACTS WITH ALL OF THE PARTIES THROUGH OUR CONSULATE IN JERUSALEM AND EMBASSIES BOTH HERE AND ABROAD.

IN ALL OF THESE CONSULTATIONS WE EXPLAINED HOW WE CONCEIVED THE NEW AMERICAN ROLE OF "FULL PARTNER". WE WILL PLAY A MORE ACTIVE ROLE AS AN INTERMEDIARY AND HONEST BROKER. AT THE SAME TIME, WE STRONGLY BELIEVE THAT DIRECT NEGOTIATIONS ARE THE BASIC VEHICLE FOR ENGAGEMENT.

THE CONSULTATIONS ON EACH TRACK INCLUDED A FULL EXCHANGE OF VIEWS ON THE CURRENT STATUS OF THE NEGOTIATIONS AND HOW BEST TO MOVE FORWARD.

WE BELIEVE THIS USEFUL SERIES OF CONSULTATIONS HAS LAID THE BASIS FOR SERIOUSLY ENGAGING ON SUBSTANCE WHEN THE NEGOTIATIONS RESUME.

Drafted: NEA/P:WChamberlin

Cleared: NEA: MParrise

PA: RBoucher

S/P: SLewis

NEA: EDjerejian

S: DROSS

S/P: AMiller

MEMORANDUM FOR CORRESPONDENTS

No. 116-M
April 14, 1993

The Department of Defense announced today that it has declassified and is releasing the English translation of a Russian document which claims the total number of POWs held by North Vietnam in 1972 was 1205. The Russian document is a translation of an alleged Vietnamese report apparently given by Vietnamese General Lieutenant Van Quang to the Vietnamese Politburo of the Central Committee on September 15, 1972.

The Russians provided the document to the U.S. Government on April 8, 1993. As there was no indication that the document had been declassified, the English translation was classified by U.S. officials. On April 13, 1993, the Russians agreed to declassify the document so it could be released to the American people.

The document is being evaluated by U.S. Government experts on an expedited basis. General John W. Vessey, Jr., Presidential Emissary to Hanoi for POW/MIA Affairs, will raise questions concerning this document as the first order of business on his trip to Vietnam later this week.

~~END~~

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Department CC CPSU

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REPORTING:

Translation of the report of Deputy Chief of the General Staff, Vietnamese People's Army, General-Lieutenant Chan Van Kuang, at the session of the Politburo, Central Committee PTV, 15 September 1972.

This report outlines the operations which are being carried out by the leadership of the Democratic Republic of Vietnam (DRV) in South Vietnam to establish the possibility for cooperation with and recruitment of representatives of the Saigon government and army in support of the Patriots. With this in mind, contacts have been established and meetings conducted with several civilian and military leaders, to include generals Ngo Din Doo (Commander, 16 Regional Corps), Nguyen Khan and Zing Van Min (former leader of the Saigon administration), Khoang Suan Lam (former Commander, 1st Regional Corps), and others.

From the words of the reporter, during these meetings many of the generals have spoken against the Thieu regime and against the U.S. policy of "vietnamisation." They have acknowledged most of the major victories of the Patriotic forces, and also agreed to be part of the future governmental coalition for South Vietnam. The leadership of the DRV is convinced that, even though they have anticommunist views, these people will be able to greatly assist the Patriots in their goal to overthrow the Thieu dictatorship and the formation of a coalition government.

Chan Van Kuang has presented details of the plan "Ba Ba" which was planned for execution in South Vietnam. This plan envisions the resolution of a number of tasks, the principal one of which is the physical extermination of the reactionary leaders of the Saigon administration.

The development of plan "Ba Ba" was undertaken by the Ministry of National Defense of the DRV along with the Ministry of State Security, which was assigned responsibility for the management of its execution.

It should be pointed out that preparation for fulfilling

Declassified on 4/13/93
by OASD (PAW/MIA) /p

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PAGE 003

plan "Ba Be" is going successfully. Up until the middle of September of this year 406 people, who had received special training and knew local conditions well, have been sent from the DRV to South Vietnam. The task for carrying out operations according to plan "Ba Be" was also assigned to these people. The reinsertion into South Vietnam of specially trained agents is scheduled for completion by the end of September.

The report states that conduct of operations in accordance with plan "Ba Be" is scheduled for October of this year. It is assumed that its successful execution will assist to a significant degree the realization of plans for combat operations and will lead to the development of a favorable environment in South Vietnam for the Patriots and in addition, will exert substantial influence on the course of negotiations in Paris.

Chen Van Kuang shed light on American POWs in great detail. The total number of American POWs captured in the course of combat actions and who are now in the DRV consists of 1,205 of whom 671 were taken prisoner in North Vietnam, 426 in South Vietnam, 43 in Laos, and 65 in Cambodia.

There are 767 aviators among the prisoners, 3 of whom went through training for space flights, and 15 of whom have more than 4,000 flight hours each.

All of the American POWs are held in 11 prisons and were assigned to them according to military rank (there are 16 colonels, 104 lieutenant colonels, 233 majors, and the remaining prisoners are of lower rank).

It should be noted that in the course of the interrogations of the prisoners the VPA command succeeded in collecting valuable information on the Armed Forces of the USA, on combat equipment, and various types of weaponry, including chemical weapons, which provides the opportunity to develop countermeasures against the enemy.

According to the reporter, the U.S. government does not know the precise number of POWs in the DRV since the VPA command holds this information in strict secrecy, and up until now a list of 368 prisoners has been published officially. There are indications that the leadership of the DRV considers that the issue of the liberation of American POWs is a part of the whole Vietnamese problem and can be regularized only after the resolution of the political and military issues.

Attachment:

1 brochure (incl. no. 14253), Top Secret, Copy no. 6.

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General Staff of the Armed Forces of the USSR
Main Intelligence GRU

Title: Report of the Deputy Chief of the General Staff of the
Vietnamese Peoples Army

General Lieutenant Chan Van Quang
at the Meeting of the Politburo of the Central Committee of the
PTV
15 September 1972

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In addition to these questions in accordance with direction
from the Politburo I will report to you today on American POWs
captured on the various fronts of Indochina.

Dealing with American prisoners has always been under the
jurisdiction of the Politburo and has been reflected in its
decisions, such as the decision number 21 DCT dated 23 March
1971, and the decision dated 4 April 1972. Both of these
decisions touch on the questions of exploiting these American
POWs captured in time of war. This disturbs the public opinion
of the whole world and the USA. There are various thoughts on
the question of American POWs. Some of these are correct, others
are not, but even among us there is a group of comrades whose
opinions who differ from the opinion of the Politburo. In their
judgments these comrades are not taking into considerations the
particulars of the developing situation and the inherent
difficulties. These opinions hinder us in our search for methods
of resolving the question of American POWs.

Honored comrades! The question of American POWs is very
complex. World public opinion, and the public opinion of our
brother socialist nations want to know the exact number of POWs
located in North Vietnam. Allow me to inform you specifically
about this question. From the time that the USA introduced their
troops into Vietnam, expanded the air war against North Vietnam,
and widened the general scale of their aggression, onto the
territories of Laos, Cambodia, we have captured a very large
number of American POWs on the fronts of Indochina. At first the
number of American POWs was not large, and world public opinion
paid little attention to them. However, after the imperialists
of the USA started massive bombing and off shore bombardment by
the 7th fleet on 5 August 1964 of the territory of North Vietnam,
after expanding their aggression onto the territories of Laos and
Cambodia, the number of American POWs in North Vietnam grew day
by day. The number of American POWs in the DRV has not to this
day been made public, we have kept this figure secret. At today's
session of the Politburo, I will report to you, Comrades, the
exact number of American POWs.

The total number of American POWs captured to date on the
fronts of Indochina, in other words in North Vietnam, South

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Vietnam, Laos and Cambodia totals 1205 people. Of this number, 671 people were captured in North Vietnam and 143 pilots (were captured) in South Vietnam. This means the total number of pilots, and diversionary [special operations] (American advisors on special craft), captured on the territories of North and South Vietnam comprise 814 people. In addition, from other categories of American servicemen in Indochina, we have captured 391 people, including in South Vietnam--283, in Cambodia--65, in Laos--43 people. 814 and 391 comprise 1205 people.

Here is more data on the 1205 POWs.

In North Vietnam, we have captured 624 American pilots, including: 7 Colonels, 85 Lt Colonels, 183 Majors, in other words, the total number of senior officers of the US Air Force and Navy comprise 275 people. The 624 American pilots include 3 astronauts, in other words, three people who have completed the necessary training for space flight. For instance, Jim Katio, (who was) captured in the vicinity of Hanoi. This figure also includes 15 U.S. Air Forces aces, having more 4,000 flight hours each; Norman Klavisto, Carmet, Jim Intist Shasht and others. Such are the specific data on American pilots captured in North Vietnam..

Among the other 47 prisoners, captured in North Vietnam, there are 36 special operations forces advisors who were inserted in the border region between DRV with Laos; individual special operations personnel who were conducting reconnaissance of transportation routes from helicopters and reconnaissance vessels; and several seamen who abandoned their damaged vessels and were picked up by us. Therefore the figures 624 plus 47 add up to 671.

In South Vietnam we have captured 143 U.S. aircrew members, mainly helicopter pilots, and some jet pilots.

Among the 391 American POWs captured in South Vietnam, Laos and Cambodia, we have 9 Colonels, 19 Lt Colonels and 82 Majors. The remainder are officers from captain down, and American enlisted men.

In summary, I want to remind you that the 1205 American POWs presently in prisons of North Vietnam are:

- pilots, captured in North Vietnam - 624;
- pilots, captured in South Vietnam - 143;
- special forces and other American servicemen, captured in North Vietnam - 47;
- American servicemen of other categories - 391, of whom 283

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were captured in South Vietnam, 65 in Cambodia, and 43 in Laos.

All of them are presently in prisons in North Vietnam. Currently we have 11 prisons where American POWs are held. We used to have 4 large prisons; however, after the American effort to free their POWs from Ha-tay (Son Tay) we expanded this number to 11. Each prison holds approximately 100 POWs.

Seven Air Force Colonels captured in North Vietnam and nine colonels of other services captured in South Vietnam, Laos and Cambodia (16 officers in all) are being held together; we are attempting to understand the current situation in the American Army, gather the information we need, and determine our relationship to it.

104 American Lt Colonels are kept together and we are attempting to extract from them materials and secret information about disposition of troops, and information concerning the Defense Department of the U.S.

235 Majors are concentrated in two camps.

Thus we have dedicated special prisons for the senior American officers: one for Colonels, one for Lt Colonels and two for Majors. The rest of the POWs, Captains and below, are at other prisons.

A few words about the political views and the inclinations of American POWs.

368 POWs have progressive inclinations. They well understand that this war is unjust and unpopular on their part. They condemn the American administration and express a decisive protest against this war. We will be able to liberate these 368 POWs first of all under the condition that, as a result of the struggle of the progressive peoples of the world (including the American people), a favorable international environment will take shape, thus forcing Nixon to move toward a resolution of the political issue. We are carrying out work with this category of POWs to explain to them the aggressive nature of the war being carried on by the Nixon administration and the nature of the Nguyen Van Thieu regime, and also to make them understand the unjust character of this war which is inflicting great damage on the American people. One can assert that this group of POWs is progressive in their political views.

372 of the POWs hold neutral views, i.e., their political outlook is not fully progressive, yet not too reactionary. We fully believe that they still do not clearly understand the role of the American administration in unleashing the aggressive war in Indochina.

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The remainder of the POWs hold reactionary views. In spite of the work carried on to explain to them the real state of things, they have not changed their reactionary views.

The following is a summation:

-- 368 POWs holding progressive views can be liberated first of all;

-- 372 POWs hold neutral positions;

-- 465 POWs hold reactionary views.

All the POWs among the senior officers hold reactionary views, i.e., they do not condemn Nixon, they do not protest against his policies, and they invalidate our courses of action. We understand that these officers are products of rich families. Their reactionary views are precisely a result of this.

We well understand that the question of American POWs has great significance for the resolution of the South Vietnamese problem. We must continue propagandistic and educational work with the American POWs, leading to their understanding of the nature of the aggressive war which the USA is carrying out in Vietnam, as well as the senseless obstinence of Nixon, which only delays the liberation of POWs and their return to their homeland. Soon we will free several POWs in order to put pressure on Nixon's government, observe his reactions and those of the American public, as well as to demonstrate our good intentions in this matter.

Thus, the 1205 American POWs captured on the fronts of Indochina (in North and South Vietnam, Laos and Cambodia), presently kept in prisons in North Vietnam represent a significant force in the American army, a basic part of which is made up of American pilots.

The large number of American pilots imprisoned during the time of Johnson and Nixon inflicted huge damage on the US Air Force. This should cause the government of the USA and Nixon himself to reflect. We intend to resolve the question of American POWs in the following manner:

1. The government of the USA must demonstrate concessions, in other words, a cease fire and the removal of Nguyen Van Thieu, and then both sides can begin discussing the question of repatriating POWs to the Nixon government.

2. During the time that the American side is resolving the above-mentioned problems, we can free some more pilots from the number who are progressively inclined. Nixon should not hinder the return of these pilots to their homeland and not undertake

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any disciplinary measures toward them.

3. Nixon must compensate North Vietnam for the great damage inflicted on it by this destructive war.

Here then are the principles on the basis of which we may resolve the problem of American POWs. However, Nixon continues to resist the solution of the Vietnamese question, thereby delaying the resolution of the problem of American POWs.

I have reported these specific numbers and fundamental aspects of the problem of American POWs to the Politburo. But we have comrades who also don't understand this problem correctly. It is necessary to resolve this question taking into account stabilizing the military and the political aspects of the Vietnamese problem. If we take a path of concession toward Americans and liberate POWs we would be at a great loss. That is why our point of view on this issue remains the same: this issue must be resolved on the basis of military and political stabilization aspects.

The composition of the 1205 POWs creates certain difficulties for us. Most importantly, 1205 POWs, particularly pilots, is a great loss to the American Army, particularly the U.S. Air Force. At the same time we are able to collect data about American weapons and valuable scientific materials about U.S. Army (for instance, material on how to utilize different type weaponry, tactical/technical characteristics of the aircraft, instructions of the air force, as well as materials about other types of armament of the U.S. Army.) We have been able to uncover U.S. intentions in the international arena and on a number of other issues, which are related to war in Indochina.

That is why we are convinced that our position concerning POWs was and continues to be correct. If we could successfully resolve the POW issue, then the other issues will not exert any influence in our policy toward the United States, that is why we right now we are concentrating on the successful resolution of this problem. Why we study materials from interrogations from American aviators who were shot down over North Vietnam and American scientists who were captured in this war (particularly Air Force specialists, as well as scientists in other technical areas). Their loss is a major demoralizing factor for the American Army, because in no other war have there been so many captured Americans as there are in this war of aggression.

1205 American POWs are kept in the prison of North Vietnam--that is a large number. For now, we have officially published a list of 368 POWs, the rest are not acknowledged. The government of the United States is aware of this, but they don't know the exact number of POWs, or they perhaps only assume an approximate number based on their losses. Therefore in

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accordance with the decree from the Politburo we keep secret the number of POWs.

We are continuing to collect and study materials from POW interrogations...

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Bosnia: Arms Embargo

[Background: Bartholomew told reporters in Zagreb that the United Nations would meet "in one or the other way" the Muslim Slavs' request for lifting an arms embargo unless Serbs sign the Vance-Owen plan. On Wednesday's CBS "This Morning," Margaret Thatcher said, "It is totally and utterly wrong to stop people from defending themselves against a highly armed aggressor, and we should reverse that and supply the Bosnian Muslims with arms and the latest and train them."]

Q: In view of Margaret Thatcher's and Ambassador Bartholomew's comments Tuesday, are we engaging in any new action regarding lifting the arms embargo?

A: -- As Secretary Christopher has said, if the Bosnian Serbs do not come into the negotiating process in a constructive way, we will look seriously at pressing for lifting the arms embargo.

-- In the meantime, we are strongly supporting the draft UNSC Omnibus Resolution, which will toughen and tighten the sanctions regime and thereby bring more intense pressure on the Serbs to come to agreement. We are also participating through NATO forces in the implementation of the UN's No-Fly Zone Enforcement Resolution.

-- Ambassador Bartholomew is making these points to his interlocutors in the region.

-- He is also telling them that we remain supportive of the Vance/Owen process and would welcome a resumption of talks. Ever since the Bosnian Government and the Bosnian Croats agreed to the Vance/Owen package in New York, the United States and the international community have been focused on trying to bring the Bosnian Serbs to a settlement.

Cambodia

Q: Does the Khmer Rouge's withdrawal from the SNC and Phnom Penh spell disaster for the UN-sponsored transition?

A: -- No, but we are concerned about recent developments in Cambodia.

-- We deplore the Khmer Rouge's cold-blooded killings of innocent UNTAC personnel and civilians.

-- We also regret the Khmer Rouge's apparent decision to pull out of Phnom Penh. But the Khmer Rouge long ago reneged on their commitment to the Paris Agreements.

-- These latest developments have not diminished our determination to press ahead with elections. Despite the many challenges that UNTAC faces, we believe that free and fair elections represent the best hope for the Cambodian people.

U.S. DEPARTMENT OF STATE
OFFICE OF THE ASSISTANT SECRETARY/SPOKESMAN

For Immediate Release

April 15, 1993

STATEMENT BY RICHARD BOUCHER, SPOKESMAN

BOSNIA-HERZEGOVINA HUMANITARIAN ASSESSMENT TEAM
EXECUTIVE SUMMARY OF FINDINGS

Attached is the executive summary of the report of the interagency humanitarian assessment team which traveled to Bosnia-Herzegovina last month. The executive summary is a six-page document presenting issues which the team identified as key as they prepare their draft comprehensive report.

We are following up on all the ideas presented in the report.

Many of the humanitarian actions identified by the assessment team, including some which fell even below the threshold for mention in the overall report, are within the means of appropriate agencies to pursue without reference to senior levels of the administration. These are already in various stages of follow-up or actual implementation.

As noted in the report, some of the recommendations had broader implications for policy and therefore required a wider and higher level review. That review continues. We are evaluating them in the context of our overall efforts to bring about a settlement as well as provide relief. On February 10, the Secretary promised "quite determined" steps to ensure the delivery of humanitarian supplies. We have flown airdrops now for 44 days and delivered over 1800 tons of food and medical supplies to those in need in eastern Bosnia. The UN has continued its efforts, despite the fighting and the security risks, in getting aid convoys into eastern and other parts of Bosnia.

The U.S. will continue to be at the forefront of efforts to stop the fighting, to bring Bosnian Serbs to a negotiated solution and to care for the many innocent people who are suffering because of the fighting.

Humanitarian Assessment Team on Bosnia-Herzegovina

February 24 - March 10, 1993

EXECUTIVE SUMMARY

Introduction

International humanitarian relief efforts and an unusually mild Balkan winter are the two primary factors which combined to avert the predicted, much larger losses of life in war-ravaged Bosnia-Herzegovina. As the B-H economy continues its decline, dependence upon international relief for survival is mounting rapidly. The Bosnian Muslims are the overwhelming victims of the current war.

This report concentrates on identifying ways in which the USG can both augment and improve its own relief effort and contribute to enhancing the major, ongoing international programs. However, it also reconfirms the limits imposed on humanitarian relief which must be conducted in a war environment, especially one focused on civilian populations. In such an environment, there are no magic formulas to perfect the international relief effort in B-H.

NOTE: Although these recommendations are addressed to US policy makers and agencies, the humanitarian assessment team believes they must, if adopted, be carried out in conjunction with the UN, other donor nations and the private relief community.

Findings

1. Political/military:

- a. The major cause of human suffering and loss of life in Bosnia-Herzegovina remains the war and attendant issues of:
 - oo security for both impacted populations and deliverers of relief when civilian populations are the specific targets of the war; and
 - oo lack of access to large elements of impacted populations.
- b. Despite Serbian and Bosnian Serb protestations that Bosnian Serb military commanders in isolated areas of B-H are acting independently when harassing relief workers or constricting the delivery of relief supplies, it is apparent that Belgrade and Pale are doing little to change the situation on the ground.

E.S. - 2

- c. The team found evidence that Bosnian Croat forces (HVO) are increasing pressure on relief convoys and on Muslim civilians in areas under their control and areas designated as Croatian controlled under the Vance-Owen plan (e.g., Jablanica). HVO is vulnerable to Croatian government pressure and influence.
 - d. The deployment of UNPROFOR troops, despite continued attacks, has had a calming, facilitative effect on many parts of B-H. Although UNPROFOR units in Bosnia are not configured to aggressively enforce delivery of humanitarian aid, they have facilitated passage of convoys through checkpoints, established mail transfers, arranged prisoner and body exchanges, and assisted hospitals and other inter-communal facilities. The absence of either a permanent troop presence in or at least a liaison representation immediately adjacent to contested areas may constitute a lost opportunity to reduce tensions and assist the relief effort.
 - e. Acceptance and implementation of the Vance-Owen plan, particularly if marked by relative peace and the end of fighting, may lead to spontaneous large-scale population transfers, especially by Muslims to Muslim-controlled areas, creating major humanitarian assistance issues.
 - f. The forced termination of the UNPROFOR presence in Croatia and any resumption of Serb-Croat fighting there would have an immediate, major and disruptive impact on relief efforts throughout the region, including Serbia, Croatia, and especially B-H. Refugees and displaced persons, as well as other vulnerable groups, in all republics would be seriously and adversely affected.
2. Although they deliver only a portion of needed supplies, both the Sarajevo airlift and eastern Bosnia airdrop operations are very important -- supplementing food and medical deliveries and serving as sources of hope to innocent victims of the Bosnian catastrophe.
3. The town and region around Tuzla in north central Bosnia risk being swamped with further major refugee flows if additional besieged enclaves of eastern Bosnia fall. Further, the central role of Tuzla in coal and electrical energy production for much of B-H makes it strategic in preventing the collapse of what remains of the B-H economy and further deterioration of the already disastrous electricity and water delivery systems in, for instance, Sarajevo. Marginal to impassable road conditions on the southern route from Croatia now through the spring thaw (while good roads exist, they are blocked by warring parties), and uncertainties of access over northern routes from Serbia, lead to pessimistic projections for resupplying Tuzla, even at current population levels. The Tuzla airport -- in terms of physical condition and cooperative attitude of responsible B-H authorities -- was studied by a qualified specialist seconded to the team and was found to be

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in condition to be made at least minimally operational now.

4. There are major weaknesses in medical and public health services available to the population at present, which vary from region to region and are susceptible to varying degrees of correction depending upon the issues of security and access noted above. Key areas of need are delivery of acute care, monitoring, and public health interventions, and there is the potential for severely worsening conditions. (The physicians from the CDC and other agencies who joined this assessment team have prepared a detailed description of medical care needs.)

5. There exist a range of problems in the areas of food and nutrition for large parts of the resident and refugee populations in and around B-H.

-- With the planting season at hand, there is an urgent need to provide a proper mix of seeds to those populations and areas in B-H which might be in a position to grow some of their own food requirements during the 1993 season. Agriculture in B-H, which satisfied only a fraction of domestic needs prior to the war, has ground to a virtual standstill.

-- Close attention is needed to ensure continued support of the food pipeline in the immediate and medium term future, as the number of beneficiaries grows in the wake of economic collapse and as currently important private contributions decline.

6. Logistics/relief delivery systems/public affairs and community relations:

a. Although both UNHCR and UNPROFOR staffs are dedicated to fulfilling their shared missions in leading the international assistance effort in B-H, short staffing, operational pressures, non-collocated headquarters, communications difficulties, and formidable logistical obstacles conspire to create relief delivery coordination problems in most of B-H. Coordination with NGOs is particularly difficult.

b. There is a current dearth of information available to the people of B-H regarding their own situation, as well as the evolution of international political developments and relief efforts on their behalf. A radio broadcasting facility capable of covering the country via short/medium wave and distribution of program materials to local stations could have a significant impact. A similar print media capacity could also be of great importance in supporting the morale of the population and in fostering positive relations between the people and key elements of the relief community.

c. UNPROFOR perceives significant opportunities for improving community relations at the local level, but has extremely

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limited civil affairs expertise available to be drawn upon from current UNPROFOR contributing countries.

7. **Economic rehabilitation:** Beyond immediate relief needs, rehabilitation of critical economic sectors in B-H -- especially power generation/transmission and agriculture -- would greatly relieve suffering and improve prospects for moving beyond relief dependency in the mid-term.

8. **Reliable data** both on precise dimensions of specific needs and on the degree to which such needs are being met by existing relief efforts remain elusive, although there has been marginal improvement in information collection systems over recent months.

Recommendations**1. Political/military:**

a. While actual recommendations on how to deal with the war itself go beyond the mandate of this team, the team notes some elements within the range of broader policy options which could have a beneficial impact in humanitarian terms:

- oo The declaration and enforcement of safe havens for specifically identified beneficiary communities or populations;

- oo A militarily robust system for delivery of relief supplies to such communities and populations, even in the absence of enforced safe havens; or

- oo Application of robust military and/or renewed diplomatic means to silence heavy weapons systems which inflict a major portion of physical casualties and psychological trauma on civilian populations.

b. The USG should convey to Serb and Bosnian Serb leaders, in the strongest possible terms, that the US holds directly responsible for deaths and human suffering both the leaderships and those local commanders in B-H whose actions block humanitarian aid deliveries. Punitive measures must be developed (e.g., in the context of negotiations or confidence building measures) for obstruction of relief efforts.

c. To counter impact of HVO obstructions to Muslim relief:

- The USG should insist that the GOC intervene with the HVO to cease its harassment of Muslim civilians and relief operations.

- The USG should support the cost of additional employment of

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expatriate drivers and trucking necessary to transport relief material through central Bosnia checkpoints manned by opposing factions.

d. Beneficial effect of UN military presence:

- The USG should prompt discussion within the UN of creative mechanisms for establishing a small military presence, such as a UNPROFOR liaison team, in eastern B-H enclave regions, away from the front lines but in a position to facilitate relief and reconciliation initiatives or openings among the factions.
- UNPROFOR deployment to Banja Luka should be restudied.

2. Sarajevo airlift and eastern Bosnia airdrop operations:

- both operations should be continued at this time.:
- DOD officials should consult with AID, USDA and CDC experts on evolving composition of deliveries in both operations to maximize the benefits for target populations.

3. Tuzla Airport:

- The USG should review urgently options for participating in and actively supporting UN actions to open Tuzla airport in the very near future for delivery of food and critical coal/energy production-related materials.
- Short of a reopening, Tuzla airport should be given active consideration as a site for contingency airlift operations or air drops of key commodities.

4. Medical and public health:

- The USG (AID/DOD) should provide personnel and equipment in leading a major upgrading of medical care and preventive public health capabilities in B-H. Short of stopping military attacks on civilian populations, these steps will save the greatest number of innocent lives in B-H. (See Annex I.)

5. Food and nutrition:

- The USG (AID/USDA/DOD) should both identify the nutritionally appropriate mix of such seed and help cover costs of procurement and delivery of an appropriate portion of it, including by air drop -- beginning immediately. In view of the US' comparative disadvantage in providing bulk commodities from the US, and of obstacles to broader scale agricultural activities in B-H at present, the US effort should concentrate on relief of the individual through support of a "victory

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gardens" program.

- Planning for a surge of refugees into Tuzla and other Muslim-controlled areas, including either pre-positioning of food and medical supplies or the capacity to respond to such a surge, is necessary in consultation with other donors. (Finding 2.d.)

6. Logistics/relief delivery systems/public affairs and community relations:

- a. Multiple, linked coordination centers dealing with the UNHCR and NGO convoys, escorts, traffic control, etc., should be created. The USG (DOD/AID) should offer coordination and other support personnel to UNHCR and UNPROFOR, as well as communications and related equipment, identified in close consultations with UNHCR and UNPROFOR.
 - b. The USG should identify civilian and military media assets to be put at the disposal of UNPROFOR, for example, to conduct an intensive, ongoing public information program.
 - Alternatively, if a broader information system is created for keeping the people of B-H more aware of international efforts which affect them, ways should be found to use program content in support of UN agencies' roles and activities in B-H.
 - c. The USG should provide appropriately trained military personnel with concomitant resources to augment the fledgling UNPROFOR civil affairs effort aimed at improving its relations with the B-H populace, which poorly understands its limited, aid-related mission. This would not entail a formal US role in UNPROFOR, but the provision of a limited number of G-5 specialists to augment and train UNPROFOR G-5 staff. A possible model effort might be with UNPROFOR in Sarajevo.
7. A combined civilian-military task force on power supplies in B-H should be established to collaborate with B-H officials to enhance coal production, undertake power plant repairs and other programs possible in the current hostilities.

FUNDING IMPLICATIONS

There are few unexpended or non-earmarked funds available to the State, AID and Defense offices which normally bear the cost of humanitarian assistance programs. To the extent that options presented in this summary or in the full report require significant additional funding, the team will forward recommendations for reprogramming or for requesting a supplemental appropriation.

on the Tokyo package-- a response to any question about Bentsen's announcement that we intend to give \$500 million to a new privatization fund and additionally give \$1.3 billion as part of a second Russian assistance program:

We are looking at a package of approximately the same size as the one announced at Vancouver.

The final amount depends very much on our consultations with Congress and on the willingness of the other G-7 countries to contribute to a multilateral effort.

The President spoke with the Congressional leadership and we are in contact with many other members of the Congress. During the past month, we have held consultations with many members of Congress and received many excellent ideas, which we incorporated into the Vancouver package and are now using to put together the second package of programs.

Today in Tokyo consultations are going on with our G-7 partners on the size of the multilateral assistance package as well as on what each of them could contribute to a Privatization Fund and to other projects (technical assistance, energy, environment, housing for military officers.) These consultations are not yet completed.

The \$1.3 figures is in the range of what we would expect to present to the Congress, but only after taking their views into account will we be able to arrive at a final number.

Wed
noon [to: George
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Post-Vancouver Assistance Package

Building on discussions with Russia's leaders, and in consultation with Congress, President Clinton has announced an expanded package of assistance for Russia above that unveiled in Vancouver. This package will provide grants and credits in the amount of \$1.8 billion for Russia and the other NIS. In addition to funding bilateral programs, the new package proposes multilateral initiatives for joint financing with our G-7 partners. Details of the package will be finalized in consultation with Congress and the Russian government, but our present intention is to focus on those sectors which Russian officials have already indicated are priorities in the reform process..

- energy and environment. A substantial increase in funding in these areas would allow us to cooperate in funding improvements in nuclear reactor safety, financing American exports of energy and environmental equipment and technical assistance to improve energy efficiency and reduce environmental pollution.

- military officer resettlement. We will expand the military housing assistance committed in Vancouver to finance construction of additional housing for demobilized military officers. We will also provide technical assistance to support a World Bank housing sector loan to promote a private housing market.

- private sector support. Technical programs are planned to support private farming and rural and agricultural credit activities. A second Enterprise Fund could be established for the Russian Far East. This would help support private business through the extension of technical assistance, loans and equity investments. The U.S. will also consider funding small business development programs and bilateral programs of post-privatization assistance to newly-privatized companies.

- democratization and exchanges. Under the President's Democracy Corps initiative, we will significantly expand the number of people-to-people exchanges. Other programs would support a rule of law consortium and an independent media fund. We would seek matching contributions for both initiatives from the private sector.

- humanitarian assistance. To meet critical medical needs, we will supply vaccines and other medicines and extend technical cooperation to the pharmaceutical sector to boost production, distribution and quality control of medicines. Priority in these programs will be given to the Russian Far East and other areas outside Moscow.

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- trade and investment. To expand bilateral trade and investment, the U.S. will provide additional credits and guarantees through EXIM Bank and OPIC to support project finance in such areas as mineral extraction, telecommunications, air-traffic control and other infrastructure projects and defense conversion. We will sponsor trade promotion and business-to-business activities to stimulate an American commercial presence in Russia and the other NIS.

In addition to these bilateral activities, we have proposed joint financing with our G-7 partners in two key reform areas: privatization and de-nuclearization. We have suggested that implementation of these programs could be overseen by a Moscow-based office of G-7 representatives.

-- Special Fund for Privatization and Restructuring. We have proposed a multilateral fund to help finance large scale privatization of state industries and to alleviate the transition for workers and local communities.

-- Nuclear Threat Reduction Fund. The U.S. is already providing \$800 million in grants through the Nunn-Lugar program to support the safe and secure dismantlement of nuclear weapons. The President is seeking an additional \$400 million in FY 1994 for this purpose. (Note. This is not counted in the \$1.8 billion quoted above.) We have proposed that G-7 countries support this effort through parallel, bilateral contributions.

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U.S. Assistance to Russia

(\$ millions)

Vancouver Bilateral Package:	1,622
Tokyo Expanded Bilateral Package: ^{\$ 1.3 assistance}	1,800*
EXIM Bank Credits (Oil & Gas): ^{\$ 800 mil - Privatization Fund}	2,000
Nunn-Lugar Denuclearization:	1,200**

* Pending consultations with Congress on specific details. Includes \$300 million for other NIS countries and \$500 million for a Special Privatization and Restructuring Fund.

** Includes \$800 million appropriated in FY 1992 and FY 1993 and \$400 million already requested in the FY 1994 Budget. \$215 million of this total was included in the Vancouver package to be implemented in 1993.

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G-7 SPECIAL PRIVATIZATION AND RESTRUCTURING FUND

*(to be created with \$500 US contribution
of the G-7 nations contribute the
rest - for a fund of \$2 billion)*

- o The USG is proposing creation of a multilateral G-7 fund to support large scale privatization and restructuring of Russian state enterprises.
 - Such a fund would respond to a direct request from President Yeltsin and Deputy Prime Minister Fedorov for Western support to alleviate the social and economic dislocations associated with privatization.
- o Stabilization of the economy and privatization of industry in Russia are complicated by the fact that many state enterprises are not only the main regional employers in areas outside Moscow, but also are the sole providers of essential social services.
- o The fund would provide grant or concessional loan financing to support job re-training, health and education services, and infrastructure for private sector development in communities and regions affected by privatization reforms.
- o The funds would be disbursed only after specific enterprises were privatized and concrete, tangible programs were identified for support.
 - The recipients of this support would be newly-privatized enterprises, which would receive loans to assist in modernization, recapitalization and restructuring, and local and central governments, which would receive grants to support programs to workers and companies.
- o The USG proposes the establishment of a Moscow-based implementation office to oversee the program. This is again something that Russian officials have said they would support.
 - The purpose of this office would be to speed delivery of assistance and to work to clear bureaucratic obstacles to the fund's effective use.
- o We propose \$2 billion in G-7 grants and concessional loans to capitalize the fund and another \$2 billion in co-financing loans from the IBRD and EBRD, for a total of \$4 billion.
 - The U.S. is prepared to contribute \$500 million in grants to start up the fund. We ask our G-7 partners to contribute the remaining amount.
- o An effort could be made to solicit contributions from non-G-7 members to further capitalize the fund.

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April 13, 1993

Proposal for a G-7 Special Privatization and Restructuring Fund

Objectives

Russia's privatization program, is one of President Yeltsin's key reform achievements, is already resulting in the rapid conversion of large state enterprises to joint stock companies and the transfer and sale of equity shares to the private sector. Russia faces the challenge of privatizing and restructuring more than 20,000 medium and large industrial enterprises, many of which are huge by the standard of industrial countries (over 50,000 employees) and some of which are the main or sole enterprise in a city or region.

Ownership transformation itself is but one requisite of a successful privatization program. For newly privatized companies to survive, they must modernize their facilities, reduce their work forces, turn over to local governments the responsibility for social expenditures (such as education, health, and recreation), and acquire new managerial capabilities, technologies, and capital. In addition, the new private sector will need a stable and supportive financial, institutional, and social environment in which to operate.

This note proposes the creation of a Special Privatization and Restructuring Fund (SPRF). The Fund would provide newly privatized companies with direct support for modernization, and with indirect support aimed at creating a supportive environment in which to operate.

Funding

The SPRF would be financed by grant contributions (or deeply concessional loans) totalling \$2 billion from the G-7 partners and another \$2 billion in cofinancing from the World Bank and EBRD, for a total of \$4 billion. The United States intends to seek legislation from the Congress to contribute \$0.5 billion to this total. The G-7 partners would be asked to pledge the remaining amount. As pledging continues, an effort could be made to solicit contributions from the G-24 and others (such as Brunei, Korea, Saudi Arabia).

Target group of enterprises

The fund would provide financial support for the privatization of large state enterprises. To focus the effort and link financial support to action on privatization, the SPRF and the Russian State Committee on Privatization would identify an initial target group of large state enterprises slated for privatization, perhaps 1000 or so, although the target group could be amended as

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some enterprises are liquidated and others pass through the privatization process.

The SPRF would focus its efforts on this target group, by channelling financing to the newly privatized enterprises themselves, to local governments, and to the central government.

Phased disbursements

Disbursements from the SPRF will be linked to the privatization of the target group of enterprises. A potential disbursement amount would be established to be keyed on the privatization of each enterprise in the target group. When particular enterprises in the target group (or threshold numbers of enterprises) are converted to joint stock companies and company shares are placed in private hands, the SPRF would authorize a matching disbursement of funds. The determination would then be made about the appropriate utilization of disbursement funds.

Utilisation of funds

The SPRF would have three financing facilities:

Newly privatized companies. A significant portion of the resources of the SPRF would be reserved for loans to newly privatized companies. These loans would be made on commercial terms in rubles (and could be indexed, partially or completely, for exchange rate fluctuations to protect the resources of the SPRF) and would have a term of 5 to 10 years. Loan repayments could be recycled during the duration of the SPRF.

The loans would be direct support for the modernization, recapitalization, and restructuring of the companies. The SPRF would develop several lending windows with complementary aims and functions:

- o Capital modernization
- o In-house job retraining
- o Managerial assistance; and
- o Expenses related to closure, liquidation, and workouts

Loans to these companies will support Russian stabilization in two ways. First, as loans are made, the SPRF will sell foreign currency in the exchange market to obtain the ruble counterpart needed to extend the loan. Second, the provision of ruble loans through this mechanism, reduces the call for Russian Central Bank credits (based on money printing) to support newly privatized enterprises.

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Local governments. SPRF resources would also be devoted to grants to local governments whose actions are needed to support the privatization of key enterprises in their locality. A specific set of activities would be identified as eligible for support. Particular emphasis would be on building local infrastructure for the private market (including the development of financial institutions and distribution and transportation facilities), supporting transitional disruptions to health, education, and sanitation services, and local job retraining and relocation activities.

Grants to the localities will support Russian stabilization by reducing the subsidies and transfers of revenues that might otherwise come from the budget of the central government to support these local expenditures.

Central government. Some SPRF resources would be devoted to grants to the central government in order to fund programs that offer specific support for the privatized companies and their communities. Specific activities would include: strengthening health and education programs in communities hurt by the privatization of large enterprises; investment in physical infrastructure (in particular, transport) in one-company cities to support newly privatized enterprises; and support for programs providing specific economic development activities.

Grants to the central government have the direct effect of supporting stabilization by covering expenditures that would otherwise be financed by money printing.

Institutional organization

The SPRF would be multilateral in character, and its management structure would have to be negotiated among the participating countries. The management team would be drawn from the G-7 countries, and would be resident in Moscow. Management would meet periodically in plenary sessions with a donor committee made up of representatives of the G-7 participants. Some consideration could be given to allowing participants to earmark their contributions for particular grant or lending programs, to suit as best as possible the national interests of the donors.



April 12, 1993

Terms of Reference for the
Support Implementation Office

Proposal

A G-7 Support Implementation Office (SIO) would be created to facilitate the delivery of support for Russia by the major countries in a timely and coordinated manner.

Rationale

In 1992, Russia was frequently unable to absorb support effectively due to bureaucratic bottlenecks and conflicts, reflected in overlapping Ministerial functions, delays in the establishment and staffing of an office for aid coordination in the Russian Government, and skepticism regarding the necessity for and efficacy of such support in many quarters of Russian society. In some important cases, multilateral support was stymied by the inability of the Russian government to fulfill commitments regarding administrative arrangements. In some instances, western support efforts were duplicative and overlapping and were hindered by short term visits to Russia that provided inadequate information and followup.

President Yeltsin and President Clinton discussed this experience at the Vancouver Summit. They agreed that external support could make a substantial contribution to market reform. But they were also of the view that to help build a stronger base for market reform, the provision of support would need to be substantially improved by making it more timely, better coordinated, and effectively implemented.

Organization

The G-7 SIO would be based in Moscow. At its head would be a person with strong administrative and managerial capabilities and experience, preferably with some experience in Russian affairs. His or her role would be to move support along, rather than being a prominent figure on the world stage.

The office would be staffed by a small group of technical experts from the G-7 countries. These individuals would not be senior level officials, but ideally should have experience in the aid field and Russian language capability.

(Note: the Germans would want the #2 slot)

Operation

The SIO would act as an international "ombudsman" with the aim of facilitating the effective utilization by Russia of the support programs offered by the G-7 and the international financial institutions.

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The SIO would:

- o Monitor support to determine whether there are delays in the implementation of programs.
- o Consult with appropriate officials of the Russian Government, as well as donors and creditors, to discern the origins of implementation difficulties.
- o Work intensively with Russian officials to overcome bottlenecks in the negotiation and implementation of support programs. This will include a "troubleshooting" role, where the SIO identifies disbursement preconditions that are not met, or misunderstandings that might be blocking implementation. The SIO would then bring their findings and recommendations to the attention of senior Russian Government officials in an effort to overcome the problems.
- o Meet periodically in a plenary session with representatives of the Russian Government, the international financial institutions, the G-7 governments and their export credit agencies. The aim of these meetings would be to evaluate the success of the support effort and identify steps to improve implementation.

The SIO would, however, not assume the following responsibilities:

- o Quantify the overall payments needs of Russia.
- o Design the program of support for stabilization and structural reform.
- o Develop or implement G-7 country bilateral support packages and projects.

Duration

The SIO would have a duration of three years. Before this period terminated, the G-7 would review the continued need for this organization.



PROPOSAL FOR G-7 ON
MULTILATERAL DISMANTLEMENT ASSISTANCE

SUMMARY OF U.S. PROPOSAL

- o The U.S. has prepared a new initiative, to which it attaches the highest importance, to create a G-7 multilateral program for the denuclearization of the former Soviet Union.
- o We propose that the basis for this program be multilateral, with U.S. contributions of \$1.2 billion and contributions from the other members of the G-7.

RATIONALE FOR U.S. PROPOSAL

- o About 27,000 nuclear weapons remain in the former Soviet Union, located at hundreds of sites spread throughout Eurasia.
 - This total includes 3,000 weapons located in Ukraine, Belarus, and Kazakhstan.
 - o It is difficult to think of a more urgent task for the West than accelerating the denuclearization of the former Soviet Union.
 - The major obstacle facing these states is lack of resources to carry out this enormous task.
 - o This is why the U.S. Congress has authorized \$800 million in DOD funds for Nunn-Lugar assistance.
 - Because we view this task as critical, we are seeking an additional \$400 million in Nunn-Lugar funds for fiscal year 1994.
 - o The purpose of the U.S. money is to provide assistance to these countries to facilitate their dismantlement efforts in critical areas, such as missile and launcher dismantlement and the safe and secure transportation, storage, and dismantlement of nuclear weapons.
 - Many of these projects are large in scale; for example, the U.S. contribution to missile and launcher dismantlement in Russia will be \$130 million and we estimate that the storage facility will cost several hundred million dollars.
 - o But this U.S. assistance is simply not enough -- the enormous size of this task requires a full-scale effort by the broader international community.
- //

- o Other G-7 members have taken initial steps. These efforts are a good beginning, but we clearly need to do more and branch out to the other FSU states with weapons on their territory, including Ukraine, Belarus, and Kazakhstan.

THE U.S. PROPOSAL

- o To meet this urgent need, the U.S. would like to work with other governments to establish a multilateral program to assist denuclearization in the former Soviet Union.
 - The U.S. will commit \$1.2 billion to this program through fiscal year 1994.
- o We are still developing our concept for the program, but we currently believe the best way to organize it would include:
 - A new G-7 dismantlement working group to work out the modalities and procedures, as well as contributions, for the program.
 - However, we should avoid any arrangement that slows the delivery of assistance already planned by the U.S. and other members.
 - Each member state would make a specific pledge toward the program. As a starting point, we will pledge our \$1.2 billion and would suggest the remainder be provided by the other G-7 members.
 - We would suggest that provision of assistance from the denuclearization program be carefully timed to avoid undercutting our efforts to obtain ratification of START and accession to the NPT. Once these actions have been taken, assistance could be provided for projects that accelerate denuclearization.
- o We would like our Ministers to announce creation of such a program this week.

WHAT KIND OF PROJECTS?

- o The kind of projects we have in mind for the program include the following, which we have not yet been able to pursue with the first \$800 million in U.S. Nunn-Lugar assistance:
 - Providing the Russians additional assistance to facilitate the design, site selection, and construction of a storage facility for fissile material derived from dismantled weapons.
 - Additional assistance for Russia, Kazakhstan, and Ukraine in dismantling their strategic nuclear delivery vehicles. This could include, for example, additional equipment for silo dismantlement and research into methods to destroy solid propellant missiles in an environmentally safe manner.

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- Clean-up of contaminated areas, e.g., missile silos and other nuclear facilities.
- Defense conversion assistance for very high priority projects, such as conversion of the SS-18 plant in Ukraine, and providing housing and retraining of former Strategic Rocket Forces officers in all four recipient states.
- o We have prepared an illustrative list of such projects which we will provide to experts on Thursday. As the sides identify other projects, they could be added.
- o Many of these potential projects are somewhat different from existing dismantlement projects, which generally involve provision of equipment or technical assistance.
- Many of the possibilities for these types of assistance have been exhausted.
- Future projects will primarily be in the form of joint ventures and grant assistance.

CONCLUSION

- o As the list suggests, there is much work to be done to accelerate the denuclearization of the former Soviet Union.
- o We need to pull together at this critical juncture in history to pool our resources and take on this task with the same resolution we have taken on in other great endeavors in the past.
- o The United States views this as a very important initiative and we look forward to agreement here along the lines we have proposed; we also look forward to input from other governments on how to add to our ideas.

April 14, 1992

Questions and Answers
Press Briefing on Post-Vancouver Package

Q. Can you give us a breakdown of this new assistance package? What part of it goes to Russia? What part to other NIS?

- A. The \$1.8 billion in additional U.S. support for reform in Russia can be broken down as follows: *\$1.3 billion in assistance plus \$500 Privatization Fund*
- *\$500 million* ~~\$500 million~~ would be the U.S. contribution to a multilateral Special Privatization and Restructuring Fund that would support the privatization of state enterprises in Russia; *(this is part of a longer G-7 fund and is contingent on G-7 support)*
 - ~~\$500 million~~ grant bilateral assistance to Russia focussing on the key areas of energy and environment, housing, private sector development, democracy support, exchanges, and humanitarian assistance;
 - ~~\$500 million~~ to finance export and investment credits; and
 - ~~\$300 million~~ *\$300 million* grant bilateral assistance to other new independent states in these same key areas. These countries could also benefit from expanded export and investment credits.

This package reflects the priority areas that have been identified by the Russian leaders and we will be working with them as well as the Congress and our G-7 partners to develop more detailed plans over the next few weeks.

Q. How does the President intend to fund this package? Will he seek a supplemental budget from Congress this fiscal year?

- A. The Administration is still consulting with Congress on funding for this package. No decisions have been made at this time.

*yes - you
can use this
number*

*do not
use
numbers*

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W. Why has the Administration decided to announce a new package so shortly after Vancouver. Why are you doing this now before other G-7 countries have committed themselves to new assistance programs?

A. At Vancouver, the President announced his intention to provide the \$1.6 billion in already appropriated funds on an expedited basis and targeted toward key Russian priorities. At that time, he indicated that more needed to be done to support the democratic and economic reforms in Russia. The additional U.S. support is intended to compliment and enhance the multilateral measures announced today.

-- Other countries have joined the U.S. in this important effort. Japan announced an assistance package at the Tokyo ministerial. The Germans, Canadians and British have also announced new support for Russia in recent days.

-- The multilateral package agreed to today along with the significant debt rescheduling announced two weeks ago also underlines the support of all the G-7 countries.

-- As a result of discussion we have had at these meetings, we are hopeful that additional contributions to the efforts on privatization and denuclearization will be made in the weeks and months to come.

Q. How does this assistance package relate to the \$700 million authorization that the President has already said he will seek in the FY 1994 budget.

A. The \$1.8 billion announced today is separate from the \$700 million requested in the President's FY 1994 Budget.

Q. Is an increased Nunn-Lugar authorization included in this package?

A. No. The President had already requested an additional \$400 million authorization under Nunn-Lugar for de-nuclearization activities in the FY 1994 Budget. This is not included in the \$1.8 billion announced today.

-- We are seeking to build on our Nunn-Lugar program by requesting that other G-7 countries contribute to a multilateral fund for the safe and secure dismantlement of nuclear weapons. Japan has already pledged \$100 million and we expect additional contributions from Japan and other G-7 states.

DRAFT CHRISTOPHER PRESS STATEMENT

APRIL 13, 1993

SECRETARY BENTSEN AND I HAVE JUST COMPLETED AN EXTRAORDINARY CONFERENCE WITH OUR G-7 COLLEAGUES AND REPRESENTATIVES OF THE RUSSIAN GOVERNMENT OVER THE LAST TWO DAYS. I THINK ALL OF US AGREE THAT OUR DISCUSSIONS WERE MOST SUCCESSFUL. WE WOULD LIKE TO THANK THE JAPANESE GOVERNMENT FOR ITS EXCELLENT ORGANIZATION OF THIS CONFERENCE AND FOR ITS LEADERSHIP ON THE IMPORTANT ISSUE OF SUPPORT FOR RUSSIAN REFORM. JAPAN'S ROLE IN THIS EFFORT, AS IN SO MANY OTHER ISSUES THAT WILL AFFECT OUR FUTURE, IS CRITICALLY IMPORTANT. IN THAT REGARD, THIS MEETING ALSO SERVED AS A VERY USEFUL WAY TO REVIEW MANY OF THE ISSUES THAT THE PRESIDENT LOOKS FORWARD TO DISCUSSING WITH PRIME MINISTER MIYAZAWA TOMORROW IN WASHINGTON.

FOR THE FIRST TIME IN ITS HISTORY, THE G-7 FOREIGN AND FINANCE MINISTERS HAVE MET TO DISCUSS A SINGLE ISSUE--THE STRUGGLE OF THE RUSSIAN PEOPLE TO CREATE A DEMOCRATIC FUTURE IN THEIR GREAT COUNTRY. OUR MEETING ITSELF IS A REMARKABLE SYMBOL OF THE PROGRESS WE HAVE MADE IN CREATING A NEW RELATIONSHIP WITH RUSSIA IN JUST A FEW SHORT YEARS. FOR OVER 45 YEARS, THE INDUSTRIAL

DEMOCRACIES STOOD FACE-TO-FACE WITH THE SOVIET UNION IN ONE OF OUR CENTURY'S GRAVEST CRISES--THE COLD WAR. THROUGHOUT THIS PERIOD, WE SPENT TRILLIONS OF DOLLARS AND LOST PRECIOUS LIVES IN DEFENSE OF THE DEMOCRATIC VALUES THAT ARE SO DEAR TO OUR COUNTRIES. THE DEMOCRATIC REVOLUTION IN THE FORMER SOVIET UNION, AND THE RISE TO POWER OF REFORMERS LIKE BORIS YELTSIN PRESENTED NEW OPPORTUNITIES FOR RUSSIANS, AMERICANS, JAPANESE AND EUROPEANS ALIKE. AS WE MEET HERE IN TOKYO, I THINK IT IS FAIR TO SAY THAT WE FIND OURSELVES AT THE THRESHOLD OF A NEW ERA--A PERIOD OF CHALLENGE BUT ALSO OF HOPE FOR A MORE PEACEFUL AND SECURE FUTURE AS WE LOOK TOWARD THE NEXT CENTURY.

WE CAME TO TOKYO OUT OF A CONVICTION THAT THE UNITED STATES AND ITS ALLIES MUST STAND SQUARELY IN SUPPORT OF DEMOCRATIC POLITICAL AND MARKET ECONOMIC REFORM IN RUSSIA. I KNOW PRESIDENT CLINTON FELT STRONGLY, AS DID HIS G-7 COLLEAGUES, THAT WE SIMPLY COULD NOT WAIT FOR OUR ANNUAL SUMMIT IN JULY TO ACT DECISIVELY ON BEHALF OF THE REFORM GOVERNMENT IN MOSCOW AND REFORMERS THROUGHOUT RUSSIA AT THIS CRITICAL TIME. I BELIEVE WE HAVE MET THE CHALLENGE. OUR G-7 MEETINGS AND OUR DISCUSSIONS WITH THE TWO LEADERS OF THE RUSSIAN DELEGATION HERE--FOREIGN MINISTER ANDREI KOZYREV AND DEPUTY PRIME MINISTER BORIS FEDOROV--HAVE PRODUCED RESULTS THAT WE BELIEVE REPRESENT THE BEGINNING OF A NEW PARTNERSHIP WITH RUSSIA.

THE UNITED STATES IS PLEASED WITH THIS CONFERENCE'S SINGLE GREATEST ACHIEVEMENT; -THE AGREEMENT AMONG THE G-7 COUNTRIES, RUSSIA AND THE MAJOR INTERNATIONAL FINANCIAL INSTITUTIONS--THE IMF, WORLD BANK AND EBRD-- FOR A NEW AND SUBSTANTIAL PACKAGE OF SUPPORT FOR RUSSIAN REFORM. WE BELIEVE THESE INITIATIVES--A COMBINATION OF GRANTS, LOANS AND OTHER FINANCIAL COMMITMENTS TOTALING ROUGHLY \$35 BILLION -- WILL PROVIDE THE TYPE OF FLEXIBLE AND CREATIVE HELP THE RUSSIAN GOVERNMENT REQUIRES TO SURMOUNT THE MANY ECONOMIC CHALLENGES IT FACES THIS YEAR. SOME OF THE FUNDS WILL BE DISBURSED QUICKLY IN RESPONSE TO REFORM MEASURES ALREADY UNDERTAKEN BY PRESIDENT YELTSIN AND HIS GOVERNMENT. OTHER MEASURES WILL BE IMPLEMENTED ONLY AFTER RUSSIA HAS TAKEN ADDITIONAL STEPS THIS YEAR. SECRETARY BENTSEN WILL DISCUSS THIS IMPORTANT ISSUE IN MORE DETAIL.

WE ALSO DISCUSSED WHAT EACH OF THE G-7 COUNTRIES MUST DO BILATERALLY IN RESPONSE TO THE EVENTS IN RUSSIA. WE AGREED THAT ALL OF US SHOULD DO MORE, AND THAT OUR ASSISTANCE SHOULD BE MADE MORE RELEVANT TO ASSIST THE RUSSIAN GOVERNMENT'S MOST IMPORTANT REFORMS.

AFTER CONSULTATION HERE WITH OUR ALLIES, WITH THE RUSSIAN GOVERNMENT, AND WITH THE CONGRESS, THE PRESIDENT HAS DECIDED THAT THE UNITED STATES MUST BUILD ON THE \$1.6 BILLION PACKAGE OF ASSISTANCE ANNOUNCED IN VANCOUVER IN ORDER TO PROMOTE GREATER

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\$1.55 BILLION IN GRANTS--\$300 MILLION OF WHICH WILL BE DIRECTED TO THE OTHER NEW STATES, WITH THE REMAINDER FOR RUSSIA. THIS PACKAGE WILL ENCOMPASS EXPANDED U.S. SUPPORT FOR INITIATIVES IN ENERGY AND THE ENVIRONMENT, HOUSING FOR MILITARY OFFICERS, ASSISTANCE TO THE PRIVATE SECTOR, EXCHANGES, MEDICINES AND TRADE AND INVESTMENT. IN VIEW OF RUSSIA'S DIFFICULT FINANCIAL SITUATION WE BELIEVE IT IS APPROPRIATE TO PROVIDE THE BULK OF THIS ASSISTANCE IN THE FORM OF GRANTS.

A PRINCIPAL FEATURE OF THIS PACKAGE IS A \$500 MILLION GRANT TO BEGIN A NEW SPECIAL PRIVATIZATION AND RESTRUCTURING FUND IN RUSSIA. THIS IS CONTINGENT ON CONTRIBUTIONS FROM OTHER G-7 GOVERNMENTS. OUR AIM IS TO CREATE A \$2 BILLION G-7 FUND WITH ADDITIONAL COMMITMENTS FROM THE INTERNATIONAL FINANCIAL INSTITUTIONS. THIS NEW FUND WOULD PROVIDE LOANS AND GRANTS TO NEWLY PRIVATIZED RUSSIAN ENTERPRISES AND TO LOCAL WORKERS AND COMMUNITIES UNDERGOING THE VERY DIFFICULT PROCESS OF CONVERSION FROM A COMMAND TO A MARKET ECONOMY. THE PROCESS OF TRANSFORMING RUSSIA'S ECONOMY WILL BE LONG AND DIFFICULT, AND THE G-7 WILL PROVIDE THROUGH THIS INITIATIVE THE TYPE OF HELP AND ENCOURAGEMENT MOST NEEDED BY RUSSIA'S PRIVATE SECTOR. WE HOPE TO REACH AGREEMENT WITH OUR G-7 PARTNERS ON THIS FUND AS SOON AS

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POSSIBLE, AND THE CREATION OF A NEW G-7 OFFICE IN MOSCOW TO IMPLEMENT THIS INITIATIVE.

IN ADDITION, WE DISCUSSED THE CREATION OF ANOTHER NEW FUND TO SUPPORT THE PROCESS OF DENUCLEARIZATION IN RUSSIA AND THE OTHER NEW STATES. THE U.S., OF COURSE, HAS ALREADY COMMITTED \$800 MILLION IN NUNN-LUGAR FUNDS TO THIS EFFORT AND IS REQUESTING AN ADDITIONAL \$400 MILLION FROM THE CONGRESS IN FY-94. WE HOPE TO HAVE AGREEMENT BY THE TOKYO SUMMIT IN JULY ON A NEW G-7 EFFORT TO DIRECT MUCH GREATER RESOURCES IN THIS CRITICAL AREA.

FINALLY, WE ARE ALSO VERY PLEASED TO ANNOUNCE TODAY THE SIGNING OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE U.S. AND RUSSIA ON A \$2 BILLION EXIM BANK OIL AND GAS FRAMEWORK AGREEMENT. THIS MAJOR ACHIEVEMENT WILL HELP TO FINANCE UP TO \$2 BILLION IN U.S. GOODS AND SERVICES EXPORTS TO RUSSIA TO HELP INVIGORATE A CRITICAL SECTOR OF THE RUSSIAN ECONOMY. THE EXIM BANK HAS ALREADY SET ASIDE THE FIRST \$500 MILLION FOR IMMEDIATE AVAILABILITY WHICH ALONE WILL SUPPORT 8000-9000 JOBS IN THE AMERICAN OIL AND GAS INDUSTRY.

IN SUM, WE HAVE MADE EXCELLENT PROGRESS IN TOKYO IN THE GREAT CHALLENGE OF BUILDING A NEW RELATIONSHIP WITH A NEW RUSSIA. THE PRESIDENT IS DETERMINED TO CONTINUE THE INTENSITY AND PACE OF THIS EFFORT IN THE MONTHS TO COME. AND HE LOOKS FORWARD TO

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CONTINUED CLOSE COLLABORATION WITH THE RUSSIAN GOVERNMENT AND
OUR G-7 PARTNERS ON ALL OF THESE ISSUES.

**U.S. DEPARTMENT OF STATE
OFFICE OF THE ASSISTANT SECRETARY/SPOKESMAN**

**For Immediate Release
April 15, 1993**

STATEMENT BY RICHARD BOUCHER, SPOKESMAN

*He will be
doing this
today.*

**BOSNIA-HERZEGOVINA HUMANITARIAN ASSESSMENT TEAM
EXECUTIVE SUMMARY OF FINDINGS**

Attached is the executive summary of the report of the interagency humanitarian assessment team which traveled to Bosnia-Herzegovina last month. The executive summary is a six-page document presenting issues which the team identified as key as they prepare their draft comprehensive report.

We are following up on all the ideas presented in the report.

Many of the humanitarian actions identified by the assessment team, including some which fell even below the threshold for mention in the overall report, are within the means of appropriate agencies to pursue without reference to senior levels of the administration. These are already in various stages of follow-up or actual implementation.

As noted in the report, some of the recommendations had broader implications for policy and therefore required a wider and higher level review. That review continues. We are evaluating them in the context of our overall efforts to bring about a settlement as well as provide relief. On February 10, the Secretary promised "quite determined" steps to ensure the delivery of humanitarian supplies. We have flown airdrops now for 44 days and delivered over 1800 tons of food and medical supplies to those in need in eastern Bosnia. The UN has continued its efforts, despite the fighting and the security risks, in getting aid convoys into eastern and other parts of Bosnia.

The U.S. will continue to be at the forefront of efforts to stop the fighting, to bring Bosnian Serbs to a negotiated solution and to care for the many innocent people who are suffering because of the fighting.

Examples

Qs & As

(IF ASKED)

Examples of actions we can implement without policy review:

- oo we are providing seeds for planting, following quick interagency consultations on most appropriate varieties;
- oo we are continuing both air drops into eastern Bosnia and the Sarajevo airlift;
- oo we are continuing and augmenting evacuation of special medical cases;
- oo we are studying intensely ways to be supportive of UN-centered relief activities.

When, why now

Q. When did the team return from its mission, and why is the report only being issued now?

A. The team returned to Washington on March 10. Follow-up on elements of its findings not requiring high-level administration focus began immediately, and was not linked to formal or, particularly, public issuance of the report.

The executive summary in the form you see here was tabled by the team in late March. Administration deliberations on those of its findings which have broader implications -- for money, impact on other initiatives, effect on diplomatic efforts -- are not yet concluded.

CAME back choice long study
move ^{forward} ~~the~~ key elements

(IF ASKED)

Hill

Q. Why did the team, in its briefings to Congressional staff, not brief the full contents of its findings?

A. It was the administration's preference to complete its internal deliberations on certain of the team's findings before briefing the Congress on them. The team noted at the outset of each briefing that there were certain of its findings upon which the administration was still deliberating, and that it was not at liberty to go deeply into them at the moment.

This summary was provided Tuesday to key, interested members of the Congress.

(IF ASKED)

Who team

Q. What was the composition of this interagency team?

A. There were:

- oo representatives of various offices in the State and Defense Departments and the Agency for International Development;**
- oo specialists from the Centers for Disease Control in Atlanta, from the US European Command in Stuttgart (EUCOM), and from US private voluntary agencies working in Bosnia-Herzegovina; as well as**
- oo members of our embassies in Zagreb and Belgrade and of the Disaster Assistance Response Team (DART) working out of Zagreb.**
- oo The total number of participants in the travel in and around Bosnia-Herzegovina was 26.**

(IF ASKED)

Who lead

Q. Who led the team?

A. The team's leadership reflects the interagency nature of the endeavor:

- oo The team was led by Hugh G. Hamilton, Jr., Deputy Special Adviser for East European Assistance in the office of the Deputy Secretary of State.
- oo The deputy team leader was James Kunder, Director of the Office of Foreign Disaster Assistance (OFDA) in AID, and the senior Defense Department representative was Captain (Navy) Larry Julihn of that department's office of European Policy.

Humanitarian Assessment Team on Bosnia-Herzegovina

February 24 - March 10, 1993

EXECUTIVE SUMMARY

Introduction

International humanitarian relief efforts and an unusually mild Balkan winter are the two primary factors which combined to avert the predicted, much larger losses of life in war-ravaged Bosnia-Herzegovina. As the B-H economy continues its decline, dependence upon international relief for survival is mounting rapidly. The Bosnian Muslims are the overwhelming victims of the current war.

This report concentrates on identifying ways in which the USG can both augment and improve its own relief effort and contribute to enhancing the major, ongoing international programs. However, it also reconfirms the limits imposed on humanitarian relief which must be conducted in a war environment, especially one focused on civilian populations. In such an environment, there are no magic formulas to perfect the international relief effort in B-H.

NOTE: Although these recommendations are addressed to US policy makers and agencies, the humanitarian assessment team believes they must, if adopted, be carried out in conjunction with the UN, other donor nations and the private relief community.

Findings

1. Political/military:

- a. The major cause of human suffering and loss of life in Bosnia-Herzegovina remains the war and attendant issues of:
 - oo security for both impacted populations and deliverers of relief when civilian populations are the specific targets of the war; and
 - oo lack of access to large elements of impacted populations.
- b. Despite Serbian and Bosnian Serb protestations that Bosnian Serb military commanders in isolated areas of B-H are acting independently when harassing relief workers or constricting the delivery of relief supplies, it is apparent that Belgrade and Pale are doing little to change the situation on the ground.

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- c. The team found evidence that Bosnian Croat forces (HVO) are increasing pressure on relief convoys and on Muslim civilians in areas under their control and areas designated as Croatian controlled under the Vance-Owen plan (e.g., Jablanica). HVO is vulnerable to Croatian government pressure and influence.
 - d. The deployment of UNPROFOR troops, despite continued attacks, has had a calming, facilitative effect on many parts of B-H. Although UNPROFOR units in Bosnia are not configured to aggressively enforce delivery of humanitarian aid, they have facilitated passage of convoys through checkpoints, established mail transfers, arranged prisoner and body exchanges, and assisted hospitals and other inter-communal facilities. The absence of either a permanent troop presence in or at least a liaison representation immediately adjacent to contested areas may constitute a lost opportunity to reduce tensions and assist the relief effort.
 - e. Acceptance and implementation of the Vance-Owen plan, particularly if marked by relative peace and the end of fighting, may lead to spontaneous large-scale population transfers, especially by Muslims to Muslim-controlled areas, creating major humanitarian assistance issues.
 - f. The forced termination of the UNPROFOR presence in Croatia and any resumption of Serb-Croat fighting there would have an immediate, major and disruptive impact on relief efforts throughout the region, including Serbia, Croatia, and especially B-H. Refugees and displaced persons, as well as other vulnerable groups, in all republics would be seriously and adversely affected.
2. Although they deliver only a portion of needed supplies, both the Sarajevo airlift and eastern Bosnia airdrop operations are very important -- supplementing food and medical deliveries and serving as sources of hope to innocent victims of the Bosnian catastrophe.
3. The town and region around Tuzla in north central Bosnia risk being swamped with further major refugee flows if additional besieged enclaves of eastern Bosnia fall. Further, the central role of Tuzla in coal and electrical energy production for much of B-H makes it strategic in preventing the collapse of what remains of the B-H economy and further deterioration of the already disastrous electricity and water delivery systems in, for instance, Sarajevo. Marginal to impassable road conditions on the southern route from Croatia now through the spring thaw (while good roads exist, they are blocked by warring parties), and uncertainties of access over northern routes from Serbia, lead to pessimistic projections for resupplying Tuzla, even at current population levels. The Tuzla airport -- in terms of physical condition and cooperative attitude of responsible B-H authorities -- was studied by a qualified specialist seconded to the team and was found to be

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in condition to be made at least minimally operational now.

4. There are major weaknesses in medical and public health services available to the population at present, which vary from region to region and are susceptible to varying degrees of correction depending upon the issues of security and access noted above. Key areas of need are delivery of acute care, monitoring, and public health interventions, and there is the potential for severely worsening conditions. (The physicians from the CDC and other agencies who joined this assessment team have prepared a detailed description of medical care needs.)

5. There exist a range of problems in the areas of food and nutrition for large parts of the resident and refugee populations in and around B-H.

-- With the planting season at hand, there is an urgent need to provide a proper mix of seeds to those populations and areas in B-H which might be in a position to grow some of their own food requirements during the 1993 season. Agriculture in B-H, which satisfied only a fraction of domestic needs prior to the war, has ground to a virtual standstill.

-- Close attention is needed to ensure continued support of the food pipeline in the immediate and medium term future, as the number of beneficiaries grows in the wake of economic collapse and as currently important private contributions decline.

6. Logistics/relief delivery systems/public affairs and community relations:

a. Although both UNHCR and UNPROFOR staffs are dedicated to fulfilling their shared missions in leading the international assistance effort in B-H, short staffing, operational pressures, non-collocated headquarters, communications difficulties, and formidable logistical obstacles conspire to create relief delivery coordination problems in most of B-H. Coordination with NGOs is particularly difficult.

b. There is a current dearth of information available to the people of B-H regarding their own situation, as well as the evolution of international political developments and relief efforts on their behalf. A radio broadcasting facility capable of covering the country via short/medium wave and distribution of program materials to local stations could have a significant impact. A similar print media capacity could also be of great importance in supporting the morale of the population and in fostering positive relations between the people and key elements of the relief community.

c. UNPROFOR perceives significant opportunities for improving community relations at the local level, but has extremely

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limited civil affairs expertise available to be drawn upon from current UNPROFOR contributing countries.

7. Economic rehabilitation: Beyond immediate relief needs, rehabilitation of critical economic sectors in B-H -- especially power generation/transmission and agriculture -- would greatly relieve suffering and improve prospects for moving beyond relief dependency in the mid-term.

8. Reliable data both on precise dimensions of specific needs and on the degree to which such needs are being met by existing relief efforts remain elusive, although there has been marginal improvement in information collection systems over recent months.

Recommendations

1. Political/military:

a. While actual recommendations on how to deal with the war itself go beyond the mandate of this team, the team notes some elements within the range of broader policy options which could have a beneficial impact in humanitarian terms:

oo The declaration and enforcement of safe havens for specifically identified beneficiary communities or populations;

oo A militarily robust system for delivery of relief supplies to such communities and populations, even in the absence of enforced safe havens; or

oo Application of robust military and/or renewed diplomatic means to silence heavy weapons systems which inflict a major portion of physical casualties and psychological trauma on civilian populations.

b. The USG should convey to Serb and Bosnian Serb leaders, in the strongest possible terms, that the US holds directly responsible for deaths and human suffering both the leaderships and those local commanders in B-H whose actions block humanitarian aid deliveries. Punitive measures must be developed (e.g., in the context of negotiations or confidence building measures) for obstruction of relief efforts.

c. To counter impact of HVO obstructions to Muslim relief:

-- The USG should insist that the GOC intervene with the HVO to cease its harassment of Muslim civilians and relief operations.

-- The USG should support the cost of additional employment of

Looking at

UNPROFOR

Negotiations

Done repeatedly - war crimes tribunal + reports

Done repeatedly

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looking at

expatriate drivers and trucking necessary to transport relief material through central Bosnia checkpoints manned by opposing factions.

d. Beneficial effect of UN military presence:

UNPROFOR has been talking to factions to establish presence

The USG should prompt discussion within the UN of creative mechanisms for establishing a small military presence, such as a UNPROFOR liaison team, in eastern B-H enclave regions, away from the front lines but in a position to facilitate relief and reconciliation initiatives or openings among the factions.

UNPROFOR deployment to Banja Luka should be restudied.

2. Sarajevo airlift and eastern Bosnia airdrop operations:

Doing -- both operations should be continued at this time.:

Doing -- DOD officials should consult with AID, USDA and CDC experts on evolving composition of deliveries in both operations to maximize the benefits for target populations.

3. Tuzla Airport:

Review -- The USG should review urgently options for participating in and actively supporting UN actions to open Tuzla airport in the very near future for delivery of food and critical coal/energy production-related materials.

-- Short of a reopening, Tuzla airport should be given active consideration as a site for contingency airlift operations or air drops of key commodities.

4. Medical and public health:

looking at identifying resources -- The USG (AID/DOD) should provide personnel and equipment in leading a major upgrading of medical care and preventive public health capabilities in B-H. Short of stopping military attacks on civilian populations, these steps will save the greatest number of innocent lives in B-H. (See Annex I.)

5. Food and nutrition:

Doing -- The USG (AID/USDA/DOD) should both identify the nutritionally appropriate mix of such seed and help cover costs of procurement and delivery of an appropriate portion of it, including by air drop -- beginning immediately. In view of the US' comparative disadvantage in providing bulk commodities from the US, and of obstacles to broader scale agricultural activities in B-H at present, the US effort should concentrate on relief of the individual through support of a "victory

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gardens" program.

UNO doing

-- Planning for a surge of refugees into Tuzla and other Muslim-controlled areas, including either pre-positioning of food and medical supplies or the capacity to respond to such a surge, is necessary in consultation with other donors. (Finding 2.d.)

6. Logistics/relief delivery systems/public affairs and community relations:

looking at

a. Multiple, linked coordination centers dealing with the UNHCR and NGO convoys, escorts, traffic control, etc., should be created. The USG (DOD/AID) should offer coordination and other support personnel to UNHCR and UNPROFOR, as well as communications and related equipment, identified in close consultations with UNHCR and UNPROFOR.

looking at

b. The USG should identify civilian and military media assets to be put at the disposal of UNPROFOR, for example, to conduct an intensive, ongoing public information program.

-- Alternatively, if a broader information system is created for keeping the people of B-H more aware of international efforts which affect them, ways should be found to use program content in support of UN agencies' roles and activities in B-H.

looking at

c. The USG should provide appropriately trained military personnel with concomitant resources to augment the fledgling UNPROFOR civil affairs effort aimed at improving its relations with the B-H populace, which poorly understands its limited, aid-related mission. This would not entail a formal US role in UNPROFOR, but the provision of a limited number of G-5 specialists to augment and train UNPROFOR G-5 staff. A possible model effort might be with UNPROFOR in Sarajevo.

looking at

7. A combined civilian-military task force on power supplies in B-H should be established to collaborate with B-H officials to enhance coal production, undertake power plant repairs and other programs possible in the current hostilities.

FUNDING IMPLICATIONS

There are few unexpended or non-earmarked funds available to the State, AID and Defense offices which normally bear the cost of humanitarian assistance programs. To the extent that options presented in this summary or in the full report require significant additional funding, the team will forward recommendations for reprogramming or for requesting a supplemental appropriation.