Case Number: 2016-0152-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:				
Chron File - June 1993 #2 [6]				
Staff Office-Individual:				
Defense Policy-Bell, Robert				
Original OA/ID Number:				
45				
Row:	Section:	Shelf:	Position:	Stack:
31	3	2	1	V

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - UNITAS 34-93. (1 page)	06/25/1993	P1/b(1)
001b. cable	re: Significant Military Training Exercise Brief for UNITAS 34-93. (2 pages)	04/18/1993	P1/b(1)
001c. cable	re: Significant Military Training Exercise Brief for UNITAS 34-93. (3 pages)	04/18/1993	P1/b(1)
002a. letter	[Personally Identifiable Information] [partial] (1 page)	06/23/1993	b(6)
002b. resume	Transcript of Naval Service for Admiral William D. Smith. (2 pages)	04/20/1993	b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - June 1993 #2 [6]

2016-0152-F
vz4422

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

4693

~~CONFIDENTIAL~~

June 28, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL

FROM: KEITH HAHN

SUBJECT: Significant Military Exercise UNITAS 34-93

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise UNITAS 34-93. At Tab II Defense recommends approval and State concurs.

UNITAS is the largest U.S. annual exercise with South American navies. It is conducted throughout the Caribbean, southeast Pacific and southwest Atlantic from July 6 - November 26. It will include standard anti-air, anti-surface, anti-submarine and electronic warfare exercises, communications exercises, surface to surface gunnery exercises against U.S. and South American towed targets, naval gunfire support exercises, and surface to air gunnery exercises. In addition, U.S. Marines and SEALs conduct amphibious rehearsals and landings and Coast Guard detachments hold symposia and maritime law enforcement training programs and an assortment of exercises with their counterparts.

The critical cancellation date is June 28, 1993.

Concurrence by: Barbro Owens-Kirkpatrick

RECOMMENDATION

That you sign the memorandum at Tab I approving the exercise.

Attachments
Tab I Memorandum for Signature
Tab II OSD Executive Secretary Memorandum, June 25, 1993

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By VL NARA, Date 6/3/2016
2016-0152-F

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR COL MICHAEL B. SHERFIELD
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise UNITAS 34-93

Military exercise UNITAS 34-93 is approved.

William H. Itoh
Executive Secretary

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	For Executive Secretary, National Security Council. Subject: Significant Military Exercise - UNITAS 34-93. (1 page)	06/25/1993	P1/b(1)

COLLECTION:

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National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - June 1993 #2 [6]

2016-0152-F
vz4422

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Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. cable	re: Significant Military Training Exercise Brief for UNITAS 34-93. (2 pages)	04/18/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - June 1993 #2 [6]

2016-0152-F
vz4422

RESTRICTION CODES

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Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001c. cable	re: Significant Military Training Exercise Brief for UNITAS 34-93. (3 pages)	04/18/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

FOLDER TITLE:

Chron File - June 1993 #2 [6]

2016-0152-F
vz4422

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

ROUTINE ZYUW RUCBSGG2827 1341908
R 141623Z MAY 93 ZYB
FM USCINCLANT NORFOLK VA//J7//
TO JOINT STAFF WASHINGTON DC//J7//
INFO JOINT STAFF WASHINGTON DC//J3/J4/J5//
SECDEF WASHINGTON DC//USDP:SP/EP/ASD:PA//
SECSTATE WASHINGTON DC//PM-ISO//
CINCLANTFLT NORFOLK VA//N3/N33/N3A/N334//
USCOMSOLANT USINT HAVANA CU

UNCLAS
EXER/UNITAS 34-93//
MSGID/GENADMIN/USCINCLANT//
SUBJ/SIGNIFICANT MILITARY EXERCISE BRIEF (SMEB) FOR UNITAS 34-93//
REF/A/MSG/USCOMSOLANT/181310ZAPR93/NOTAL//
REF/B/MSG/USCOMSOLANT/181312ZAPR93/NOTAL//
REF/C/MSG/CINCLANTFLT/081241ZMAY93/NOTAL//
NARR/REFS A AND B ARE USCOMSOLANT SMEB FOR UNITAS 34-93, AND REF C IS CINCLANTFLT'S RECOMMENDATION FOR APPROVAL//
POC/J. PASSALACQUA/LTC/USA/J712H/PRPHN DSN 438-5904, COMM. (804) 445-5904//
RMKS/1. ORIG CONCURS WITH REFS A AND B AS WRITTEN AND REQUESTS UNITAS 34-93 BE APPROVED FOR EXECUTION.//
BT

DIV	ACT	INFO
J-7 EA		
VJ-7 EA		
ORD		
JETD		
EAD		
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MED		
CWPD		
PSD		
JSID		
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SSIS		
MILSEC		
FILE		

JOINT STAFF V1 28
ACTION J7(6) (U,8,F)
INFO NMCC:CWO(1) J3(3) NIDS(1) J4(5) J5(1) J5:STRAT-J(1)
QUAL CONTROL(1) J7:JECG-J(1) SHAPE LNO(1) J6E-J(1)
J5-MEAF(1) J6U-J(1) J5:FLANKS-J(1) J7-JETD(3)
+NACEMEAF
+NEACP

SECDEF V2 9
ACTION (U,8,F)
INFO SECDEF-N(1) USDP:FILE(1) USDA:TS(1)
ASD:PA(1) USDP-CH(1) USDP:ESN(1) USDP:PPEAP(1)
USDP:EP(1) USDP:PP(1)
+USDP:CCC
+SAFE

I-93/42459

MCN=93134/07891 TOR=93134/1920Z TAD=93134/1920Z CDSN=MAZ960

Bob's Chron

Document No.____________

WHITE HOUSE STAFFING MEMORANDUM

DATE: June 26, 1993 **ACTION/CONCURRENCE/COMMENT DUE BY:** July 1, 1993 THURSDAY

SUBJECT: Navy Flag Officer Nomination

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	MONTOYA	☐	☐
McLARTY	☐	☐	NUSSBAUM	☐	☐
GEARAN	☐	☐	PASTER	☐	☐
NEEL	☐	☐	RASCO	☐	☐
PANETTA	☐	☐	RUBIN	☐	☐
EMANUEL	☐	☐	SEGAL	☐	☐
GIBBONS	☐	☐	STEPHANOPOULOS	☐	☐
HALE	☐	☐	TYSON	☐	☐
HERMAN	☐	☐	VARNEY	☐	☐
LAKE	☐	☐	WATKINS	☐	☐
LINDSEY	☐	☐	WILLIAMS	☐	☐
McGINTY	☐	☐	Bob Bell	☑	☐

REMARKS:

RESPONSE:

The National Security Council staff concurs in the attached military nomination.

Anthony Lake

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

June 25, 1993 93 JUN 25 P4:43

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN A. GAUGHAN
DIRECTOR, WHITE HOUSE MILITARY OFFICE

SUBJECT: Navy Flag Officer Nomination

Forwarded for your approval and signature is the nomination of Admiral William D. Smith, United States Navy, for appointment to the grade of admiral on the retired list.

This nomination has been staffed by the Acting Secretary of the Navy and approved by the Deputy Secretary of Defense.

Recommendation

That you approve and sign the attached.

Attachment

THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1000

23 JUN 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Navy Flag Officer Nomination

On behalf of the Secretary of Defense, I recommend the nomination of Admiral William D. Smith, United States Navy, for appointment to the grade of admiral on the retired list. Admiral Smith, who is 60 years of age, is currently serving as U. S. Representative to the NATO Military Committee.

William J. Perry

William J. Perry

Attachments

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. letter	[Personally Identifiable Information] [partial] (1 page)	06/23/1993	b(6)

COLLECTION:

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OA/Box Number: 45

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The White House

Washington

To the Senate of the United States:

I nominate:

The following named officer to be placed on the retired list in the grade indicated under the provisions of Title 10, United States Code, Section 1370:

<u>To be Admiral</u>

Admiral William D. Smith, U. S. Navy, (b)(6) [002a]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. resume	Transcript of Naval Service for Admiral William D. Smith. (2 pages)	04/20/1993	b(6)

COLLECTION:

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National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 45

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No.
(703) 697-5131 (info)
(703) 697-3189 (copies)
(703) 697-5737 (public/industry)

IMMEDIATE RELEASE

FLAG OFFICER ANNOUNCEMENT

Secretary of Defense Les Aspin announced today that the President has nominated Admiral William D. Smith, U.S. Navy, to be placed on the retired list in his current grade. Admiral Smith is scheduled to retire on October 1, 1993, after completion of more than thirty-eight years of active service. He is currently serving as U. S. Representative to the NATO Military Committee in Brussels, Belgium.

-END-

4662

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 28, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL RGB

FROM: KEITH HAHN KH

SUBJECT: Letter to the President from Representative Studds, et al, Requesting Support for U.S. Merchant Marine

At Tab B Representative Gerry Studds and members of the House Committee on Merchant Marine and Fisheries have written the President urging his support of the Merchant Marine Security and Competitiveness Act of 1993.

This bill seeks to establish a new operating differential subsidy (ODS) program to replace the existing program which will expire in 1996. Under the current ODS program, the federal government pays the difference between wages on U.S.-flag ships and wages on their principal competitor's foreign-flag ships. ODS contracts now cover 54 liner ships and 29 bulk ships, and payments are expected to total $224 million in 1993 (an average per ship subsidy of about $3.2 million).

Under this legislation, up to 90 liner and 20 bulk ships would be subsidized, ostensibly to meet defense requirements for sealift. DoD has not yet identified the amount of lift it would need to support requirements identified in the Bottom-up Review, but estimates that it would only need 10-20 ships. This bill would offer liners new contracts totalling over $2 billion over ten years. The contracts would provide annual per ship payments of $2.6 million for FY96 and $2.1 million every year thereafter. No effort has been made in the bill to identify where these funds would come from, although it is most often suggested that DoD should cover most of these costs.

Last Wednesday an NEC Principals meeting was convened to consider a proposed Department of Transportation Maritime Revitalization Program which closely resembles this legislation. Also in the past couple of weeks, the President has met with Secretary Pena, Senator Breaux and others who have urged him to take action to save this industry. The Principals Committee agreed to go forward with an options package which included DoT's proposal, but (by a 13 to 1 margin) supported another option that would have DoD identify and fund its sealift requirements and that would not continue to subsidize this industry.

DoT and Congress have stressed the national security requirements for a domestic flag fleet because other arguments (preserving jobs and promoting exports) have not withstood interagency scrutiny. DoD feels it can more economically meet its requirements in other ways. In the final analysis, the decision to support this legislation or a separate Administration initiative will probably hinge on broader political considerations.

The letters at Tab A assure the Congress that this issue has received attention at the highest levels and that the needs of the maritime industry will be considered in the context of overall U.S. domestic and national security requirements.

Concurrence by: Jeremy Rosner

RECOMMENDATION

That you forward the memorandum to the President at Tab I with the attached letters to Congress.

Attachments
Tab I Memorandum for the President
Tab A Letters to Congress
Tab B Incoming Correspondence

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
HOWARD PASTER
ROBERT RUBIN

SUBJECT: Letter from Representative Studds, et al, Requesting Support for U.S. Merchant Marine

Purpose

To respond to a letter from Representative Gerry Studds and members of the House Committee on Merchant Marine and Fisheries urging your support of the Merchant Marine Security and Competitiveness Act 1993.

Background

This bill seeks to establish a new operating differential subsidy (ODS) program to replace the existing program which will expire in 1996. Under the current ODS program, the federal government pays the difference between wages on U.S.-flag ships and wages on their principal competitor's foreign-flag ships. ODS contracts now cover 54 liner ships and 29 bulk ships, and payments are expected to total $224 million in 1993 (an average per ship subsidy of about $3.2 million).

Under this legislation, up to 90 liner and 20 bulk ships would be subsidized, ostensibly to meet defense requirements for sealift. DoD has not yet identified the amount of lift it would need to support requirements identified in the Bottom-up Review, but estimates that it would only need 10-20 ships. This bill would offer liners new contracts totalling over $2 billion over ten years. No effort has been made in the bill to identify where these funds would come from.

The NEC Principals met last Wednesday to consider a proposed DoT Maritime Revitalization Program which closely resembles this legislation. You will soon see an options package which includes this proposal, as well as other options which do not support continuation of subsidies to the maritime industry.

RECOMMENDATION

That you sign the letters at Tab A.

Attachments
Tab A Letters to Congress
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

Thank you for your letter highlighting the importance of the U.S. merchant marine to the national security and economic vitality of our Nation. At the urging of concerned members of Congress, like yourself, and representatives from the maritime industry, I have asked the National Economic Council to undertake an interagency review of the challenges facing the U.S.-flag fleet. They are to report their conclusions and recommendations for maritime revitalization to me in the near future.

Working with Congress, I hope we can develop a long-term, sustainable economic roadmap that provides economic opportunities for all Americans. There will be many difficult issues ahead, and I will continue to rely on the expertise that you and your colleagues can provide to help make the right choices.

Sincerely,

The Honorable Gerry E. Studds
House of Representatives
Washington, D.C. 20515

4662

U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, DC 20515-6230

June 14, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The United States merchant marine is vital to our Nation's future economic and security needs. In the recent past, this essential part of our national strength has deteriorated to a point where if we do not act swiftly it will disappear.

On May 19, 1993, the bipartisan leadership of the House Committee on Merchant Marine and Fisheries introduced H.R. 2151, the Merchant Marine Security and Competitiveness Act of 1993, to help revitalize this important industry. Congress is committed to moving ahead with this initiative. We ask for your support.

Your leadership is essential to coordinate and encourage agency cooperation as we develop this plan to maintain an active U.S.-flag fleet.

The U.S. merchant marine serves two critical purposes. The U.S.-flag fleet and its expertly trained merchant mariners meet our nation's surge and sustainment sealift requirements in national emergencies. At a time of retrenchment in defense expenditures, the U.S. merchant marine is even more important to our national security interests. Compared to the costs and risks of having no fleet at all, the price of an American-flag maritime industry is minimal. Without a U.S. merchant marine fleet, it will be all but impossible to maintain productive American shipyards. We can not allow this valuable part of our nation's infrastructure to collapse. In fact these programs, particularly with respect to shipyard assistance, can be the keystone of your defense conversion effort. Without our collective efforts, thousands of American maritime jobs will be lost.

In addition, U.S. seamen and ships sailing under the American flag assure our economic independence. In a turbulent world, dependence on foreign-flag carriers is foolhardy. Our nation's trade could be held hostage to a foreign shipping boycott.

Mr. President, we are aware of the difficult choices you face regarding our economy and we stand ready to assist you. We encourage you to include maritime revitalization in your Administration's agenda.

American jobs depend on our success.

Sincerely,

Jack Fields

Gerry E. Studds
Chairman

Jack Fields
Ranking Minority Member

William O. Lipinski
Chairman, Subcommittee on Merchant Marine

Herbert H. Bateman
Ranking Minority Member, Subcommittee on Merchant Marine

William J. Hughes
Member of Congress

Earl Hutto
Member of Congress

W.J. "Billy" Tauzin
Member of Congress

Solomon P. Ortiz
Member of Congress

Thomas J. Manton
Member of Congress

Owen Pickett
Member of Congress

George J. Hochbrueckner
Member of Congress

Frank Pallone
Member of Congress

Gene Taylor
Member of Congress

Jack Reed
Member of Congress

H. Martin Lancaster
Member of Congress

Thomas H. Andrews
Member of Congress

Elizabeth Furse
Member of Congress

Gene Green
Member of Congress

Thomas Barlow
Member of Congress

Bart Stupak
Member of Congress

Maria Cantwell
Member of Congress

Gary Ackerman
Member of Congress

Steny Hoyer
Member of Congress

Major Owens
Member of Congress

Charles Wilson
Member of Congress

Al Swift
Member of Congress

Alcee Hastings
Member of Congress

Lynn Schenk
Member of Congress

Helen Delich Bentley
Member of Congress

Jolene Unsoeld
Member of Congress

Lane Evans
Member of Congress

Dan Hamburg
Member of Congress

Wayne T. Gilchrest
Member of Congress

Randy "Duke" Cunningham
Member of Congress

Thomas Foglietta
Member of Congress

Jack Brooks
Member of Congress

Eliot Engel
Member of Congress

Alan Wheat
Member of Congress

David E. Bonior
Member of Congress

Cardiss Collins
Member of Congress

Don Young
Member of Congress

Curt Weldon
Member of Congress

James M. Inhofe
Member of Congress

Arthur Ravenel, Jr.
Member of Congress

Tillie K. Fowler
Member of Congress

Peter G. Torkildsen
Member of Congress

Lincoln Diaz-Balart
Member of Congress

Barney Frank
Member of Congress

Chris Smith
Member of Congress

Jim Bacchus
Member of Congress

Collin Peterson
Member of Congress

Harry Johnston
Member of Congress

Pete Visclosky
Member of Congress

Karan English
Member of Congress

Ronald Machtley
Member of Congress

Carolyn Maloney
Member of Congress

Charles Wilson
Member of Congress

Neil Abercrombie
Member of Congress

Ed Pastor
Member of Congress

Jim Saxton
Member of Congress

Porter J. Goss
Member of Congress

THE WHITE HOUSE

WASHINGTON

June 21, 1993

MEMORANDUM FOR WILLIAM ITOH
NSC Executive Secretariat

FROM: HOWARD G. PASTER HP

SUBJECT: Presidential Correspondence

Attached are copies of letters sent to the President from various members of Congress.

Since these letters address national security issues, we would appreciate your assistance in having drafts written.

Thank you very much for your assistance. If you have any questions, please feel free to call LeeAnn Inadomi at x7500.

The following is a brief description of the letters:

1) Gerry Studds (D-MA) and others, concerning U.S. flag fleet;

2) Bob Graham (D-FL) and Connie Mack, concerning Haitians from Guantanamo Bay.

Attachments

ID# 024535

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: JUNE 23, 1993

NAME OF CORRESPONDENT: THE HONORABLE GERRY E. STUDDS

SUBJECT: ENCOURAGES THE PRESIDENT TO INCLUDE AND SUPPORT HR 2151 THE MERCHANT MARINE SECURITY AND COMPETIVENESS TO HELP REVITALIZE THIS IMPORTANT INDUSTRY

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	DISPOSITION: C D	DISPOSITION: COMPLETED YY/MM/DD
HOWARD PASTER	ORG	93/06/23		C	93/06/23
REFERRAL NOTE:					
ANTHONY LAKE	RSA	93/06/23			/ /
REFERRAL NOTE:					
		/ /			/ /
REFERRAL NOTE:					
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REFERRAL NOTE:					
		/ /			/ /
REFERRAL NOTE:					

COMMENTS: ADDITIONAL SIGNEES

ADDITIONAL CORRESPONDENTS: 60 MEDIA:L INDIVIDUAL CODES: 1230 1240

MAIL USER CODES: (A)D MA (B) (C)

*ACTION CODES:	*DISPOSITION	*OUTGOING CORRESPONDENCE:
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER CODE = A
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	*COMPLETED = DATE OF OUTGOING
*D-DRAFT RESPONSE	*C-COMPLETED	
*F-FURNISH FACT SHEET	*S-SUSPENDED	
*I-INFO COPY/NO ACT NEC		
*R-DIRECT REPLY W/COPY		
*S-FOR-SIGNATURE		
*X-INTERIM REPLY		

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

SCANNED

RECORD ID: 9303559
RECEIVED: 19 MAY 93 08

TO: COHEN, STANLEY E

FROM: BERGER

DOC DATE: 28 JUN 93
SOURCE REF:

KEYWORDS: NUCLEAR TESTING, CTB
ARMS CONTROL, MP

PERSONS:

SUBJECT: REPLY TO COHEN RE NUCLEAR TESTING

ACTION: BERGER SGD LTR

DUE DATE: 22 MAY 93 STATUS: C

STAFF OFFICER: BELL

LOGREF:

FILES: WH NSCP: CODES:

DOCUMENT DISTRIBUTION

FOR ACTION	FOR CONCURRENCE	FOR INFO
		BELL
		NSC CHRON

COMMENTS:

DISPATCHED BY ______________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSMEM CLOSED BY: NSJDA DOC 3 OF 3 rec'd 6/21 8:10 PM

National Security Council JWR
The White House 6/22

PROOFED BY:	WK	LOG #	3559
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BYPASSED WW DESK:		DOCLOG	AH A/O

	SEQUENCE TO	HAS SEEN	DISPOSITION
DepExecSec	1		
ExecSec			
Staff Director			
D/APNSA	2		as revised
APNSA	~~3~~	Deputy Nat'l Sec Advisor has seen	
Situation Room			
West Wing Desk	3		D
NSC Secretariat	4	6/25	D

A = Action	I = Information	D = Dispatch	R = Retain	N = No Further Action

cc: VP McLarty Other

Should be seen by: ____________
(Date/Time)

COMMENTS:

21 ... 93 ... 41

Changes made

DISPATCH INSTRUCTIONS:

THE WHITE HOUSE

WASHINGTON

June 28, 1993

Dear Stan:

Thank you for your letter last month on the nuclear testing issue. Let me assure you that the Administration is not considering a one-kiloton testing exemption under the Comprehensive Test Ban (CTB) we hope we soon will be negotiating.

As you know, President Clinton and President Yeltsin agreed at Vancouver in April to join together in pursuing a CTB. President Clinton subsequently announced that he expected the United States would initiate consultations concerning a CTB negotiation with the other nuclear states, allies, and other key states by the end of June. We are currently in the final stages of decision-making with regard to our approach to these negotiations and the related question of whether we conduct a final series of nuclear phase-out tests over the next three years.

The one-kiloton ceiling option was suggested by some agencies early in our review. However, we determined that such an approach was not consistent with the letter or spirit of the nuclear testing legislation enacted last November. We also determined that it likely would have been viewed as discriminatory by non-nuclear states whose cooperation we need in extending the Nonproliferation Treaty.

Again, I appreciate knowing of your strong support for achieving a genuine CTB.

Sincerely,

Sandy Berger

Samuel R. Berger
Deputy Assistant to the President
for National Security Affairs

Mr. Stanley E. Cohen
6402 West Halbert Road
Bethesda, Maryland 20817

NATIONAL SECURITY COUNCIL
WASHINGTON. D.C. 20506

June 21, 1993

Deputy Nat'l Sec Adv
has seen

SIGNED

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

FROM: ROBERT G. BELL RGB

SUBJECT: Letter from Stanley Cohen re Nuclear Testing

Stan Cohen has written you (Tab II) regarding his concern over reports that the Administration is preparing to back away from a Comprehensive Test Ban by "adopting a program of limited testing for warheads with a one-ton limit."

Attached at Tab I is a proposed response from you assuring Mr. Cohen that the Administration is no longer considering a one-kiloton testing exemption under the CTB.

RECOMMENDATION

That you sign the proposed letter to Mr. Cohen at Tab I.

Attachment
Tab I Letter to Mr. Cohen
Tab II Incoming Correspondence

Stanley E. Cohen
6402 West Halbert Road
Bethesda, Maryland 20817

(301)229-6888

5/17 → Bob Bell for draft reply S.

The Hon. Sandy Berger, Deputy Advisor
National Security Council
The White House
Washington DC 20500

May 11,1993

Dear Sandy,

My wife, who is active in the Friends Committee on National Legislation, is exercised over reports that the administration is preparing to back away from a Comprehensive Nuclear Testing ban by adopting a program of limited testing for warheads with a one-ton limit. I hope her information is incorrect. But if it is true than I certainly want to join her in expressing my concern.

Given the precarious state of our economy we cannot afford to be less than hardnosed in evaluating scenerios offered by those whose sole responsibility is designing foolproof military security. While the upgrading of nuclear weaponry may have deserved priority during the Cold War when two super-powers used every deterrent to checkmate each other, I don't think it can be sustained that the same urgency carries over to a post Cold War era when there is only one super power and when the threat to security come from tinder boxes like Bosnia.

Bill Clinton's political stock in trade has been "change". In my view the one change we need most desperately is to put aside the Cold War mentality which sees everything in terms of a world where someone is out there waiting to jump us. Even if that were so, if our present reserve of nuclear bombs, war heads and delivery systems is not an adequate deterrent, what can we achieve by testing which would represent a decisive deterrent?

Of all nations, ours -- as the most heavily armed nuclear power -- would appear to gain least by perpetuating the nuclear arms race. To the contrary. Given the grievous injury our economy has suffered while we carried the burden of the Cold War, we stand to gain most from a respite from spending on unproductive Hi-Sci weaponry.

If there is a window of opportunity to get a test ban treaty which will make this a safer world, and enable us to spend scarce budget dollars sanely, I look to Bill Clinton to seize it. But that can't happen if the US nurtures the notion that there is a legitimate need for further upgrading of nuclear weapons, and if it undercuts a test ban by inventing loopholes.

With my best good wishes,

Stan Cohen

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 23, 1993

INFORMATION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: ROBERT BELL KGB

FROM: KEITH HAHN KH

SUBJECT: Maritime Revitalization Program

I represented the NSC staff at an NEC Principals meeting that was held from 9:30 to 11:00 a.m. Wednesday to consider a proposed Department of Transportation Maritime Revitalization Program. The NEC began a Maritime Revitalization IWG last April in response to a proposal by Secretary of Transportation Pena to take immediate legislative action to avoid U.S. shipping companies shifting their flags to another country and having replacement ships built at overseas yards.

At a Deputies Committee meeting on May 11, we decided (by a 13 to 1 margin) that any legislative proposal should be delayed until the end of the summer when DoD has completed its "Bottom-up Review" of defense needs and (since many of the carrier provisions in the DoT proposal are in fact designed to subsidize U.S. shipyards) after we have completed a separate Congressionally-mandated study of policies that could return U.S. shipyards to commercial viability. In the past couple of weeks, the President has met with Secretary Pena, Senator Breaux and others, who have urged him to take more immediate action. As a result, the Deputies Committee met again Tuesday to find other options, in addition to the package tabled by DoT, which might meet the maritime industry's concerns. These alternatives are reflected in the background memorandum at Tab I. Again, DoT was the only agency which supported any subsidies -- direct or indirect -- for this industry.

From a national security perspective, the primary concern is the proposal for an Operating Differential Subsidy program. Using last year's analysis where DoD identified a requirement for approximately 23 sealift ships, DoT estimates that about 79 ships would be needed to meet U.S. national security requirements (based on the premise that only one third of the ships would be immediately available to be loaded up at U.S. ports at any one time). However, last year's DoD analysis was based on the sealift needs of the Base Force and the requirement to respond to two simultaneous major regional contingencies without allies. At \$2.5 million/year/ship, DoT would have DoD provide \$175 million/year for this program. With this much money at stake, DoD argues that it would like to consider other options for providing the necessary sealift (e.g. build and lease, commercial charter).

The Operating Differential Subsidy program is not the only part of the proposal that has national security ramifications. It is, however, the key component of DoT's overall program. DoT has leaned heavily on the national security requirements for a domestic flag fleet because other arguments (preserving jobs and promoting exports) have not withstood interagency scrutiny.

The Principals Committee agreed to go forward to the President with the options package at Tab I, noting that all representatives support option #1 except DoT, who supports option #3. In the final analysis, the decision to go forward with legislation for a subsidy program for this industry will probably hinge on political considerations. We found no specific campaign pledges to undertake new initiatives to preserve this industry. However, several congressmen who sit on maritime industry oversight committees or who represent interested constituents are also key participants in budgetary and other debates.

Concurrences by: in draft Steve Jones, Jeremy Rosner and Bob Kyle

Attachments
Tab I Draft Options Memorandum

SUMMARY

This memorandum presents three options on maritime issues:

1. Allow DOD to meet its sealift requirements in whatever manner DOD determines to be most effective and selectively phase-out indirect maritime subsidies.

Since defense needs have long provided the rationale for subsidies to the maritime industry, DOD should have principal responsibility for determining the extent of its sealift requirement and the manner in which that requirement is met. Indirect subsidies not needed to support a defense mission may be phased out.

2. Increase the number of liner vessels in the U.S. flag fleet receiving covered by direct subsidies from 52 to 79 and expand indirect subsidy programs.

Supporting the maritime industry may be important for reasons beyond defense. DOT proposes this package to support the U.S. flag fleet engaged in international trade. Indirect subsidies are provided to other maritime constituencies, including shipyards.

3. Provide direct subsidies for 30 or 52 liner vessels in the U.S. flag fleet, and a) do not expand indirect subsidies or b) convert these indirect subsidies into direct subsidies.

As in option 2, support is provided for the maritime industry, but in a more direct and straightforward manner. The Administration would support either 30 ships (DOD's estimated maximum requirement) or 52 ships (the number of liner ships now under contract). In addition, the Administration would either (a) oppose the expansion of indirect subsidies which come at the expense of other industries and consumers or which hinder the missions of other Executive agencies, or (b) support the conversion of these indirect subsidies into direct payments to U.S.-flag ship operators.

INTRODUCTION

U.S. Ship Operators. The U.S.-flag fleet is evenly divided between vessels engaged in domestic trade (and therefore protected by the Jones Act from foreign-flag competition) and vessels employed in international trade. The international trade fleet consists of 95 liners (ships designed principally to carry goods in containers) and 60 bulkers (ships that carry loose cargo such as liquids and ore).

The principal issue in this memorandum is whether expiring subsidy programs should be replaced with new subsidies for U.S.-flag liners engaged in international trades. If these programs are not replaced, U.S. operators are likely to reflag their vessels. Ships operating under foreign flags would continue to be U.S.-owned and U.S.-controlled; their U.S. crews, however, would be replaced by foreign mariners. U.S.-flag liners in international trades now provide approximately 10,000 seafaring jobs and another 3,500-5,000 landside jobs. Regardless of Administration action, some of these jobs will be lost to productivity gains (manning requirements on newer ships are 30 percent less than on older ships).

Current government programs (described at TAB A) provide maritime interests with both direct and indirect subsidies. Direct subsidies are used principally to support the 3,500 of the mariner jobs and the 1,500 landside jobs associated with the U.S.-flag liner fleet engaged in international trade. The plethora of indirect subsidies support a wide range of maritime interests. These subsidies impose heavy costs on other U.S. industries and consumers, and have hindered the missions of some Executive Branch agencies.

U.S. Shipyards. Executive Branch agencies unanimously support the following Administration efforts:

- seek to reinvigorate multilateral negotiations to eliminate subsidies;
- explore the possibility of working with Congress on Gibbons-like legislation;
- complete the preparation of a Congressionally-mandated plan to help yards convert from military to civilian markets.

Budgetary Context. Most of the spending proposals outlined below would logically be structured as mandatory spending. If so, the Budget Resolution for FY94 requires that offsets be found to make the proposals deficit neutral. Such offsets--which have not yet been identified--would have to come from the mandatory side of the ledger. While any savings from the existing subsidy program could then be used for new discretionary outlays, they could not be used as offsets for the new mandatory spending.

If these proposals are put forward as discretionary spending, savings from existing programs could be used to offset partially the cost of any new program. The net cost of any new program would compete for funding against other Presidential priorities. These priorities would likely be located in the same appropriations subcommittee (Commerce, Justice, and State). For 1994, the funding allocation for the House subcommittee is $1.2 billion below the President's request in outlays.

Option 1. Meet Defense Needs through DOD Programs;Phase-out Indirect Subsidies.

Rationale. Subsidies for the U.S. Merchant Marine have always been justified principally by their role in providing a needed defense capability--sealift capacity for use in military emergencies. With the end of the Cold War and the drawdown in defense spending, DOD's sealift requirements and hence the magnitude of needed maritime subsidies has declined. DOD is currently reviewing its sealift requirements. Although this process is not yet complete, DOD has already concluded that its future requirements will not exceed 20-30 liner vessels. It will have no need for bulk vessels.

Description. This option would allow DOD to meet its sealift requirements in whatever manner DOD determined to be most effective. Among the alternatives being considered by DOD are: direct subsidies to U.S.-flag liners, contingency contracts with commercial operators, the use of ships owned by coalition partners, the requisitioning of U.S.-owned vessels, and the expansion of the government fleet. Current subsidy programs would be renewed only if DOD found it to be cost effective to do so.

This option would also selectively phase out any indirect maritime subsidies that are no longer required to support defense needs. Such indirect subsidies might include tax preferences and restrictions in the Shipping Act of 1984. The Administration could, if it wished, examine the political viability of changing cargo preference laws and the Jones Act.

Budget Costs. The total 10-year cost of this option, while unknown, will be less than the cost of any other option considered here.

Arguments in favor:

- Any subsidies provided for genuine defense needs would enjoy broad support. Their rationale would be clear, well understood, and widely accepted.
- DOD would have an incentive to meet its sealift requirements in the most cost efficient manner.
- Phasing out indirect subsidies would increase the international competitiveness of U.S. exports while saving consumers more than $2 billion per year in added shipping costs, about 80 percent of which is paid to foreign-flag ship operators.

Arguments Against:

- Depending on DOD needs, could sharply reduce the number of maritime jobs protected by government programs.
- Would provide fewer ships and therefore potentially less flexibility in times of national need than would other options.

- Phasing-out indirect subsidies would be very contentious politically.

<u>Option 2</u>. <u>Increase Direct and Indirect Subsidies to a Broad Range of Maritime Interests</u>

<u>Rationale</u>. This option is designed to keep large numbers of U.S.-flag vessels employed in international trades. These vessels would provide a contingent sealift capacity that could be useful for the military. In their discussion, however, the NEC Deputies could identify no specific economic rationale why this segment of the maritime industry should be protected from international competition. Subsidizing this segment of the maritime industry in order to "preserve jobs" would leave the Administration hard pressed to explain why it should not also subsidize every other industry that suffers job losses.

This option is also intended to build the broadest coalition of maritime interests in support of expanded subsidies to ship operators. Under this option, the Administration would support any Congressional effort to expand subsidies to a wide range of maritime interests, rather than oppose them as unnecessary.

<u>Description.</u> The option would increase the number of liner vessels receiving direct subsidies, and expand the scope of indirect subsidies now provided to ship operators and other maritime interests. The option has seven main elements:

1) *Increase to 79 from 52 the number of liner ships receiving direct payments*. DOT would be authorized to sign 10-year contracts providing 79 ships with $2.5 million per ship per year in the first four years, and $2.0 million per ship per year in the last six years. (Current direct subsidy payments average $3 million per ship per year.) In the first two years, new contracts would be limited by savings made available from the existing program.

2) *Expand tax subsidies to ship owners*, including a 4-year accelerated depreciation for vessels; deductibility of CCF deposits under the Alternative Minimum Tax, and permitting use of CCF fund for leased vessels. The first two provisions, combined with a proposal to tax the income of CCFs, would have a net revenue loss of $190 million over five years. Treasury notes that the leasing provision--difficult to estimate due to its vagueness--would increase the overall revenue loss.

3) *Expand cargo preference laws to include foreign assistance cash transfers*. Current cargo preference requirements increase government shipping costs by about $590 million per year. This measure would require cash transfers--an important tool of U.S. foreign policy which has not been previously subject to cargo preference--to be used only for the purchase of U.S. goods that are shipped on U.S.-flag vessels.

4) *Relax restrictions on the use of foreign-built vessels carrying preference cargo.* Under current law, foreign-built vessels are eligible to carry preference cargoes after a three year waiting period. This measure would eliminate that waiting period.

5) *Expand the Jones Act* provisions to include cruises that leave a U.S. port, enter international waters, and return to the same port -- the so-called "cruises-to-nowhere."

6) *Allow non-subsidized, foreign-built vessels to receive subsidies.* This would allow carriers to minimize their costs. This measure would be opposed by U.S. shipyards, although their support might be gained by the next provision:

7) *New funding for Title XI loan guarantees.* This measure would provide $75 million/year in FY 94-98 to support ship construction in U.S. shipyards.

Budget cost: Over 10 years, the known provisions would increase mandatory outlays by $2.05 billion, while decreasing domestic discretionary outlays by $567 million. Certain tax provisions would increase the cost of this option by an as yet undetermined amount.

Arguments in favor:

- By subsidizing most of the 95 U.S.-flagged liner vessels now engaged in the international trades, this option would provide greater flexibility in times of national need.

- Expanding cargo preference would ensure that U.S. aid dollars support U.S. industry and U.S. carriers.

- Since foreign-built vessels are less expensive, relaxing the foreign build restrictions in cargo preference laws will reduce carriers' costs.

- Expanding the Jones Act might create a market for U.S. built and operated cruise ships.

Arguments against:

- Subsidizing 79 vessels is unnecessary. This would be two or three times the maximum number of ships DOD estimates are needed to meet its sealift requirements. It would increase by more than one half the number of U.S.-flag liners receiving subsidies.

- Each element of the tax package is at odds with the Administration's overall tax policies. Moreover, providing subsidies through the tax laws would be highly inefficient, for the subsidies would be based on carriers' tax attributes rather than on the sealift services that they provide.

- Expanding cargo preference would: help U.S. ship operators at the expense of U.S. exporters; limit presidential flexibility in the use of an important foreign policy tool; undermine the use of cash transfers for debt repayment and balance-of-payments assistance; and contravene U.S. efforts in Uruguay Round to reduce foreign use of tied aid.

- Expanding the Jones Act as proposed could result in the disappearance of "cruises-to-nowhere" and, if so, hurt related U.S. industries and reduce revenues for port cities.

- Immediate support for Title XI loan guarantees is premature. The congressionally-mandated Working Group on the U.S. Shipbuilding Industry is analyzing all measures that would assist the conversion of the U.S. shipbuilding industry and will present its findings to the relevant Cabinet members later this summer. (Current Administration efforts on shipbuilding, which enjoy the support of all Executive Branch agencies, are described in TAB B.)

- Expanding indirect subsidies would complicate U.S. efforts to negotiate and end to foreign shipbuilding subsidies.

- Announcing a reduction in the waiting period for the eligibility of foreign-built ships in cargo preference would reduce U.S. leverage in negotiations to eliminate shipbuilding subsidies.

OPTION 3. Provide Direct Subsidies to U.S.-Flag Liner Ships

Rationale. Like option 2, this option is designed to keep vessels employed in the international trades sailing under the U.S. flag. However, it does so in a more direct and straight-forward fashion, providing the industry with greater incentives to become more competitive. It also limits those direct subsidies to either 30 ships (DOD's current estimate of its maximum need) or 52 ships (the current number of ships under contract)--numbers which could be easily justified to critics of subsidies.

Description. This option would provide direct payments for 30 or 52 liner ships. DOT would be authorized to sign 10-year contracts providing $2.5 million per ship per year in the first four years, and $2.0 million per ship per year in the last six years. New contracts in the first two years would be limited to savings made available from the existing program.

Budget Cost. Over ten years, direct subsidies for 32 ships would increase mandatory outlays by $500 million, while reducing domestic discretionary outlays by $358 million. Direct subsidies for 52 ships would increase mandatory outlays by $975 million and reduce domestic discretionary outlays by $358 million.

Two sub-options exist regarding indirect subsidies:

a. Oppose any expansion of indirect subsidies, including those provided through tax laws, cargo preference laws, the Jones Act, and the 1984 Shipping Act. Oppose--as premature--funding for Title XI loan guarantees until NEC Deputies and/or Principals consider proposals developed by the Working Group on the U.S. Shipbuilding Industry.

b. Convert existing indirect maritime subsidies into direct subsidies. Oppose--as premature--funding for Title XI loan guarantees until NEC Deputies and/or Principals consider proposals developed by the Working Group on the U.S. Shipbuilding Industry. Costs: converting cargo preference to direct subsidies would be deficit neutral. If the government paid directly the indirect subsidies now paid by shipping customers and consumers because of the Jones Act and the Shipping Act, the costs would be substantial.

Pros:

- Per ship payments are the most efficient means of providing industry subsidies.
- Restricts or eliminates indirect subsidies that come at the expense of other industries or hinder the missions of other Departments.
- Converting indirect to direct subsidies provides U.S. ships with greater incentives to become more efficient and actively engage in international competition
- Immediate announcement would meet the industry's request for a clear indication of Administration's policies in this area.

Cons:

- Provides less support than sought by industry.

DECISION:

_____Approve Option 1

_____Approve Option 1 as amended

_____Approve Option 2

_____Approve Option 2 as amended

_____Approve Option 3a

_____Approve Option 3a as amended

_____Approve Option 3b

_____Approve Option 3b as amended

TAB A: BACKGROUND ON CURRENT MARITIME SUBSIDIES

The federal government now subsidizes ship operators through a variety of programs, including:

1) *Operating Differential Subsidies.* Under the ODS program, the federal government entered 20 year contracts with U.S.-flag liner operators. These contracts provided that the federal government would pay the difference between wages on U.S.-flag ships and wages on their principal competitor's foreign-flag ships; in some cases, the government also undertook to pay the differential on other costs such as maintenance and repair. ODS contracts now cover 52 liner ships and 28 bulk ships. ODS payments in 1993 are expected to total $244 million, for an average per ship subsidy of about $3.0 million.

   To qualify for ODS payments, vessels must meet a number of restrictions. ODS liners must:

   - be U.S.-built, U.S.-flag, and at least 51 percent owned by U.S. citizens.
   - provide service on "essential trade routes".
   - receive approval from the Maritime Administration before: altering trade routes; affiliating with foreign-flag service; leaving U.S.-flag service; or operating in domestic trades.

2) *Ocean Freight Differential (cargo preference) program.* Cargo preference laws require certain federal programs to ship between 50 and 100 percent of their cargo on U.S.-flag ships. OMB estimates that in 1993, cargo preference requirements will increase government shipping costs by about $590 million over world shipping rates. These costs will be borne by the Departments of Defense, Agriculture, Transportation, State, the Agency for International Development, and the Export-Import Bank.

3) *Capital Construction Funds (CCFs).* Owners of U.S.-flag, U.S.-built ships may shelter income by placing it in a CCF. Taxes on both the income placed in a CCF and the interest earned by the CCF are deferred indefinitely. CCF balances are now approximately $1.2 billion.

4) *Title XI.* Under this program, the federal government guarantees private loans made to the purchasers of U.S.-built ships. Loans were last guaranteed under this program in 1992. In 1993, $48 million was appropriated for the program, but no loans were guaranteed. No funds were requested for this program in the President's FY 1994 Budget. The government's outstanding contingent liability under this program now stands at about $2 billion.

5) *Jones Act*. Like most other seafaring nations, the U.S. provides cabotage for its ship operators--all domestic waterborne trade must be carried on U.S.-flag, U.S.-built ships. The Jones Act fleet accounts for about 50 percent of the privately-owned oceangoing U.S.-flag fleet.

6) *The Shipping Act of 1984.* Since 1916, the U.S. has allowed U.S. and foreign carriers serving U.S. trades to participate in international shipping cartels known as conferences. The Council of Economic Advisors and the Department of Justice estimate that the Act raises shipping prices at least 10 to 15 percent, providing U.S and foreign carriers with a subsidy valued at $2–3 billion per year (because of their low market share, U.S. carriers receive only 20 percent of this subsidy). The Federal Maritime Commission disputes these results, and asserts that Conferences have little effect on long-term shipping prices.

Shippers continue to press for relief from strictures imposed by the Act, and are likely to try and block any new subsidies for carriers without some action to address their concerns. The law regulating conferences was last amended in 1984. In 1990, the Advisory Commission on Conferences in Ocean Shipping brought together carriers and shippers to seek consensus on further changes to the Act. No agreement was reached.

TAB B: U.S. Shipbuilding and Current Administration Efforts to Assist the Industry

Large U.S. shipyards are now almost completely dependent on the Navy. Of the 87 ships currently on order or under construction, 86 are for the Navy. With the drawdown in defense spending, naval orders are expected to decline substantially. The problems faced by U.S. shipyards are thus similar to those faced by other defense contractors--namely, how to shift from military to civilian production.

The U.S. industry is currently not competitive in the global market. It is less efficient than its foreign competitors and has had little experience in the commercial market since the early 1980s when the U.S. ended construction differential subsidies and increased naval orders. U.S. yards are also disadvantaged by the subsidies granted by foreign governments to their own shipyards. As a result, U.S.-built ships are more expensive than foreign-built ships. According to the ITC, price differentials have reached 100 percent.

The Bureau of Labor Statistics estimates that U.S. shipyards employed 123,900 workers in 1992 (down from 171,600 in 1982). The shipbuilding industry estimates that, absent government assistance, 70,000 more shipbuilding jobs could be lost. Even with government assistance, however, shipbuilders estimate that the transition from military to civilian production will lead to a loss of 20 percent of current employees as some skills will no longer be needed.

Actions Currently Underway by the Administration. All agencies support the following Administration efforts now underway:

1. Seeking to Reinvigorate Negotiations to Eliminate Foreign Shipbuilding Subsidies. U.S. negotiators are currently engaged in efforts to restart negotiations on the elimination of foreign subsidies. The elimination of such subsidies has been one of the key objectives of the U.S. shipbuilding industry.

2. Exploring the Possibility of Working with Congress on Legislation to Support this Effort. In the last Congress, bills were introduced in both the House and the Senate providing the means to retaliate against ship carriers who purchased subsidized foreign-built vessels. These measures are intended to speed multinational agreement on the elimination of foreign shipbuilding subsidies. Agencies are exploring the possibility of working with Congress on legislation this year.

3. Preparing Congressionally-Mandated Plan for the U.S. Shipbuilding Industry The FY 1993 National Defense Authorization Act required the Administration to establish a working group charged with preparing a plan to help U.S. shipbuilding industry become competitive in international commercial markets. The working group is considering a series of measures, including the use of Title XI loan guarantees for ship construction, defense conversion funds, ARPA R&D projects, and Export-Import financing. The group will present its proposals to the relevant Cabinet members this summer, so that the Administration can submit a plan to the Congress by the statutory deadline of October 1, 1993.

REDO
1441

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 24, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: NICK BURNS NB

FROM: ROSE GOTTEMOELLER

SUBJECT: Response to Stanley Resor and John Rhinelander Regarding the Future of ACDA

Stanley Resor and John Rhinelander wrote a letter to you voicing their concern that ACDA might be abolished or marginalized. They argue that a revitalized ACDA is necessary to address the challenge of global proliferation and the new opportunities for progress in arms control. The responses at Tab I explain that we are exploring ways to restructure ACDA to respond to arms control and proliferation issues.

Concurrence by: Robert Bell RGB

RECOMMENDATION

That you sign the responses at Tab I.

Attachments
Tab I Responses
Tab II Incoming

THE WHITE HOUSE

WASHINGTON

Dear Stan:

Thank you very much for your March 9 letter expressing your support and the support of the arms control community for the Arms Control and Disarmament Agency.

Your letter arrived at an opportune moment as we were embarking on a thorough review of ACDA's future. We are now working with the Congress on ACDA revitalization legislation in both the House and the Senate. The review concentrated on ways to restructure the agency's work in order to respond to the high priority that the Administration places on arms control and nonproliferation.

I share your view that the end of the Cold War has presented us with new challenges as well as opportunities. I can assure you that the points you raised were given full consideration.

Sincerely,

Anthony Lake
Assistant to the President
for National Security Affairs

Mr. Stanley R. Resor
875 Third Avenue
New York, New York 10022

THE WHITE HOUSE

WASHINGTON

Dear John:

Thank you very much for your March 9 letter expressing your support and the support of the arms control community for the Arms Control and Disarmament Agency.

Your letter arrived at an opportune moment as we were embarking on a thorough review of ACDA's future. We are now working with the Congress on ACDA revitalization legislation in both the House and the Senate. The review concentrated on ways to restructure the agency's work in order to respond to the high priority that the Administration places on arms control and nonproliferation.

I share your view that the end of the Cold War has presented us with new challenges as well as opportunities. I can assure you that the points you raised were given full consideration.

Sincerely,

Anthony Lake
Assistant to the President
for National Security Affairs

Mr. John B. Rhinelander
2300 N Street, N.W.
Washington, D.C. 20037

Stanley R. Resor
875 Third Avenue
New York, NY 10022
(212) 909-6281

John B. Rhinelander
2300 N Street, N.W.
Washington, D.C. 20037
(202) 663-8048

March 9, 1993

The Honorable W. Anthony Lake
Assistant to the President for
National Security Affairs
National Security Council
Old Executive Office Bldg.
17th Street & Pennsylvania Ave., N.W.
Washington, D.C. 20506

Dear Tony:

First, heartiest congratulations on your appointment as Assistant to the President for National Security Affairs. We are delighted and confident that you will provide the strong leadership of the interagency process which our country needs in this time of change.

We are writing today as two individuals who have, since the early 1970s, worked in both our Government and in non-governmental organizations to support U.S. efforts to enhance national and world security through arms control agreements.

We are concerned at the possibility that the Administration may be moving to abolish or severely marginalize the Arms Control and Disarmament Agency.

In a recent report -- <u>State 2000</u>: <u>A New Model for Managing Foreign Affairs</u> -- the State Department management task force has raised the question as to whether "an independent agency such as ACDA still performs a needed role". At the same time, the Administration has failed so far to select a director for ACDA and has done little to dispel the impression of "benign neglect" surrounding the agency's future.

We believe that it is very much in our nation's interest to have a strong, separate Arms Control and Disarmament Agency to initiate and advocate arms control proposals.

This is particularly true today in view of two developments. First, the new cooperative relationship with Russia and potentially with the other former members of the Soviet Union has increased the opportunities for progress in arms control. Second, the disintegration of the Soviet Union and the advanced status of Iraq's nuclear program have, both, focused world attention on the problem of proliferation of nuclear weapons.

There are two principal arguments in favor of a separate ACDA.

First, ACDA, which has only one mission, arms control, can concentrate all its efforts on this single mission. Both the Defense and State Departments have other missions with a higher urgency to them than arms control. These often conflict with existing arms control policy. This was the case in the debate over the "reinterpretation" of the ABM Treaty to permit a more vigorous SDI program and in the "certification" of Pakistan to keep it eligible for military assistance. In both instances, ACDA officials opposed the decisions and kept the issues under continuing review.

Second, an independent ACDA can be a useful bureaucratic ally, both of the State Department and the White House/NSC for providing a broader spectrum of arms control options. When ACDA champions a position to the "left" of State, it affords the Executive Branch a larger middle ground on which to build an interagency compromise.

Today, the arms control agenda facing the Clinton Administration is wide-ranging. It includes the limitation, reduction, non-proliferation and non-transfer of nuclear, chemical, biological and conventional weapons. Moreover, with the end of the Cold War, opportunities have increased for the negotiation, implementation and monitoring of unilateral, bilateral and multilateral arms control arrangements covering matters from nuclear testing to warhead elimination and plutonium storage facilities.

This presents unusual opportunities to advance U.S. interests. For many issues, time is critical.

To make the most of these opportunities, it is important to have a revitalized ACDA with highly qualified and able leadership and the visible interest of the President and the Secretary of State. With effective leadership and support, a separate ACDA will substantially strengthen the ability of the Clinton Administration to take advantage of these opportunities. A revitalized ACDA would not require increases in staff or budget.

We have discussed the thrust of this letter with a number of persons who have been active over the years in national security matters. They include:

McGeorge Bundy	Lawrence J. Korb
George Bunn	Michael Krepon
Jonathan Dean	James F. Leonard
Lewis A. Dunn	Robert S. McNamara
Ralph Earle II	Jack Mendelsohn
Charles C. Flowerree	Robert E. Pursley
Alton Frye	Elliot L. Richardson
Raymond L. Garthoff	Glenn T. Seaborg
James E. Goodby	Marshall D. Shulman
Spurgeon M. Keeny, Jr.	Gerard C. Smith
Henry Kendall	Paul C. Warnke

They have all authorized us to say that they strongly support having a separate and rejuvenated Arms Control and Disarmament Agency.

We enclose a memorandum describing in more detail the need for a separate ACDA and outlining specific matters in the broad arms control agenda facing the Clinton Administration.

We also enclose the Statement made on February 23, 1993 by Jack Mendelsohn, Deputy Director of the Arms Control Association, before the Subcommittee on International Operations of the House Committee on Foreign Affairs.

We hope very much you will support a separate and rejuvenated Arms Control and Disarmament Agency.

We are sending this same letter to Warren Christopher, Les Aspin and Jim Woolsey.

Best wishes for success.

Sincerely yours,

Stanley R. Resor

John B. Rhinelander

March 8, 1993

The Need for an
Arms Control and Disarmament Agency (ACDA)

The arms control agenda facing the Clinton Administration is enormous. It presents unusual opportunities to advance U.S. interests. For many issues, the time is critical and short.

Two developments are particularly significant:

1. The new cooperative relationship with Russia and potentially with other former members of the Soviet Union has created unusual opportunities for progress in arms control.

2. The disintegration of the Soviet Union and the advanced status of Iraq's nuclear program have focused world attention on the problem of proliferation.

The Need for a Separate and Revitalized ACDA

To make the most of these opportunities, it is very much in the President's interest to have a strong, agency separate from State and Defense which will initiate and advocate arms control proposals.

ACDA, which has only one mission, namely, arms control, can concentrate all its efforts on this single mission. Other U.S. departments, State, Defense and Energy, have multiple missions, many with a higher urgency to them than arms control. These other missions frequently conflict with arms control.

Arms control has historically been a difficult area in which to make sustained progress. This is because arms control requires the willingness of the United States to accept limits on its military forces and on future military options.

To make sustained progress, it is important to the nation to have a specialized, technically competent separate advocate of arms control, without any conflicting mission, to force discussion of proposals which other governmental agencies instinctively oppose.

In a comprehensive arms control agenda, there will be a number of proposals which will be controversial with some elements of the U.S. government, e.g., a comprehensive test ban, a deterrence-only nuclear weapons policy; reciprocal monitoring of storage and disassembly of Soviet and U.S. weapons; cut off of production of weapons-grade fissile material; further cuts in strategic nuclear weapons and an effective policy for limiting conventional arms transfers or controlling sales of strike aircraft.

Increasingly post-Cold War arms control will involve multilateral negotiations. ACDA has had success in the multilateral area, e.g., the Non-Proliferation Treaty (NPT) and the Chemical Weapons Convention (CWC). It is likely that multilateral negotiations will receive more attention if they have as their advocate an agency solely focused on arms control.

A separate agency is also desirable to interpret fairly arms control obligations, to monitor strict compliance with treaties and, in addition to calling attention to compliance problems, to seek solutions for them. ACDA should have the lead in backstopping the numerous commissions established to manage the existing treaties and in coordinating their work.

ACDA could also play an important role in preparing an interagency-agreed plan covering proposed arms control research.

To be effective, ACDA must be revitalized. It must have highly qualified and able leadership and the visible interest of the President and the Secretary of State. With effective leadership and support, ACDA will substantially strengthen the ability of the Clinton Administration to take advantage of the unusual range of arms control opportunities which face it.

Two major reports on the future of ACDA both support the need for a separate and rejuvenated ACDA: New Purposes and Priorities for Arms Control, mandated by Congress and prepared by a panel chaired by retired Ambassador James Goodby, and a study by the Henry L. Stimson Center entitled The U.S. Arms Control and Disarmament Agency: Restructuring for the Post-Cold War Era.

The Arms Control Agenda Facing the Clinton Administration

Priority issues on the arms control agenda fall under two major categories.

I. Eliminating the over-armament carried over from the Cold War.

II. Non-Proliferation of weapons of mass destruction.

Eliminating the Over-Armament of the Cold War

This category includes:

1. Ukrainian ratification of START I and accession to the NPT and Kazakhstan accession to the NPT.

2. U.S. and Russian ratification of START II.

3. Acceleration of implementation of START I and START II. Particularly in view of the instability of the Russian government, every effort should be made to achieve ratification as soon as possible and to accelerate implementation to take advantage of the current period of cooperative relationship.

4. ABM Treaty. Preservation of the ABM Treaty, as traditionally interpreted, developing agreement with respect to the definition of tactical ballistic missile defense which is not covered by the Treaty and resolution of the successor state issues relating to former members of the Soviet Union.

5. Establishment of a regime for disabling, storing, inventory and disassembly of Russian nuclear weapons, including the transfer back to Russia of nuclear weapons now held by Belarus, Kazakhstan and Ukraine, and eventual disposition of their fissile material, including provisions for bilateral or international monitoring of such activities and U.S. acceptance of similar monitoring.

6. Strong support for, and implementation of, the programs sponsored by Senators Nunn and Lugar, including the ongoing safety, security and dismantlement (SS&D) talks, completion of the agreement for the purchase by the U.S. from Russia of 500 metric tons of highly-enriched uranium (HEU) from retired nuclear weapons,

including allocation of proceeds between members of the former Soviet Union which have strategic nuclear weapons on their territory, and support of the new International Scientific and Technology Centers in Moscow and Kiev.

7. Developing and implementing a strategy for the conversion of excess HEU from retired nuclear weapons to exclusively peaceful use, and the disposition of plutonium from nuclear weapons.

8. Negotiation of an agreement between the U.S. and the former Soviet republics to cut off production of weapons-grade fissile material (HEU and plutonium) and to accept bilateral and international monitoring and extension of such a cutoff agreement to South Asia, the Middle East and other areas of proliferation concern.

9. Nuclear Safety and Security - developing measures to reduce the alert status of all nuclear forces and otherwise minimize dangers of accidental or unauthorized detonation of a nuclear weapon.

10. Establishment of effective export controls over weapons of mass destruction and related technology in each of 15 countries of the former Soviet Union.

11. After START II enters into force, negotiations to achieve a lower ceiling for all nuclear forces of Russia and the United States in the range of 1000-1500 warheads along with discussions with other nuclear weapons states aimed at lower ceilings for their forces.

12. In support of the U.S. and Russian commitments for withdrawal and destruction of tactical nuclear weapons, arranging for reciprocal exchanges of data on stockpiles and inspections leading to codification of commitments, further coordinated withdrawals and extension of withdrawals to France and the U.K. and, if possible, China.

13. After consultation with its allies, U.S. withdrawal of all remaining air delivered tactical nuclear weapons in Europe and consideration of their elimination.

14. Exploration with Russia and other former Soviet republics of the creation of a verifiable regime to control the total stockpile of nuclear weapons and of

fissionable material of the U.S. and of the republics of the former Soviet Union, including declaration of holdings of all weapons and fissionable material, cutoff of fissionable material production for weapons, full-scale safeguards on all nuclear power programs, and monitored operation of all facilities for fabrication and assembly of nuclear weapons.

Non-Proliferation of Weapons of Mass Destruction

The U.S. should embark on a comprehensive and integrated program to deal with non-proliferation. It should include:

1. Developing and implementing a strategy for early leadership to bring about a Comprehensive Test Ban Agreement.

2. Developing a strategy for leadership of the review, extension and strengthening of the Non-Proliferation Treaty and regime.

3. Strengthening the effectiveness of the International Atomic Energy Agency (IAEA), including expanding the safeguards required of treaty signatories on their own programs and on the programs of countries to which they export materials and equipment, supporting an increase in numbers of inspectors and funding, and use of special inspections.

4. Supporting steps to build on the United Nations Security Council January 1992 Summit statement that proliferation of all weapons of mass destruction constitutes a threat to international peace, including support of enforcement action under Chapter VII of the Charter in the case of violations of NPT safeguards when notified by the IAEA.

5. Supporting steps in the Security Council and otherwise to provide incentives and disincentive designed to reduce demand for nuclear proliferation, including negative and positive security assurances.

6. Support of legislative initiatives in the 103rd Congress aimed at comprehensive improvement of the statutory regime, implementing regulations and administration, of export controls and sanctions and support of

diplomatic efforts to arrange effective export controls in other countries and multilateral sanctions.

7. North Korea - gaining agreement for North Korean acceptance of special nuclear inspections and of mutual nuclear inspections with South Korea.

8. Iraq - supporting the program of the Security Council to eliminate weapons of mass destruction and related facilities from Iraq and developing a longer range strategy for controlling proliferation and other dangers in the Persian Gulf area.

9. Middle East - when there is progress in the Israeli-Palestinian and Israeli-Syrian negotiations, be prepared to press for consideration of the U.S. proposal of May 30, 1991 which would mandate no further production of enriched uranium and separated plutonium in the Middle East and over time seek agreement on a Middle East zone free of all weapons of mass destruction.

10. India/Pakistan - developing and implementing a strategy for dealing with the nuclear weapons efforts of India and Pakistan.

11. Efforts to restrict and deemphasize the role of nuclear weapons in U.S. strategy, including a U.S. declaration that U.S. nuclear weapons are held only for deterrence of, or possible response to, nuclear attack.

12. Chemical Weapons Convention (CWC) - ratification and implementation of the CWC, and enacting enabling legislation prohibiting proscribed activities, assuring access to facilities and extending penal legislation.

13. Biological Weapons Convention - support negotiation and adoption of a legally binding verification protocol.

14. Study of bringing export controls on ballistic and cruise missiles and strike aircraft systems and technology more into balance.

15. Policy guidelines and goals for U.S.

conventional arms exports and review of domestic arms export oversight procedures.

16. United Nations Register of Conventional Armaments - full compliance by the U.S. and U.S. effort to extend the coverage of the Register to include data on current holdings and production of major conventional armaments already agreed to be exchanged by members of the Conference on Security and Cooperation in Europe, pursuant to the Vienna Document 1992 and to develop the Register as an instrument for forestalling crises.

Stanley R. Resor

John B. Rhinelander

STATEMENT BEFORE THE SUBCOMMITTEE ON INTERNATIONAL OPERATIONS
HOUSE COMMITTEE ON FOREIGN AFFAIRS
FEBRUARY 23, 1993

JACK MENDELSOHN
DEPUTY DIRECTOR
THE ARMS CONTROL ASSOCIATION

Mr. Chairman and members of the Committee. I appreciate your invitation to discuss the future of the Arms Control and Disarmament Agency (ACDA) and its role in the formulation of arms control policy.

I. The Arms Control Agenda

In its recent report -- State 2000: A New Model for Managing Foreign Affairs -- the State Department management task force argues that "The era of prolonged, painful and highly politicized arms control negotiations with a superpower adversary are over. The bureaucratic resources needed for such negotiations have markedly diminished. Nonproliferation and arms control policies are increasingly converging." The report goes on to note that "a comprehensive system of checks and balances on proliferation and arms control issues has rapidly developed" within the USG and it questions whether "an independent agency such as ACDA still performs a needed role."

I think this is an inadequate historical analysis and an inaccurate bureaucratic conclusion. ACDA was not created to undertake "negotiations with a superpower adversary" and the collapse of that adversary has neither diminished the need for arms control nor conflated arms control and nonproliferation. If anything, the arms control agenda has expanded as the East-West confrontation has eased. Arms control efforts are now directly concerned with more than the limitation, reduction, non-proliferation and non-transfer of nuclear, chemical and conventional weapons (which in itself is a healthy agenda). Arms control has also begun to devise confidence-building regimes and to address the prevention and resolution, peaceful or otherwise, of third-party and regional disputes. And with the end of the Cold War, opportunities have increased for the negotiation, implementation and monitoring of unilateral, bilateral, and multi-lateral arms control agreements covering everything from nuclear testing to warhead elimination and plutonium storage facilities.

In pursuing these tasks, arms control touches upon the most vital and most bitterly contested area of national security. To pretend -- as the State 2000 report does -- that the bureaucratic system can now function better without an independent arms control voice downplays the extent of the current arms control agenda and flies in the face of all we know about the way executive branch policy is actually made.

II. The Utility of an Independent ACDA

There are two principal arguments in favor of an independent ACDA. First, for informed decision making, the executive branch needs -- and should welcome -- a strong and clear arms control voice in senior interagency debates. In many areas, the interests of the Defense and State Departments in supporting programs or clients often conflict with existing arms control policy. This was the case in the debate over the "reinterpretation" of the ABM treaty to permit a more vigorous SDI program and in the "certification" of Pakistan to keep it eligible for military assistance. In both instances, ACDA was the only agency within the executive branch to oppose the decisions and keep the issues under continuing review and discussion.

Secondly, an independent ACDA can be a useful bureaucratic ally both of the State Department and the White House/NSC by providing a broader spectrum of arms control options from which to forge policy. Put more bluntly, when ACDA champions a position to the "left" of the Department of State, it affords the executive branch a larger middle ground on which to build an inter-agency compromise. When used this way, as it was in the first Nixon and Carter administrations, ACDA can be a useful and important bureaucratic tool for policymakers.

III. ACDA's Bureaucratic Power is Basically Derivative

It is a fact of bureaucratic life that ACDA's power and importance is basically derivative. Without a large budget, popular social programs or an organized domestic constituency, ACDA can exercise "clout" within the bureaucratic process only when it is perceived by the other agencies to be a major policy player. And it will be viewed as a major player when its Director is recognized to be a serious individual with access to the Secretary of State and/or President and as long as that Director is supported by a competent and knowledgeable professional staff.

If the President or the administration choose not to assign this bureaucratic respectability to ACDA, the agency will be a much less effective, less powerful voice in policy councils. This, unfortunately, has been the case for much of the past 12 years when ACDA's Directors, whatever may have been their personal merits, either were denied access, proved antipathetic to arms control, or assumed positions to the "right" of the State Department. As ACDA's prestige in policy councils declined, it lost many excellent staff officers to other agencies: the State Department's most senior Advisor for Strategic Policy, the Energy Department's Director of the Office of Arms Control and Non-Proliferation, and the On-Site Inspection Agency's Deputy Director, to name just a few, are all refugees from ACDA. But even in these less favorable times, ACDA performed a valuable service: it was the lead agency in the successful pursuit of the CWC, it remained the lead drafting agency (it was responsible for START I and II, INF, TTBT, PNET, Open Skies, and the CWC [chemical weapons convention] treaty texts), and it did much of the basic analysis and design for the on-site verification regimes of the late 1980s.

IV. What Should Be Done?

The arms control agenda remains a full and challenging one across a broad range of issues. Clearly, in dealing with these issues, arms control should have a strong, clear voice in the executive branch both to make a substantive contribution and to increase bureaucratic flexibility in the decision making process. An independent ACDA, headed by a respected Director with "access" and well staffed with professionals, will ensure that a full range of options is presented to the President. But what if the executive branch chooses not to empower ACDA and the agency continues to be marginalized? What then should be done?

For the reasons outlined above, I believe marginalizing and/or disestablishing the Arms Control and Disarmament Agency would make national security decision-making more difficult for the White House/NSC. For example, in discussions within the executive branch regarding the initiation of negotiations for a CTB (comprehensive test ban), serious military and technical objections to the ban are being posed by major agencies (OSD, JCS, DOE). Assuming the NSC wishes to be responsive to legislation on this issue, its will have to rely on the State Department to marshall both the political and the technical arguments within the executive branch, as well as to conduct the negotiations and draft the treaty. This is, of course, not an impossible task. But it would clearly be advantageous to the executive branch to have an additional bureaucratic ally -- and an independent technical resource -- involved in the arms control process.

V. Arms Control Within the State Department

Certainly, if the executive branch opts to disuse or disestablish ACDA, the republic will not fall. Responsibility for arms control process will pass to the State Department (where a "generalist" culture has not been particularly hospitable to technical experts). In that case, every effort should be made to give arms control a voice at the highest possible level. As currently envisaged in the State 2000 management study cited above, an arms control and proliferation bureau would be created with an assistant secretary as the most senior arms control official. It would share an Under Secretary with another bureau whose responsibilities -- as well as those of the Under Secretary -- would include peacekeeping operations, defense relations, munitions sales, burden sharing, special programs such as assistance on dismantling nuclear weapons and science centers in the former Soviet Union, and traditional political-military matters.

If State is to acquire ACDA's portfolio, I think it would be far better to dedicate an Under Secretary specifically to arms control and proliferation issues so these matters can receive the time and attention they require and be brought directly to the Secretary for consideration. In addition, some changes in "generalist" culture will have to be made for State to attract and retain the top-flight technical expertise necessary to backstop the Secretary on some arms control issues (e.g., CTB, ABM/SDI, verification, warhead dismantling, etc.,). Last, but not least, the experienced treaty-drafting office in ACDA should be retained somewhere in the Department, as should the agency's forward planning capabilities and institutional memory.

VI. Conclusion

I think it would be a mistake for the executive branch to seek to disestablish -- or continue to disuse -- ACDA. I agree with the conclusion reached in a study of the agency (entitled New Purposes and Priorities for Arms Control) undertaken last year by the ACDA Inspector General : "It remains important to the nation to have a specialized, technically competent arms control institution. A separate agency is the more promising solution to retaining continuity, enhancing technical expertise, fostering innovation, and providing an independent perspective on arms control issues."

With a respected and experienced Director, and the confidence of the White House, ACDA can play an important role in policy formulation. If the decision is taken to abolish the agency, arms control should be given its own voice at the highest possible level within the State Department -- the Under Secretary. The process will be poorer without an independent agency dedicated to fostering arms control, but the nation -- and the executive branch -- will surely survive.