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1. IHT: U.S. And Japan To Join In Missile Defense To Meet Pyongyang Threat

By Don Kirk, International Herald Tribune
International Herald Tribune
July 29, 1999

TOKYO -- The United States and Japan agreed Wednesday on measures to intensify cooperation on defense against ballistic missiles in the face of North Korea's apparent determination to test-fire a long-range missile similar to the one it fired over Japan last August.

Defense Secretary William Cohen and Hosei Norota, minister in charge of the Japan Defense Agency, said the two countries would sign a memorandum of understanding on jointly developing the means for spotting and shooting down enemy missiles before they hit Japanese territory.

The agreement comes at a time of shifting Japanese views on defense strategy. Although Tokyo still faces domestic pressure from some quarters not to expand its military program, the North Korean missile threats have removed political inhibitions against defense development, analysts say.

Mr. Cohen, who spoke before leaving Tokyo for Seoul, the second stop of his swing through Asia, described the cooperation with Japan as an element in "theater missile defense."

This is the term for defense of a wide expanse of territory extending far beyond Japan, encompassing Taiwan to the south and South Korea to the west.

In a distinction illustrating a difference between U.S. and Japanese perspectives, Mr. Norota preferred to use the term "ballistic missile defense" - meaning simply defense of Japan and the waters around it.

Either way, agreement on such cooperation marks a new step in a campaign against what is seen here as North Korea's desire to intimidate Japan with the threat of long-range missiles.

Japanese concern has been building since U.S. intelligence reports revealed that Pyongyang was developing a Taepo Dong-2 missile, an advanced version of the Taepo Dong-1 it fired over Japan last year. North Korea has said it has every right to develop the missile.

Mr. Cohen also supported Japan's announced plan to develop within three years an "intelligence satellite" to provide advance warning of a missile-firing.

Tokyo resolved to build an intelligence satellite last year amid the uproar that followed the missile flight over the northern Japanese island of Hokkaido.

Many Japanese have argued that the United States was derelict in providing advance intelligence on the North's plans.

At a news briefing, Mr. Cohen stressed that it was "important to share intelligence information" with the Japanese but sought to counter fears of a military buildup here. "Our interests are purely defensive," he said.

Mr. Cohen flew Wednesday night to South Korea for two days of talks focusing on efforts to counter the North Korean threat.

South Korean leaders have not appeared as concerned as the Japanese about North Korean missiles but have asked the United States for revision of a 20-year-old agreement with Washington restricting South Korean missiles to a range of 180 kilometers (110 miles).

South Korean officials have said they want the United States to endorse a program under which the South could develop missiles with a range of 500 kilometers, far enough to hit anywhere in the North.

The United States and South Korea agreed Wednesday to begin working-level talks soon on the issue, South Korean news reports said.

Concern in Japan over the North Korean missile threat has overcome widespread opposition to a program that some Japanese fear could lead to a significant increase in Tokyo's overall military strength - and possibly a return to militarism.

"In the foreseeable future, we need some increased deterrence," Tomohisa Sakanaka, president of the Research Institute for Peace and Security, said in an interview. "We need to change a certain position."

Japan appeared to have done just that in a defense report released

Tuesday
as Mr. Cohen was beginning his visit here.

"North Korea's missile development concerns not just Asia, but the international community as a whole," said the report, calling for increased cooperation between the United States and Japan on defense against ballistic missiles.

A senior Japanese official, introducing the report, said that a strike against foreign bases from which missiles were aimed at Japan would not be a violation of Article 9 of Japan's postwar "peace constitution" forbidding the country from waging war overseas.

"We can exercise our right to defense against enemy facilities once it's confirmed that the enemy has embarked on an action to attack us," said Nobumasa Ohta of the Defense Agency. "Striking back is not unconstitutional."

Asked if such remarks might be seen as a warning for North Korea, Mr. Ohta replied, "Theoretically."

Analysts saw the defense report - and Mr. Ohta's comments - as underlining a basic shift in official Japanese thinking toward defense.

"Political pressure is decreasing thanks to North Korea," said Naoaki Usui who writes frequently on military affairs. "For the Japan Defense Agency, it's a very good tailwind. It's a favorable trend."

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2. WP: U.S., Asian Officials Warn North Korea Not to Conduct Missile Test
By Keith B. Richburg
Washington Post Foreign Service
Tuesday, July 27, 1999; Page A13

HONG KONG, July 26-High-ranking officials from the United States and several Asian nations urged North Korea not to conduct a widely anticipated ballistic missile test, warning that a launch could derail efforts to improve the isolated Stalinist state's relations with the rest of the world.

Defense Secretary William S. Cohen told reporters on a flight to Japan that a launch by North Korea would have "serious implications" for its relationship with the United States and for a multibillion-dollar U.S. program to construct light-water nuclear reactors in the North.

Concern over North Korea's missile program also was on the minds of the 10 Southeast Asian foreign ministers and their counterparts from several industrialized countries, including Secretary of State Madeleine K. Albright, who were meeting in Singapore for regional security talks. A Japanese spokesman at the meeting said any new missile firing would have "a negative impact on regional security."

The statements of concern came as a North Korean Foreign Ministry official was quoted by the Korean Central News Agency as warning that Washington's policy of "isolating and stifling" North Korea had left "no option but to increase our own capabilities and develop missiles as its means."

The news agency dispatch blamed the Clinton administration for heightened tension in East Asia, saying the U.S. policy of linking the missile tests to
the development of the nuclear reactors had threatened the entire program.
The program was instituted in 1994, when North Korea agreed to freeze its nuclear program in return for $5 billion worth of free fuel and light water nuclear reactors, which could not be used to generate weapons-grade plutonium.
North Korea stunned the world last August when a test launch of its new Taepodong missile sent the three-stage missile over Japan and into the Pacific Ocean. With fears rising that another test is likely, if not imminent, Japan recently threatened to withhold a $1 billion contribution to
the nuclear program consortium. Military analysts said a Taepodong II rocket
believed to be in the works and ready for testing could reach Alaska or Hawaii.
En route to Japan for a trip that will largely focus on the new tension on the Korean peninsula, Cohen said a new test "would have serious implications
for the nature of the relationship that we currently have with the North Koreans." Cohen said he hoped to use his week-long trip to Tokyo and Seoul to build "solidarity of our policy toward North Korea."
His concern was echoed in Singapore by Albright, who said, "Our hope is that
nations will join in urging North Korea to respond positively to the choice North Korea now has to end its isolation."
Another North Asian regional trouble spot, Taiwan, also was on the agenda for discussion at the Singapore meeting. President Lee Teng-hui has riled China by asserting that future dealings between Taipei and Beijing will be conducted on a "state-to-state" basis. That rejection of the long-standing "one China" policy is seen by Beijing as a dangerous step toward a declaration of independence by Taiwan, which it sees as a renegade Chinese province.
Chinese Foreign Minister Tang Jiaxuan said again today that China would not rule out the use of force if Taiwan took a full step toward independence. He
told the regional meeting in Singapore that "China's territory and sovereignty are indivisible and brook no violation or interference."
Albright and her Russian counterpart, Igor Ivanov, also used today's gathering in Singapore to discuss matters on the other side of the globe. Both said they hoped to move beyond the divisions that the Kosovo crisis caused between Moscow and Washington, and Ivanov reaffirmed Moscow's commitment to a "partnership relationship" with the United States.

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3. WP: Atomic Apathy
By Mary McGrory

Thursday, July 29, 1999; Page A03
You might think that a cause that has the support of 82 percent of the American people would have a fairly good chance of prevailing on Capitol Hill. But you would be wrong. A clownish senator and a distracted president have managed to bring the Comprehensive Test Ban Treaty to the brink of

meltdown. It's not that it would be voted down on the Senate floor. It's just that Sen. Jesse Helms won't let it get there.
This is not the first time that the chairman of the Senate Foreign Relations Committee, who comes from North Carolina and basically hates the rest of the world, has denied his colleagues the right to vote. In 1997, he stood in the Senate door to block consideration of another matter of grave consequence to the country and the planet, the Chemical Weapons Convention. Helms, who glories in being impossible, set his face against it. Republican Senate leader Trent Lott backed him. Sen. Richard Lugar of Indiana, who is regarded by the right as unacceptably rational, rallied like-minded Republicans on the committee to challenge Helms. Lott and Helms finally gave way.
But Lugar is playing no part in the current drama. He wasn't asked. He has not heard from President Clinton, nor has he received battalions of briefers like those of other years who must explain the technical complexities of verification.
Lugar is not the only member of the Senate who feels the president is not concentrating on an issue that is rich in legacy potential and has the Kennedy connection Clinton is usually so eager to seize. John F. Kennedy's finest hour was the Limited Nuclear Test Ban Treaty. Democratic senators led by Minority Leader Tom Daschle and Joe Biden, the ranking Democrat on Foreign Relations, think they forced the president to speak out on the treaty last week in the Rose Garden. Seven of them held a press conference organized by the Coalition to Reduce Nuclear Dangers. Two Republican senators, James Jeffords of Vermont and Arlen Specter of Pennsylvania, joined in a demand for the release of the treaty.
Biden denounced as "stupid and ridiculous" Helms's insistence that the president seek Senate approval of two other treaties before the test ban could be considered. Helms opposes both the ABM agreement with Russia, which has expired, and the Kyoto Accord, which calls for reductions in greenhouse gasses. Biden says neither of them has anything to do with the test ban.
Lugar's absence from the ranks of moderate Republicans supporting the test ban is keenly felt. So is that of John Chafee of Rhode Island, a stalwart on arms control at home and abroad--he wants a ban on handguns. But he is otherwise engaged, trying to save the ABM Treaty from extinction.
"The CTBT is not anyone's top priority," mourned a GOP staffer.
Some muse that the president, a compulsive compartmentalizer, feels he has expended his quarterly foreign policy component by his attention to Kosovo and has returned happily to his first loves, budget and taxes. His National Security Council expert, Bob Bell, says senators will not concentrate on the issue until a time certain for consideration is set. But Republican senators would like to be sure the treaty is a winner before they declare themselves.The more they hang back, the more the chances of success are diminished.
Only the president can reverse the tide.

"We have not given up," says Bell, but his imminent departure--he is off to NATO for an arms control post--has increased Capitol Hill calls for a point person, preferably some grandee either Republican or military or both, a big
name like Adm. William Crowe or Gen. Colin Powell, who could knock heads together and give professional reassurances about verification and other knotty matters.
"We have not given up," says Bell.
Lugar says they have: "The administration is giving up--the degree of energy
needed is simply not there."
Majority Leader Lott has made it clear he will not intervene this time. "We took it away from the chairman on chemical weapons and there were a lot of problems," he says. This is South-speak for "hell to pay" after the liberation and passage of the CWC. "I am not inclined to do that again."
Some say that the nuclear explosions in Pakistan and India illustrate the futility of the ban now, although proponents say it would inhibit deadly progress. Some think the treaty is untimely because the North Koreans are madly making missiles.
If Clinton wants it, he will have to mobilize the favorable 82 percent. They
may not grasp Senate dictators, egos, etiquette or nervous Nellyism. But they know that a nuclear test ban does not deserve incineration by inaction,
the fate it now faces.

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4. WP: {CTBT} Treaty in a Bottle
By Geneva Overholser

Thursday, July 29, 1999; Page A29
Do you have friends or family in North Carolina or Mississippi? Then do yourself -- do all of us -- a favor. Beg them to call Jesse Helms and Trent Lott and demand an end to their outrageous refusal to allow Senate consideration of the Comprehensive Test Ban Treaty.
Mississippi's Lott, the Senate majority leader, and North Carolina's Helms, chairman of the Senate Foreign Relations Committee, are peevishly, recklessly and -- most of all -- dangerously bottling up the ban on nuclear weapons testing that, by all logic, the Senate should be ratifying.
The treaty was concluded in 1996 after 40 years of bipartisan effort. The United States was the first to sign. President Clinton on that occasion called the treaty "the longest-sought, hardest-fought prize in the history of arms control." Since then 151 other nations have signed; 41 have ratified. Until the U.S. Senate ratifies it, however, the test ban treaty cannot go into force for any country.
The United States has already stopped testing nuclear weapons. Precluding other nations from testing, as this verifiable treaty would do, is powerfully in the interests of this and other countries. Lott and Helms's refusal to allow hearings is not based on the merits of the treaty. They are
using it as leverage toward their own agendas -- holding the treaty hostage to goad Clinton to send other, unrelated matters to the Senate.
If allowed to go to the Senate floor, the treaty appears all but certain to be ratified; it has strong support in both parties. Yet the Helms-Lott

impetuosity has continued for a year and a half, with only an occasional, ineffectual protest from one or another supporter of the treaty.
Finally, this month, treaty backers showed signs of life. President Clinton -- who could, if he invested enough of himself, put this issue onto the public agenda so squarely that Helms and Lott could never get away with their recklessness -- gave a brief and fairly lackluster speech, in which he
called for hearings.
More vigorous action came from a group of senators of both parties, who fielded a lively news conference in which they called for an end to Helms's and Lott's stonewalling.
"The unwillingness of Trent Lott to allow us to debate this treaty, the unwillingness of the Foreign Relations Committee to even bring up the treaty, is counterintuitive. It is irresponsible, it is against the interests and wishes of the American people, it overrides the vast majority of the view of the United States senators, and it is stupid. It is stupid," said Delaware's Joseph Biden, a Democrat.
"There will be a price to pay, and we plan on making them pay that price if they continue this irresponsible action."
Arlen Specter, a Pennsylvania Republican, said the treaty is a "a matter of survival. . . . My view is that not enough Americans really understand what is going on, because if more people understood what was going on, there would be a demand on the Senate to act and to act favorably."
Public opinion on the treaty is overwhelmingly positive, as a bipartisan poll released at the news conference confirmed. Eight in 10 Americans support the treaty; 14 percent disapprove. Pollster Mark Mellman said at the
Capitol, "The support is wide, the support is deep, the support is broad across every demographic-geographic segment of the country. And that support
for ratification of the Comprehensive Test Ban is impervious to the kind of arguments made by the opponents."
Added Byron Dorgan, a Democrat from North Dakota: "There is nothing on the Senate agenda -- nothing, in my opinion -- that is more important than this.
We spend days around here debating what we ought to name an airport. . . . This comes under the category of the 'Biggest Issue.' The issue of preventing the spread of nuclear weapons on this earth is the biggest issue."
President Eisenhower said that not achieving a nuclear test ban "would have to be classed as the greatest disappointment of any administration of any decade of any time and of any party."
That was in 1961. Almost 40 years later, Helms and Lott hold the treaty's success or failure in their tight little grip, and only a full-fledged showing of public outrage can jar it loose.

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5. WP: {CTBT} . . . And a Captive Treaty

Sunday, July 25, 1999; Page B06
THE CLINTON administration has cranked up a necessary campaign to liberate the nuclear test ban treaty from the parliamentary grip of the same Sen.

Jesse Helms who has endorsed Richard Holbrooke's U.N. nomination. The
senator is holding the treaty hostage to a personal agenda: to move the
United States immediately rather than at the administration's more measured
pace to national missile defense and to spike the Kyoto global warming
treaty. In hijacking the test ban, he is unswayed by the argument that in
fairness the Senate deserves an opportunity to debate and judge the treaty
on its merits. One wonders why his colleagues, of whatever party or test
ban
persuasion, let him go on.
To be sure, the test ban is not without controversy. Some people accept the
Clinton view that the ban would help curb the creating and expanding of
nuclear forces by others -- a goal of the utmost consequence to American
security. Others see it as a potential threat to a viable long-term
American
nuclear posture as current weapons age. "However," says a leading
specialist, Leon Sloss, "all but the most extreme fringes [of those holding
the latter view] accept the [test ban] as a 'done deal.' " It has been
debated internationally for 40 years. The treaty itself has chalked up 152
signatures and 41 ratifications so far.
Perhaps the single most telling judgment of the test ban came in the last
of
seven hearings Sen. Helms chaired this year on the 1972 Anti-Ballistic
Missile Treaty, his vehicle for advancing missile defense. His star witness
on May 26, former secretary of state Henry Kissinger, gave his latest views
-- positive -- on missile defense. Sen. Bill Frist then asked him about the
test ban. Noting the "constraints" it would place, he said: "I think we
have
an arms control objective, and must have, to prevent the proliferation of
nuclear weapons. And anything that makes it more difficult to develop more
nuclear weapons, I would, in principle, favor."
The test ban makes it more difficult to develop more nuclear weapons. In
short, you can have your test ban and your missile defense, too. Missile
defense is moving along. Free the test ban treaty.

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6. AP: U.S., Russia to Hold Nuclear Talks

By Barry Schweid
AP Diplomatic Writer
Wednesday, July 28, 1999; 2:41 a.m. EDT

WASHINGTON (AP) -- The United States and Russia will open talks in Moscow
next month aimed at deeper reductions in their long-range nuclear weapons
arsenals. The move reflects a new spirit of cooperation after the rift
over
Kosovo.

The decision was made Tuesday by Vice President Al Gore and visiting
Russian Prime Minister Sergei Stepashin, co- chairmen of a joint
U.S.-Russian commission.

"The United States and Russia have long understood that reducing
nuclear arsenals is in our mutual interest," Gore said.

Stepashin, meanwhile, endorsed efforts to develop defenses against
potential missile attack by rogue regimes. But he also urged adoption of
President Boris Yeltsin's proposal for a global security system.

``We both understand that there are ballistic missile threats that we both face that do not come from each other," Gore said in a statement echoed by Stepashin at a joint news conference.

More than six years ago, the United States and Russia concluded the START II treaty to sharply reduce their arsenals of long-range nuclear warheads. But the Russian parliament has refused to ratify the pact.

Gore said a new treaty would not be completed until the 1993 accord was approved. ``Kosovo cannot explain the long delay," he said, referring to Russian anger over the U.S.-led NATO bombing of Yugoslavia to force the withdrawal of Serb troops from the province.

``We think it should have been ratified a long time ago," he said.

Stepashin, in reply, promised ``we will try to get START II ratified in the fall."

Work on a new treaty could help. Some Russian legislators are convinced the 1993 pact gives the United States an advantage Russia could overcome only by developing expensive new weapons.

The prospect of further cutbacks on both sides could spare Russia that expense -- and improve prospects for ratification of START II.

Spurgeon Keeny, president of the private Arms Control Association, said, `It does not appear any new ground on arms control was achieved."

But he said the decision to hold new talks on START III and on antimissile defenses reflected ``a continuing effort to reduce the damage to U.S.-Russian relations caused by Kosovo."

Charles A. Kupchan, senior fellow at the private Council on Foreign Relations, said, ``The game at present is to try to get U.S.-Russian -- and U.S.-Chinese -- relations back on even keel."

On a touchy matter, Gore and Stepashin reluctantly acknowledged they discussed the number of Russian spies in the United States. The Washington Times on Monday reported that the United States was insisting on a sharp reduction.

``Old attitudes fade away very slowly," Gore said, apparently referring to large Cold War-era spy contingents.

Stepashin, who formerly headed Russia's counterintelligence service, had refused on Monday to respond to a question about spies. On Tuesday he said, ``As long as states exist there will always be special services."

Gore said Sandy Berger, President Clinton's national security adviser, and Vladimir Putin, Berger's Russian counterpart, will take up the matter in private discussions.

Gore also said he had expressed his ``deep concern" to Stepashin over recent acts of anti-Semitism in Russia. They included the attempted bombing of a Moscow synagogue.

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7. Itar-Tass: Russian Duma May Get Start-2 Ratified in Autumn - Stepashin

29-JUL-99

WASHINGTON, July 29 (Itar-Tass) -- The Russian State Duma lower house of parliament may reconsider START-2 ratification issue next autumn, Russian Prime Minister Sergei Stepashin said in an interview to CNN televised on Wednesday. Stepashin also pointed out that on the initiative of Russian President Boris Yeltsin debates may start on START-3 and ABM treaties along with consistent efforts towards ratification of START-2.

The Russian premier said that the problems with ratifying START-2 were largely due to the situation around Yugoslavia, and fears about the USA possibly withdrawing from the ABM treaty of 1972. Stepashin stated that in the course of his visit to the USA, "mutual understanding was reached both with the US vice-president, and the president on the necessity for a more systematic study of our common interests in the problems of antimissile defence."

In reply to the question about whether the USA should gain authorization from Russia to create a new system of antimissile defence, Stepashin noted he could not agree to such a presentation of the problem. "In the first hand, there is the ABM treaty," he emphasized. "Of no less importance is the fact that the USA and Russia are now acting as partners,"
he added, saying it was therefore expedient to speak about partnership in ensuring safety against weapons in hands of "unstable regimes" as the USA put it.

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8. Itar-Tass: Russian Expert Warns Against Destruction of ABM Treaty

27-JUL-99

MOSCOW, July 27 (Itar-Tass) - The destruction of the ABM Treaty will deal a blow at the whole system of arms control treaties and at the system of international relations in general, and an arms race with unpredictable consequences will be started, a Russian expert in the sphere of military-diplomatic problems said on Tuesday in an exclusive interview with
Tass, commenting on the signing by U.S.President Bill Clinton of the draft law on the creation of the national anti-ballistic-missile (ABM) system.

In the opinion of the expert, this step taken by the U.S. Administration "showed once again the double standards used by the U.S. diplomacy." On the one hand, the United States has repeatedly reiterated since 1995 its loyalty to the ABM Treaty and its desire to improve its viability and effectiveness. On the other hand, during that period the U.S.
took a number of measures, which "not just run counter to the spirit and objectives of the Treaty, but actually lead to its destruction."

The representative of the Russian Defence Ministry called attention to the fact that the U.S. actions are at variance with Item 2, Article 1 of the
Treaty, in which the two countries pledged "neither to deploy ABM systems on their territory nor to create the basis of such defence systems." The Treaty bans the creation of any such system, both "limited" or "unlimited."

Russia is especially concerned over the fact that the system, planned to
be deployed in the U.S., it orientated towards reconnaissance and information support from outer space, which is used in the system of the

indication of targets to combat facilities. The so-called modification of
the ABM, on which the U.S. insists for the purpose of giving a lawfulcharacter to its practical work in this sphere, actually "means the
removal
from the ABM Treaty of all the principles, for the sake of which it was
signed, and which it has effectively promoted for some 25 years."

If Washington continues to create the national ABM system, Russia will be forced "to start the modernisation if its strategic nuclear forces" and to take other measures for enhancing its security.

It is believes in the Russian military circles, that the destruction
of
the ABM Treaty may create a situation in which "it will be difficult so
much
as to discuss the maintenance of strategic stability in the world" at the beginning of the third millennium. An arms race with unpredictable consequences will be started and will be spread to outer space. The proliferation of mass destruction weapons and its delivery vehicles will
be
given a new impetus, Russia military specialist warn.

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9. WP: U.S., Russia To Resume Arms Control Negotiations - Stepashin Says Ties Are Moving Forward

By Steven Mufson
Washington Post Staff Writer
Wednesday, July 28, 1999; Page A01

Russian Prime Minister Sergei Stepashin and Vice President Gore announced yesterday that the United States and Russia will resume arms control talks in Moscow next month as Stepashin declared that the two nations are "moving to another page" after disagreements over the war over Kosovo.

But senior Clinton administration officials pressed Stepashin to curtail Russian nuclear and missile aid to Iran, reduce the number of Russian spies in the United States and pursue economic reforms more vigorously.
Stepashin,
for his part, urged the United States to provide aid to Serbia and to
loosen
restrictions on U.S. imports of Russian goods.

The Russian prime minister clearly was striving for a positive tone during his visit, vowing to Jewish leaders last night that he would protect Moscow synagogues after recent antisemitic attacks, courting investment from American executives, and saying that bolstering defenses against missiles held by rogue states would also be in Russia's interest.

In a speech Monday night, Stepashin declared that "nothing will throw us back to the Cold War." At a joint news conference with Gore yesterday, he added that "we are entering the 21st century. We have to enter it as friends."

But much of his discussions with senior U.S. officials remained mired in unfinished business from the Cold War: nuclear arms and spying.

Gore said that although talks will begin over START III -- the next in a series of treaties to reduce nuclear arsenals -- the United States will not conclude a START III agreement until the Russian parliament, the Duma, ratifies START II, a treaty signed several years ago. Stepashin promised that his government will bring the treaty before the parliament again this fall, but its prospects remain uncertain.

Under the 1993 START II treaty, which has been ratified by the U.S. Senate, the United States and Russia would cut their nuclear arsenals to a maximum of 3,500 warheads on each side by 2003. START III would make even sharper reductions.
Gore and Stepashin said the Moscow talks would simultaneously deal with the 1972 Anti-Ballistic Missile Treaty, which the United States wants to reopen to allow the eventual deployment of a National Missile Defense system that is still under research and development.
Russia has sharply criticized the U.S. effort to develop such a system as a serious breach of the ABM Treaty that would upset the balance of nuclear threat between the two countries, but yesterday Stepashin struck a more conciliatory tone.
"This is being done not because of a threat from Russia but because of the threat from countries with complex, difficult regimes -- noncontrolled, as we call them, narrow regimes," he said. "This is a danger for Russia as well."
The two leaders suggested that Russia and the United States might cooperate on the technology for the missile defense system or on intelligence to alert
each other about missile threats from third countries. Senior White House officials, however, said no details on cooperation were discussed.
Another legacy of the past, spying, also came up in yesterday's talks. U.S. officials raised concerns about the rising number of Russian spies that intelligence agencies have detected working here, ostensibly on diplomatic or other business. Clinton administration officials pressed Stepashin to withdraw some of those agents, U.S. officials said.
"Sometimes, agencies want to use old attitudes as an excuse for old budgets and old personnel rosters," Gore said.
Stepashin, a former head of Russia's counterintelligence service, said "as long as states exist, there will always be special services, intelligence communities." But he added that intelligence services should not "be allowed
to hinder the establishment of political or partner-like relations" with the
United States.
Samuel R. "Sandy" Berger, President Clinton's national security adviser, and
Vladimir Putin, Berger's Russian counterpart, will take up the matter in private discussions, the leaders said.
Stepashin, appointed in May by Russian President Boris Yeltsin, is Russia's fourth prime minister in two years. Though he previously held key security posts and played a role in the bloody war against the secessionist region of
Chechnya, Stepashin has been embraced by U.S. officials who see him as more open to the West than his predecessor, Yevgeny Primakov. Some Russia experts, however, have criticized him -- saying he lacks vision or the clout
to deliver on commitments.
His visit, Stepashin's first as prime minister, comes on the eve of an International Monetary Fund board meeting that is expected to approve a $4.5
billion loan to Russia to enable it to avoid a default on earlier credits it
received from the fund. The visit also gives a boost to Gore, who is trying

to enhance his image for his presidential campaign. As co-chairman of the U.S.-Russian Commission on Economic and Technological Cooperation, Gore has held 11 other meetings with Russian prime ministers since 1994.

Though Gore praised Stepashin as "enjoyable" to work with and "businesslike," the two differed over aid to Serbia. The Clinton administration has opposed economic aid to the republic as long as Slobodan Milosevic remains the Yugoslav leader.

"What can we do to prepare for this coming winter when the 10 million people in this republic will basically find themselves in a humanitarian catastrophe?" Stepashin said. "This is a problem. We won't be able to avoid this. It's easy to talk about projects that are worth millions of dollars, but when we're talking about 10 million people, it's another issue."

U.S. officials pressed Russian delegation members this week to take firmer steps to stop the transfer of sensitive nuclear and missile technology to Iran. U.S. arms control officials cited specific cases of Russian companies providing missile technology to Iran, arguing that if Russia is really committed to stopping such transfers, it has the capacity to do so.

The Clinton administration has been using satellite launches as a lever to obtain Russian cooperation on Iran. In 1996, the two countries negotiated a quota of 16 launches that Russia would conduct on behalf of U.S. companies. Russia was eager to earn $50 million to $100 million for each launch. U.S. companies, such as Lockheed Martin Corp., were eager to have access to relatively inexpensive launch services and have lobbied for a higher quota. So far, 12 satellites have been launched, and four more will be sent aloft by the end of the year. The Clinton administration has linked increases in the quota to Russian cooperation on stopping proliferation to Iran.

Recently, it raised the quota by four satellites, which would give Russia an additional six months to demonstrate progress.

Stepashin's government has created internal compliance units at companies and passed a tough export control law. "Stepashin has created the foundation to fix the problem by creating the tools, but that doesn't actually stop the flows," a senior administration official said.

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10. NYT: Albright and Ivanov Confer; Try to Mend Ties After Kosovo

By JANE PERLEZ

July 27, 1999

SINGAPORE -- In what a Russian foreign ministry official here welcomed as the week of getting Russian relations with the United States back on track, Secretary of State Madeleine K. Albright and the Russian foreign minister, Igor S. Ivanov, met here Monday night in their first conversation since the Kosovo war. Instead of the Balkans, they dwelt on arms reduction, Iraq and economics.

The discussion, after a daylong session of the annual meeting of the Association of Southeast Asian Nations, will be followed by meetings in Washington on Tuesday between the new Russian prime minister, Sergei V. Stepashin, President Clinton and Vice President Al Gore.

At a joint news conference, Ms. Albright and Ivanov both suggested that the damage done to the Washington-Moscow relationship by the Kosovo war should be quickly repaired. "We should redouble our effort to further the relationship," Ivanov said, after signing an agreement to open a telephone hot line for use between Ms. Albright and himself.

He said his government would press for passage of the Start 2 arms reduction treaty when the Russian Parliament convenes in late September. The treaty has been stalled in the Communist-dominated parliament, though, and similar pledges by President Boris N. Yeltsin have failed to move it.

For her part, Ms. Albright said discussions would soon begin between Russia and the United States on amending the Anti-Ballistic Missile Treaty of 1972 and on the Start 3 treaty, which calls on both sides to reduce their nuclear arsenals. The United States wants changes in the 1972 treaty that would allow the United States to start work on an anti-missile system announced by Clinton in January.

On economic issues, a senior administration official traveling with Ms. Albright said it was likely that the board of the International Monetary Fund would give final approval this week to a $4.5 billion loan intended to prevent Russia from defaulting on a loan from the monetary fund. Since Stepashin became prime minister in the spring, the Russian Parliament has approved legislative measures demanded by the fund as a prerequisite to receiving the loan, the administration official said.

Despite some progress on those issues, the aftermath of bad feelings from the war in Kosovo still lingers. At the start of the war, Russia left the Permanent Joint Council, the NATO body where the alliance consults with Russia. Russia came back last week. But at its insistence, the agenda was limited to sorting out problems associated with the Russian military presence in Kosovo, said Vladimir Rakhmanin, the foreign ministry spokesman.

"Russian-NATO relations are still frozen," he said.

At the Association of South East Asian Nations session Monday, Ms. Albright raised her concerns about Myanmar, which she has criticized in the past for its authoritarian rule and poor human rights record. She called the country, formerly Burma, a "threat to regional stability."

The Myanmar government's failure to prevent wide-scale narcotics production and trafficking pose dangers for neighboring nations, she said in a paper devoted to several Asian themes and circulated among the conference participants.

She urged the country's military authorities, who have been in power since 1962, to begin a dialogue with opposition parties, including the National League for Democracy, headed by Daw Aung San Suu Kyi. The opposition party won a landslide victory in 1990 elections but has been prevented from taking power.

To make that dialogue possible, Ms. Albright urged the government to grant a visa to a special U.N. envoy, Alvaro de Soto, who has been designated by the U.N. secretary general to facilitate the talks. A State Department official said Monday that he understood that the Myanmar government had approved a visit by De Soto.

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11. WP: Q&A {with Russian Prime Minister Sergei Stepashin} 'Partners . . . Should Respect Each Other'

Sunday, July 25, 1999; Page B01
This week, Russian Prime Minister Sergei Stepashin will meet here with Vice President Gore and President Clinton, both of whom are eager to patch up differences with Russia that emerged during the Kosovo war. Although Stepashin is expecting the approval of a new $4.5 billion loan from the International Monetary Fund and is expecting to receive a warm welcome at the Clinton White House, rumors circulate in Moscow that he will not last. Stepashin, 47, who became prime minister in mid-May, admits he's aware of the rumors, but no one--except perhaps Stepashin's patron, the politically capricious Boris Yeltsin--can predict the Kremlin's next move.
On the eve of his first trip to Washington, Stepashin sat in the Russian "White House" and spoke expansively about his intent to repair the U.S.-Russia relationship during an interview with Newsweek contributing editor and Washington Post columnist Lally Weymouth. Excerpts follow:
What do you hope to achieve in your meeting with Vice President Gore?
I had a number of telephone conversations at a difficult time with the vice president during the Kosovo settlement. I had the impression that the vice president and I understood each other, although we were speaking through interpreters.
There are two tasks I hope to accomplish during the visit. The first is to get to know Gore. I believe good personal contact can be helpful in solving difficult questions. Second, we're going to discuss economic matters such as
[Russian rocket] launches [of U.S. satellites] and steel quotas. Then we will discuss the reconstruction of Kosovo and Yugoslavia. I would [also] like to find out what the vice president thinks about the ABM and START II [arms control] treaties.
How much damage has Kosovo done to the U.S.-Russia relationship?
No doubt, serious damage has been done. However, I believe that our relationship is stable and can't be shattered even by the war in Yugoslavia.
We should draw lessons from Yugoslavia: If we are partners, and we are serious partners, we should respect each others' positions and strive for compromise before military action begins. . . . At the moment, we are at an impasse. We are very concerned with NATO enlargement and expansion.
The administration has linked an increase in the number of Russian launches of U.S. satellites to a cutback in supplies of missile and nuclear technology from Russia to Iran. Has Russia stopped supplying Iran?
Nobody has proved that it is Russia who supplies missile technologies to Iran. . . .
Obviously, the United States has sanctioned companies here, so the United States [must] believe Russian entities continue to proliferate weapons of mass destruction.
The more restrictions that are placed on Russia, the more difficulties thereare for investments to come to Russian markets, the more our companies--in order to survive--will seek any outlet to market their goods, even using shady deals.

The trade relationship between the United States and Russia is uneasy. Russia wants to sell more steel in the U.S. market, and America wants more access to Russian markets for aircraft. What solution do you see, and when is Russia going to join the WTO [World Trade Organization]?
We shall join the WTO. The only problem is the date of our entry. I've mentioned already the problem of steel exports. I should not hide [the fact]
that U.S. restrictions dealt a serious blow to our steel market. I would like to note that Vice President [Gore] has supported me. But I understand that the president and vice president must take Congress and the steel lobby
into account now that elections are coming up. I also want to raise the issue of the aerospace industry--I am going to Seattle to visit Boeing and will discuss cooperation.
Rumors are swirling that you won't last long as prime minister. Is there any
truth to the reports? Do you plan to be a presidential candidate? Who is seeking to undermine you?
If I give you an open and frank answer, I would be sacked immediately. A joke. Of course, there are such rumors, and in a situation of political instability with elections coming up, such rumors are inevitable. I don't pay much attention because I have been in politics for 10 years and have learned to ignore such rumors. What is most important is how one's colleagues and family feel. . . .
As for the presidential election, there are many candidates for the job, but
the balance of forces will be clear after the elections to the parliament in
December. At that time, we shall probably know who the president will support. If you want to ask who I will vote for, I will not cite a name but I will cite two criteria: First, it must be a person who will not lead us backward and second, I would not want this person to be of pension age.
Will you be a candidate yourself?
It is too early to say now.
Would you rule out being a candidate for the presidency?
I'm 47 years old and I have no plans to retire.
Did the military or the president order the Russian troops to march into the
airport at Pristina [Kosovo] without NATO's knowledge? The foreign minister said he was unaware of the action. Were you?
I believe the episode can be explained by a lack of coordination between our
military and NATO.
It's reported that General [Anatoly] Kvashnin [chief of the Russian general staff] was in charge that night.
Kvashnin is a very disciplined general and would never make a decision like that himself.
Without the president or yourself ordering it?
I am the prime minister, not commander of the armed forces. Of course, the president is the commander in chief.
President Yeltsin has spoken openly about banning the Communist Party. What do you think of the idea?
I would take a different approach to this question. It's not a matter of banning or not banning the Communist Party. It is a question of any big

political party like the Communists complying with the constitution. [They must not] talk about toppling the government or fan ethnic tensions by their electoral rhetoric. This is a serious concern for us. There are other ways to influence political parties--through the Ministry of Justice, the prosecutor's office and the courts. All these levers will be actively used.

I understand that the IMF board will soon grant Russia the loan it has been seeking. Will you be able to meet the general conditions the IMF has laid down for Russia?

Mostly, the loan we are getting from the IMF will be used to repay our debt to the organization [the IMF]. On the other hand, the World Bank will provide additional loans for the reconstruction of the coal industry and for other programs.

Only one year after [last August's] default, we've already gotten real results in industry and agriculture, despite the drought. [We've made progress] in restructuring the banking system and in containing inflation. I am fully convinced that between now and the end of next year, Russia will not see any major economic and financial shocks because of the work of my government. Our primary task for the long-term is developing a free and attractive investment climate.

What about the ongoing war in Chechnya? Are you trying to contain the war from spilling over into Dagestan? Do you see a threat to Russia?

We are trying to stop the strife from going not only to Dagestan, but also to the Stavropol region. We are working every day on this.

The most important thing is to improve economic conditions there. There are many Chechens without work or shelter. We should make sure that gangsters do not use the idea of independence as a cover for their crimes.

The problem of Chechnya's constitutional status [it is part of the Russian federation, though effectively independent] is complicated. We are now preparing a meeting between Chechen President Aslan Maskhadov and President Yeltsin. I am personally engaged in this.

You know I fought in Chechnya. . . . NATO partially repeated our bitter experience when they conducted airstrikes against Yugoslavia and Kosovo. I believe it is an unproductive idea to defend human rights with weapons.

People say that corruption and organized crime are huge problems in this country. What can you do about it?

I won't deny that there is a problem with corruption and organized crime in Russia. However, it is exaggerated by the media and the politicians. The most important problem is economic crime. A special department has been set up in the Interior Ministry to fight money laundering. And we have very good relations with the American law enforcement agencies including the FBI and [FBI Director] Louis Freeh. We cooperate on drug smuggling and organized crime.

In conclusion, I would like to convey my deep condolences to the Kennedy family. Russians are very nostalgic about the Kennedys. And we are very sorry that such a good young man died so senselessly.

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12. WP: In Russia, Limited Visibility - Freer, But No More Secure in Leadership, Statistics or Tomorrow
By Robert G. Kaiser

Sunday, July 25, 1999; Page B01
MOSCOW-Nearly eight years since the disappearance of the Soviet Union, Russia has earned a lousy reputation. Its government is a stumblebum operation, run by a barely functioning president trusted by 3 percent (that is not a typo) of his countrymen, according to the polls. Its economy is a disaster. Russia's criminals have proven more resourceful and effective than
its politicians, many of whom have turned out to be criminals. The price of a vote in the Duma, the national parliament, is reliably described as $30,000 on a big issue such as the impeachment of President Boris Yeltsin, who apparently was saved from this fate in May by quite a few $30,000 payments.
It's easy to paint a bloodcurdling picture of Russia in 1999, a nation plagued by gangs and drugs, poisoned by ecological degradation and reeling from a chronic health crisis. This Russia lacks strong civic institutions, a
reliable physical infrastructure and the basic tools that would make possible a real market economy, starting with banks and enforceable contracts.
All of this is true--and yet it isn't the whole truth. Things are awful, and
yet not so bad. Life is uncertain here, and yet often fun. It's easy to list
the society's ills, but there are also palpable signs of better health: Russian culture is enjoying a renaissance, a new generation of entrepreneurs
is making tangible headway in altering the economy, young people are rushing
to master the skills that can make them effective participants in a free Russian marketplace of ideas as well as goods. Russians are getting used to freedom, and they like it.
Despite all the disruptions caused by a sloppy transition from communism to something else, this is still Russia, the largest country on Earth, home to millions of talented people and enormous natural wealth, nurturer of great art, great history, great humanity. It can't be written off after a difficult decade or two, or even after a lost century, which is how the 20th
may look to Russian historians a hundred years from now.
A month's visit here after several years' absence is a startling experience because so much is changing so fast. Arbitrarily separated from the rest of the world for most of their history, Russians have managed, in a few years, to wipe away many of the distinctive attributes that so recently distinguished them from us. They dress with some personal flair, freely express their opinions, dance all night in lively nightclubs--well, some of the younger ones do--and read serious, unstilted journalism. Life on the streets of big cities looks calm and quite prosperous by Russian standards.
The simplest truth about Russia is that it cannot be summarized with any simple truism. There are now thousands of Russian realities, from the

glitzy
sheen of wealthy "new Russians" in Moscow's countless casinos to the primitive poverty of remote villages; from the corruption of everyday life (a non-driver can buy a driver's license for $500, a terrifying thought in a
city where horrific traffic accidents are common) to the many orthodox churches being restored and filled with music and prayer across the country.

The steady erosion of central authority has created much more room for different local realities in Russia's regions.

Another simple but perplexing truth about this Russia: Much of its reality is hidden from view. Intellectuals talk and write about Russia's "shadow society." The shadows start at the top: Yeltsin acts behind a thick curtain of mystery and intrigue. Many Russians are convinced that their president is
really out of it now--so ill and disoriented that he rarely, if ever, plays a meaningful part in the nation's affairs.

Vyacheslav Nikonov, a political consultant whose office displays two certificates of appreciation from Yeltsin for helping him in his 1996 reelection campaign, said in a recent conversation: "I don't think Yeltsin is capable of making any kind of decision." Nikonov agrees with the widespread view that the country is being run by a circle of people around Yeltsin including his daughter, Tatyana Dyachenko; the chief of his presidential administration, Alexander Voloshin; two of the dubious financial oligarchs so influential here, Boris Berezovsky and Roman Abramovich; and Valentin Yumashev, the ghostwriter of Yeltsin's memoirs and his former chief of staff.

Many Russians who follow politics closely are bemused by the efforts of Western leaders, particularly President Clinton and his staff, to pretend that Yeltsin is still capable of participating in sophisticated decision making. Their skepticism seems justified. Yeltsin's public performances are stiff, clumsy and apparently disconnected from reality. He looks bloated and
unsteady on his feet. He has gone off on weird tangents in meetings and public appearances. His troops showed up uninvited in Kosovo, and it isn't clear what role, if any, he played in sending them there.

It is difficult to imagine a free society in which politics and politicians are utterly discredited, but today's Russia is precisely that. Indeed, there
is no tangible connection between politicians and the public--a monument to the failure so far to construct a functioning civil society.

The shadow society exists well beyond politics. Ask Dmitri Malko, 28, for example, how he launched Le Club, a large and comfortable jazz venue on Moscow's Taganka Square. He explains: "Some friends and I put some money together and opened the club." Right. And does he pay off a "roof"--someone who provides protection for the club? "Everyone does. You sign a contract with a security company and they take care of everything. It's official now.
I like that." According to other businessmen, "official" is indeed the correct word, since various police agencies now hire themselves out as roofs. Malko did not offer up the identity of his roof.

In the modern world, statistics are a basic tool of measurement, but any reliance on Russian statistics is dangerous. Andrei Melville, vice president of the Russian Academy of Social Sciences, said emphatically that statistics gathered in today's Russia are meaningless. "You can't believe anything" described with a statistic, he said. This may explain why no projection of famine and disaster since 1991 has ever proven accurate. It certainly helps explain why a country that is--at least statistically--reeling from an economic crisis looks to a visitor like it's doing pretty well, especially when compared with how it looked under communist rule 10, 15 or 25 years ago.

Another reason for the limited utility of statistics is that they don't take into account the Russians' ancient skill of coping with difficulty. Today's hardships don't seem so harsh in comparison with the terrors of the 1930s, the devastation and privation of World War II, or even the long lines and frustrations of the 1980s.

Why has the transition from communism been so difficult for Russia? There are scores of good answers--another reflection of the complexity of Russian realities. The best ones are connected to enduring truths that can't be swept away in just eight years.

Russians themselves often underestimate the degree to which the Soviet system damaged this country. Under communism, Russians built a strange sort of primitive industrialized society, at huge cost. The structure could not survive market conditions.

In 74 years of communism, virtually no Russian mastered market economics. No one was prepared to cope with post-communist opportunities the way, for example, Leszek Balcerowicz, the mastermind of economic reform in Poland, has ushered his country to capitalist prosperity as finance minister and nowas deputy prime minister. Russian politicians, emphatically including Mikhail Gorbachev and Yeltsin, have been clueless about economics.

But the best economists could not have made Soviet enterprises fit for free-market conditions. How could they? The Soviet-era managers of those enterprises knew nothing about managing in a market economy; workers used to goofing off and shirking responsibility weren't prepared to adapt to the market, either. Soviet technology and infrastructure were utterly inadequate. The failure of the Soviet system was largely responsible for Gorbachev's ascent to power in 1985, but he did not fix it. He abandoned it.

It took communists nearly three-quarters of a century to ruin this country; it will take their successors a long time to overcome their accomplishments.

"We were completely unprepared . . . for this change from 'fundamentalist socialism' to a real, contemporary, civilized existence," observed Yevgeni Velikhov, a distinguished nuclear physicist. Russia's adaptation to modern, civilized conditions was rudely interrupted in 1917, he argued--the year the communists took power and ended a brief period in which Russia had begun to industrialize and modernize.

Proud Russians have found it difficult to acknowledge that they are far, far behind the industrialized West. But some are coming to realize this. "My grandson will live to see a healthy Russia," said Alexander Bovin, 70, a

columnist for Izvestia who was Russia's ambassador to Israel through most
of
the '90s.
One source of Russia's difficulties can be found in the distinction between "freedom" and "democracy." This Russia is remarkably free, but it is not a functioning democracy. The freedom is invigorating, much appreciated by millions of Russians, and a vast improvement over the regimentation of the Soviet Union. But elemental freedom from arbitrary power does not lead to honest and effective government.
What the Russians have now is a kind of democratic monarchism. The elected monarch is harassed by a mostly powerless parliament. The constitution Yeltsin persuaded his countrymen to adopt in 1993 gave him vast, unchecked powers. It gave the parliament such a small role to play that there was no hope of developing strong political parties ready to share responsibility for governing. The judiciary is ineffectual, so the rule of law does not
yet
exist.
The architects of this structure call themselves democrats, so a great many Russians have decided they don't want democracy. Both democracy and free markets have gotten a bad name among ordinary Russians--though neither has really been tried here.
Even so, Russians have decided that they appreciate the right to vote. Election turnouts here are larger than in the United States. In political circles, it is generally assumed that a new Duma will be chosen in
elections
scheduled late this year, and that a new president will be voted into
office
next year. The Russian people expect these elections to occur, and expect the results to be respected. This constitutes progress: In 1996, many Russian politicians feared that Yeltsin would try somehow to annul the scheduled presidential election.
Many political figures here favor substantial revisions to the constitution that would limit presidential power and enhance the Duma's authority. That would be an important start, but implanting a democratic system with checks and balances, civic institutions, accountability for senior officials and a meaningful rule of law will require much more. This is a society familiar only with the Big Man form of government, which has prevailed here
literally
for centuries. Choosing that man in a free election is revolutionary, but
it
doesn't constitute democracy.
Learning to share power and tolerate opponents won't come easily to Russians. Nor will honesty and truthfulness, two values that have never had much resonance here. Russians cherish human warmth, generosity,
hospitality.
But rigorous honesty, especially outside one's circle of friends and
family,
has been less important.
"There is no pressure on a Russian to be honest," said Tatyana Tolstaya, a novelist who recently moved back to Russia after years in the United
States.
"Most of our people don't want to be honest." She traces this condition
back
to the long epoch of serfdom in Russia, when the law of the land formally

denied the humanity and individuality of most Russians. Serfs learned to
assert their sense of self by stealing, she said.
This Russia is a struggling country of 147 million souls (deaths outnumber births, so the number is steadily declining). The Russian federal budget for
1999 is the equivalent of about $25 billion, slightly more than the U.S. government will spend this year on food stamps. Numbers like this at least begin to describe the extent of Russia's fall from superpower status. On the
other hand, the budget is just another unreliable statistic. Costs in Russia
are so low (many people work for $20 to $40 a month) that the money goes further than in more normal economies. Nevertheless, Russia is desperately poor.
Russians have survived eight years of changes without significant help from their leaders, who have shied away from any direct discussion of Russia's fate. Neither Yeltsin nor any other national leader has helped Russians articulate their plight and consider the best ways to deal with it. The communists--who constitute the biggest political bloc, with the support of perhaps 20 percent of the population--have abandoned Soviet communism and now have no ideology. No great book on Russia's fate has been published, though some writers have struggled with the theme. A few intellectuals have reopened the ancient discussion about "What is Russia?" but without much of an audience. On the biggest question facing the country, Russians are mostly
mute.
This silence is symbolized by the Duma's struggle to agree on a new national
anthem. It has chosen an old tune, but hasn't settled on any words to be sung to it.
As the Russians continue their great experiment, many will be tempted to predict the future. Those who feel this urge might take a cue from the typical Russian weather forecast. In the morning, radio weathermen here foresee conditions for today, no further. At night, the television weather report foresees tomorrow, but not beyond.
Robert Kaiser, The Post's Moscow correspondent from 1971 to 1974, recently returned from a month-long reporting trip to Russia.

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13. Reuters: Russian Communist Leader {Gennady Zyuganov} Urges Unity Before Polls

July 28, 1999

Russia's Communist leader Gennady Zyuganov urged leftist forces on Tuesday to unite ahead of a parliamentary election in December to resist an aggressive offensive by political rivals.

Zyuganov said the Communist Party, which dominates the State Duma lower house of parliament together with its allies, backed the idea of forming a powerful election bloc put forward by a prominent radical communist, Valentin Varennikov.

"Now that the people who tortured Russia for years are trying to create blocs to unite as many forces as they can, it is crucial to run in the polls as one single force," he told a news conference, referring to separate negotiations held among liberal and centrist parties.

"We think that the time demands the creation of a powerful patriotic bloc and we will make every effort to do this."

The party, inspired by confusion in Russia's liberal ranks after a crippling economic crisis last August and reluctant to share power with smaller allies, decided in April it would run independently in the Duma polls.

The party's decision has nearly destroyed the left-wing People's Patriotic Forces of Russia bloc, which included the Agrarian party and a number of smaller groups and worked well in 1995 Duma election.

Some humiliated allies, like the Agrarian Party of Mikhail Lapshin and Spiritual Heritage led by intellectual Alexei Podberyozkin, have said they will also run independently.

Some other Communist allies have launched negotiations with centrist parties created by Moscow Mayor Yuri Luzhkov and a group of influential regional leaders who said they wanted a more responsible non-Communist Duma.

Zyuganov also faces a rebellion by its own radicals.

Ambitious radical politician Viktor Ilyukhin and retired General Albert Makashov have said the party leadership has gone too far in its cooperation with the Kremlin and that they will run in the polls independently.

Political analysts have said that if a schism in the Communist bloc widens, it could lose its traditional 30-35 percent of votes.

So far, the Communist Party has compromised to include candidates from allied parties on its party list. But the allies clearly want an equal share in any possible bloc.

Zyuganov said he had already contacted Podberyozkin and Ilyukhin about a possible bloc and they were considering it.

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14. WP: Top Spy Retiring From CIA - Downing Led Revamp Of Clandestine Service

By Walter Pincus
Washington Post Staff Writer
Thursday, July 29, 1999; Page A27

The departing top spy of the Central Intelligence Agency says it will take until 2005 for the agency to complete the task of rebuilding its clandestine service after years of thin budgets, rapid management turnover and low morale.

Jack G. Downing, a legendary spy who is retiring this week after 30 years at the CIA, said in a rare interview that the agency is now in the midst of "the largest drive to recruit new case officers in its history," thanks to "fresh resources" provided by Congress. But because recruits have to go through training and language schools, he said, "over the next few years

there still will be a paucity of trained personnel overseas."
Downing, 60, was brought back from retirement in 1997 to resuscitate the Directorate of Operations, the branch of the CIA that runs spies abroad.
Gray-haired and low-key, he used an interview on the eve of his "permanent" retirement to speak enthusiastically about the agency's future and guardedly
about his past as station chief in Moscow and Beijing.
"The best period" for U.S.-Chinese intelligence cooperation, he recalled, ran "from normalization of relations in 1978 through June 1989 and the events at Tiananmen Square." Although he declined to discuss details, that was a period in which China and the United States secretly built eavesdropping facilities along the Chinese-Soviet border and the CIA funneled Chinese weapons to rebels in Afghanistan.
Yet even at the height of cooperation, Downing said, both sides spied on each other. "That was expected," he said, adding, "it still is today," when allegations of Chinese nuclear espionage are roiling relations.
"They are not doing anything we do not expect them to do," he said.
Downing also was in Moscow from 1986 to 1989, when several Russians spying for the United States were executed because, it later turned out, their names had been given to the KGB by then-CIA officer Aldrich H. Ames. "We knew something had begun to happen," Downing said.
When he agreed to entreaties from Director of Central Intelligence George J.
Tenet to come back to head the Directorate of Operations, Downing said, it was in bad shape. The Ames scandal and sex discrimination lawsuits had hurt morale and prompted "some of the best and brightest of the younger people" to leave the directorate.
Tenet was the fourth CIA director in five years, and the press was digging into the agency's Cold War activities.
"There was a lot of resentment. We were being victimized for our role in the
past," Downing said. As a result, he added, "There was a reluctance to take risks."
With the Cold War over, new CIA centers for counterterrorism, counternarcotics, counterproliferation and counterintelligence were drawing personnel, while "the line divisions [covering geographic areas] were being starved," he said.
Another drain came from "force protection"--gathering intelligence against threats to U.S. troops overseas, which began in earnest during the Persian Gulf War and became a major CIA function under Presidential Clinton.
In his first message to field officers after taking over, Downing said that "trying to do more with less only means we will do nothing." He found an ally in House Select Committee on Intelligence Chairman Porter J. Goss (R-Fla.), a former CIA officer who shepherded two budgets that boosted funding for operations. Exact figures are classified.
Some new stations have been opened though "still not . . . the number we need," Downing said. But he spoke with pride about his revival of a "ready reserve" of retirees who, he said, recently have been helpful in Africa and the Balkans.
He also took obvious pleasure in having reintroduced parachute training for all operations officers. "The idea is to challenge what is normal," he said.

Downing will be succeeded by his deputy, James L. Pavitt, a career CIA

officer who served as intelligence director on the National Security
Council
staff during the Bush administration. Pavitt, in turn, has selected Hugh
Turner, an Arabic-speaking case officer, as his new deputy.
The son of a Navy officer, Downing graduated in 1962 from Harvard, where he
studied Chinese, and served two tours as a Marine in Vietnam. Discharged
from the Marines on a Friday in 1967, he was sworn in as a CIA officer the
following Monday.
He learned Russian on top of his Chinese and served multiple tours in
Moscow
and Beijing. In between, his posts included head of the East Asia division
and special assistant to retired Adm. Stansfield Turner when he was CIA
director.

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15. WP: {China/Taiwan} On the Wrong Side
By Michael Kelly

Wednesday, July 28, 1999; Page A23
Back in the dear, dead days when the Democratic Party stood for dreams a
bit
loftier than clinging to power, the labor wing of the party liked to ask a
question: "Whose side are you on?" It was a good question because it was an
awkward one and an inescapable one. The question presents itself these
days,
awkwardly and inescapably as always, in the matter of Taiwan and China.
Whose side are we on?
On the one hand, we have Taiwan, which is an ally and a democracy. It is
not
a perfect ally nor a perfect democracy (but neither is the United States).
Formed out of the nationalist movement that lost China to Mao's Communists,
Taiwan increasingly has wished for independent statehood. In recent years,
as the island has become more democratic and more wealthy, it has become
more aggressive in expressing this wish.
On the other hand, we have China. The People's Republic is a doddering,
desperate despotism, in which a corrupt oligarchy presides, only by the
power of the gun, over a billion people who would rather live in freedom.
China has always regarded Taiwan as an illegitimately errant province,
ultimately to be subjugated to Beijing's rule. In recent years, as China's
rulers have found themselves increasingly uneasy on their thrones, they
haveattempted, in the usual last refuge of dictators, to excite popular support
by threatening belligerence against an exterior enemy -- in this case,
Taiwan.
For two decades, the United States has supported a deliberately ambiguous
policy, which says that there should be "one China," but carefully does not
say who should rule that China. Ambiguity worked pretty well for a long
time, but it is a Cold War relic whose logic has expired, and its days are
running out.
Two weeks ago, Taiwan's president, Lee Teng-hui, recognized this reality
and
said that henceforth Taiwan and China should deal with each other on a
"state-to-state" basis. Beijing reacted with its usual hysterical
bellicosity. This week, Chinese Foreign Minister Tang Jiaxuan used a

session
of the Association of Southeast Asian Nations to again threaten Taiwan: "If there occur any action for Taiwan independence and any attempt by foreign forces to separate Taiwan from the motherland, the Chinese people and government will not sit back," Tang said. He added a warning to Secretary of
State Madeleine Albright to "be very careful not to say anything to fan the flames" of independence.
Not to worry. Neither Madame Secretary nor anyone else in the Clinton administration has the slightest intention of fanning freedom's flames.
Quite the contrary. The administration has reacted to Lee's "state-to-state"
remarks by repeatedly reassuring Beijing that the United States is entirely with it in this matter. On Monday Albright made a point of saying that Lee's
efforts to back off of his remarks "thus far don't quite do it." So, we are on China's side.
We are on the side of a regime that, the administration's own Justice Department tells us, has engaged in (1) a massive and perhaps still ongoing campaign to steal America's most valuable nuclear secrets; and (2) an effort
to corrupt the 1996 elections by funneling cash to, principally, the Clinton-Gore campaign and the Democratic National Committee.
We are on the side of a regime that, the administration assures, is becoming
more tolerant of political freedom. Is that so? Beijing has intensified the persecution of political dissidents since Clinton began his policy of "constructive engagement" with China. Most recently, Beijing has been hosting old-fashioned Stalinist show trials of democratic dissidents; three organizers of the fledgling China Democratic Party drew sentences of, respectively, 13, 12 and 11 years.
China also continues its campaign to destroy independent religious movements. According to the group Human Rights in China, the regime arrested
7,410 leaders of the Protestant house-church movement in two months last year. Currently, Beijing is undertaking a countrywide effort to stamp out the spiritual movement Falun Gong. The New York Times reports that more than
5,000 people have been arrested, and 1,200 government officials who are movement members have been shipped off to re-education schools to study Communist Party doctrine.
We are on the side of a regime that forces abortions on women who attempt to
give "unplanned" births; a regime that exploits the accidental bombing of its embassy to incite anti-American riots, threatening U.S. citizens; a regime that continues to sell weapons of mass destruction to rogue states inimical to U.S. interests.
We are acting against a regime that seeks democratic independence and a society rooted in the pursuit of life, liberty and happiness.
Doesn't any of this strike anyone as odd?
Michael Kelly is the editor of National Journal.

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16. Reuters: China Said Holding Navy Exercises In Taiwan Strait
BEIJING, Jul 28, 1999 -- (Reuters) China's navy is conducting mobilization exercises in waters across from Taiwan, the semi-official China News Service
said in a report seen on Wednesday.
The drills, attended by senior military officials, were the second naval maneuvers reported by the domestic media since Taipei enraged Beijing earlier this month when it scrapped its "one-China" policy which has kept the peace between the two rivals for decades.
The maneuvers, organized by the navy, the general staff's mobilization department and the State Development Planning Commission, were aimed at testing military readiness along China's coast, the report said.
But Taiwan's military had noticed no such activity in the 160-km (100-mile) strait dividing the two sides, a Taiwan defense ministry official told Reuters.
China views Taiwan as a wayward province that must be reunited with the mainland and reserves the right to take the island by force if it declares independence.
Taiwan President Lee Teng-hui said on July 9 Taipei's "one China" policy had
been abandoned in favor of "special state-to-state" relations under which they would treat each other as equals during talks, but Beijing blasted the move as a "dangerous step down the road of separatism".
The official Xinhua news agency reported on Wednesday that the chief of the People's Liberation Army's (PLA) general staff had warned President Lee to immediately stop his separatist activities and said the president was "picking up stones to smash his feet".
"The PLA has the determination and strength to defend the state's sovereignty and territorial integrity," Fu Quanyou was quoted as telling a visiting Malaysian military official.
The navy's most modern training vessel, the Shichang, arrived in the southern city of Xiamen on Sunday for exercises in the Taiwan strait, the China News Service said in the report, on its website at www.chinanews.com.cn.
Observers included top military officials in charge of mobilization, such as
PLA major general Jiang Shikun, it said.
Officials in Xiamen declined to comment on the report.
Hong Kong's China-backed Wen Wei Po newspaper quoted political sources on Wednesday as saying that unofficial talks scheduled between China and Taiwan
in autumn would be cancelled unless the island's government completely withdrew its new policy.
Under Lee's formula, any move by China to take Taiwan by military force would be seen as an invasion from a foreign power and provide an excuse for foreign intervention, the newspaper quoted sources as saying.
Last week, the China Youth Daily said China's North Sea Fleet had conducted maneuvers with submarines, surface ships and guided missiles in the Yellow Sea, between the country's eastern coast and the Korean peninsula.
The newspaper said the Yellow Sea drills were part of preparations for Army Day on August 1, but China has used military exercises to warn Taiwan against moving towards independence before.
In 1996, the United States sent two aircraft carrier battle groups to waters

near Taiwan as China conducted menacing war games ahead of the island's
first direct presidential elections. ((c) 1999 Reuters)
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17. AFP: Report: China May Impose Trade Sanctions Against Taiwan
TAIPEI, Jul 29, 1999 -- (Agence France Presse) China may impose trade sanctions against Taiwan, targeting the textile industry, in retaliation for
President Lee Teng-hui's claims to statehood, the Economic Daily News said Thursday.
According to Chinese customs statistics, Taiwan is the mainland's second largest supplier after Japan. Export figures here show that China is Taiwan's third largest export market after the United States and Hong Kong.
Anti-dumping duties might be levied on imported Taiwanese textile and polyester items as punitive measures, Straits Exchange Foundation deputy secretary-general Wu Hsin-hsing was quoted by the paper as saying.
"We don't rule out the possibility of China taking special actions, including trade sanctions" after President Lee redefined ties with the mainland as 'special state-to-state relationship,'" Wu told the paper.
"Information from the mainland indicated that the Beijing is likely to impose anti-dumping duties on the two products given their large amount of exports to the mainland," Wu said, warning local businessmen to take heed.
Ten mainland textile and chemical producers have lodged dumping complaints against several suppliers in Taiwan and South Korean but the Chinese authorities have yet to decide whether to take any action, the paper said.
The Taiwanese companies named were Nan Ya Plastics Corp., Hualon Corp., Far Eastern Textile Ltd., Tainan Spinning Co. Ltd. and Shinkon Synthetic Fibers Co. Ltd., it added.
Lee's statehood comments on July 10 enraged Beijing, which considers Taiwan as a breakaway province, and fueled cross-strait tensions.
Indirect trade between Taiwan and China rose 7.5 percent year-on-year to $9.85 in the five months to May, accounting for 11 percent of the island's total trade in the period.
Exports to the mainland grew 9.8 percent to $8.15 billion in the five months
to May this year. ((c) 1999 Agence France Presse)

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18. South China Morning Post: Beijing Mulls Spratlys Deal And Agrees To Nuclear Treaty

By Barry Porter and Agencies

July 28, 1999

China will consider signing a planned code of conduct for the disputed South China Sea and also announced yesterday it would become the first country outside Southeast Asia to accede to a new nuclear weapons-free protocol for the region.

The two gestures were seen as efforts to relieve regional tensions.
Under the Treaty of Southeast Asia Nuclear Weapons Free Zone protocol, China would neither target any nuclear weapons on Southeast Asia nor locate
any there.

The South China Sea agreement would be considered once the Association of Southeast Asian Nations (Asean) has finalised its details.

Foreign Minister Tang Jiaxuan made the announcement during multilateral talks between China and members of Asean in Singapore yesterday during which
he stressed Beijing's desire for "good neighbourly friendship" with surrounding countries.

On behalf of Asean's 10 foreign ministers attending the talks, Singapore
Foreign Minister Shunmugam Jayakumar said he welcomed the news.

Mr Tang did not give any indication when China would sign the treaty, but he also announced that Premier Zhu Rongji would join talks with Asean leaders in Manila towards the end of the year.

Relations between China and some Asean member countries have become strained in recent months amid heightened tensions over rival claims to the oil and mineral-rich Spratly Islands in the South China Sea.

China, the Philippines, Brunei, Malaysia, Vietnam and Taiwan all claim complete or partial ownership to the Spratlys and their surrounding waters.

In 1997, Asean requested the Philippines and Vietnam draft a code of conduct for the area, incorporating practical matters such as navigation, search and rescue, plus the more controversial issue of possible joint oil and mineral exploration.

The Philippines presented its proposal to Asean foreign ministers last week who have referred it to a working group to be convened in Thailand later this year for polishing.

"China announced today it had agreed to look at it when it is finished,"
said Malaysian Foreign Affairs Minister Syed Hamid Albar, in his capacity as
co-ordinator of yesterday's Asean- China dialogue.

Before the meeting, Beijing had indicated it would not be prepared to discuss the sensitive Spratlys issue on a multilateral basis.

Mr Syed, who led Asean's delegation in the meeting with Mr Tang, spoke highly of Chinese relations with Asean, saying concerns about China's sincerity in helping the region recover from the two-year-old financial crisis were "baseless".

He voiced appreciation to China for keeping its promise not to devalue the yuan

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19. NYT: NEWS ANALYSIS - Is China Waving a Bomb at Taiwan?
By SETH FAISON
July 16, 1999

BEIJING -- Buried in a tiresome-looking 36-page Government report lay what appeared to be a minor scientific detail, almost invisible because it was mentioned so casually, in a passing reference three sentences long.

But it was not minor at all. China has designed a neutron bomb, the report said, as well as miniature nuclear weapons.

It was the timing, not the content, of the disclosure that made it so significant. Scientists have known for years that China had the ability to make a neutron bomb, having detected multiple tests over the last 11 years.

But Thursday was the first time that China has publicly asserted owning such

technology.
Why now?
The target of this news was apparently Taiwan. Coming just days after Taiwan
had said that it was dropping its adherence to its longstanding principle that it and the Chinese mainland are separately governed parts of the same country, the announcement was timed to send a message across the Taiwan Strait -- we've got the stuff, so watch out.
Beijing has never renounced its right to use military force to recover the island, where Chiang Kai-shek's Nationalist troops took refuge after the Communists defeated them in 1949. Thursday, state-run media reiterated the Government's threat to block Taiwan independence.
The news on the bomb was obscured in a report intended to rebut the Cox Committee report, a Congressional study released in May that accused China of having stolen from the United States information on the designs for the neutron bomb, as well as for the W-88, the most advanced miniaturized warhead.
The Chinese rebuttal denies that China stole any secret nuclear technology from the United States and accuses the Cox report of being politically motivated, full of distortions and painted with a layer of racism directed at the Chinese people and at Chinese-Americans.
The principal suspect in the espionage allegation is Wen Ho Lee, a Taiwan-born American who was discharged from his job at Los Alamos National Laboratory in New Mexico over security breaches but has yet to be charged with a crime.
China's assertions, similar to earlier denials of charges in the Cox report,
were most curious for their timing, inexplicably being made a full two months after the Cox report.
The question of the week here is how Beijing will ultimately respond to Taiwan's shifting stance toward the mainland. The senior official who delivered the rebuttal Thursday, Zhao Qizheng, replied when asked afterward that he could not say whether China would take military action.
Paradoxically, however, the announcement may signal China's decision to keep
to a relatively restrained response to developments in Taiwan. Although any mention of a neutron bomb sounds intimidating, because it is designed to kill people with intense radiation that leaves buildings undisturbed, the delivery of the news was notably lacking in the rancor and fist-pounding of which Beijing is capable.
"Beijing learned from the last time, in 1996," said a former Clinton Administration official who is visiting here. "They know it's counterproductive to launch missiles."
The former official was referring to China's aggressive stance toward Taiwan
three years ago, when Beijing was infuriated by political maneuvering by President Lee Teng-hui of Taiwan that had led to his 1995 visit to theUnited States, the first by a Taiwan President since Washington dropped
diplomatic recognition two decades ago. Although Lee maintained his Nationalist Party's position that it sought eventual reunification with the mainland, Beijing saw his actions as attempts to raise the island's international profile and nudge it toward independence.
In March 1996, China launched missiles into the ocean near Taiwan to try to intimidate voters just before the presidential election. Instead, Lee

scored
a decisive victory.
This week, Lee made another move that risked angering Beijing, dropping the "one China" formulation that has helped avert war with China for decades by sidestepping the issue of sovereignty and saying the relationship between Taiwan and the mainland would more accurately be described as "state to state."
China's news media responded with tough warnings and a typical dose of vitriol in the Communist Party publication People's Daily. But no senior leader has emerged to speak publicly on the issue. Thursday night, the evening news on state television calmly reported on a trip to Mongolia by President Jiang Zemin and on a meeting held by Prime Minister Zhu Rongji on the economy, without highlighting the neutron bomb.
China is thought to have first tested a neutron bomb in 1988, and continued to do so on numerous occasions. But until Thursday it has never publicly discussed that technology.
The rebuttal, "Facts Speak Louder Than Words and Lies Will Collapse on Themselves," asserts that China began work on a neutron bomb in the 1970's, when the United States and the Soviet Union intensified their arms race.
"China had no choice but to continue to carry out research and development of nuclear weapons technology and improve its nuclear weapons systems, mastering in succession the neutron bomb design technology and the nuclear weapon miniaturization technology," the report said.
It denied that China stole the technology involved in those two designs and argued that many design details of the nuclear weapons cited in the Cox report were available in unclassified documents and on the Internet. It
also
rejects allegations in the Cox report that China had stolen American technology on launching satellites.
Although Chinese leaders act offended and exasperated by the espionage allegations, they are involved in many separate struggles with the United States, all at the same time.
This week, American officials are here to negotiate the issue of compensating China for damages that it suffered in the NATO bombing of the Chinese Embassy in Belgrade in May. Chinese leaders still say they find it hard to believe Washington's insistence that the bombing was accidental. Washington insists that a combination of unlikely errors and outdated maps caused the bombing.
Only after the compensation issue is settled will China and the United States be able to proceed on resuming negotiations on obtaining membership for China in the World Trade Organization, a goal that China's leaders
still
seem determined to achieve. Yet the timing is tricky, as well as the substance of the talks.
Complicating both sets of negotiations are suspicions some Chinese leaders have toward the United States role in Taiwan's latest shift from the "one China" policy. Chinese scholars have argued that the United States, eager
to
contain a fast-emerging China, is encouraging Taiwan toward independence, ruining China's goal of reunification.

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20. CNN: Fired nuclear scientist awaits word on fate - Wen Ho Lee denies he spied for China

July 27, 1999
Web posted at: 8:34 a.m. EDT (1234 GMT)

From Correspondent Pierre Thomas

(CNN) -- The Justice Department is nearing a final decision on whether to bring criminal charges against a U.S. weapons lab scientist fired in March for security violations, CNN has learned. Attorneys for Wen Ho Lee will meet with government officials Tuesday to defend Lee against allegations he spied for China.

The Taiwan-born computer scientist has not been charged with a crime and has denied providing secrets to China or anyone else. China also denies the espionage allegation.

Lee was fired from his job at the Los Alamos National Laboratory in New Mexico, accused of downloading nuclear codes from a secure database to his own non-secure computer.

Washington's dilemma, says criminal defense attorney Nancy Luque is that "almost anyone who works with these kinds of materials is guilty of mishandling them in some way over a long period."

But former federal prosecutor George Terwilliger believes the government should proceed against Lee.

"What's at stake here is information that is vital to the security of our country and really the safety of our people," Terwilliger told CNN.

If Lee is charged, it probably won't be for espionage, but for gross negligence in handling classified information.

According to law enforcement sources, that lesser charge is likely because Justice Department officials do not yet have direct evidence of Lee passing classified material to anyone. And there's no evidence of any payoffs.

Given those facts, Lee's supporters point to dozens of similar cases involving government secrets. Among them:

* Former CIA Director John Deutch was accused of improperly storing classified information at his home.

* Staffers for Iran-Contra Independent Counsel Lawrence Walsh lost a secret document during that investigation.

"You did not ever see the government conclude that these acts ... deserved criminal prosecution," says attorney Angela Oh, a Lee supporter.

Lee's defenders worry that any decision to charge him would be based more on political pressure than hard evidence that he's a spy.

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21: NYT: Spying Furor Brings Vote in Senate for New Unit
By ERIC SCHMITT
July 22, 1999

WASHINGTON -- The Senate on Wednesday overwhelmingly approved a major overhaul of the Department of Energy, creating a new agency within the department to oversee nuclear weapons programs in the wake of allegations

of
Chinese espionage.
Wednesday's vote marked the most far-ranging legislative response to two scathing studies -- one earlier this year by a House panel and the other last month by a presidential review board -- that concluded that China stole
some of the country's most sensitive nuclear secrets and that criticized the
Energy Department for lax security at the nation's weapons laboratories.
The measure would centralize security functions scattered in other divisions
in a new Agency for Nuclear Stewardship, with some autonomy within the Energy Department. Its director, an under secretary of energy, would have broad powers to oversee policy, budgeting, security and counterintelligence for the department's nuclear programs, and would report to the secretary of energy.
The vote, 96-1, came after Democrats wrung concessions from Republican sponsors to strengthen the energy secretary's authority over the new agency.
Only Sen. Ron Wyden, D-Ore., opposed a measure that represents the most dramatic restructuring of the department since it was formed in 1977.
"This makes it less likely in the future that there will be nuclear secrets walking out the door at our national laboratories," said Sen. Jon Kyl, R-Ariz., and sponsor of the measure, an amendment to a bill authorizing the government's intelligence programs.
Establishing the new agency would also begin to reverse a trend at the Energy Department since the end of the Cold War to emphasize nonprofileration programs over defense programs and nuclear deterrence.
Wednesday's vote dealt a setback to the Clinton administration and to Secretary of Energy Bill Richardson, who initially resisted the idea of a semiautonomous nuclear stewardship agency before grudgingly accepting the plan in order to avert alternatives he considered even worse, like splitting
the agency from his department altogether.
"Today the Senate made significant improvements to the reorganization proposal," Richardson said Wednesday night in a statement.
Prospects for passage in the House are unclear.
There are lawmakers from both parties who feel the Senate action goes too far and others who feel it does not go far enough.
Just last week, for example, seven senior lawmakers on the House Commerce Committee, including the chairman, Rep. Tom Bliley of Virginia, and the ranking Democrat, Rep. John D. Dingell of Michigan, criticized the Senate approach, saying, "We should not compound current problems by enacting an ill-conceived and ill-considered 'quick fix.' "
For his part, Richardson has tried to blunt the growing calls to revamp his department by reorganizing and centralizing its far-flung security functions. Last month, Richardson appointed a retired four-star Air Force general to be the department's first security chief.
Indeed, Richardson proclaimed several weeks ago that "Americans can be reassured; our nation's nuclear secrets are today safe and secure."
But in a stinging report last month, the presidential review panel said the administration's efforts to tighten security at the nuclear labs were hamstrung by bureaucratic arrogance and foot-dragging.
The findings by the President's Foreign Intelligence Advisory Board, which

studies sensitive intelligence and national security matters for the
president, concluded that the Energy Department was a "dysfunctional
bureaucracy that has proven it is incapable of reforming itself."
The panel, headed by former Sen. Warren B. Rudman, R-N.H., recommended
creating either a semiautonomous agency, like the one the Senate approved
Wednesday, or an independent agency, like the National Aeronautics and
Space
Administration, to oversee nuclear programs.
Senate Republicans said in debate Wednesday that they were modeling their
proposal after the presidential advisory board's recommendation. "Instead
of
a czar getting a structure set up under the old system, we ought to get
this
one in his hands," Sen. Pete Domenici, R-N.M., said of choosing between
Richardson's new security chief and the new agency.
Democrats succeeded in adding language to the measure that gives the
secretary and his top aides greater discretion in developing policies
related to the agency. "It adds to the efforts of the president and
Richardson to have greater control over the activities in these labs," said
Sen. Carl Levin, D-Mich.

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22: WP: Senators refused to give the secretary of energy tight control over
nuclear weapons labs
VOTES IN CONGRESS
By Roll Call Report Syndicate
Sunday, July 25, 1999; Page M20
The following is a report of how some major bills fared in Congress last
week ...

SENATE
NUCLEAR SECRETS
For-44/Against-54
Senators refused to give the secretary of energy tight control over nuclear
weapons labs. This occurred as the Senate passed an intelligence spending
bill (HR 1555) that, in part, created the Agency for Nuclear Stewardship
within the Department of Energy. The new agency is charged with correcting
security lapses of the sort that allowed China to obtain U.S. nuclear
secrets during the Reagan, Bush, and Clinton administrations. On this vote,
senators defeated an amendment giving the energy secretary direct
managerial
control over the semi-autonomous agency. The vote left intact a plan to
give
the secretary final but remote authority over the agency. A yes vote was to
give the secretary of energy direct control over nuclear labs.

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23: AP: DOE Security Chief {Habiger}Takes Polygraph
Friday July 23 8:04 AM ET
ALBUQUERQUE, N.M. (AP) - The Energy Department's new head of security says
requiring nuclear weapons workers to take lie detector tests is no big

deal.

To prove it, he took one himself.
``I passed it with flying colors,'' Eugene Habiger told reporters hours after taking the test at the department's Albuquerque field office Thursday.
He said laboratory workers shouldn't have to do anything he wouldn't do.
In June, the Energy Department announced plans to give polygraph tests to
some 5,000 workers in sensitive nuclear weapons jobs, part of a broad initiative to beef up security after widely publicized accusations of leaks to the Chinese.
Some lab workers objected to the polygraph testing, fearing that errors might incriminate innocent people.
Habiger dismissed those concerns, saying the way the tests are being set up,
there should be fewer than one error in 1,000.
``This is not a big deal,'' the retired Air Force general said.
Habiger, named in June to head security at the department, was in Albuquerque this week to meet with officials at Sandia National Laboratories
and the department's operations Office.
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24: WP: Senators Question Polygraph Use
'Potential Unreliability' of Test Spurs Drive for FBI, CIA Analysis of Alternatives
By Walter Pincus
Washington Post Staff Writer
Saturday, July 24, 1999; Page A02
To mollify Congress, the Department of Energy is preparing to give polygraph
tests to thousands of nuclear scientists. But at the same time, a Senate panel has asked the CIA and FBI to explore alternatives to polygraphing because of the "potential unreliability" of the so-called lie-detector exams.
In the wake of allegations of Chinese nuclear espionage, Secretary of Energy
Bill Richardson has ordered polygraphs for an estimated 5,000 scientists and
other employees involved in nuclear weapons research, the first large-scale use of the tests outside of the CIA and National Security Agency.
Yet experts inside and outside the government agree that the tests are far from foolproof, which is why they are not admissible as evidence in court.
"Polygraphing has been described as a 'useful, if unreliable' investigative tool," the Senate intelligence committee said in its report on the fiscal 2000 intelligence spending bill, which the Senate passed Wednesday. The panel instructed CIA Director George J. Tenet and FBI Director Louis J. Freeh to assess "alternative technologies to the polygraph" and report back within 90 days after the measure becomes law.
The polygraph is based on sensitive monitoring of pulse rates while the subject answers questions. Its accuracy is highly dependent on the skill and
experience of the examiner.
Among the other potential lie-detection systems that the CIA and FBI

already
have investigated are skin sensors, voice stress recorders, brain wave studies and even hypnotism. "We have expended a lot of research into alternatives," said an FBI spokesman. "But no real other technologies exist today."

Concern about the unreliability of the standard polygraph is also growing at
the Department of Energy's nuclear weapons labs. In a recent letter in the Los Alamos National Laboratory's employee newsletter, one scientist noted that the expected rate of false positives--tests indicating someone is lying
when that person is not--is about 2 percent. "In our situation, that's 100 innocent people out of 5,000 whose reputations and careers would be blemished," wrote the scientist, John D. Fowler Jr. And what will happen if a prominent weapons designer or the leader of a
research team fails a polygraph? That is a question many lab employees are now posing, according to one Energy Department official.

Sensitive to the growing opposition among scientists, Energy Department officials are trying to reassure employees that the scope of polygraph questions will be narrow. No one will be asked about "thoughts and beliefs" or "conduct and lifestyles"--meaning that political, religious and sexual questions are off-limits. The focus, officials say, will be on any involvement in espionage, sabotage or terrorism; unauthorized disclosure of classified information; or unauthorized foreign contacts, including failure to report an approach by someone seeking secret information.

Two of the main nuclear weapons labs, Los Alamos and Lawrence Livermore, are
run by the University of California under contract with the Energy Department. The third big research center, Sandia Laboratories, is run by Lockheed Martin Corp. Since the labs are in the private sector, employees cannot be required to take polygraphs as a condition of employment. But workers can be switched out of sensitive assignments, deprived of access to secret information, and shunted to other research projects if they refuse to
take the tests.

C. Paul Robinson, director of Sandia Laboratories, told his employees earlier this month that by law, they can choose not to take a polygraph. "However," he said, "they will not be permitted to work in areas where such a requirement is established by the customer," the federal government.

Some employees working on "special access programs"--the most secret projects--already have signed agreements to take the tests. But polygraphs are a new requirement for most researchers involved in nuclear weapons design and operations.

In another recent missive to the Los Alamos employee newsletter, a scientist
named Mario E. Schillaci challenged the government to prove the validity of polygraphs. "If Energy Secretary Bill Richardson wants our enthusiastic concurrence in the planned tests, he must do more than simply assert that the FBI, CIA and NSA consider the tests a strong enough indicator of truth,"
he wrote. "The question is, Exactly how strong?"

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25. WP: {DOE} The Secretary's Secretary - Press Aide Remains Richardson's

'Eyes and Ears'
By Dan Balz
Washington Post Staff Writer
Wednesday, July 28, 1999; Page A21

Over the past decade, as Bill Richardson made his way from the House of Representatives to the United Nations and now to the Department of Energy, reporters knew the two-word formula for finding him on short notice: "Call Stu."

That's shorthand for Stuart C. Nagurka, the soft-spoken and unflappable aide to one of the most visible and talkative politicians in the capital. Nagurka has been at Richardson's side since making the switch from broadcast journalism to public affairs in 1988, first as Richardson's congressional press secretary and later as deputy director of public affairs for him at the United Nations and at Energy.

His work has landed him in the middle of high-profile stories and sensitive national security controversies, the latest involving allegations of Chinese spying at the nuclear weapons labs under DOE's control. Despite the pressure of the hot seat, Nagurka counts himself among the fortunate.

"I think I have one of the easiest press jobs in Washington," he said during an interview in his Independence Avenue office, which overlooks the Smithsonian castle. "He is a doer, a natural newsmaker. He's accessible, he's understandable. He's really the perfect principal for a press secretary."

But does he ever worry that Richardson, who seems to appear on camera as much as any member of the Cabinet and who has a reputation for returning phone calls to reporters, is too visible and accessible? Nagurka answers carefully: "We've had conversations. But more often than not, we really can't control the news value of what he's doing."

"He's loyal and he works like a dog," Richardson said, adding that Nagurka is one of the few people who can "tell me to my face that I'm wrong." The latest example came recently when Nagurka told Richardson he should shave off his four-day-old beard. So far, Richardson has ignored the advice.

Even as a member of Congress, Richardson attracted considerable press attention, particularly after a series of solo diplomatic missions that resulted in the freeing of prisoners in North Korea, Iraq, the Sudan and Cuba. But Nagurka said nothing has compared to the intensity of the story about Chinese attempts to steal nuclear weapons secrets from DOE labs.

"How can you strategize [for dealing with the story] when you don't know what bumps are still out there on the road?" Nagurka said.

Although he has been required to learn more about foreign policy and now complex energy and nuclear weapons questions since leaving Capitol Hill, Nagurka quickly points out that he is a public affairs officer, not a policy expert.

"The secretary's always had good people surrounding him," he said. "I've never felt the pressure or the need to be worried about being the policymaker. Different press people operate differently. I don't view myself in any way as a qualified policymaker."

Nor has he assumed the top public affairs role at either the United Nations or Energy, despite his close relationship with the boss. At the world body, Richardson tapped Calvin Mitchell, who had worked at the National Security Council, to run the public affairs office, and at Energy, he inherited Brooke Anderson, who is director of public affairs.

"I don't want him as a full-time manager," Richardson said. "I want him as my personal eyes and ears. . . . I can have him do whatever I need him to do without having to worry about his management responsibilities."

But Nagurka sees major differences between life on the Hill and at a Cabinet agency. "You have to know how to fight the bureaucracy to work in the executive branch," he said. "You need a reporter's skill to work your way through the maze of the bureaucracy to find the right person who has the information that you're looking for."

Nagurka and his wife, Pamela, have three sons under age 6. When the call came to Richardson to succeed Madeleine K. Albright as U.N. ambassador, they decided not only to accompany him to New York but also to make the most of the experience by living in Manhattan rather than the suburbs. That posting lasted about 18 months.

"New York is a very difficult place to live in with a family on a government salary," Nagurka said. "It was a fascinating experience that I was ever-so-pleased was abbreviated by the Energy appointment."

Now they bike the C&O Canal and Nagurka has the chance to tend to his vegetable garden, which has produced a bumper crop of lettuce, string beans "in full force," peas and carrots. "We're a little slow on the tomatoes," he said.

Players

Stu C. Nagurka

Title: Deputy director, Office of Public Affairs, Department of Energy.

Age: 38.

Education: Bachelor's degree, broadcast journalism and marketing, Syracuse University.

Family: Married, three children.

Previous jobs: Anchor/reporter, WHEN-AM, Syracuse, N.Y.; anchor/reporter, WILM-AM, Wilmington, Del.; anchor/reporter, WMDT-TV, Salisbury, Md; reporter, Washington Radio and Press Service; bureau chief/reporter, Sun World Satellite News; press secretary to Rep. Bill Richardson (D-N.M.); deputy director of communications, U.S. Mission to the United Nations.

Hobbies: Gardening, bicycling, photography.

On the job: Bill Richardson has "always had good people surrounding him. I've never felt the pressure or the need to be worried about being the policy maker."

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26. WP: {Iraq} Out of Sight, Out of Control

By Fred Hiatt

Sunday, July 25, 1999; Page B07

It's been nearly a year since United Nations disarmament inspectors could do their jobs in Iraq, and eight months since they were kicked out altogether. The Clinton administration professes little concern, saying it sees no sign that Saddam Hussein is rebuilding his nuclear or poison weapons.

Not so long ago, administration officials were ready to acknowledge that, without inspectors, it might be hard to tell what Saddam was up to. "There is only one way to learn the truth," Secretary of State Madeleine Albright said in early 1998. "[U.N.] inspectors must have free, unfettered and unconditional access to people, documents and facilities in Iraq."

The record lends more support to her earlier anxiety than to any complacency now. While they were allowed to do their jobs, from 1991 until last August, U.N. inspectors found and destroyed thousands of chemical, biological and nuclear weapons or components -- far more than any of the experts had suspected existed in Iraq's arsenal.

But when they left, after seven years of playing cat and mouse with Saddam Hussein, U.N. inspectors knew they had not found everything. They knew, for example, that Iraq had failed to account for 6,000 aerial bombs filled with chemical weapons, 550 artillery shells filled with mustard gas and large amounts of precursor chemicals useful for producing VX gas. They knew that Iraq had failed to account for seven indigenously produced missiles, capable of delivering such gas; more than 500 tons of missile propellant; 15 biological-weapon warheads, and at least 50 other warheads. They knew they had not found all the equipment useful for producing biological weapons.

The inspectors knew that Iraq still possessed the know-how to produce a nuclear weapon, if it could obtain a reasonably small amount of fissile material. They knew that, without inspectors and monitors in Iraq, no one could possibly keep tabs on its weapons programs. And they knew, as the inspectors themselves reported last fall, that Iraq had "an industrial capability and knowledge base, through which biological warfare agents could be produced quickly and in volume, if the government of Iraq decided to do so."

It's worth underlining: quickly and in volume.

As to whether Saddam Hussein would choose to develop such weapons, there can't be much question. For years, the United Nations offered him a simple deal: You let us destroy your weapons of mass destruction and we will remove our economic sanctions. Saddam Hussein dislikes those sanctions. But he never took the deal. The weapons are too important to him.

How disappointed President Clinton and his administration must be in the outcome of their Iraq policy! They started, as Clinton's then-national security adviser Tony Lake wrote in the spring of 1994, with "a number of advantages that previous administrations did not" enjoy: Iraq had been weakened by the Gulf War. The Persian Gulf allies no longer feared Saddam Hussein, major Middle East players such as Egypt and Turkey were on America's side, and the U.N. Security Council was united.

In addition, Lake wrote in Foreign Affairs, the Iraqi regime was cooperating with U.N. inspectors. The administration was supporting the pro-democracy exile Iraqi National Congress. And "frequent reports of coup attempts" suggested that Saddam's regime wouldn't last forever.

A half-decade later, the administration appears to have squandered all those
advantages. Saddam Hussein is no longer cooperating with U.N. inspectors, and yet neither the Mideast region nor the Security Council is any longer united in support of U.S. policy. In the fall of 1997, the United States was
ready to go to war for the principle that Saddam Hussein should not dictate the composition of U.N. inspection teams. A few days ago, Washington submitted meekly along with the rest of its allies when Baghdad told Kofi Annan who could and could not visit.
The anti-Saddam forces may be weaker now than when Lake wrote, since the United States allowed Saddam Hussein to overrun them in 1996. Perhaps the only thing that hasn't changed is the administration's willingess to circulate rumors of coup attempts.
Saddam Hussein will not give up his chemical and biological weapons, according to those who have dealt with his government, because he believes they represent an essential counter to Iran, with its population three times
larger than Iraq's. Standing up to Iran, in turn, is essential to his grandiose view of himself as the ultimate leader of all Arabs.
But seeing Iran as his chief strategic enemy doesn't mean that he might not turn his poison weapons against other targets: U.S. troops in Saudi Arabia, say, or the city of Tel Aviv. Eight days ago, in a speech commemorating the 31st anniversary of the coup that brought him to power, Saddam Hussein made clear where he stands on Israel: "We say, without intending to offend anyone, but only to do our duty toward God, ourselves, the nation, and humanity: Palestine is Arab, and Zionism must leave it."
Would he really use chemical weapons? He already has, against his own people
as well as Iran. Could he be developing poisonous weapons now? According to those who know best, quickly and in volume.
The writer is a member of the editorial page staff.

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27. NYT:America Finds It's Lonely at the Top
By DAVID E. SANGER
July 18, 1999

WASHINGTON -- It is impossible to pinpoint the moment when America's successes in the 1990s moved from a topic of grudging admiration around the world to a constant source of annoyance at Washington's triumphalism to a rationale for mistrust and resistance.
Perhaps the clincher was envy over the Dow's dramatic ascent from a little over 2,000 at the start of the decade to a little over 11,000 this year.
Maybe it was the dawning realization that people around the globe are all flicking on the same Windows operating system in the morning, on their way to navigating an Internet dominated by U.S. innovations and businesses and driven by Intel inside everything. Maybe it was when the United States, in the wake of the Asian economic crisis, began offering tutorials on American-style capitalism, and insisting that the world's financial architecture be rebuilt to American building codes.
But surely the capstone was Kosovo. Whether Washington intended this outcome
or not, the war demonstrated to allies and potential adversaries alike how

much more formidable U.S. military technology has become since the Persian Gulf War. Europeans got a rude awakening when they learned that the gap between the United States' capability and their own had so widened that they now have to rethink their we'll-build-it-on-the-Continent mentality.

And nothing sent a greater chill through the Kremlin and the Chinese leaders' compound next to the Forbidden City than the image of those B-2 bombers lazily lifting into the air over Missouri at midday, flying an 11,000-mile, 32-hour mission to drop laser-guided weapons over Belgrade, Yugoslavia -- and getting back in time for dinner the next evening.

Feelingthe need to stake out some ground, Moscow hastily flew a ragtag force into Kosovo, and Beijing boasted last week that it had the neutron bomb -- don't-mess-with-us messages that undercut the Clinton administration's talk of strategic partnerships with old Cold War adversaries.

Of course, the world looks very different to Americans, who have already moved beyond the Kosovo war. In the national self-image, America's pillars of global power -- unparalleled financial clout, unmatched technological prowess and unchallenged military reach -- are separate entities, bits of a far more fragile mosaic. Sure, times are good, but Americans don't feel particularly powerful now, even with the Russians broke, the Chineseconsumed with unemployment and slowing growth, and the Japanese unable to get their breath back.

But talk to Thai politicians stewing over what they view as an American conspiracy to keep their candidate from running the World Trade Organization, or scan the People's Daily, or listen to talk radio in Toronto, and it becomes clear that America's triple threat -- the dollar, the Pentium III chip and the B-2 -- is now also its biggest diplomatic challenge. It may be a case of being too powerful for one's own good.

Or as Michael Mandelbaum, a professor at Johns Hopkins University, puts it, "If you are the 800-pound gorilla, you're concentrating on your bananas, and everyone else is concentrating on you."

Of course, the reactions differ dramatically when America talks to friends like the Western Europeans and to potentially hostile powers. Nonetheless, officials at the State Department, the Treasury and the Pentagon, who agree on precious little, all say fear of America's widening lead has become the subtext of nearly every major conversation they hold around the world.

It underlies Europe's near-panic over the precipitous fall of the euro, the new currency meant to represent a more economically powerful Europe. And it underlies Russia's perpetual negotiations to avoid national default, in which Moscow fights every step of the way as the International Monetary Fund -- synonymous with Washington in the Russian view -- demands economic reforms in return for aid.

"What we need is a policy of strategic reassurance," a Clinton administration official lamented, "a way of demonstrating that not only is this power benign, but that it isn't a zero-sum game."

But turning that desire into policy isn't easy. The new treasury secretary, Lawrence Summers, warns against trying to fix the world, noting that "we cannot want prosperity and reform in any country more than its people do."

"It's our challenge," he says, "to succeed as the first outward-looking, non-imperialist, continental superpower." The unspoken comparison is with the old Soviet Union, which was continental but expansionist and the continental but inward-looking China.

From other capitals, though, Washington doesn't look so benign. Its push for
more open markets around the world is often viewed as nice ideological justification for speeding the pace at which more efficient U.S. companies can drive their foreign competition into the ground. Meanwhile, the White House jumps when U.S. companies complain that low-cost imports are hurting U.S. workers: In the past two weeks alone, Washington has announced restrictions on cheap steel from Russia and Brazil and cheap lamb from Australia and New Zealand. No matter how it defends such moves as legal responses to "dumping," from overseas it looks more like protectionism.
On top of that is puzzlement over the deliberately vague "Clinton Doctrine."
It doesn't get much press in the United States, but everywhere else there is
speculation over how far the Americans might extend the principles of Kosovo, intervening inside other nations' borders to enforce "international values" of humanitarian treatment or human rights. Russia looks at Kosovo and worries about Chechnya; China looks at it and worries about Tibet and Taiwan.
An intense decade of global competition and technological innovation has only heightened the contrast between America's view of its power and the very different view held by the rest of the world.
Europeans struggling with 12 percent unemployment and Japanese trying to emerge from a lost decade look at America's surging markets and employment rolls and see a train speeding by so fast that it looks uncatchable. When Americans look at the same facts, many get as queasy as Alan Greenspan, wondering how long the boom can last. (That insecurity, some economists think, has actually helped spur America's growth, sustaining the pressure for cost-cutting and productivity gains.)
When foreign companies look at the pace of U.S. technological development, they see a gap far greater than a decade ago. But American corporate executives look over their shoulders and worry. "You sense quite the opposite of triumphalism from CEOs," said Jeffrey Garten, the dean of the Yale School of Management. "They feel they are in a brutally competitive world, and they think they are in a race for their lives."
The developing world holds a similar fear. The U.N. Development Program issued a report last week arguing that the digital divide is widening faster
than ever. Twenty-six percent of Americans use the World Wide Web, it said, compared to 3 percent of Russians and a tiny fraction of a percent of the population of South Asia. The United States has more computers than the rest
of the world combined. In other words, the faster rich nations log on, the further they pull ahead of countries that aren't even plugged in. But the closest the report came to advocating a solution was a 1-cent tax on long e-mails, with the revenue earmarked for connecting up the rest of the world.

The perception gap grows whenever the subject turns to the lessons of Kosovo
and U.S. military power. Washington looks back at the events of the spring and wipes its brow, relieved that it got through with negligible casualties and no ground troops. It sees a truly multinational mission: After all, there was Prime Minister Tony Blair, feeling his oats, arguing for ground

troops.
The European allies emerged with a different view: The war was won with U.S.
air power that homegrown military technology cannot match. Meeting last week
in Washington to review the war, European defense contractors and officials concluded that trans-Atlantic mergers of defense contractors -- something both Europe and America have long resisted -- are now inevitable.
The Chinese saw Kosovo through another lens. When Thomas Pickering, the under secretary of state, went to Beijing last month to explain the series of mistakes that led to the accidental bombing of the Chinese Embassy in Belgrade, a senior Chinese official said China believed that the United States was involved in Kosovo simply to test its latest armaments, according
to U.S. officials who have reviewed transcripts of the conversation.
"I don't think that we appreciate how this integration of financial, military and technological power looks from the outside," said Gerrit Gong, the director of Asian studies at the Center for Strategic and International Studies. "It makes random, unconnected events seem like part of a plan for America to hog the road."
This may be a problem without a solution. Perhaps it could be eased with a little less talk of America as the "indispensable nation" -- Secretary of State Madeleine Albright's phrase -- and a little more attention to sharing technology and the wealth it creates.
That, however, is not exactly the mood that Congress is in. Nor is the administration so inclined; it is trying to get through its last 18 months with no more ethnic wars, no more economic collapses around the globe and no
abrupt end to the age of prosperity.
"Economic progress is a Faustian bargain," concludes Mandelbaum. "You gain a
lot, you pay a price. That's what international politics is all about."

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28: NYT: {without the F-22} Are We Ready to Lose the Next Air War?
By F. WHITTEN PETERS
July 24, 1999
With little debate and without a hearing, the full House voted this week to effectively kill the F-22 Raptor aircraft, the linchpin of the Air Force's modernization program. Fortunately, the final word is not in, and the F-22 still has strong support in the Congress and from Defense Secretary William Cohen and President Clinton.
Killing the F-22 is simply not acceptable. It is wrong for national security. It is bad economics. And it would put American service members at unnecessary and unacceptable risk.
Operation Allied Force in the skies over Kosovo illustrated that air superiority is the foundation for victory on land, at sea and in the air. As
we rapidly deploy decisive combat forces from the United States to the scene
of hostilities, fighter jets will be the first to arrive. They will help us deter an adversary from attacking and, if deterrence fails, to fight on the ground and in the air, and win. The F-22 will guarantee success in these vital missions for decades to come.

Some critics of the F-22 contend that our country's relatively easy victories over the past 10 years prove that we don't need a new fighter. They insist that our air power is already far superior to that of any potential enemy.

Today, though, at least six other aircraft -- the Russian Mig 29, SU-27 and SU-35, the French Mirage 2000 and Rafael and the European Consortium's Eurofighter -- threaten to surpass the aging F-15, our current top-of-the-line air-to-air fighter.

These aircraft are marketed aggressively around the world to our allies and potential adversaries. Without the F-22, the United States runs the risk of allowing our air superiority to atrophy to the point that an adversary could inflict great harm on our previously superior Air Force.

Already, many nations like Iran, Iraq and North Korea are constructing sophisticated air defenses built around surface-to-air missile systems, like the Russian SA-10, SA-12 and SA-20. All these missile systems are available on the market today. Our current aircraft, like the F-15 and F-16, lack the F-22's stealth and supercruise abilities and will be unable to evade or destroy these air defenses without risking heavy losses.

Other weapons that might be used against these air defenses are also extremely expensive. The Air Force's conventional air-launched cruise missile and the Navy's Tomahawk cruise missile cost $1.4 million each. Even with these weapons, we would still need an upgraded F-15, which could cost some $40 billion -- essentially the same as the cost of completing the F-22 program, but the F-15 would have only one-third of the ability.

Using a combination of cruise missiles and upgraded F-15's does not, therefore, reflect the best stewardship of taxpayer dollars. More importantly, our young men and women would be at greater risk in future wars.

Not only does the F-22 meet the military threats on the horizon, it is also affordable as a part of a well-conceived modernization strategy the Air Force has used over the past three decades. By consistently investing about 10 to 12 percent of our total budget on new aircraft, we have been able to upgrade all our aircraft over a period of years.

In the 1970's, we bought new fighters. In the 1980's, we added new bombers. During the 1990's, we fielded the C-17, our newest transport jet. Now, our attention returns to the fighter force. The Congressional Budget Office has applauded this cyclical strategy; we have maintained the the world's best air force while avoiding overlaps in aircraft purchases.

No question, the F-22 is expensive, but it is worth every penny. Each Raptor will cost on average about $84 million to produce. The $200-million price tag discussed recently is a figure that charges all past F-22 program costs -- including research and development, testing, procurement and military construction -- to the planned buy of 339 aircraft.

This is an unfair comparison because the $23 billion we've already spent on the F-22 would be lost if the program were canceled. The key question is, What will it cost from today forward?

At peak production, the Air Force will spend about 6 percent of our budget on the F-22. This is about the same percentage of our budget that went toward developing and buying the F-15 nearly 30 years ago. This equates to less than 2 percent of America's national security budget. Our cost containment on the F-22 is a success story; it is within Congressionally

mandated caps for both development and production.
The threat is real, and the F-22 program is well within our budget. The air superiority provided by the Raptor will insure victory in future battles and
preserve the lives of countless Americans soldiers, sailors, airmen and Marines. The F-22 is an investment America cannot pass up.
F. Whitten Peters is Acting Secretary of the Air Force.

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29. WP: House Passes Defense Bill, Omits Funding for F-22 Jet
By Bradley Graham
Washington Post Staff Writer
Friday, July 23, 1999; Page A01
The House of Representatives yesterday approved a $266 billion defense budget that omits money desperately sought by the Pentagon for initial production of the Air Force's prized new combat plane, the F-22 jet fighter.

The House action is virtually unprecedented in threatening funding for a major defense program on the verge of production. It reflected growing concerns about cost overruns in the $70 billion F-22 program, the appeal of seemingly cheaper alternatives, and tensions between the Republican-led Congress and the Clinton administration over management of the military.
Caught completely off guard last week when key members of the Appropriations
Committee first moved to delete the funding, the Air Force and the plane's prime contractor, Lockheed Martin Corp. of Bethesda, mounted a fierce last-minute lobbying campaign. They now hope to regain the money when House and Senate members meet in a conference committee to resolve differences between their defense spending bills.
But the House's action casts considerable uncertainty over the Pentagon's long-range plans for a new generation of air warfare weapons. It also raises
doubts about the ability of Lockheed Martin, the nation's biggest defense contractor, to remain in the business of designing combat jets.
The last time a major weapons program was killed as it entered production was 1991, when the Navy halted work on the A-12, a carrier-based aircraft that also had suffered cost overruns and technical problems. But the Navy itself -- not the Congress -- initiated the demise of the A-12. And the $6.7
billion that had been spent on the A-12 is dwarfed by the more than $20 billion already expended on developing the F-22.
In an unusual procedural move on the House floor yesterday, F-22 proponents introduced an amendment to restore funding for initial production of the jet, then withdrew the amendment after an hour of debate dominated by arguments in favor of the plane. By skipping a vote on an issue that has split the Republican leadership, the House spared members a decisive showdown and gave House negotiators greater leverage in shaping a compromise
with the Senate, which has approved the full Air Force request for $1.8 billion to buy the first six F-22s.
Rep. Jerry Lewis (R-Calif.), the chairman of the defense appropriations subcommittee who has led the attack on the F-22, struck a conciliatory note,

promising to reevaluate the troubled Air Force project.
"At the end of the day, we will do everything that is necessary to make certain there is no nation that will threaten us" in the skies, Lewis said.
With little further discussion of the military spending bill, the House passed it, 379 to 45.
Lawmakers have complained for several years that the Pentagon has too manynew jet fighters in development -- the Navy's F/A-18E/F and the multiservice Joint Strike Fighter in addition to the F-22. In response, the Pentagon has scaled back its planned purchases, shrinking the F-22 order from 750 to 339 planes. But the Air Force never expected outright elimination of the program it touts as its top procurement priority.
"I don't know of another major program whose cancellation has been initiated by Congress," said Steven Kosiak, a military budget analyst with the Center for Strategic and Budgetary Assessments. "The odds are still some way will be found to go ahead with the F-22, but we're in sort of uncharted territory now."
While choking off production money, the House bill preserves $1.2 billion for F-22 research and development. And Lewis and his allies insist that their aim is not to cancel the project, but merely to compel a "pause" to consider alternatives.
The Air Force argues that any production delay would be tantamount to killing the program, since restarting manufacturing lines would add about $6 billion and send the F-22's cost soaring above constraints imposed by Congress two years ago.
Pentagon and industry officials lobbied hard to restore the money that the Appropriations Committee cut, disputing charges that the $200 million-a-copy plane is excessively expensive and insisting the aircraft is essential to maintain a U.S. edge over the next generation of Russian and European aircraft and missiles.
The Air Force arranged special briefings for members of Congress and provided detailed lists of F-22 suppliers and the value of their contracts in each state. Lawmakers from states with the most jobs at stake -- Georgia, Connecticut, California and Texas -- spoke on the House floor yesterday, urging colleagues to keep the program alive.
Vance Coffman, Lockheed Martin's chief executive officer, also met personally with Lewis last week but left discouraged, according to several sources.
Defense analysts said cancellation of the F-22 would cut deeply into Lockheed's revenue in the next 15 years. After years of consolidation among defense firms, there are only two remaining American companies that design and manufacture military jets: Boeing Co. and Lockheed Martin. A third, Northrop Grumman Corp., largely serves as a supplier to them.
"The House's F-22 decision, if sustained, has the potential to remove one of the nation's few remaining aircraft integrators," said Loren Thompson, a defense specialist with the Lexington Institute, a conservative think tank.
"Without the F-22, it would be much harder for Lockheed Martin to justify

remaining in the military aircraft business."
In addition to targeting the F-22, the Appropriations Committee denounced what it called a disturbing pattern of Pentagon spending on projects never approved by Congress. In recent years, the committee repeatedly has leveled such charges, citing a variety of programs.
In a report accompanying the spending bill, the committee singled out several cases of unauthorized spending, including the start-up of an unspecified secret Air Force program and an effort to buy a military communications satellite. Asked about the criticism, Defense Secretary William S. Cohen told reporters that some of the disputed cases may stem from ambiguous directions provided by conflicting House and Senate legislation. Nonetheless, Cohen acknowledged, "we are bound to have some deficiencies" and pledged to continue working with Congress to resolve any disputes.
Staff writers Juliet Eilperin and John Mintz contributed to this report.

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30. WP: 2001: Price Odyssey For the New Fighter - Can the JSF Be Built on a Tight Budget?
By Tim Smart
Washington Post Staff Writer
Tuesday, July 27, 1999; Page E01
PALMDALE, Calif.-The high desert country northeast of Los Angeles has quite an aviation history. Among the incredible flying machines that saw their birth and first flight here: the U-2 spy plane, the SR 71 Blackbird supersonic high-altitude reconnaissance aircraft, the B-2 bomber and the F-117 Nighthawk stealth fighter, which lit up the skies over Kosovo.
Now a new chapter in military aviation is being written in Palmdale, but one
with less lofty, more terrestrial aims. Here, aerospace giants Boeing Co. and Lockheed Martin Corp. are locked in a dogfight to develop and produce the Joint Strike Fighter, a multiservice plane designed for the first time with low cost rather than gee-whiz technology as its primary goal.
The stakes in this battle are enormous for both the industry and the Pentagon. At $200 billion and counting, the more than 3,000 fighters the winner will make for the Air Force, the Navy and the Marines as well as a few select allies represent the largest weapons purchase currently underway in the world. But the JSF is also a test of whether the aerospace industry and the military can design and build products under the same strict cost and time pressures faced in the commercial world.
"This is a prize," said Jay Behuncik, a defense specialist at the Washington
Analysis Group. "This is the first great military program of the 21st century."
Among the challenges is to develop three different versions of the plane to meet the varying needs of the three military services, while keeping the basic design of the plane as uniform as possible to hold down costs. If successful, this would be the first joint fighter development; a similar effort in the 1970s failed.
Already, there are some inklings of trouble with the JSF. Boeing found its radically shaped wing design too heavy for landing on a Navy carrier deck, while Lockheed ran ahead of projected costs developing an unconventional engine nozzle to provide downward thrust for the Marines' version, which

has
to be capable of a vertical takeoff. The Pentagon agreed to cut back on some
of the planned flight testing and rely more on simulation to keep the program within budget.
"There was a cost management problem such that it begged . . . a rework," said Maj. General Michael Hough, the Marine who heads the JSF program for the Pentagon. "We can't afford any more burps like that."
Keeping the JSF within cost and on track is paramount, given the vote in the
House last week to cut $1.8 billion in funding for the Air Force's F-22 fighter, made by Lockheed. Lawmakers remain concerned the Pentagon cannot afford all three of its newest fighter programs -- the JSF; the stealthy, advanced F-22; and the Navy's Boeing-made F-18 E/F.
While the JSF is the furthest away from production -- the first one won't enter service until 2008 -- it is also the plane with the least developed political constituency, since it does not yet involve the thousands of jobs that come with full-scale manufacturing. Building all three in the quantities envisioned by the Pentagon would cost taxpayers $340 billion over
the next 27 years, according to congressional budget experts.
"Clearly, going ahead with all three tactical fighters is enormously expensive," said Steve Kosiak, an analyst with the nonpartisan Center for Strategic and Budgetary Alternatives. "It's hard to see the money being there."
That's why some see the JSF's future complicated by the House's vote to cut money for purchasing six F-22s. If the Senate is unable to restore the money
and the F-22 is somehow cut back, or canceled, it could mean the military would want a more capable JSF. But that would likely raise its cost, threatening its support within the Navy, which is already buying the more expensive F-18. Conversely, if the F-22 is saved, the money to do so may come from the JSF, forcing a delay in the program.
"This creates a very confused picture for the JSF," said Loren Thompson, chief operating officer at the Lexington Institute, an Arlington think tank.
"If the F-22 were to die, this would greatly increase the need for the JSF. But the first thing that would go out the window is the low-cost aspect of the program."
The JSF already faces some tall demands. The Air Force wants a cheap replacement for its workhorse F-16, a plane that can take off and land conventionally from airstrips. The Navy wants a stealthy accompaniment to the F-18, a plane that must be able able to land on a carrier. The Marines want a "jump jet" that uses engine thrust to take off and hover vertically. The British, who are financial partners in the program, also have similar demands. But the Pentagon wants all three versions to cost between $28 million and $36 million a copy, not much more than the 1970s-era fighters they will replace.
"There were compromises," acknowledged Harry Blot, Lockheed's deputy program
manager. "Could I have built a faster, higher-G aircraft? Yes, but not for the price."
Both companies are acutely aware of the importance of winning the JSF contest in 2001, when the Pentagon is to pick the sole manufacturer. After

McDonnell-Douglas Corp. lost out in an earlier round, the company was essentially finished as a builder of fighter aircraft and a year later was swallowed whole by Boeing in a $15 billion merger.

For Boeing, the world's largest maker of commercial planes, the JSF would be its first production fighter built on its own since the Second World War, though its design team includes former McDonnell engineers. For Lockheed, the JSF represents the natural heir to its F-16, the most popular fighter in history.

"It'll be very competitive," said Frank Statkus, Boeing's program manager. "It's absolutely imperative we win some or all of this work."

Implicit in Statkus's comment is the belief among many close to the JSF that the government will not simply choose one victor, despite statements to the contrary. The program may be too big, and the arms industry now too small following years of lean defense budgets, to allow one company to dominate the military's future fighter budget.

There are precedents for some kind of shared production: Boeing is already a major subcontractor to Lockheed on the F-22 and the two companies are splitting an Air Force contract to build an expendable space rocket.

But such talk is quickly countered by the Pentagon, which prefers the idea of maintaining vigorous competition among its prime contractors.

"My charter and my rudder and my orders are, Mike, proceed full bore" to the selection of a winning contractor, Hough said. "I want to keep them both competitive."

In the meantime, both companies are proceeding at their supersecret research labs here -- Lockheed's famed Skunk Works and Boeing's Phantom Works -- on state-of-the-art demonstrators that will show how the plane will perform in flight. Boeing is relying heavily on lessons it learned building the 777 jetliner, including using live videoconferencing to cut down on travel between Seattle and Palmdale. The front fuselage of its first prototype was assembled in St. Louis, then shipped to Palmdale, where it was attached to the rest of the fuselage in snap and fit style. Rather than use traditional and expensive specialty tooling, Boeing is relying on lasers to guide workers in placing parts together. The company says such techniques have reduced by half the number of workers needed to produce its prototypes.

Lockheed, meanwhile, has embraced a variety of lean manufacturing techniques, such as using just-in-time inventory and borrowing parts off other aircraft to reduce its costs and the time taken to make its demonstration aircraft.

All of this is an about-face for a community of engineers who have often operated as if the pursuit of technology itself was the only thing that mattered -- and damn the cost.

The contractors are using modern technology to cut costs. One example is paint, which in the past has been very expensive to apply and fraught with environmental concerns. On the JSF, though, Hough said the companies are testing a new kind of environmentally friendly wrap that workers can apply quickly with a hair dryer. Hough says the idea is so unique he doesn't even know how to measure the cost savings.

There are other such techniques. Borrowing from the commercial world, the

plane is being designed with modular, open computer architecture. Instead of
replacing the entire avionics systems when new technologies arrive, the military will just replace circuit boards or individual chips.
"The design approach is, number one, affordable," said Lockheed's Blot. "Fortunately, technology is on our side now. We're putting technology in to get the cost out."
When the demonstrator planes begin their first flights next spring at Edwards Air Force Base, the hope in the industry is that enough cost-savings
will have been gained to prove the point that a 21st century fighter can be designed and built for 20th century prices. If the JSF succeeds at that mission, where others have failed notably in the past, then it might well earn its own place in aviation history.
Nose to Nose
Lockheed Martin and Boeing are in intense competition to win the contract for the next generation of strike aircraft for all three branches of the military. Affordability, says the military, is a key aim of the Joint Strike
Fighter program. Here are some preferred features:
Single-seat cockpit
F-119 derivative engine
Continuous wing/body structure
Ability to hover and to handle short takeoffs, vertical landings.
Aircraft the JSF should complement . . .
Navy: F/A-18E/F
Air Force: F-22
. . . and aircraft it should replace:
Air Force: F-16 and A-10
Marine Corps: AV-8B and F/A-18
U.K. Royal Navy and Royal Air Force:
Sea Harriers and GR7s
Key dates in development of the Joint Strike Fighter aircraft:
1994: Military begins to explore the concept of a Joint Strike Fighter program.
1996: Competitive contract awards go to Boeing and Lockheed Martin for concept demonstration programs.
1997: Flying demonstrations begin.
Following dates are projected:
Spring 2000: Military selects Boeing or Lockheed as its contractor.
2000: First flight is scheduled.
2007: First operational aircraft scheduled to be delivered.
Boeing
Team members include:
Raytheon Systems
Rolls-Royce
Lockheed Martin
Team members include:
Northrop Grumman
British Aerospace
SOURCES: Joint Strike Fighter program, Boeing, Lockheed

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31. NYT: Saudi's Visit to Arms Site in Pakistan Worries U.S.

By JANE PERLEZ
July 10, 1999
WASHINGTON -- Two months ago, Saudi Arabia's Defense Minister, Prince Sultan bin Abdelaziz al-Saud, made an unusual visit to the Pakistani nuclear and missile facilities near Islamabad, causing alarm in the Clinton Administration.

The visit was considered "definitely eyebrow-arching," one senior Administration official said. It was the first time known that an outsider had visited the top-secret sites.

Adding to the Administration's fears, officials said, was a lack of clarity by Saudi Arabia when Washington asked why the minister had visited the plants, one for uranium enrichment at Kahuta and one for missiles at Ghauri.

"The Saudis haven't told us the purpose of the visits," said one official, "and the Pakistanis have discounted them."

Another official said that when the Administration pressed the Saudis, the Government "obfuscated."

The Administration has repeatedly warned Pakistan not to export its weapons technology, some of which comes from North Korea. A senior Administration official suggested that President Clinton had again warned Pakistan about such proliferation when he met here last weekend with Prime Minister Nawaz Sharif about the Kashmir crisis.

The Administration is especially concerned about proliferation in the Middle East, and the tour by Prince Sultan, a brother of the King and the major decision maker in Saudi arms purchases, aggravated this concern.

Iran is developing nuclear weapons, and Iraq no longer accepts international arms inspections. The tour by the Saudis is seen as a reflection of their feeling that they need to protect themselves.

"We are not looking at a Saudi event, but at a sea change in the gulf," said Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies.

Unease about the visit was particularly acute because Saudi Arabia covertly acquired intercontinental ballistic missiles from China 10 years ago, but Saudi Arabia has expressed interest in replacing them, military specialists said.

A British analyst with Janes Rocket and Missile Newsletter, Paul Beaver, said it appeared that Saudi Arabia wanted to buy a new generation of missiles being tested by Pakistan, which have a range of 1,500 miles. Such a missile could reach the main cities in Iraq and Iran, he said.

Administration officials said they believed that Prince Sultan was most interested in acquiring missiles, not nuclear weapons technology. A senior Administration official said Washington had received "assurances from Saudi officials that they are not seeking weapons of mass destruction," or nuclear weapons.

After Pakistan exploded its first nuclear weapon, in May 1998, Saudi Arabia heralded the country for becoming "the first Muslim country to be a nuclear power."

Both the Pakistani and the Saudi press gave glowing reports of the Prince's visits. He was accompanied by Prime Minister Sharif and the scientist who developed the Pakistani nuclear bomb, A. Q. Khan, according to the Pakistani press.

The Pakistani newspapers suggested that Saudi Arabia was helping to finance weapons production, but did not speculate on purchases.

But Michael Krepon, president of the Henry L. Stimson Center, which studies security issues, said he believed that the Saudis are now interested in more than helping Pakistan with money. "The clear inference is that he's interested in the material at the sites he visited," he said.

During his frequent visits to India and Pakistan since the two countries exploded nuclear weapons, Deputy Secretary of State Strobe Talbott has urged them to control weapons exports. So far no such legislation has come into effect, Administration officials said.

A British expert on Pakistan and the Middle East, Simon Henderson, who is researching a book on Pakistan's missile and nuclear developments, said the Saudi's visit showed that attempts at stopping Pakistan from selling weapons were faltering.

"This visit reawakens fears that accepted standards of nonproliferation behavior are not being adhered to," Henderson said. "The fears are that people making missiles are selling them on to nonproliferating countries like Saudi Arabia, a major ally of the United States."

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32. Pacific Stars And Stripes: U.S. To Discuss S. Korea's Wish For New Missile

By Jim Lea, Stripes Osan Bureau Chief
July 30, 1999
Pg. 1

OSAN AIR BASE, South Korea - The United States agreed Wednesday to hold working-level talks with South Korea on Seoul's request to develop longer-range missiles capable of striking much of North Korea.

The agreement was reached at a meeting between U.S. Deputy Assistant Secretary of State Robert Einhorn, Washington's chief arms proliferation expert, and Song Min-soon, head of the Foreign Affairs and Trade Ministry's North can Affairs Bureau in Seoul. No date was set on when the talks would begin.

Einhorn arrived in Seoul on Tuesday to coincide with U.S. Secretary of Defense William Cohen's visit to the country.

Cohen arrived at Korea's K-16 Air Base, in the capital's southern suburbs, late Wednesday from Tokyo. He was to meet with U.S. officials and with Defense Minister Cho Song-tae on Thursday on a number of security issues, including the expected launch of a Taepodong-2 missile by North Korea. South Korea's request to develop longer-range missiles likely will be on the agenda.

The agreement apparently came as a result of a July 2 meeting in Washington between President Clinton and South Korean President Kim Dae-jung. At the meeting, Kim told Clinton that Seoul wants to develop missiles with a range of at least 300 miles to enable it to hit targets anywhere in the North.

Pyongyang has deployed Rodong-1 missiles that can reach anywhere in the
South. The United States and Seoul believe North Korea is developing the Taepodong series of weapons, which could strike throughout Japan and possibly as far away as Alaska, Guam and Hawaii.

Seoul has been limited by an agreement with Washington to produce missiles with a range of no more than 110 miles. South Korea made that agreement in the 1970s in order to receive U.S. missile technology. But those limited-range missiles can target about only half of North Korea.

The agreement to discuss the longer-range weapons comes at a time when tensions are high in Northeast Asia because officials believe Pyongyang is preparing to launch a Taepodong-2 missile, with a range of up to 3,700 miles. Washington, Seoul and Tokyo have warned Pyongyang not to fire the missile, saying the North will suffer severe economic and diplomatic consequences if it does.

But the warnings have had little effect, as Pyongyang contends that the
missile it will launch will be for the purpose of putting a satellite into orbit. Such a launch is its sovereign right, Pyongyang has said.

In other news, South Korea announced that it will buy 100 AGM-142 missiles from the United States.

The missile, which is fired from F-16 jet fighters, can target missile bases and artillery positions with pinpoint accuracy, a source with the Defense Ministry said. It can also be used against ships.

The decision to buy the AGM-142 missiles was necessary in view of the North's expanding missile development program, the Defense Ministry source said. While buying the missiles had been under discussion for some time, the
source said, the decision was made following the June 15 battle between South and North Korean military vessels in the Yellow Sea.

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33. Jerusalem Post: 'Dolphin' {submarine} Stretches Navy's 'Long Arm'

By David Rudge
July 28, 1999

HAIFA -- After a nearly 5,000 kilometer voyage that began a month ago, the Israel Navy's latest acquisition, the German- built submarine Dolphin, arrived at Haifa Naval Base yesterday to a traditional naval welcome.

The Dolphin is said to be one of the most advanced diesel- electric submarines in the world, with a range of weaponry.

"The Dolphin is the first of three submarines. Afterwards will come the Livyatan and the Tekuma, which will change the entire face of the navy and the long arm of Israel," Prime Minister and Defense Minister Ehud Barak said at the welcoming ceremony.

The Dolphin and the two other submarines, due to arrive over the next year, are to replace the navy's three 23-year-old Gal-class submarines, which will be taken out of service. Each of the vessels costs some $300 million. Germany is paying for two plus half the cost of the third, with the remainder being met by Israel.

The new submarines have a range of 4,500 km and have been designed to

wage war on a Middle Eastern scale for a month, if necessary, without the need for resupply. They have a maximum speed of 20 knots and maximum diving
depth is only 200 meters, but they are highly maneuverable and extremely quiet. The submarine and its two sisters carry Harpoon sea-to-sea missiles.
Foreign experts say they can be replaced by small cruise missiles carrying nuclear warheads.

Analyst Yiftah Shapir of the Jaffee Center for Strategic Studies at Tel Aviv University said he believes Israel will be able to fashion a nuclear warhead small enough to fit the Dolphin.

If Israel were attacked with nuclear weapons, missiles aboard the Dolphin would be unharmed and ready for retaliation, according to foreign weapons experts. With Iran and Iraq trying to acquire nuclear weapons, Israel saw the need for a second- strike capability, the experts said.

At yesterday's ceremony, naval ships went out to greet the 1,550-ton vessel and its 35-member crew as it sailed into Israel's territorial waters.
Naval helicopters and IAF planes staged a fly-past.

Other vessels sounded their sirens and played water hoses in the air in salute as the submarine, with members of its crew lining the narrow deck and
the commanders manning the conning tower, pulled slowly, even majestically into the harbor.

The homecoming of the Dolphin was a bitter-sweet moment, coming just over a month after the discovery of the ill-fated Dakar submarine which went
missing in 1968 while on its maiden voyage from Britain to Haifa.

The Dakar was discovered lying on the seabed nearly three kilometers below the surface between the islands of Crete and Cyprus on what had been its original route.

The Dolphin stopped at the site on Sunday and flowers were placed in the water - one for each of the 69 members of the Dakar's crew who died when
the submarine sank.

Dolphin commander Cmdr. Eyal, who was the last to leave the vessel when
it finally docked in the navy port yesterday, said the memorial ceremony for the Dakar and its crew had been particularly moving and meaningful.

Eyal said the Dolphin's voyage had been uneventful and the submarine had handled and performed as expected.

He noted that many of the crew had not seen the families for several months and, in some cases, years.

(News agencies contributed to this report.)

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34. NYT: {Travel} What's Doing in Omaha
By SUZANNE WINCKLER
May 16, 1999

When the first tentative green digits of daffodils poke through the wan prairie turf in Omaha, it doesn't necessarily guarantee spring, an iffy and tempestuous season on the plains. But it does mean that in a few weeks, without fail, dozens of strapping young men in baseball uniforms and their fans and families of varying girth, adornment and dishabille will descend

on
our city for the College World Series. We can't wait.
And 1999 should be special because it is the 50th year that the Big O, as some call it, will be host to this baseball extravaganza. The series takes place June 11 to 19, after the opening ceremony on June 9.
Omaha is a family town. What it may lack in hipness it makes up for in congeniality, which is one reason the city is the perfect place for baseball
in its pure, uninflated form. Even its most famous citizen, the financier Warren Buffett, the second richest man in America, after Bill Gates, lives in an ordinary house on an ordinary block in a comfortable old center-city neighborhood.
The city perches on rolling bluffs along the Missouri River, its steep hills
reminders that contrary to prevalent opinion, the plains are not flat. Omaha
is the birthplace of Malcolm X, Gerald Ford and the TV dinner. Its economy is tied to the processing of agriculture commodities and the moving of people, goods and information.
The trails forged in the 1850's by immigrants heading West through the Platte Valley have been subsumed by Interstate 80. The Pony Express was rendered obsolete in 1861 by the transcontinental telegraph, much of which was put in place by an Omaha entrepreneur, Edward Creighton. Now, Omaha is a
hub of telemarketing and credit-card processing, which in 100 years may sound as romantic as the Pony Express.
On the western fringes, in the town of Valley, Valmont Industries manufactures center pivots, the giant Tinkertoy-like irrigation devices. This apparatus is what creates the circles travelers see from 30,000 feet on
clear days as they fly over the more arid parts of America. It is Nebraska's
thumb print on the continent.

Events

The College World Series is played in Rosenblatt Stadium, 1202 Bert Murphy Drive, at Exit 454 (13th Street) of I-80. The stadium sits like a palace on one of Omaha's majestic bluffs; parking is an adventure or a nightmare, depending on your frame of mind. The opening ceremony on June 9 will include
a concert by the country-western group Sawyer Brown and a fireworks show; tickets cost $15 and can be purchased through Ticketmaster, (402) 422-1212 or www.ticketmaster.com.
Advance game tickets are sold out, but a limited number of same-day tickets will be available at the stadium; reserved seats cost $10, box seats $11, and all championship-game seats $15. Tickets for unreserved outfield bleacher seats -- an all-American sardine-packed experience, but get there early -- cost $30 for a book of 10. Information and ticket books from (402) 554-4404.
The Summer Arts Festival, June 25 to 27, is an annual sidewalk bazaar of juried arts and crafts, music, food and libation in the heart of downtown, on Farnam Street between 17th and 20th Streets. There will also be children's activities. In celebration of its 25th year, the festival will

include an evening of open-air dancing and tours of galleries in the nearby historic Old Market district. A popular spot is the microbrewery tent, with local beers. Admission is free; (402) 896-5976.

"Searching for Ancient Egypt," an exhibition of art and artifacts from the University of Pennsylvania, is on display at Joslyn Art Museum, 2200 Dodge Street, through July 25. A jewel in the Joslyn's permanent collection is the cache of works by the Swiss artist Karl Bodmer, whose exquisite watercolors document the landscapes and Native Americans along the Missouri in the 1830's.

The museum itself is a work of art, a shimmering pink marble Art Deco edifice; an addition designed by the architect Norman Foster, a winner of the Pritzker prize, is admirably faithful to the original. Open Tuesday to Saturday 10 A.M. to 4 P.M., and Sunday noon to 4 P.M. General admission is $5, $2.50 ages 5 to 17, and $3 for 62 and older and college students; free on Saturday until noon. General admission plus the Egypt exhibit costs $9.50, $7.50 for seniors and students, and $5 for children; (402) 342-3300 or www.joslyn.org.

A sporting event expected to draw even bigger crowds than the College World Series is the Junior Olympics National Championships, July 27 to Aug. 1. This six-day track and field competition, for athletes 8 to 18, will be atBurke High School, 12200 Burke Boulevard. Free. Information: (800) 238-3753 or www.neusatf-youth.org.

Sightseeing

A trip to the Strategic Air Command Museum, off Exit 426 of I-80 in Ashland, about 30 minutes west of Omaha, is a good excuse to take a spin into rural, agrarian Nebraska. The museum, which opened in 1998, is a cavernous structure of glass and steel housing more than two dozen aircraft, including an SR-71 Blackbird (fastest plane in the world) and B-17, B-36 and B-52 bombers. On the softer side, an exhibit of quilts with aviation and patriotic themes will be on display May 28 to July 19. Open daily 9 A.M. to 5 P.M., except holidays. Admission is $6, $3 ages 5 to 12, $5 for 65 and up and active military members. Information: (800) 358-5029 or www.sacmuseum.org.

In the heart of downtown, the Old Market, roughly five square blocks bounded by Farnam and Jones Streets and 10th and 13th Streets, is the last gasp of 19th-century Omaha. The gathering of Italianate, Richardsonian Romanesque, and Louis Sullivan-like buildings once housed Skinner Macaroni, Swanson Food and Anheuser-Busch. They have now been converted to shops, restaurants, galleries and apartments.

One shop, Nouvelle Eve, 1102 Howard, has a small but select inventory of clothing, lingerie and jewelry. Among Omaha's best bakeries is Delice European Bakery and Coffee Bar, 1206 Howard. And one of the few blessedly eccentric places in Omaha -- with berets, dreadlocks and foreign accents -- is La Buvette Wine and Grocery, 511 South 11th Street, a good place for a light meal or wine and cheese.

On Saturdays through Oct. 18, a farmers' market at 11th and Jackson Streets sells local produce from 8 A.M. to 12:30 P.M., and Wednesdays from July 14

to Sept. 15, at 11th and Howard Streets from 5 to 8 P.M.
The Cathedral Neighborhood, also called the Gold Coast, is bounded by 38th and 40th Streets and Cuming and Davenport Streets. It encompasses many of the 19th-century moguls' homes, which are poised gracefully on a high terrace overlooking the Missouri Valley and downtown.
Joslyn Castle, 3902 Davenport, was the baronial estate of the entrepreneur George Joslyn and his wife, Sarah, who endowed the city's art museum. The neighborhood's namesake is the fantastic twin-spired Spanish Mission-style St. Cecilia's Cathedral, 701 North 40th Street.
The 1,300-acre Fontenelle Forest, 1111 Bellevue Boulevard North in Bellevue,
is an exemplary urban nature center. A one-mile handicapped-accessible boardwalk winds through a beautiful woodland of basswood, burr oak and shagbark hickory. A trail through the flood-plain wetlands hints at what the
backwaters of the Missouri were like before the river was throttled with dams. In May, Fontenelle is perhaps the best birding spot in the area. The center is open daily 8 A.M. to 5 P.M. daily. Admission: $3.50, $1.50 ages 3 to 11, $2 for 65 and up; (402) 731-3140.

Where to Stay

The Westin Aquila Hotel, 1615 Howard Street, preserves a venerable 1920's building on the National Register of Historic Places a few blocks west of the Old Market. The lobby sparkles with chandeliers, many of the 146 rooms overlook an interior marble courtyard and the nine individually decorated two-level suites have wood-burning fireplaces. Doubles are $89 to $159, suites $225 to $450; (800) 937-8461, fax (402) 342-2569.
The Doubletree Guest Suites, 7270 Cedar Street, provides easy access to I-80
off 72d Street, an important consideration for getting to and from the College World Series games. There are 187 suites, costing $79 to $114, an indoor pool and fitness room, a restaurant and a pub; (800) 222-8733; fax (402) 397-3266.
Budget: The Ak-Sar-Ben Super 8 Motel, 7111 Spring Street, is in a quiet midtown area. It is named for Omaha's longtime civic and philanthropic oligarchy (it spells Nebraska backward). It has 73 rooms, with doubles costing $55; (800) 800-8000; fax (402) 391-2063.
Luxury: Embassy Suites, 555 South 10th Street, is on the east edge of Old Market. Right behind it is a handsome red-brick building that was the first Union Depot and is now Union Pacific's national command central for its trains. The 249-room brick hotel, which opened in 1997, has standard modern features: a faux babbling stream, echo-y central atrium and glass elevators.
Doubles range from $129 to $149; (800) 362-2779; fax (402) 346-4236.
One of the finest Gold Coast mansions is the 1894 Offutt House Bed and Breakfast, 140 North 39th Street, across the street from the Joslyn Castle. The seven guest rooms are appointed with four-poster beds, claw-foot tubs and other period furnishings. Doubles: $75 to $105; (402) 553-0951; fax (402) 553-0704.

Where to Eat

While Omaha is famous for steaks, its steakhouses can be underwhelming. But the Flatiron Cafe, 1722 St. Mary's Avenue, prepares a fabulous cooked-to-order pepper filet mignon with jumbo shrimp for those willing to pay the tariff. The restaurant is wedged into an all-glass space on the pointy end of Omaha's smaller version of New York's Flatiron Building. It is lovely (especially at night in a thunderstorm), and the food elegant. Appetizers include autumn spring rolls and tuna tartare, while entrees typically include lamb, beef, sea bass, tuna, and veal. Dinner for two with wine is about $120; reservations, recommended on weekends, at (402) 344-3040.

Pasta Amore, Rockbrook Village at 108th and West Center Road, is a small, bustling, friendly family-owned restaurant that serves hearty Italian food in Midwestern fashion -- that is, very large portions. Try the puttanesca, pasta with anchoves and black olives, and the cannelloni with spinach. Dinner for two with wine is about $40. Reservations are recommended; (402) 391-2585.

Stella's, 106 Galvin Road South, Bellevue, deserves a medal for maintaining a vanishing environment in franchised America: a plain roadhouse, with a neon beer sign and Formica tabletops, that serves great burgers and fries. A meal for two with beer costs $10 to $15. Closed Sunday; (402) 291-6088.

Omaha's Hispanic community has created a lively commercial district along 24th Street between H and Q Streets, with numerous restaurants and grocery stores. An old standby for enchiladas and chiles rellenos is El Alamo, 4917 South 24th Street, where dinner for two with beer is about $25; (402) 731-8969.

Since the College World Series is really a long picnic for many, a great place to get tailgating supplies is Wohlners Grocery, 5205 Leavenworth Street, (402) 551-6875. Wohlner's has superior cuts of beef and the carry-out deli features such items as crispy-roasted whole chickens, mashed potatoes and pinkish roast beef.

RECORD TYPE: FEDERAL (NOTES MAIL)

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CREATION DATE/TIME:31-JUL-1999 04:13:43.00

SUBJECT: August Issue of "FAILSAFE"

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<H3> THE ELECTRONIC JOURNAL OF
THE FORUM FOR ENVIRONMENTAL LAW,
SCIENCE, ENGINEERING AND FINANCE<P>

AUGUST 1999</H3><P>

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[Image appears courtesy of the Space Science and Engineering Center of the Uni
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<H3> HON. DAVID M. McINTOSH (R-IN)<P>

CHAIRMAN,
SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH,
NATURAL RESOURCES AND REGULATORY AFFAIRS,
COMMITTEE ON GOVERNMENT REFORM,
U.S. HOUSE OF REPRESENTATIVES</H3><P>

<H4> ON HIS INTRODUCTION OF H.R. 2221,</H4>

<H3> "THE SMALL BUSINESS, FAMILY FARMS AND
CONSTITUTIONAL PROTECTION ACT"</H3><P>

<H4> June 15, 1999</H4><P>

<H4><I>FOLLOWED BY:</I></H4><P>

<H3> UPDATE ON THE DEBATE
SURROUNDING H.R. 2221
AND RELATED JULY 15TH HEARING</H3><P>

<H4> by MARLO LEWIS<P>

Staff Director,
Subcommittee on National Economic Growth,
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July 23, 1999</H4><P>

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<H4> <I>HELD BY THE</I><P>

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH,
NATURAL RESOURCES AND REGULATORY AFFAIRS
OF THE COMMITTEE ON GOVERNMENT REFORM
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OF CONTAMINATED LAND"<P>

Michael B. Gerrard</H4>
Arnold & Porter
General Editor<P>

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<H3> F.E.L.S.E.F. LUNCH PROGRAM OF THE MONTH:</H3></A><P>

<H4><B><I> NONE SCHEDULED FOR AUGUST 1999</B></I></H4><P>

<A HREF="#8">
<H3> F.E.L.S.E.F. LUNCH PROGRAM RULES AND CALENDAR</H3></A><P>


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<H3> F.E.L.S.E.F. / "FAILSAFE" - RELATED EVENTS (<I> See All </I>):</A></H3><P>


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    <B><I><H5>Providing Links to Key Parts<BR>
            of the Related Events Section</B></I></H5><P>

<A HREF="#9.a">
<DL><DD><H4><B><I>LOCAL AND REGIONAL</H4></B></I></A><P>

<A HREF="#9.b">
        <H4><B><I>NATIONAL</H4></B></I></A><P>

<A HREF="#9.c">
        <H4><B><I>INTERNATIONAL</H4></B></I></A><P>
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<H3> NORTHWESTERN UNIVERSITY
TO HOST UNEP ROUNDTABLE
ON ENVIRONMENTAL CHALLENGES
FACING FINANCIAL SECTOR
ON SEPTEMBER 9 & 10, 1999

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    NEAR CHICAGO</H3><P>

<BR>

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<H3> RTM COMMUNICATIONS<BR>
    SPONSORS CONFERENCE ON<BR>
    "RISK BASED DECISION-MAKING<BR>
    FACILITATING REAL ESTATE TRANSACTIONS<BR>
    AND BROWNFIELDS REDEVELOPMENTS"<BR>
    AT THE INTER-CONTINENTAL HOTEL<BR>
    ON OCTOBER 5 & 6, 1999<BR>
    IN CHICAGO</H3><P>

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<A HREF="#9b3">
<DL><DL><DL><DL><DL><DD><H5>ITEM(S):</H5></A><P>
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<BR>

<H3> IBM ANNOUNCES EMPLOYEE RECIPIENTS<BR>
    OF ITS CORPORATE ENVIRONMENTAL AFFAIRS<BR>
    EXCELLENCE AWARDS</H3><P>

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<H3> STATEMENT BY
MR. KLAUS TOEPFER, UNEP EXECUTIVE DIRECTOR,
AT THE OXFORD UNIVERSITY EUROPEAN AFFAIRS SOCIETY</H3><P>

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<DL><DL><DL><DL><DL><DD><H5>ITEM(S):</H5></A><P>
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<H3> UNEP HOLDS INTERNATIONAL SYMPOSIUM
ON EFFICIENT WATER USE IN URBAN AREAS</H3><P>

<A HREF="#9c3">
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<H3> IN PROTECTION OF THE OZONE LAYER
DEVELOPING COUNTRIES TO BEGIN
FREEZE ON CFCS 1 JULY 1999</H3><P>

<H3> UNEP ISSUES HANDBOOK ON DATA REPORTING
UNDER THE MONTREAL OZONE PROTOCOL</H3><P>

<H3> MULTILATERAL FUND FOR THE IMPLEMENTATION
OF THE MONTREAL PROTOCOL: $67 MILLION MORE
FOR PROTECTING THE OZONE LAYER</H3><P>

<A HREF="#9c4">
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<H3> UNEP AND PARTNERS STEP UP EFFORTS
TO COMBAT ILLEGAL TRADE AND OTHER
RELATED ENVIRONMENTAL CRIMES</H3><P>

<A HREF="#9c5">
<DL><DL><DL><DL><DL><DD><H5>ITEM(S):</H5></A><P>
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<H3> ASIAN COUNTRIES MOVE TO LIMIT TRADE
IN CERTAIN HAZARDOUS CHEMICALS AND PESTICIDES</H3><P>

<H3> INTERNATIONAL CONFERENCE WILL
JUMP-START IMPLEMENTATION OF NEW CONVENTION
ON TRADE IN DANGEROUS CHEMICALS</H3><P>

<H3> FAO/UNEP INTERNATIONAL CONFERENCE
MAKES A RAPID START IN IMPLEMENTING
THE ROTTERDAM CONVENTION ON TRADE
IN DANGEROUS CHEMICALS</H3><P>

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<H3> RUSSIA, OTHER CIS STATES TO FOCUS ON MANAGEMENT
OF PAST, FUTURE TOXIC PROBLEMS AT EXPERT MEETINGS</H3><P>

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<H3> UNEP AND EUROPEAN COMMISSION
HOST TALKS ON INTERNATIONAL RESPONSE
TO ENVIRONMENTAL REHABILITATION IN BALKANS</H3><P>

<H3> UNEP-HABITAT BALKANS TASK FORCE
TO BEGIN WORK IN KOSOVO</H3><P>

<H3> UNEP-HABITAT BALKANS TASK FORCE EXPERTS
LEAVE FOR SERBIA AND KOSOVO</H3><P>

<H3> BALKANS CONFLICT:
ASSESSING ENVIRONMENTAL IMPACT
OF WORST DAMAGED INDUSTRIAL SITES</H3><P>

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<H3> F.E.L.S.E.F. / "FAILSAFE" PROFILE AND MISSION STATEMENT</H3></A><P>

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<H3> F.E.L.S.E.F. / "FAILSAFE" GLOBAL AND ORGANIZATIONAL NETWORKS </H3></A><P>

<A HREF="#12">
<H3> F.E.L.S.E.F. / "FAILSAFE" RULES FOR SUBSCRIPTIONS, SUBMISSIONS, AND NETWOR
K MEMBERSHIP</H3></A><P>

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<H3> "FAILSAFE" BACK ISSUES AND RELATED PUBLICATIONS</H3></A><P>

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<H3> "FAILSAFE" COPYRIGHT, REDISTRIBUTION AND RELIANCE WARNINGS </H3></A><P>

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P>

<A NAME="1">
<H3> LETTER FROM THE
FOUNDER, CHAIRMAN AND EDITOR</H3><P>

Washington, D.C.,
August 1, 1999<P>

Dear Readers:<P>

This August, although D.C. itself is facing its quietest month of the year, our
issue of "FAILSAFE" is very busy. In the rush to leave a city where oppressiv
e heat still reigns despite legions of air conditioners, Washington's shakers a
nd movers got quite a bit done in the weeks of July. And of course, we have ot
her contributions that though not as current, are just as timely.<P>

We begin with TWO <I><B>Special Reports</B></I> on the work of Congressman Davi
d McIntosh of Indiana. This is the first time we run two Special Reports in ta
ndem, but in this case, it is more than justified.<P>

The <U>first</U> McIntosh <I><B>Special Report</B></I> informs our readers on H
R2221, a bill sponsored by the Congressman and intended to prevent any "backdoo
r" implementation of the Kyoto Protocol by the Clinton administration. We have
the floor statement of the Congressman that accompanied the Congressman's drop
ping the bill in the hopper. We also have a special piece written just for our
readers by Marlo Lewis on the Congressman's staff, a piece that brings us all
up to date on the debate that has followed introduction of the bill. Lastly, i
n this first of two Special Reports, we have a hyperlink to the full text of th
e bill, so that our readers may read the exact words of Congressman McIntosh's
initiative for themselves.<P>

The <U>second</U> McIntosh <I><B>Special Report</B></I> focuses on the Hearing
that the Congressman held on July 15th on the same issue as his bill: alleged b
ackdoor implementation of Kyoto by the White House. We begin with a reprint of
a report already published by E&E news on the hearings: this piece gives a som
ewhat detailed and quite impartial rendition of the facts surrounding the heari
ngs. Our thanks go to Kevin Braun, Managing Editor at E&E news, for allowing u
s to reprint it. This piece is then followed by the text of the introduction b
y Congressman McIntosh, Chairman of the Subcommittee. We then have the stateme
nt prepared by Jack Kemp, one-time Republican candidate for the Vice Presidency
in 1996 and now associated with the Competitive Enterprise Institute. Our tha
nks go to Jonathan Adler with CEI for suggesting that we run this piece. Then,
we have the testimony of Jay Hakes, Administrator, Energy Information Administ
ration, with the U.S. Department of Energy. Our thanks go to Larry Mansueti wi
th the Department of Energy for forwarding this piece to us. Last but not leas
t, we have a link to the official Website of the Congressional Subcommittee for
those of our readers that wish to read the text of the statements of the other
distinguished panelists at the hearing. The link also allows our readers to f
ind out more about the work of Congressman McIntosh's subcommittee. Out thanks
go again to Marlo Lewis on the Congressman's staff for helping with these Spec

ial Reports.<P>

We then leave Washington for some less "inside the Beltway" and less trendy, bu
t no less vital information, with our <U>third</U> <I><B>Special Report</B></I>
. Our friend Michael Gerrard with Arnold and Porter in New York has served as
Editor on what can only be called the <U>nec plus ultra</U> of Brownfield guide
s. We have already run things by people like Larry Schnapf or Sue Neuman, peop
le who have worked with and written for and with Michael in the past. But Mich
ael's efforts in bringing together some of the most knowledgeable authorities i
n this treatise published by Matthew Bender simply needed some recognition from
 us, in their own right. Michael and his colleague, Bob Lopatin at Matthew Ben
der, have been kind enough to let me peruse the full two volume set and choose
two chapters I believe that our readers would find most useful. In this, our f
irst instalment from the Brownfields treatise, I chose to excerpt a more basic
and introductory chapter dealing with contaminated properties. This chapter sh
ould be accessible to almost all our readers. It is shorn of synopsis and foot
notes, out of consideration for the concerns of the publisher. Even though bas
ic and introductory in topic, the thorough and exhaustive approach of the treat
ise should come through in this excerpt. I hope that readers who like what the
y read will go visit the Matthew Bender website that we provide a link to and t
hat they will acquire the entire text. In a later issue of "FAILSAFE", we will
 run our second excerpt from Michael's fine Brownfields treatise, a chapter on
the more exotic types of Brownfields that one might want to redevelop, and the
unusual problems attendant in these cases. Our thanks again go to Michael Gerr
ard and Bob Lopatin.<P>

In our <I><B>Related Events</B></I> section we again have a wealth of national
and international items, including press releases from the U.N., but a dearth o
f local events to report on or invite our readers to, which only reflects the f
act that in August, regardless of the air conditioning, the heat and humidity s
till win in D.C., and most people leave. Thanks to Jeff and Tacy Telego of RTM
, and Linda Evans of IBM, for providing us with the announcements from their re
spective companies. Our September issue should strike more of a normal balance
.<P>

Three small <I><B>administrative points</B></I> that are related to each other.
<P>

FIRST, so as to make the new journal even more navigable from within, I have in
creased the number of intra-page links. The international events sections was
already becoming a mini-version of the old DOS-ASCII journal, impenetrable to e
ven the longest scrolling efforts. At the same time, it was becoming relativel
y easier to just hop out of the new journal altogether thanks to the proliferat
ion of hyper-links to outside websites. It didn't take a rocket scientist to p
redict where this trend, if left unchecked, might have brought us!<P>

The flip side of this improvement is that from now on I will leave intra-page l
inks and their corresponding spaces in place even where there are not items to
fill them in any one particular issue. This is to spare me the ordeal of rebui
lding a matrix of intra-page links every time the content of an individual sect
ion and issue varies (crafting intra-page links is a delicate matter and is rel
atively time-consuming). For much the same reasons, I have already opened a ne
w section <U>cum</U> prepositioned intrapage link, even though the content is n
ot ready for this our August issue. Let the more curious tear their hair out,

although that was not my intent.<P>

SECOND, as a result of the major work done "under the hood" while accomplishing
 point number one, I have decided to consolidate ALL the reconfiguration by als
o including in this issue the two new sections that would have been normally gr
afted onto the September issue. Unlike as in previous years, the FELSEF lunche
s will be advertized from within the monthly journal ONLY: no more stand-alone
notices. This will save me major time and effort, and cut by half the number o
f e-mails our readers receive from "mgfrodl@". Another productivity gain.

The flip side to this accelerated reconfiguring of the journal is that the new
rules for the lunches are being made public much earlier, and as a result, I ho
pe that there will be less confusion about them. Starting in September, all lu
nches will be by pre-registration ONLY, and the number of spaces available will
 be capped at 36. Therefore, it will become "first come, first served". <I><B>
Please, please, do NOT mail in your pre-registrations this month for the Septem
ber lunch slots!</B></I> I will have to return them to you. Please wait until
 the September issue of "FAILSAFE" comes out and the formal invitation for pre-
registrations is made. There will be no shortcuts allowed under the new system
, out of considerations of fairness for all.<P>

THIRD, thanks to all the new intra-page hyperlinks, we can now provide our read
ers with an issue that although almost 50% bigger than even just last month's,
is even more user-friendly. We now have much better chances of attacking succe
ssfully the growing backlog of contributions that has developed over the past y
ear, thanks to the new "wide-bodied" or "jumbo" journal. Readers will at most
suffer just a few more seconds downloading time with the new vehicle, but profi
t handsomely for their patience.<P>

That's it from me this month.<P>

Sincerely,<P>

<H4><I>Michael G. Frodl</I></H4><P>

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<A NAME="4">
<H3> SPECIAL REPORT # 1:</H3><P>

<H4> STATEMENT OF THE</H4>

<H3> HON. DAVID M. McINTOSH (R-IN)<P>

CHAIRMAN,
SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH,
NATURAL RESOURCES AND REGULATORY AFFAIRS,
COMMITTEE ON GOVERNMENT REFORM,
U.S. HOUSE OF REPRESENTATIVES</H3><P>

<H4> ON HIS INTRODUCTION OF H.R. 2221,</H4>

<H3> "THE SMALL BUSINESS, FAMILY FARMS AND
CONSTITUTIONAL PROTECTION ACT"</H3><P>

<H4> June 15, 1999</H4><P>

Mr. Speaker, today, I rise to introduce the "Small Business, Family Farms, and
Constitutional Protection Act," a bill to prevent Federal agencies from impleme
nting the UN global warming treaty, the Kyoto Protocol, prior to its ratificati
on by the Senate.<P>

Ever since October 1997, the Clinton Administration has called for enactment of
a program commonly known as "credit for early action" or "early action crediti
ng" as part of its global warming policy. Early action crediting is fundamenta
lly a strategy to jump-start implementation of the non-ratified Kyoto Protocol
and build a pro-Kyoto business constituency.<P>

Enactment of an early action credit program would effectively repudiate the Jul
y 1997 Byrd- Hagel resolution (which passed the Senate by a vote of 95-0), fuel
pro-Kyoto business lobbying, and penalize companies -- including most small bu
sinesses and family farms -- that do not jump on the global warming bandwagon.<
P>

Today, therefore, I am introducing legislation to block further Administration
efforts to advocate, develop, or implement an early action credit program.<P>

What is wrong with early action crediting? First, early action crediting would
reward companies for doing today what they would later be compelled to do unde
r a ratified Kyoto Protocol. It is a form of implementation without ratificati
on.<P>

Second, and more mischievously, early action crediting would turn scores of maj
or companies into a pro-Kyoto business lobby. The program would create credits
potentially worth millions of dollars but which would have no actual cash valu
e unless the Kyoto Protocol, or a comparable domestic regulatory program, were
ratified or adopted. Thus, participating companies would acquire financial mot
ives to support ratification.<P>

Third, although touted as "voluntary" and "win-win," early action crediting is
subtly coercive and would create a zero-sum game in which small business can on
ly lose. Every credit awarded to early reducers would draw down the pool of em
ission credits available to all other U.S. companies in the Kyoto Protocol comp
liance period. Thus, if the Kyoto Protocol were ratified, companies that did n
ot "volunteer" for early action would not merely forego benefits, they would be
penalized -- hit with extra compliance burdens. They would be forced either t
o make deeper emission reductions than the Protocol itself would require, or to
purchase emission credits at prices higher than would otherwise prevail.<P>

Since early action crediting programs penalize those who do not "volunteer," it
is worth asking who the non-participants are likely to be. The answer should
be obvious. Most small businesses and family farms lack the discretionary capi
tal, technical expertise, and legal sophistication required to play in the earl
y credit game. Most do not have the wherewithal to hire special accountants an
d engineers to monitor and reduce carbon emissions. Most do not have environme
ntal compliance departments ready and able to negotiate early action agreements
with Federal agencies. However, under the Kyoto Protocol, small businesses wo
uld have to pay higher energy costs and many would have to reduce their use of
fossil fuels. So, while making the Kyoto Protocol more likely to be ratified,

early action crediting would also make the treaty more costly to small business
.<P>

Unfortunately, the mischief doesn't stop there. Since early reducers would be
rewarded at the expense of those who do not participate, many businesses that w
ould otherwise never dream of "volunteering" may be constrained to do so for pu
rely defensive reasons. Companies that see no particular benefit in early redu
ctions may "volunteer" just so they do not get stuck in the shallow end of the
credit pool in the Kyoto Protocol compliance period. This dynamic is exactly w
hat pro-Kyoto partisans desire, as it would build up a large mass of companies
holding costly paper assets that are completely valueless unless the Protocol i
s ratified.<P>

Proponents claim that early action crediting is not linked to the Kyoto Protoco
l because the credits could be used to offset emission reduction obligations un
der a domestic program to regulate greenhouse gases. But, recall that the Sena
te, in the July 1997 Byrd-Hagel Resolution, voted to reject any agreement that,
like the Kyoto Protocol, exempts three-quarters of the world's nations from bi
nding commitments. If the Senate preemptively rejected the treaty because it i
s not "truly global," what is the likelihood Congress would some day enact a un
ilateral greenhouse gas reduction program that applies to U.S. companies alone?
There is no chance of that happening. The word "early" in "early action credi
ting" means just one thing -- earlier than the Kyoto Protocol compliance period
.<P>

Proponents also claim that early action crediting is an "insurance policy" need
ed to protect companies that have already invested in emissions reductions from
paying twice under the Kyoto Protocol or a domestic regulatory program. Now,
let's leave aside the question of whether Congress should "insure" companies th
at decide, for their own reasons, to implement a treaty the Senate has not rati
fied. The relevant question is whether, absent a crediting program, companies
that act early to reduce emissions would be penalized under a future climate tr
eaty.<P>

Again, the answer should be obvious. If the Kyoto Protocol is ever ratified, i
t will be because the policy makers and companies now promoting early action cr
editing lead the charge. The pro-Kyoto coalition will ensure that any implemen
ting legislation associated with the Protocol recognizes the emissions reductio
ns companies have already made, certified, and duly reported. To contend other
wise is to suppose that the pro-Kyoto lobby would implement the Protocol in a w
ay that inflicts maximum pain on its corporate base. Unless early action propo
nents sincerely believe that "we have met the enemy, and it is us," the "insura
nce" argument makes no sense.<P>

Let's also be clear about one thing. Early action crediting is not needed to e
nable companies to undertake, or the Federal Government to record, voluntary re
ductions of greenhouse gas emissions. Current law already provides a voluntary
program for reporting such reductions. Established by section 1605(b) of the 1
992 Energy Policy Act, the existing program is highly efficient, flexible, and
accessible to everybody, from large utilities supplying electric power to famil
ies planting trees. Unlike early action crediting, the 1605(b) program is in n
o way linked to the Kyoto Protocol, does not create cash incentives in support
of ratification, and does not promote the interests of large corporations at th
e expense of small business or consumers.<P>

Mr. Speaker, the bill I am introducing today would protect small business, fami
ly farms, and the U.S. Constitution in the following ways. First, it prohibits
Federal agencies from advocating, developing, or implementing an early action
credit program until and unless the Senate ratifies the Kyoto Protocol. Second
, it makes permanent the 1999 VA-HUD Appropriations Act restriction against bac
kdoor regulatory implementation of Kyoto Protocol. Third, it prohibits Federal
agencies from regulating carbon dioxide -- the principal gas covered by the Ky
oto Protocol -- without new and specific legislation by Congress.<P>

Who should support the "Small Business, Family Farms, and Constitutional Protec
tion Act?" Every Member of Congress who believes that small businesses and fam
ily farms should not be forced to incur additional burdens under a future globa
l warming treaty. Every Member who believes that Federal agencies should not i
mplement a treaty that has not been ratified. And every Member who believes th
at Congress should not artificially boost the fortunes of the pro-Kyoto lobby.<
P>

The Constitution establishes a clear process for enacting international treatie
s into law. The President signs the treaty and submits it to the Senate for it
s advice and consent. The treaty becomes law only if two-thirds of the Senator
s vote in favor of ratification. My bill will help safeguard the integrity of
this constitutional process.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please download a copy of the bill in .pdf format <A HREF=http://frwebgate.acce
ss.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.88&filename=h2221ih.pdf&dire
ctory=/diskb/wais/data/106_cong_bills>by clicking here</A>.<P>

* * * * *<P>

<H3> UPDATE ON THE DEBATE
SURROUNDING H.R. 2221
AND RELATED JULY 15TH HEARING</H3><P>

<H4> by MARLO LEWIS<P>

Staff Director,
Subcommittee on National Economic Growth,
Natural Resources and Regulatory Affairs,
House Committee on Government Reform<P>

July 23, 1999</H4><P>

Congressman David McIntosh's July 15, 1999 hearing, "Credit for Early Action: W

in Win or Kyoto through the Front Door?" brought several key issues into cleare
r focus.<P>

First, early action crediting is a strategy to jump-start implementation of the
non-ratified global warming treaty, the Kyoto Protocol. Early action creditin
g rewards companies for doing today what they would later be compelled to do un
der a ratified Kyoto Protocol. The legislation introduced in the Senate last y
ear repeatedly defined the early action period as ending on December 31, 2007 -
- one day before the start of the Kyoto compliance period. A more honest title
for such proposals would be "credit for early implementation."<P>

Second, early action crediting is a strategy to build a pro-Kyoto business lobb
y. Participating companies will earn credits they can later use to offset thei
r obligations under the Protocol. However, although potentially worth millions
of dollars, the credits have real cash value only if the Kyoto treaty, or some
similar regulatory scheme, is ratified or adopted. Thus, all participating co
mpanies will acquire a financial stake in ratification.<P>

Unsurprisingly, proponents deny that early action crediting will make any compa
ny more Kyoto-friendly. However, they also claim that early action crediting w
ill "incentivize" companies to make new and additional investments in energy ef
ficiency, carbon reduction, or carbon sequestration. They cannot have it both
ways. Proponents cannot coherently argue that early action credits will be val
uable enough to change a company's economic behavior but not valuable enough to
influence its political behavior.<P>

Third, early action crediting is a strategy to foster the illusion of an inevit
ablle climate treaty. Enactment of an early action program would be interprete
d on all sides as a signal that Congress now believes ratification of the Kyoto
Protocol is indeed inevitable, and that U.S. companies had better start prepar
ing for it. By demoralizing Kyoto opponents, this perception could easily beco
me a self-fulfilling prophecy.<P>

Fourth, even if early action crediting were a good idea, it would be entirely p
remature to enact an early action program during the 106th Congress. The basic
accounting, feasibility, and equity issues are nowhere near resolution. Who s
hould be eligible to report emission reductions -- companies, facilities, or pr
ojects? How should reductions be measured -- against an historic baseline or a
projected baseline, in terms of the number of tons reduced or the change in ca
rbon intensity per unit of production or sale? Who should earn the credit -- t
he reporter who owns the emissions source or one who causes someone else's emis
sions to decrease? Furthermore, how do we ensure that any of these design choi
ces won't prejudge -- and thus conflict with -- the emissions trading rules eve
ntually established by the Kyoto negotiators?<P>

Finally, because of the rapidly growing Internet economy, early action creditin
g can only be an exercise in futility -- or a prelude to disaster. As Fred Pal
mer of the Western Fuels Association explained at the hearing, over the next de
cade, an additional 1 billion people worldwide will use computers and come "on
line." Those 1 billion new Internet users will require an additional electrici
ty-generating base equal to that which we enjoy in the United States today. To
"wire' the world, it will be necessary to electrify the world. For most of th
e world's nations, coal is the most affordable and abundant source of electrici
ty. So, either the Internet economy will doom the Kyoto Protocol (and schemes

like early action crediting), or a ratified Kyoto Protocol (and its predecessor
early action crediting) will stunt the growth of the Internet economy.<P>

<H4>-FIN-</H4><P>

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<H4> <I>HELD BY THE</I><P>

SUBCOMMITTEE ON NATIONAL ECONOMIC GROWTH,
NATURAL RESOURCES AND REGULATORY AFFAIRS
OF THE COMMITTEE ON GOVERNMENT REFORM
OF THE U.S. HOUSE OF REPRESENTATIVES<P>

July 15, 1999</H4><P>

#<P>

<H3> "McINTOSH STEPS UP CRITICISM
OF EARLY CO2 CREDITING BILLS"</H3><P>

Reprinted from
"Environment & Energy Weekly"
Week of July 19, 1999<P>

Just one day after Reps. Rick Lazio (R-N.Y.) and Cal Dooley (D-Calif.) finally
introduced their House version of so-called early crediting legislation, Regula
tory Affairs Subcommittee Chairman David McIntosh (R-Ind.) stepped up with a pa
cked hearing that emphasized what he believes is the plan's glaring problem: it
would spur more support for carbon dioxide (C02) regulations and ultimately th
e Kyoto Protocol.</P>

"It would not be smart to purchase fire insurance that virtually guarantees you
r house will burn
down" McIntosh said on July 15. "By the same token, it would not be smart to pu
rchase Kyoto insurance that increases the odds of the Kyoto Protocol being rati
fied. "I believe early action crediting is the centerpiece of a strategy by [P
resident Clinton and Vice President Gore] to divide and conquer the business op
ponents of the Kyoto Protocol," he said.<P>

And it is the large businesses - "the big guy" - who will win from early credit
ing, while the small entrepreneurs who lack comparable resources and connection
s will be left in the dust, unable to compete, concurred former presidential ca
ndidate Jack Kemp, who provided the hearing's lead testimony.<P>

"The corporate community is naturally attracted to this approach" said the Repu
blican, adding that the legislation is "the wrong solution."<P>

Much like a Senate bill introduced earlier in the year by Sen. John Chafee (R-R
.I.), the Lazio-Dooley measure (H.R. 2520) would provide valued credits to indu
stry - to buy, sell
and trade - for voluntary actions reducing their emissions of greenhouse gases.
CO2 and other such gases are suspected of causing global warming, and the cred
its would reach their worth in the event of future implementation of the Kyoto
pact - which would mandate steep emissions limits in the United States - or any
other future CO2 cap.[EDITOR'S NOTE: to view the entire text of the bill in .p
df format <A HREF=http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=
162.140.64.21&filename=h2520ih.pdf&directory=/diskb/wais/data/106_cong_bills>cl
ick here</A>].<P>

Other cosponsors of H.R. 2520, referred to the Commerce Committee, are: Sherwoo
d Boehlert (R-N.Y.), Michael Castle (R-Del.), Jim Saxton (R-N.J.), Greg Ganske
(R-Iowa), Wayne
Gilchrest (R-Md.), Adam Smith (D-Wash.), Ron Kind (D-Wis.), James Moran (D-Va.)
, Tim Roemer (D-Ind.), James Maloney (D-Conn.) and David Price (D-N.C.).</FONT>
<P>

Proponents of the legislation reject charges that the push for early crediting
is a surreptitious attempt to scoop up backing for the protocol. With or withou
t Kyoto, a number of fossil fuel- dependent businesses who are outright opposed
to the protocol nonetheless believe CO2 mandates are likely down the road. The
se companies see the bills as a way to obtain usable financial incentives and r
ecognition for the emissions cuts they are now making.<P>

"The major hindrance to industry cooperation in the reduction of greenhouse gas
es is the great
uncertainty of the regulatory environment," Lazio said during his July 14 intro
duction.<P>

After clarifying that the protocol should not be ratified by the Senate in its
current form, Kevin Fay, executive director of the International Climate Change
Partnership, said he believes early action legislation can be crafted that doe
s not in any way implicate the 1997 agreement (both the House and Senate bills
do not address Kyoto). ICCP is a broad industry coalition that includes compani
es such as BP-Amoco, General Motors and General Electric.<P>

Fred Krupp, executive director of the Environmental Defense Fund, also spoke in support of the
crediting legislation; though most other environmental organizations do not sup
port the bills as EDF does, they do support the idea.<P>

Krupp took on the critics' charges that crediting would mean "government favori
tism to some economic interests over others." He said the task of earning cred
its would first be "environmentally rigorous," requiring substantial emissions
reductions in relation to their size. And Krupp said crediting would be open to
any business, "large and small and in virtually any sector, that in its view o
f its own self-interest decides to participate in the program."<P>

Nevertheless, Kemp insisted the only result of crediting would be "to divide op
position to Kyoto and build special-interest constituencies for the Kyoto regim
e."<P>

Said McIntosh: "Although touted as `voluntary' and `win-win', I believe early a
ction crediting is subtly coercive and would create a zero-sum game in which sm
all businesses can only lose." He called the program "a recipe for vast mischi
ef."<P>

Testifying as well was Jay Hakes, administrator of the Energy Information Admin
istration, the statistical arm of the Department of Energy. In the end, he said
, if credits were designed in a way to be as fair as possible, it would have to
be a political, not technical, decision. There would be winners and losers, Ha
kes said.<P>

- Neil Franz<P>

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<H3> CHAIRMAN DAVID McINTOSH</H3><P>

<H4> OPENING STATEMENT</H4><P>

Hearing on Credit for Early Action:
Win-Win or Kyoto through the Front Door?<P>

July 15, 1999<P>

Today, the Subcommittee on National Economic Growth, Natural Resources and Regu
latory Affairs will hold its tenth hearing on the economic and implementation i
ssues raised by the UN global warming treaty, the Kyoto Protocol. Specifically
, the Subcommittee will examine the case for legislation to provide regulatory
credits for early reductions of greenhouse gas emissions, the economic conseque
nces of credit for early action programs, and the impact of early action credit
ing on the debate over ratification of the Kyoto Protocol.<P>

I want to welcome our witnesses, beginning with the Honorable Jack Kemp. Mr. K
emp recently joined the Competitive Enterprise Institute as its first Distingui
shed Fellow in order devote more time to environmental and energy-related issue
s, such as the topic of today's hearing. <P>

The Honorable Jay Hakes, Administrator of the Energy Information Administration
(EIA), will testify on our second panel. Mr. Hakes will discuss EIA's volunta
ry greenhouse gas reduction reporting program, which has important implications
for the design and feasibility of an early action credit program. <P>

Our third panel includes David Ridenour, Vice President of the National Center
for Public Policy Research; Fred Krupp, Executive Director of the Environmental
Defense Fund (EDF); Kevin Fay, Executive Director of the International Climat
e Change Partnership; and Fredrick Palmer, Chief Executive Officer of Western F
uels Association.<P>

Now, I want to explain a little more fully the purpose of today's hearing. On
May 20th, the Subcommittee held a joint hearing with the Senate Subcommittee on
Energy Research, Production and Regulation on the Administration's compliance
with various statutory requirements, most notably the 1999 VA-HUD Appropriation
s Act limitation, also known as the Knollenberg provision, which prohibits back
door regulatory implementation of the non-ratified Kyoto Protocol. The May 20t
h hearing inspired little confidence that EPA would not use its discretionary a
uthority to implement the Kyoto Protocol under other pretexts or rationales.<P>

So, on May 27th, Senate Subcommittee Chairman Don Nickles and I wrote to EPA Ad
ministrator Carol Browner, asking: "If EPA were implementing the Kyoto Protocol
under the guise of existing law, how would anybody outside the agency know? A
re there any criteria to distinguish innocent actions (those that incidentally
accomplish the purposes of the Kyoto Protocol) from prohibited actions (those t
hat implement the Kyoto Protocol)?" The answer we received was downright evasi
ve. EPA wrote: "The Administration has committed not to implement the Kyoto Pr
otocol ... Thus, we believe that statutory language restricting spending is unn
ecessary." <P>

On May 27th, Senator Nickles and I also sent follow-up questions to the Office
of Management and Budget (OMB). OMB's answers were equally uninformative. Als
o on May 27th, we sent follow-up questions to the Department of Energy (DOE).
The Subcommittees have yet to receive any response from DOE. In short, EPA ans
wered the Subcommittees evasively; OMB, non-responsively; and DOE, not at all.<
P>

In light of this pattern of arrogance and evasion by the Administration, I deci
ded to hold a hearing on early action crediting. I believe early action credit
ing is the centerpiece of a strategy by the Clinton-Gore Administration to divi
de and conquer business opponents of the Kyoto Protocol.<P>

Early action crediting would reward companies for doing today what they would l
ater be compelled to do under a ratified Kyoto Protocol. The original legislat
ion introduced in the Senate last year contained no fewer than 11 places where
the early action period was identified as ending on December 31, 2007 -- one da
y before the start of the Kyoto Protocol compliance period. Therefore, I think
 a more honest title for such proposals would be "credit for early implementati
on." Vice President Gore may believe the Kyoto Protocol is a wonderful idea.
But a multitude of expert witnesses have testified before the Subcommittee that
 the Kyoto Protocol would be an unmitigated economic disaster for the United St
ates.<P>

I regard early action crediting as a recipe for vast mischief. The program wou
ld create credits potentially worth millions of dollars but which would have no
 actual cash value unless the Kyoto Protocol, or a comparable domestic regulato
ry program, were ratified or adopted. Thus, participating companies would acqui
re financial incentives to support ratification. Congress and the public are e
ntitled to know what economic motives and what special interest calculations m
ight be behind the push for early action crediting. Today's hearing should hel
p shed light on that topic.<P>

Although touted as "voluntary" and "win win," I believe early action crediting
is subtly coercive and would create a zero-sum game in which small businesses c
an only lose. Every credit awarded to early reducers would draw down the pool
of credits available to all other U.S. companies in the Kyoto Protocol complian
ce period. Thus, if the Kyoto Protocol were ratified, companies that did not "
volunteer" for early action would be penalized -- hit with extra compliance bur
dens. Most small businesses and family farms lack the discretionary capital, t
echnical expertise, and legal savvy to participate in early action crediting.
So, while making the Kyoto Protocol more likely to be ratified, early action cr
editing would make the treaty more costly for small businesses and family farms
.<P>

Proponents often describe early action crediting as a kind of insurance policy.
  They argue that, without an early action program, businesses that voluntarily
 reduce their emissions today might have to pay twice, so to speak, under a rat
ified Kyoto Protocol. We should have an opportunity to explore that argument l
ater in the hearing. At this point, I would just like to observe that there is
 something odd about an insurance policy that makes the insured-against event f
ar more likely to happen. It would not be smart to purchase fire insurance tha
t virtually guarantees your house will burn down. By the same token, it would
not be smart to purchase Kyoto insurance that increases the odds of the Kyoto P
rotocol being ratified.<P>

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<H3> JACK KEMP</H3><P>

<H4> Distinguished Fellow,
The Competitive Enterprise Institute<P>

STATEMENT</H4><P>

July 15, 1999</P>

I want to thank you, Mr. Chairman and distinguished Members of the Subcommittee
for inviting me here today to speak about the Kyoto Protocol on climate change
and the alleged threat of man-made global warming; that treaty's implications
for both the world economy and the American system of government; and proposed
legislation concerning so-called "early action credits" to reward hypothetical
reductions in fossil fuel emissions. These credits are touted by some as offe
ring a "market approach" enabling us to regulate the future climate of the Eart
h. As I hope to demonstrate, they are nothing of the kind: instead, they are t
ruly market socialism, an artificial device attempting to mimic market activity
that really conceals a concerted campaign by international bureaucrats to seiz
e control of the world's energy supply and indeed of every facet of our economi
c life.<P>

No, I'm not exaggerating. Before I address the specific emissions credit legi
slation before you, Mr. Chairman, as well as your own excellent proposal, H.R.
2221, for slowing down the Kyoto express, let me sketch out the reasons why t
his issue has such profound implications for economic freedom and the democrat
ic traditions that make America a beacon of hope for the world. <P>

The Issue is Power<P>

The Kyoto Protocol, the idea of trading credits to facilitate implemention of
that agreement, and the very concept of regulating the world's energy policies
through an international treaty together constitute a huge battle over power--n
ot just "power" in the sense of controlling the energy sources that drive the w
orld economy, but <I>political </I>power in the sense of "who decides": who dec
ides how fast our economy should grow (or if it should grow at all!), who decid
es where the technologies of the future will come from, who decides how and und
er what terms the peoples of the developing world will enjoy the blessings of e
conomic freedom and the tremendous wealth that comes along with it. And by "we
alth" I mean not just greater personal and national income, but the improved qu
ality of life (health, safety, and yes, a cleaner environment) that is the hall
mark of an advanced free market economy.<P>

This is a profoundly important point, Mr. Chairman. Kyoto and its proponents a
re the leading edge of the greatest non-military power play in history, a play
for command-and-control authority over economic life by a coterie of internatio
nal bureaucrats whose names, titles, and functions are known to at most a <I>ti
ny fraction of a percent</I> of American voters. But these are not the facele
ss bureaucrats' we all like to complain about. Their faces, names, functions a
nd extremist ideology are all too well known to their well-placed allies in thi
nk-tanks, foundations, and civic organizations' (<I>i.e.</I> non-governmental
organizations, or NGOs) who work tirelessly to spread the Malthusian message of

limits to growth, green' controls on job creation and advanced technology, an
d strict controls on population. Together with government officials, these org
anizations (with selective support from elements of the corporate community tha
t have a particular interest to pursue) form a kind of "global iron triangle" t
hat secures power to advance an elitist and radical agenda at the expense of th
e average citizen, and secures it in a manner that contradicts the fundamental
principles of a free society: open exchange of ideas, popular sovereignty, a c
onstitutional government of limited powers, and full accountability to the elec
torate for actions taken by government officials.<P>

Here's a clear example of what I mean. As you know, the Kyoto Protocol was neg
otiated under the auspices of the United Nations with, I regret, active partici
pation by the Executive Branch of the U.S. Last fall President Clinton authori
zed the U.S. to sign the treaty, but he has refused to submit it to the Senate
for ratification. Nevertheless, the administration works tirelessly to impleme
nt Kyoto <U>de facto</U>.<P>

Binding the Nation<P>

Mr. Chairman, as you and this Subcommittee are acutely aware, the Clinton admin
istration is relentlessly promoting and in some cases implementing policies des
igned to reduce fossil fuels emissions in line with the commitment' the Presid
ent made in Kyoto--a commitment that <I>in theory</I> should have no binding ef
fect on the United States unless the Kyoto Protocol is ratified by the Senate--
something that just isn't going to happen absent major political changes. As w
as made clear in your own May 20 hearing on administration compliance with the
Knollenberg provision, EPA is undeniably working to bring the U.S. into complia
nce with Kyoto's requirements through public advocacy, incentives for so-called
"renewable fuels" technical assistance' for reducing fossil fuels emissions,
and so on. The President himself has cited global warming as a reason for (1)
his executive order mandating a 30% emissions reduction in federal facilities (
an order Senator Cochran is fighting to block in the Senate), (2) various provi
sions of his electricity restructuring plan geared to reducing emissions and pr
omoting the so-called renewables, and (3) EPA's attempt to regulate particulate
matter and ozone (an attempt launched on other legal grounds, and recently blo
cked by the D.C. Circuit Court of Appeals).<P>

In short, there is no reasonable doubt that the President and his administratio
n are hard at work trying to impose on the American people Kyoto's limits on gr
owth and innovation, and they are doing it (1) without the authorization of a l
egally binding treaty, and (2) as far below the radar screen as they can possib
ly go in order to avoid alerting the public to what is going on and what is tru
ly at stake.<P>

Whether the Clinton administration is in violation of the literal language of t
he Knollenberg provision is a question I leave to the lawyers. But that the Ex
ecutive Branch is in clear violation of the will of Congress as expressed in th
at amendment, and in the Byrd-Hagel resolution, is absolutely clear to everyone
. Congress does not want Kyoto; the public does not want Kyoto; the Clinton adm
inistration <I>does</I> want it, and is determined to ram it down the throats o
f the American people whether they like it or not.<P>

What can we do about all this? It is certainly worth exploring legislative lan
guage that would strengthen and clarify the Knollenberg provision, and the lang

uage in your own H.R. 2221 is an excellent step in that direction. In particul
ar, your provisions barring the government (not just EPA) from regulating carbo
n dioxide emissions absent express legislative authority, and prohibiting any u
se of taxpayer dollars to advance the cause of granting early actions credits f
or claimed reductions in fossil fuels emissions, are extremely helpful.<P>

At the same time, Mr. Chairman, you know even better than I do that drawing lin
es between education and advocacy, between measures designed to implement Kyoto
and <P>

those the administration justifies as using pre-existing programs to promote al
ternative fuels or emissions reductions is a tricky process, and I am wary of b
eing overly dependent on technical legal interpretations to advance the will of
Congress, safeguard the treaty power of the Senate, and protect the right of A
merican citizens to shape their own economic future. These are very weighty is
sues, and it may be time to raise public awareness of what is at stake in this
debate if we are serious about stopping back-door implementation of unratified
treaties and the proliferation of international bureaucracies with broad, unres
tricted power over the economic lives and even the political rights of American
citizens.<P>

A Bold Approach<P>

Mr. Chairman, we need to take the Kyoto Protocol, the Kyoto mindset, and the so
-called "Third Way" agenda head-on. The trendy Third Way rhetoric so beloved t
o our news magazines and pop-culture policy gurus disguises an agenda that is n
othing less than market socialism and statist corporatism: the Third Way ideol
ogy assumes businesses, individuals, and all of us here in this room are agents
of the state, put on this earth to make elitist bureaucrats happy. Our prerog
atives as a free society and a free people are truly at risk here, as is the fu
ture of the global economy. If as a nation we choose the wrong path now, it ma
y take a generation or more to undo the damage. We can't let that happen, and i
t won't happen if we make our case honestly, openly and vigorously. The Americ
an people will rally to our side, I have no doubt of that.<P>

To make that case we have to strike boldly. To leapfrog over the green-eyeshad
e issue of what the administration is spending "on Kyoto" versus "on idiotic en
ergy policies" we should decisively go after the latter. Over two decades after
the Carter administration's costly and failed policies to promote energy sourc
es that have no prospect of market viability (solar, wind, synfuels, biomass, e
thanol, <I>etc.</I>), why do we still have programs on the books to subsidize w
hat we know doesn't work? Our policy as a nation should be to encourage techno
logical innovation in the broadest and most sweeping sense, whether in the fiel
d of energy or beyond. We don't need corporate welfare programs, public-privat
e partnerships, special- interest tax breaks, or propaganda campaigns to fight
what the market tells us: the people want clean, efficient, reliable sources o
f energy at a reasonable cost. The free market has given them that, and will c
ontinue to do so with minimum, prudent regulation. Our energy future is freedo
m--it's as simple as that.<P>

Furthermore, we must pursue a pro-growth, pro-innovation, pro-entrepreneur tax
policy that will liberate the imagination of our people to find ways to create
jobs, improve productivity, and generate wealth in ways that are even greener,
cleaner, and more energy-efficient. That means lower tax rates, reducing the c

ost of capital, and removing tax considerations wherever possible from the econ
omic decision-making equation, whether it be investment in new equipment, raisi
ng venture capital, or a personal decision to invest in stocks as a step toward
s retirement security. That kind of tax policy has everything to do with Kyoto
, because it enthusiastically embraces America's overwhelming competitive advan
tage: the ingenuity of our people and our business leaders in bringing econom
ic abundance, lower-cost energy, and more efficient energy to the world. Compa
red with that, the Clinton administration's elitist policy of offering miniscul
e tax breaks to politically-favored energy producers (like the so-called renewa
bles) looks primitive indeed, whether motivated by Kyoto or not.<P>

I applaud the preliminary steps recommended by Chairman Bill Archer and others
to move tax policy in the direction of pro-growth across-the-board cuts, but we
need to be much, much more aggressive on this front. The proposals being offer
ed in the House Ways and Means and Senate Finance Committees are being marketed
under the banner of economic growth, but unfortunately abandon that principle
by embracing fiscal austerity, limiting tax rate reductions to whats supposedly
"allowed" by static revenue estimates and an obsessive concern with retiring t
he national debt. I urge all my friends in Congress to hang tough on wealth-en
hancing, pro-innovation tax cuts--it's not worth dealing them away for a few co
ncessions on spending here and there. The federal government's coffers are ove
rflowing, and that money belongs to the American people.<P>

Congress also must be more aggressive in fighting Kyoto-type initiatives with t
he power of the purse. Since finely-tuned oversight of administration efforts
to advance the Kyoto agenda is a very difficult process, go for the bold stroke
. No one can force Congress to appropriate money for EPA progaganda efforts, c
onferences, or forums that seek to frighten rather than enlighten people on the
issue of climate change. By all means pursue vigorous oversight of all federa
l agency activities (as you have been doing with EPA), but if it is hard to par
cel out spending for Kyoto' from other spending on education and outreach', j
ust give the entire budget for those activities a nice big cut, and tell them w
hy you're doing it. President Clinton and the Kyoto bureaucrats want to tell u
s how and where to tighten our belts and restrict economic growth. Let them tr
y a little belt-tightening of their own; EPA, the Energy Department, and every
other entity in the federal government that subsidizes or promotes certain type
s of energy sources, or uses, or practices, over others.<P>

And while you're at it, apply the money you save to giving the American people
a bigger tax cut.<P>

Finally, Mr. Chairman, all of us need to find better ways to dramatize the way
the Clinton administration is abusing the power of treaty-making to bind the na
tion to agreements that not only are unratified, but that are never even submit
ted to the Senate for ratification. This is a fundamental issue of constitutio
nal power, not just between the President and Congress, but between America as
a sovereign nation and those international institutions to which we subscribe,
but to which we must never cede authority over our economic life and our politi
cal freedoms. As one who respects the U.N., and both an admirer and I hope a f
riend of Kofi Annan, I can nevertheless say that I absolutely do <I>not</I> wan
t the U.N. to tell me or my family how much we should pay for gasoline, what ki
nd of cars we should buy, or how we should heat our homes.<P>

While Kyoto may be the leading-edge case of this corruption of the treaty-makin g power, I am sad to say that it is far from the only one. This administration has followed exactly the same practice with regard to the ABM treaty amendments negotiated with successor states to the former Soviet Union, which the President has used as an excuse for not deploying a national missile defense system (and which, like Kyoto, he has refused to submit for ratification); with the Comprehensive Test Ban Treaty, submitted to the Senate but unratified, which the Clinton administration is observing <I>de facto</I> by unilaterally halting nuclear testing and effectively dismantling our system of technical means for verifying the continued viability and effectiveness of our nuclear deterrent force; and with the NATO Charter, which the President effectively rewrote during NATO's 50th anniversary gathering and proceeded to implement in Kosovo without bothering even to consult the Senate.</P>

Woodrow Wilson unabashedly described (and then employed!) this unique form of triangulation, pointing out that the way for a wily President to gain leverage with Congress is "to get the country into such scrapes, so pledged in the view of the world to certain courses of action, that the Senate hesitates refusal to ratify the rash promises."<P>

That's the Clinton approach in a nutshell. His agreements make critically important decisions affecting national security (the ABM and testing treaties, and Kyoto as pertains to fuel use by our military forces) and both the national and global economy (Kyoto), yet they are being implemented in effect without the advice and consent of the Senate required by the Constitution. Over in the Senate our friend Jesse Helms has sought in the Foreign Relations Comittee to bring the administration to account by holding up other treaty actions until at least the Kyoto and ABM agreements are submitted for ratification, but he needs help.<P>

There is no magic solution here, but it is incumbent on all of us to raise this issue with the American people over and over and over again, every chance we get. Our national security and economic future are being put at risk by agreements never properly vetted in the political process, and imposed on our nation by the sheer will of the Chief Executive. It is hard to imagine a more urgent issue than this. I for one would like to hear much more about these issues, and less about campaign fundraising and the presidential candidates' poll standings.<P>

To begin the urgent process of raising public consciousness of this issue, it might be well for the Senate to vote up or down, right now, on the Test Ban Treaty; and to vote up or down as well on the substance of the Kyoto and ABM Protocols. For that matter I do not think it would be out of line for the House to pass a resolution calling on the Senate to do so, in light of the Clinton Administration's brazen flouting of the constitution. No one can force the President to submit a treaty for ratification, but it is certainly possible to draft the substance of these agreements in legislative form and have a direct vote on them. Once the will of the Senate is made clear (and even more directly than was the case with the Byrd-Hagel resolution), the battle lines will be drawn. Count me in as one the leading combatants, and at least on the issue of Kyoto, count the outstanding staff and scholars of C.E.I. as well.<P>

The Lure of Emissions Credits<P>

Mr. Chairman, I know everyone is sitting here wondering, "when is he going to t

alk about emissions credits?" The answer is right now, but for reasons that sh
ould be clear it was important to set the stage by putting the issue of credits
 in a larger context.<P>

Because when all is said and done, so-called early action emissions credits--gi
ving value to, and creating a market in, quantifiable reductions in fossil fuel
s emissions from some undefined and highly speculative baseline of what emissio
ns <I>would</I> otherwise have occurred--are just the next campaign in the Batt
le of Kyoto, the fight over who will decide our energy future. Let no one be d
eceived into thinking that these credits are a legitimate market-based initiati
ve, or have anything to do with environmental policy <U>per se</U>. They are a
n attempt to lure both energy and non-energy businesses into supporting, or at
least acquiescing in, Kyoto as policy and practice. Early credits do that by c
reating windfalls for some of the big guys, penalizing the less powerful (espec
ially small businesses), and using the classic government ploy of income redist
ribution--both within and across national boundaries. I am reminded of what V.I
. Lenin said: "Liberty is precious--so precious it must be rationed." I am dee
ply troubled that some of my friends in the business community would buy into t
he kind of neo-corporatism represented by early action credits, thereby falling
 prey to the mentality Ronald Reagan warned against when he warned against busi
ness getting too enthusiastic about wheeling and dealing with the government, p
ointing out that they were "just feeding the crocodile hoping he'll eat you las
t." Let's not feed the crocodile in the first place.<P>

As you rightly point out in the "Findings and Purposes" section of H.R. 2221 (p
aragraph 8) Mr. Chairman, "Early action crediting would ... encourage participa
ting big businesses to support ratification, because participants would acquire
 costly paper assets that could be used as emission credits under a future regu
latory system and that could be monetized if the Kyoto Protocol were ratified."
  You also point out, again quite rightly, that such credits would particularly
 hurt family farms and small businesses which lack the time, resources, or expe
rtise to implement or document the kinds of "emission reduction strategies" som
e of the larger power producers and consumers can undertake. After all, Kyoto
purports to "cap" all fossil fuels emissions in each participating nation, so b
usinesses that can get credit for coming in under the cap first, effectively sq
ueeze out those who can't move so quickly. Whether creating winners and losers
 this way is just, or makes economic sense, is irrelevant to the proponents of
early credits.<P>

The only effect of early action credits legislation like S. 547, which I regret
 is being proposed by my good friends John Chafee, Joe Lieberman, and Connie Ma
ck in the Senate, is to divide opposition to Kyoto and build special-interest c
onstituencies for the Kyoto regime, and by implication for the general principl
e of delegating our energy policy to the control of international bureaucracies
. I am also very disappointed to read press reports that Reps. Rick Lazio and
Calvin Dooley are preparing a similar bill for introduction as early as today w
hich is designed to be even more tantalizing to sectors of the corporate and en
vironmental communities. This is that rare case where both the ends <I>and</I>
the means of this legislation are highly objectionable, and I wish all these ge
ntlemen would reconsider.<P>

Ultimately, they must be hoping that short-term economic interests of pro-credi
t businesses will trump our clear, long-term interest of preserving and expandi
ng free markets in energy, goods, and services. That is wrong, and I congratul

ate you, Mr. Chairman, for tackling the early action credits issue head-on in H
.R. 2221.<P>

By the way, for an excellent, cogent, and more detailed discussion of the way e
arly action credits would alter the Kyoto playing field, I refer the Subcommitt
ee to the work C.E.I. has done on this issue, particularly "Early Action Credit
ing: Growing the Kyoto Lobby at Small Business' Expense," published as a CEI <
I>On Point</I> analysis on February 12 of this year. I ask permission to submi
t this analysis for the record.</P>

We can do more, though, than just oppose early action crediting legislation. W
e must <I>at least</I> do that, but speaking for myself as a C.E.I. Distinguish
ed Fellow, I intend to speak out frequently on this and the entire Kyoto mindse
t. That mindset is a true prototype of Third Way thinking--the notion that exp
anding government power over individuals, and even taking it out of the reach o
f sovereign nations, is O.K. if it's masked in consumer-friendly jargon: prote
ct the climate, save the planet, think globally, and of course, to do it for th
e children. The easiest way to forfeit our economic and political freedom is t
o accept the notion of elite guardians that will do good things for us if we ju
st don't ask too many questions. I intend to ask those questions, and bring th
em to the attention of opinion leaders, corporate executives, and policy expert
s all across the country. I will, if you please, carry the banner of economic l
iberty into the environmental field, and I hope in much else besides.<P>

There's no one in America who doesn't want a cleaner, greener, higher-tech worl
d. We free-marketers have an advantage, though. Myself, CEI's distinguished P
resident Fred Smith, and many others are truly the "Smart Greens", because whil
e we acknowledge a proper role for government in environmental matters, we know
that the free market is the only true path to that cleaner, greener, and more
prosperous future. That is true in energy policy, it is true in environmental
policy, and that truth is our most powerful weapon in fighting Kyoto, early act
ion credits, and every device known to the mind of man that seeks power over ot
hers, rather than honest and open debate over what is best for our country.<P>

In concluding, Mr. Chairman, I would like to suggest to the Subcommittee a subj
ect for future exploration. Mark Mills, a Senior Fellow at CEI and science adv
isor to the Greening Earth Society, has done a preliminary study of the impact
of the internet economy and near-universal computer use on energy supply and de
mand. His full report, available from the Greening Earth Society, is admittedl
y conjectural in some respects, but his findings are quite provocative. If Mill
s is correct--and his work needs to be backed up by more in-depth studies--the
internet economy is the fastest-growing component of energy use, and may be eve
n more decisive in shaping future energy demand. That means burning fossil fue
ls, folks. The irony is that the Kyoto mindset may be in direct conflict with
the clean-and-green high-tech economy of the future. It is definitely food for
thought, and I urge the members of the Subcommittee at least to read a summary
of this work published by Mr. Mills and Peter Huber in <U>Forbes</U> magazine,
"Dig More Coal," which appears in the May 31, 1999 issue at page 70, and which
I also submit for the record.<P>

<H4>FOR MORE INFORMATION:</H4><P>

On Jack Kemp's joining CEI, <A HREF=http://www.cei.org/PRReader.asp?ID=682>plea
se click here</A>. On CEI generally, <A HREF=http://www.cei.org>please click h
ere</A>.<P>

#<P>

<H3> JAY HAKES</H3><P>

<H4> Administrator,
Energy Information Administration,
U.S. Department of Energy<P>

TESTIMONY ON
THE VOLUNTARY REPORTING
OF GREENHOUSE GASES PROGRAM</H4><P>

July 15, 1999<P>

Thank-you for the opportunity to testify on the Voluntary Reporting of Greenhou
se Gases Program. The 1605(b) Program, as it is sometimes called, has been a
considerable departure from the energy surveys and analysis that the EIA norma
lly undertakes. The program can best be viewed as a limited exercise in measur
ing and reporting greenhouse gas emissions and in calculating and reporting tho
se emissions. As the program is entirely voluntary, and participants receive n
othing more than a thank-you letter and certificate from the U. S. government,
the evidence of the 170+ companies and organizations that have reported on more
than a thousand projects should be viewed as a mark of success.<P>

<H4>The Development of the Voluntary Reporting Program</H4><P>

The Voluntary Reporting Program is conducted pursuant to Section 1605(b) of the
Energy Policy Act of 1992. The law requires the Secretary of Energy to "...is
sue guidelines for the voluntary collection and reporting of information on sou
rces of greenhouse gases." The guidelines are to cover reporting of emissions
from "...1987 through 1990; and for subsequent calendar years on an annual basi
s." In addition to emissions, the guidelines must also cover "...annual reduct
ions of greenhouse gas emissions and carbon fixation achieved through any measu
res, including....[a long list of specific measures]."<P>

Once the Department of Energy's guidelines are in place, the statute requires t
hat the EIA "shall develop forms for voluntary reporting under the guidelines..
.and shall make such forms available to entities wishing to report such informa
tion. Persons reporting under this subsection shall certify the accuracy of th
e information reported."<P>

Finally, the EIA "...shall establish a data base comprised of information volun
tarily reported under this subsection. Such information may be used by the rep
orting entity to demonstrate achieved reductions of greenhouse gases."<P>

The Department of Energy's Policy Office held a series of public hearing during
1993-1994, in order to develop the guidelines. As published (in October 1994)
the guidelines took an inclusive view of what might be reported and how emissi
ons and reductions should be reported. The guidelines counseled reporters to co
nsider the full fuel cycle emissions of their activities and to report whatever
portions of the fuel cycle emissions the reporter deemed necessary to produce
an accurate portrayal of the full effects of their activity. The EIA developed
reporting forms concurrently with the guidelines. After a public comment pro
cess, the forms were approved by OMB in May 1995.<P>

At about the same time, many Climate Change Action Plan voluntary program manag
ers and participants felt the need for a registry to record and document their
actions. Many participants in the electric utility "Climate Challenge" progra
m were also part of the 1605(b) public review process. In early 1995, Climate
Challenge participants and program managers elected to forgo developing their o
wn reporting system, and to rely instead on the 1605(b) program as their report
ing mechanism. The Climate Wise program for manufacturers subsequently did the
same. Climate Challenge and Climate Wise participants are instructed to report
their reductions to the Voluntary Reporting Program.. Other U.S. government v
oluntary programs encourage, but do not require, participants to file reports w
ith the EIA.<P>

<H4>Features of the Voluntary Reporting Program</H4><P>

The most important features (and some of the key ambiguities) of the Voluntary
Reporting Program are established by the language of the statute. "Who can rep
ort?" is answered in the statute with the word "entities," which has been inter
preted to mean any U.S. legal person who wishes to report emissions or has take
n action to reduce emissions. "Reporters shall certify the accuracy of their r
eports" has been taken to mean that the reporter is ultimately responsible for
the accuracy of the information submitted. The numerous categories of reportab
le emissions and reductions listed in the statute require that the forms permit
multiple approaches to accounting for emissions and reductions.<P>

The Voluntary Reporting Program is intended to be a general purpose registry an
d reporting program for greenhouse gas emissions, reductions, and reduction act
ions. Its features include: <P>

-Reporting of emissions of all greenhouse gases from 1987 onward, and emission
reductions and sequestration achieved from 1991 onward. Each gas is separately
reported. The EIA has made provision for reporting additional greenhouse gase
s as necessary.<P>

-Three broad categories of reporting:<P>

--Entity Reporting: the emissions (and reductions) of an entire company or faci
lity;
--Project Reporting: the emissions consequences of specific actions; and,

--Commitments to reduce emissions in the future.<P>

-A two-page short "EZ" form for small or less sophisticated reporters.<P>

-Emissions and reductions are divided into two categories: "direct" and "indire
ct." Direct emissions are those emitted by equipment or facilities owned by th
e reporter.   Indirect emissions and reductions are caused, but not owned by th
e reporter. All emissions and reductions in the Voluntary Reporting Database a
re defined as either direct or indirect.<P>

-Reporters must calculate their emission reductions against a baseline. Two ki
nds of baselines are permitted: an absolute baseline (emissions this year are
less than emissions in some prior year, usually 1990) and a relative baseline (
emissions less than they would have been in the absence of some specified actio
n). Participants must identify the baseline used to calculate every reduction
reported to the program.<P>

-Collateral information is collected for ten categories of projects, including
electricity generation and transmission, cogeneration energy end use, transport
ation, methane capture, halogenated substances, and carbon sequestration from f
orestry or agricultural soils. The additional information includes energy cons
umed, saved, or switched by fuel, relevant operating data, participation in U.S
. government voluntary programs, other firms that might be able to report the r
eduction, information on estimation methods and a free-form text entry section
for project details.<P>

-While reporting is limited to U.S. legal persons, both domestic and foreign em
issions may be reported. However, the reporter must clearly segregate and dist
inguish between domestic and foreign emissions and reductions.<P>

The EIA has developed an integrated software system, comprising an electronic f
orm used by reporters to fill out, edit check, and file their reports electroni
cally, and a public use database of the reports received. The electronic form a
nd database are distributed via the Internet and CD-ROM. The EIA also prepares
 an annual report, "Voluntary Reporting of Greenhouse Gases". The Voluntary Re
porting Program's portion of the EIA web site <A HREF=http://www.eia.doe.gov/o
iaf/1605/frntvrgg.html>(click here to visit)</A> contains the reporting softwar
e, public use database, annual report, and other useful documents and calculati
on aids.<P>

<H4>Results of the Program</H4><P>

Since the program's inception in 1995, participation in the Voluntary Reporting
 Program has steadily increased (see Table 1).<P>

TABLE 1.<P>

Indicators of Participation in the Voluntary Reporting Program,
Data Years 1994-1998<P>

INDICATOR--------------------------------1994-------1995-------1996-------1997-
------1998P<P>
Number of Entities Reporting__________108______142______149_____156_______172
Number of Projects Reported__________645______967_____1,038____1,229_____1,420<B
R>
Number of Entity-Level
(Organization-Wide) Reports Received__40_______51_______57_______56_______64
Entity-Level Reductions Reported
(106 Tons CO2 Equivalent)___________78______120______132______128_______NA

Project-Level Reductions Reported
(106 Tons CO2 Equivalent)___________74______146______154______166_______263<P>

Source: Energy Information Administration, Forms EIA-1605 and EIA-1605EZ
P=Preliminary. 1998 data is based on reports received to date.<P>

Data from the 1998 reporting cycle is being received and reviewed now. While n
ot all the reports promised for 1998 have yet been received and only a fifth of
 the reports received have been reviewed, it is already clear that the number o
f participants will be at least ten percent greater than last year, with increa
ses in the number of projects reported and the size of reported reductions grow
ing more than proportionately.<P>

Many reporters (about 72 percent) are electric utilities, and almost all electr
ic utilities are participants in Climate Challenge (Figure 1). The Voluntary R
eporting Program covers about two-thirds of the emissions of the electric utili
ty industry, but a much smaller fraction of the emissions of the rest of the ec
onomy, with the exception of a very specialized group: landfill methane operato
rs, who, as an industry, have chosen to embrace the Voluntary Reporting Program
. The balance includes an array of firms: large manufacturers who participate
 in the Climate Wise voluntary program such as General Motors, Johnson & Johnso
n, BP America, IBM, Dupont, and Dow; aluminum smelters, semiconductor manufactu
rers, cement plants, coal mining companies such as Peabody and Consol, two trad
e associations (the Minnesota Resource Recovery Association and the Integrated
Waste Services Association), several private voluntary organizations such as Am
erican Forests, two universities (Rochester Institute of Technology and Oregon
State University) and one household. Some reporters are single facilities, such
 as Alcan's Sebree (Tennessee) aluminum smelter or Motorola's Austin (Texas) se
miconductor fab. Most reporters participate in U.S. government voluntary progr
ams.<P>

FIGURE 1.<P>

Voluntary Reporting Program Reports Received
with Data for Calendar Years 1994, 1997,

Preliminary Information for 1998<P>

TOTAL REPORTERS<P>

1994 ____108<P>

1997 ____156<P>

1998____172
<P>

UTILITIES<P>

1994 ____96<P>

1997 ____127<P>

1998 ____102<P>

NON-UTILITIES<P>

1994 ______12<P>

1997 ___________________29<P>

1998 ____70<P>

LONG FORM<P>

1994 ____73<P>

1997 ____117<P>

1998 ____128<P>

SHORT FORM<P>

1994 ______________________35<P>

1997 ________________________39<P>

1998 __________________________44<P>

SOURCE: Energy Information Administration, Form EIA-1605<P>

Most reporters used the Voluntary Reporting Program to report on emissions redu
ctions projects. Last year, some 1,229 projects were reported to the EIA, with
emissions reductions and sequestration totaling some 166 million tons of carbo

n dioxide equivalent claimed for 1997. Some 56 companies reported on entity-wi
de emissions and reductions totaling 127 million metric tons of carbon dioxide
equivalent. Since about 45 companies reported on both project-related and enti
ty reductions, the two figures are not additive. Rather, they correspond to al
ternative approaches to estimating and reporting emissions and reductions.<P>

Some 39 reporters used the two page short or "EZ" form. The short form is inte
nded to provide a simple reporting format for individuals, small businesses, an
d voluntary organizations. In practice, the short form is also occasionally us
ed by large organizations who wish to limit their reporting burden.<P>

The Voluntary Reporting Program is unique among the many voluntary programs ini
tiated during the early 1990's in its diversity of project types, participation
, and approaches. The Voluntary Reporting Program's database provides a wealth
 of examples of the types of concrete actions that organizations can undertake
to reduce greenhouse gas emissions. Some of the most important benefits of the
 Voluntary Reporting Program:<P>

-The program has served to teach staff at many of the largest corporations in t
he United States how to estimate their greenhouse gas emissions, and educated t
hem on a range of possible measures to limit their emissions. This is an impor
tant requirement for future action to reduce emissions;<P>

-The program has helped to provide concrete evidence for the evaluation of the
activities reported to the many government voluntary programs launched since 19
93;<P>

-Reporters have been able to learn about innovative emission reduction activiti
es from the experiences of their peers;<P>

-The program has created a "test" database of approaches to emission reductions
 that can be used to evaluate future emissions limitation policy instruments;<P
>

-The program has helped to illuminate many of the poorly appreciated emissions
accounting issues that must be addressed in designing any future approaches to
emission limitations.<P>

<H4>Accounting Issues Raised by The Program</H4><P>

The Voluntary Reporting Program has been the subject of increasing interest sin
ce the White House announced, in October 1997, that the President favored some
form of "credit for early action."   The interest in "credit for early action"
has generated evaluations of the features of the Voluntary Reporting Program as
 a possible vehicle for providing regulatory credit. For example, the Chafee-L
ieberman bill (S. 547) would empower the President to offer credit for voluntar
y reporting participants, providing the President finds that the reductions rep
orted to the EIA "represent actual reductions, are "accurately reported," and "
not double counted."<P>

It should be noted that the EIA's Voluntary Reporting Program was never designe
d as an emissions trading program, or as a "credit for early reductions" progra

m. It was primarily designed as a registry for claims of reductions. Neither
the Department of Energy nor the EIA have attempted to resolve the many content
ious that would arise in attempting to construct a set of reporting rules that
would create a set of comparable, verifiable, auditable emission and reduction
reports that represent "actual reductions" and are "not double counted."<P>

Rather than attempt to resolve these issues, the Voluntary Reporting Program pe
rmits multiple alternative answers to a few simple questions.<P>

WHO CAN REPORT?<P>

The original legislation mentioned only "entities." In the public hearings, se
veral overlapping concepts of "who can report" surfaced. These included:<P>

-A legal person: i.e., an individual, household, corporation, or trade associat
ion. In this approach, emissions and reductions would be calculated and report
ed at the corporate level. This approach mimics the approach historically used
by state or local public utilities commissions to regulate electric utilities.
It is also the approach adopted by S.547, the Chafee-Lieberman bill. <P>

-A facility or group of facilities. Emissions and reductions are calculated as
those of a particular facility, defined as a single plant in a specified locat
ion, or perhaps even a single stack within a plant.   A corporation or legal pe
rson acquires responsibility for emission and reductions through ownership of o
ne or more specified facilities. This is the approach adopted to regulate sulf
ur dioxide emissions under the Clean Air Act.<P>

-A "project" or activity. Reductions are defined by comparing the emissions fr
om some set of sources deemed relevant by the analyst with an estimate of what
emissions would have been if a particular action or bundle of actions had not b
een undertaken. This approach, with origins in cost-benefit analysis, has been
used for "Activities Implemented Jointly" under the Framework Convention, woul
d be used for the Clean Development Mechanism and has also been widely adopted
for evaluating electric utility demand side management programs by state public
utility commissions.<P>

All of these approaches are permitted in the Voluntary Reporting Program, and a
ll are actually used by reporters. Some reporters use more than one approach.
Each approach has advantages and disadvantages for particular types of program
s. However, if multiple approaches are permitted to coexist, then it is possib
le to legitimately account for emissions in more than one way (permitting multi
ple acceptable interpretations of the same set of facts).<P>

WHAT IS A REDUCTION?<P>

Reporters use multiple and not necessarily consistent concepts of the nature of
a reduction, and each concept has differing consequences.<P>

The most intuitive definition of a reduction is a reduction against an historic
al baseline, or using a "basic reference case." In this case, the emissions of
a corporation (legal person) or facility in a current year are less than in a
prior, baseline year, usually 1990. The reduction is defined as the difference
between current year and baseline year emissions. This approach is best suite
d to reporters defined as corporations or facilities whose activities have not

appreciably changed since the baseline year. It presents particular problems f
or firms that have participated in mergers, acquisitions, or divestitures, or h
ave made significant changes in the composition of their business. Start-up co
mpanies or new facilities that have no history cannot use historical baselines.
The historical baseline approach is also not well suited to measuring the red
uctions achieved by projects, since projects are often entirely new activities
with no history.<P>

Alternatively, many reporters define their reductions by comparison with what w
ould have happened in the absence of a specified set of actions. Thus, corpora
te emissions may have risen, but they are less than they would have been in the
absence of corporate action. This approach is called, in the Voluntary Report
ing Program, a "modified reference case" or a "hypothetical baseline."<P>

The "unit of production" approach is a variant of the fixed historical baseline
. In a unit-of-production approach, the reporter measures emissions per unit o
f output, if his emissions per unit of output have declined, either by comparis
on with levels in a prior year or by comparison with what they would have been
in the absence of some actions, then the reporter has a reduction. This approa
ch works reasonably well for organizations that have a well-defined product tha
t is homogenous across companies and over time: for example, kilowatt-hours gen
erated or sold, or tons of steel, or barrels of crude oil. As products increas
e in complexity, this approach gradually breaks down. Tons of semiconductors,
for example, is a meaningless measure of output.<P>

As in the case of defining the reporting entity, these alternative measures of
reductions have their advantages and disadvantages. Basic reference cases are
objective and relatively easily verifiable. On the other hand, absolute reduct
ions are often the product of circumstance rather than action, while modified r
eference cases (which are more difficult to verify) explicitly measure the resu
lts of actions.   Unit-of-production reference cases are only useful in a limit
ed number of cases, and can combine some of the disadvantages of both basic and
modified reference cases.<P>

Most of the reductions reported to the EIA use a modified reference case. Amon
g the 56 firms that reported on entity-level emissions (the emissions of the en
tire organization) only 11 claimed reductions against a basic reference case.
Almost all of the project reductions reported necessarily used a modified refer
ence case.<P>

WHO OWNS THE REDUCTION?<P>

Another issue addressed in the development of the Voluntary Reporting Program w
as the question of ownership of emissions and reductions. Two theories of emis
sions ownership coexist in the Voluntary Reporting Program. The most intuitive
, and commonplace, is called "direct emissions" and "direct reductions." More
simply, if a reporter owns or uses (e.g., leases) the emission source, the repo
rter owns the emission as well as any reductions from this source. <P>

However, there is an alternative theory of ownership based on causation. This
theory holds that if a firm causes an emission or reduction, it is responsible
for that emission, even if it does not own the emission source. When one repor
ter causes an emission or reduction from a source it does not own, it is called
an indirect emission or reduction. The most important example of indirect emi

ssions are emissions arising from the consumption of electricity. If firms and
 households reduce their consumption of electricity, they cause their electric
utility to reduce its emissions.<P>

This approach has both advantages and problems. It places responsibility for e
missions with firms and households that can affect emissions, and permits repor
ting of actions that have a significant influence on national emissions. On th
e other hand, the concept of "causing an emission" is inherently more ambiguous
 than "owning the smoke stack," and, consequently, more than one firm may have
helped to cause an emission or reduction.<P>

Some electric utilities define "their" emissions as the emissions from faciliti
es that they own. Other utilities define their emissions as emissions from pla
nts that they own, plus indirect emissions from electricity that they purchase.
  Still other utilities define their emissions as emissions from plants that th
ey own, plus net emissions from electricity purchases minus electricity sales.
  Each of these definitions would provide a different figure for the emissions
of the company, and different estimate of emissions and reductions. No single
definition is obviously more correct or accurate than the others.<P>

The advantage of limiting ownership to direct emissions is that it generally pr
events multiple ownership of the same emission or reduction, and reporters can
usually know the actual level of their emissions. On the other hand, public ut
ilities with an obligation to serve have less than complete control over their
direct emissions.<P>

Further, limiting the ownership of emissions and reductions to direct emissions
 excludes many important emission reduction methods: including all activities t
hat tend to reduce electricity consumption, the activities of energy service co
mpanies, and the provision of energy-efficient or emission reducing capital goo
ds.<P>

Definitions that incorporate indirect emissions and reductions are potentially
or actually subject to multiple or overlapping ownership, since one person's in
direct emissions is generally another person's direct emission, and there may b
e multiple sources of causation. Thus, "double counting" of emissions and redu
ctions is possible. However, since the EIA requires that reporters explicitly
identify all emissions and reductions as either direct or indirect, potentially
 double-counted reductions can be identified. Indirect emissions and reduction
s account for only a small portion of the total reported to the EIA.<P>

WOULD THE REDUCTION HAVE HAPPENED ANYWAY?<P>

This issue has subsequently been often discussed in the context of Joint Implem
entation and the Clean Development Mechanism under the term "additionality." It
 is sometimes argued that many of the projects reported to the EIA don't repre
sent " real" reductions because the companies would have done them "anyway" in
the normal course of business.<P>

However, creating an operational definition of additionality is difficult, beca
use the "normal course of business" is a hypothetical concept. The activities
that reporters are currently undertaking are the kinds of activities that would
 be required to limit national greenhouse gas emissions.   The current level of
 activity limits the growth of emissions, and an even higher level of the same

activities would be required to stabilize or reduce emissions. For the purpose
s of the Voluntary Reporting Program, this distinction is unnecessary. The lea
rning and incentive benefits of voluntary reporting do not depend on being able
 to identify individual projects as "business as usual" or "additional." For t
he purposes of an early credit program, it might be necessary to revisit this i
ssue.<P>

HOW DOES ONE VERIFY THE REPORTS?<P>

Another topic that generated considerable discussion then and now is generally
described under the heading of "third party verification." It is sometimes arg
ued that reports cannot be considered reliable unless they are verified by an i
ndependent third party.<P>

This issue was considered in the guidelines development process, and the Depart
ment of Energy decided not to require third party verification. Reports submit
ted to EIA are generally factually accurate, and, filing a false statement on a
 U.S. government form is illegal. The key issue, however, is not verification,
but verifiability.<P>

If the accounting treatment for indirect emissions from electricity purchases i
s undefined, then a particular set of facts about a reporter would support tw
o different estimates of emissions: one including electricity purchases, and on
e excluding electricity purchases. A third party verifier can verify the facts
 about the reporter, but cannot say whether or not indirect emissions from elec
tricity purchases ought to be included, and consequently cannot say whether the
 bottom-line total is correct or not.<P>

If a reporter uses a hypothetical "modified reference case," then the reductio
n is calculated against a counter factual reference case, which (since it never
 happened) cannot be objectively shown to be true or false.   The third party v
erifier can characterize the reference case as "more likely" or "less likely,"
but cannot verify its accuracy.<P>

Therefore, verifying the accuracy of 1605(b) reporting would not really be a ma
tter of whether the verifier is independent or objective, but of putting in pla
ce common baselines and accounting standards that would limit the scope for the
 application of judgment in preparing and reviewing claims of emission reductio
ns.<P>

<H4>The Voluntary Program and Credit for Early Reductions</H4><P>

The Voluntary Reporting program has achieved considerable success in the purpos
es for which it was intended. It is a working example of a completely voluntar
y emissions and reductions registry: it has generated a considerable body of us
eful information, and it helped to educate reporters, policy makers, and the pu
blic about a set of difficult and poorly understand issues.<P>

Because the issues described above have not been resolved, it is possible for t
he same company to report its emissions and reductions in several different way
s, and for more than one reporter claim the same reduction. Some commentators
on the Voluntary Reporting Program have characterized this aspect of the progra

m as a defect: a problem needing a solution. On the other hand, it can be view
ed as one of the most useful attributes of the program, and one of the keys to
its success, because,<P>

-The educational and public recognition aspects of the program do not require a
complete and fully defined system of baselines, accounting rules and property
rights.<P>

-The Voluntary Reporting Program can be viewed as a survey of emission accounti
ng methods and theories actually in use, and a set of illustrations of the pote
ntial accounting and baseline problems that must be confronted in designing fut
ure policy instruments. A more structured approach would have been less useful
for identifying and analyzing accounting issues.<P>

-The Voluntary Reporting database illustrates the range and diversity of concre
te actions that firms can undertake to limit greenhouse gas emissions, includin
g many not imagined by the designers of the program. A more structured approac
h would have excluded many of the more original and innovative projects reporte
d to the program.<P>

The features make the voluntary reporting program particularly useful in evalua
ting the design and consequences of any proposed "credit for early action" prog
ram. By creating a data base of real world emissions reduction actions and act
ors, the voluntary reporting data can be used to gain insight into the incentiv
e effects and beneficiaries of a proposed program. The Voluntary Reporting dat
abase also provides a mechanism, as we have seen, for identifying some of the i
ssues that it would be helpful to resolve, both for retrospective and future cr
edit programs.<P>

If the Voluntary Reporting Program were to be used as the accounting system for
an effective credit for early action program, the baseline, accounting, and ad
ditionality issues described above would need to be resolved. In addition, an
effective program would have to match the incentives offered to the entities an
d actions that could actually reduce emissions, and ameliorate the leakage prob
lem. (Not all firms will participate in a voluntary program. If participants
reduce their emissions, while non-participants increase emissions, emissions ma
y "leak" to non- participants).<P>

As a general purpose registry, the EIA's voluntary reporting system could be mo
dified to account for the results of a credit program. The extent of the modi
fications required would depend on the definition of the program, but might be
quite extensive and costly. Because the EIA lacks the legal authority to resol
ve the numerous issues that would be raised by moving towards a crediting progr
am, its role would be to implement decisions about these matters made by policy
-makers.<P>

A related topic of great interest to those who have reported reductions to the
program is whether an early reduction credit program would provide credit for a
ctions already reported to the EIA. This is clearly an issue for policy-makers
, rather than for the EIA, to determine. However, the voluntary reporting data
base has been designed to preserve information about the underlying operating d
ata, baselines, accounting principles and emission estimation methods actually
used by reporters in filing their reports. If policymakers could set objective
criteria by which to judge emission reporting, then it may be possible to iden

tify reports that meet the criteria. The eligibility of past reported reduction
s need not be settled on an "all or nothing" basis.<P>

-FIN-<P>

<H4>FOR MORE INFORMATION, INCLUDING THE TESTIMONY OF THE OTHER PANELISTS, AS WE
LL AS ON THE WORK OF THE SUBCOMMITTEE:</H4><P>

Please visit the official Website of the National Economic Growth, Natural Reso
urces and Regulatory Affairs Subcommittee <A HREF=http://www.house.gov/reform/n
eg>by clicking here</A>.<P>

<A HREF="#eo">RETURN TO <I><B>EXPRESS OVERVIEW</B></I></A><P>

<A HREF="#*t">RETURN TO <B>TABLE OF CONTENTS</B></A><P>
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P>

<A NAME="6">
<H3> SPECIAL REPORT # 3:</H3><P>

<H3> "BROWNFIELDS LAW AND PRACTICE:</H3><P>

<H4> THE CLEANUP AND REDEVELOPMENT
OF CONTAMINATED LAND"<P>

Michael B. Gerrard</H4>
Arnold & Porter
General Editor<P>

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THE PUBLISHER, MATTHEW BENDER<P>

<H4><I>INTRODUCTIONS:</I></H4><P>

<H4>BROWNFIELDS SITE INVESTIGATION</H4><P>

A key stage in deciding whether to enter into a brownfields transaction, and in
structuring the transaction and allocating risks, is determining the nature of
the site's contamination. Chapter 8 explains the importance of good informati
on on the contamination. Chapter 9 discusses the various types of site investig
ation, including their cost, timing, yield, and appropriateness in various situ

ations. Chapter 10 explores technical considerations in site assessments, such
 as the selection of sampling and testing techniques, the choice of parameters
to test, and the range of uncertainty. Chapter 11 describes the obligations of
 various parties who have knowledge about contamination to report that knowledg
e to government agencies and private parties.<P>

<H3>CHAPTER 8</H3><P>

<H4>The Importance of Identifying Contamination</H4><P>

Bernard Weintraub
Shearman & Sterling
New York, New York<P>

This chapter discusses the ways in which the presence of environmental contamin
ation on a brownfields site generally will influence financial and programmatic
 aspects of the revitalization of that site. Brownfields developers should ass
ess these potential impacts prior to taking responsibility for a given brownfie
lds site.<P>

To the extent that environmental contamination on a brownfields site must be re
mediated, such obligation probably will decrease the monetary value of the site
. This is so for various reasons. Not only will the remediation effort be an
expense to be borne by the seller (either in actually financing the cleanup or
in decreasing the purchase price accordingly), but the effort required to asses
s the actual contamination on the site may result in the expenditure of other r
esources (e.g., time and effort) that are additional burdens on the economic vi
ability of the contemplated transaction. Identification of contamination on a
brownfields site also may create or exacerbate a so-called ``stigma value'' ass
ociated with various negative attributes of the site. Stigma value theoreticall
y is an indication of a lessening of value of a contaminated site beyond the de
crease strictly associated with the cost of cleaning up the environmental conta
mination there.<P>

By correlating variable cleanup levels with different future site uses, many cl
eanup programs allow those undertaking brownfields remediation projects to pay
less for an approvable cleanup in exchange for burdening the site with restrict
ions on its future use. While the use of such restrictions may permit the unde
rtaking of a brownfields project that otherwise would not be economically viabl
e, the placement of a use restriction in the chain of title will decrease the o
verall value of the property.<P>

This chapter will discuss the various impacts of the discovery of environmental
 contamination on a brownfields site generally (§ 8.01), the economic impl
ications of discovering contamination on a brownfields site (§ 8.02), incl
uding the implications of reliance on available land use restrictions to lower
cleanup costs (§ 8.02[3]), how purchase prices reflect these and other imp
acts (§ 8.03), and the possibility that environmental investigation of a b

rownfields site may provide a CERCLA potentially responsible party with the so-
called innocent purchaser defense to liability under that statute (§ 8.04)
.<P>

For further information on identifying contamination, see the following Matthew
Bender publications:<P>

- Cooke, The Law of Hazardous Waste, Ch. 2; and<P>

- Gerrard, Environmental Law Practice Guide, Chs. 6, 26.<P>

<H4><I>TEXT:</I><P>

§ 8.01 The Presence of Environmental Contamination at a Brownfields Site
and the Nature of that Contamination Will Influence a Brownfields Transaction<P
>

[1] The Presence of Environmental Contamination at a Brownfields Site Has Numer
ous Ramifications, and May Impact Whether a Development Project Can Go Forward<
/H4><P>

It is the actual or potential presence of environmental contamination that sets
a brownfields development project apart from ordinary development projects. B
ecause the presence of environmental contamination at a brownfields site signif
icantly impacts that site's value, the determination of whether contamination i
s present is an important part of the initial process of assessing the viabilit
y of a particular brownfields development project.<P>

The ramifications of having knowledge that a site is contaminated are far-reach
ing. As information about the nature and extent of site contamination becomes m
ore detailed, the parties to a sales contract are in a better position to asses
s the likely remediation costs and liabilities associated with that contaminati
on. This information may have substantial impact on the terms of the transactio
n, including the purchase price. Information about the extent and nature of en
vironmental contamination at a site also must be assessed before sensible decis
ions regarding the future use of a site can be made. This is so because the ec
onomic viability of any given site remediation project is entwined with both th
e intended use of the site and the willingness of the site owner to burden the
property with institutional controls over the site's future use. (See § 8
.02.) Obtaining knowledge that a brownfields site is contaminated also may res
ult in an obligation to report the presence of that contamination to the govern
ment, future purchasers, and other potentially interested parties. As discusse
d in this chapter and in Chapter 11, reporting the presence of environmental co
ntamination may lead to costly remediation obligations.<P>

Although significant, the ramifications of discovering environmental contaminat
ion are not necessarily adverse. If properly identified, the presence of conta
mination may lead to favorable brownfields sales terms for the purchaser, notab

ly a reduced purchase price or significant indemnifications to the purchaser fr
om the seller. If the value of the site is in its intended redeveloped use and
 remediation is expected, adequate knowledge of contamination may result in gre
ater profits to the purchaser. Moreover, in rare circumstances, the failure to
 find contamination during a diligent presale site assessment may result in est
ablishing for the purchaser a defense to liability for the costs of responding
to historic hazardous substance contamination ultimately discovered on the site
. (See § 8.04.)<P>

<H4>[2] Questions to Answer Before Becoming Involved With a Brownfields Site</H
4><P>

As the chapters in this Part IV of the publication suggest (see Chs. 8 & 11), t
he ramifications of obtaining and developing knowledge about environmental cont
amination at a brownfields site are numerous. As the chapters also will sugges
t, it is important to have some understanding of the ramifications of having th
at knowledge before taking responsibility for gathering it in the first place.<
P>

<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

Although every brownfields transaction will reflect unique circumstances of the
 site and transaction, the following are several questions that probably should
 be considered before undertaking any site investigation at a brownfields site
involving physical testing:<P>

-Will the risks associated with site investigation and potential discovery of c
ontamination (including the time, money, and effort) be worth the potential pro
fits or other benefits from the project?<P>

-What is the risk that historical uses of the site have resulted in environment
al contamination there? What is the nature of the contamination that could res
ult from such uses?<P>

-Based on the site's history, is there a strong likelihood that preliminary sam
pling will not adequately discover all environmental contamination at the site?
<P>

-What are the ramifications of investigating the site with differing levels of
specificity? What is the most appropriate level of specificity with which to e
ngage in initial sampling of the site in question? (See § 10.02[1].)<P>

-What are the ramifications of sampling before closing title as opposed to afte
r closing?<P>

Other questions will have to be addressed after receiving the results of the te
sting:<P>

-Assuming the site is found to be contaminated, do the notification requirement
s add a burden to the transaction, given the anticipated use of the site (e.g.,
 is the site or proposed use one that may be particularly susceptible to public
 controversy)?<P>

-How long will it take to secure any necessary governmental approvals to remedi
ate the site? This period may be longer than desired, e.g., extended due to me
re inefficiency or the need to verify conformance with numerous technical requi
rements. Would such a delay jeopardize the economic viability of the redevelopm
ent effort?<P>

-Does the transaction adequately allocate risks associated with further samplin
g? What protections must be included in the structure of the transaction to ma
ke sampling at an appropriate level of specificity economically reasonable give
n the risks? (See generally § 10.01.))<P>

#<P>

<H4>[3] The Implications of Having Knowledge About the Presence of Environmenta
l Contamination on a Brownfields Site Will Be Affected by Provisions of State a
nd Local Law</H4><P>

The legal ramifications of having specific knowledge about the presence of envi
ronmental contamination on a brownfields site require an analysis of federal, s
tate and local law. Especially because many brownfields sites will be remediat
ed under the direction of state-level cleanup programs to some degree, and beca
use institutional controls primarily are a function of state and local implemen
tation and enforcement, applicable state and local provisions should be conside
red before making conclusions regarding an approach to the assessment of site c
ontamination. (See Ch. 24 for a discussion of institutional controls, Ch. 17 f
or an overview of state voluntary cleanup programs and the state chapters for a
 discussion of the individual states' cleanup programs.)<P>

<H4>§ 8.02 The Ability to Economically Develop the Brownfields Site for a
n Intended Use May Be Impacted by the Presence of Environmental Contamination<P
>

[1] Whether the Brownfields Site Is Suitable for the Contemplated Development I
s, in Part, an Economic Question<P></H4>

A potential brownfields developer can only assess the economic viability of a c
ontemplated brownfields development project if the end product of that developm
ent, along with the potential return on investment that the development will pr
oduce, is envisioned. However, because the only economical methods of remediat
ing the specific contamination on a given site may result in incomplete remedia
tion and thus future restrictions on the permissible use of the site, certain i
ntended uses of a site may not be economically viable.<P>

Although the economic viability of a given brownfields development project for
an intended site will be based on numerous site-specific factors, several gener
alized examples of possible "viability" determinations may be instructive.<P>

- A developer purchases a brownfields site intending to build 10 residential units. Without taking the cost of remediation into account, the expected profit from each unit is $150,000. The cost per unit, however, to remediate the site to the cleanup standards required for residential use is $175,000. The development cannot go forward in an economically viable manner.<P>

- The same developer intends to develop the same site with 10 retail units. The profit per unit that the developer will realize, without taking the cost of remediation into account, is $100,000. The cost per unit to remediate the site to the cleanup standards required for commercial uses is $50,000. To be permitted to clean up to the commercial use standards, however, the developer must enter into a land use restriction against residential use that is a $350,000 burden on the entire parcel, i.e., $35,000 per unit. As the profit per unit to the developer would be - $15,000 (i.e., $100,000- ($50,000+$35,000)), the development may proceed in an economically viable manner.<P>

- The same developer plans to build the 10 retail units on the lot, accepting the fact that only $150,000 (i.e., $15,000 x 10) in profit will be made on the entire project. While further investigating the site, however, the developer discovers that the intended location of two of the proposed retail units was used historically for a waste treatment settling pond. The environmental agency overseeing the site's remediation requires that an additional land use restriction be placed on the portion of the site where the former settling pond was located prohibiting the disturbance of the soil there, in effect prohibiting all building construction. It is true that the addition of green space and parking at the development (uses that are permitted under the land use restriction against disturbance) add $5,000 of value to each of the eight units that still may be built. However, the added burden on the lot of the additional land use restriction (prohibiting development on a portion of the site) and the reduction in gross revenue from only building eight units instead of 10, make the per unit value of the development $15,000. Because it is not economically viable, the project cannot go forward.<P>

- The cost of remediation and the land use restrictions imposed because of the historical use of the site forced the same developer to rethink the project. The historic settling ponds were located near the center of the site. Because this area would need to be maintained as green space and/or parking, the developer determined that instead of eight retail units, the site would be better used for a unified mixed-use industrial/commercial complex around a central parking/picnic area. The proposed development which would include both retail/service establishments for the complex and industrial "flex space" not only is highly desirable to startup industries in a single sector that could benefit from the synergy of proximity to similar startup enterprises, but is eligible for tax incentives because of the number of industrial-sector jobs it would support. The combination of tax incentives, cheaper nonresidential use cleanup standards, and added value due to the unified design, create enough value to make the project economically viable, despite the burden of the land use restrictions.<P>

<H4> [2] The Contemplated Use of a Brownfields Site Increasingly Is a Determinant of the Cleanup Standards that Will Be Required on the Site</H4><P>

As suggested in the examples presented in § 8.02[1], the presence of conta
mination on a brownfields site may trigger various requirements that will, in t
urn, impact the permitted or desirable land uses on the site. One direct way t
hat the presence of environmental contamination may impact land use choices is
in the establishment of cleanup standards for the site.<P>

Increasingly, environmental agencies are allowing contemplated land use to be a
 factor in their setting of cleanup levels for specific sites. Depending on th
e governing law, use-based cleanup standards may be a part of the determination
 of cleanup standards under CERCLA (the Comprehensive Environmental Response, C
ompensation, and Liability Act) [1] [EDITOR'S NOTE: the reader is reminded that
 footnotes are NOT provided in this version.]or the applicable state-level coun
terpart, as well as under many voluntary cleanup laws. The difference in cost
of remediating a brownfields site to the cleanup standards associated with one
type of future use instead of another use, depending on the specific nature and
 extent of the contamination involved, may be significant. For example, the ap
plicable cleanup standards for intended residential use (e.g., housing, hospita
ls, day-care facilities, parks) generally are more strict and more costly to me
et than are the cleanup standards associated with future nonresidential use (i.
e., commercial, industrial).<P>

#<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

Athough almost any site can be remediated to a level permitting the most strict
ive type of use if the cost of the remediation is not a factor in the parcel's
development, under many circumstances the difference in cost of remediation ass
ociated with different land uses will be large enough to impact the design of t
he intended development. Stated another way, it may be economically valuable f
or the developer of a brownfields site to remain somewhat flexible with respect
 to the ultimate use of the contemplated project, at least until the nature and
 extent of any environmental contamination is delineated.)<P>

#<P>

<H4>[3] Land Use Restrictions May Limit the Permitted Uses of a Brownfields Sit
e</H4><P>

As suggested in the examples presented in § 8.02[1], land use restrictions
 may be incorporated into a remediation plan for a brownfields site. By restri
cting the permissible uses of a site or portion of a site in a manner that runs
 with the land, the owner burdens title to the property, possibly lessening the
 long-term value of the property, in exchange for being allowed to remediate th
e property according to cleanup standards associated with the less-restrictive
use. (For a detailed discussion of land use restrictions, see Ch. 24.)<P>

The use and enforcement of land use restrictions generally are a function of st
ate law. Some states, such as Connecticut, [2] have established specific land
use restrictions to be used in coordination with alternate hazardous material c
leanup levels (see § CT.05[1][c]). Frequently, the restrictions allow the
 uses of the site to be limited in various ways, including:<P>

- limiting the site uses to nonresidential uses;<P>

- prohibiting the use of the groundwater at the site; and/or<P>

- disallowing the disturbance of soil.<P>

Some states permit such land use restrictions to be placed on portions of sites
, while others require the entire site to be burdened.<P>

The nature and extent of the contamination on a site will suggest the types of
land use restrictions that may be appropriate for a given brownfields site. Ba
sed on the intended use of the site and the value of the property, such restric
tions may or may not permit the site to be developed in an economically viable
manner. As less strict cleanup levels (e.g., those associated with nonresident
ial uses) frequently may only be used in coordination with a land use restricti
on, the ability to burden a parcel with a land use restriction may be the only
way to make a certain development plan, one based on a less costly remediation,
acceptable to the overseeing environmental agency. The use of land use restri
ctions as a tool to make site cleanup less expensive is an aspect of project de
sign that the developer of a given brownfields site should consider.<P>

To the extent that land use restrictions can be applied in a flexible manner (e
.g., being able to burden a portion of a site with a restriction that is tailor
ed to the specific concerns of the environmental agency with respect to that po
rtion alone without overburdening the lot), they can facilitate brownfields rem
ediation. However, if land use restrictions are not flexible, their utility is
quickly reduced. For example, if a land use restriction is structured so that
it can only burden an entire parcel, many brownfields projects that would be
economically viable if only the contaminated portion of the site could be burde
ned will become economically prohibitive.<P>

<H4>[4] Contemplated Site Use May Be Scrutinized by the Public</H4><P>

Many of the programs that allow intended use of a site to be a component in set
ting the level of remediation required for the site include public participatio
n. (See Ch. 31, especially sects. 31.01 and 31.02.)<P>

#<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

In certain instances, especially in cases when the contemplated brownfields dev
elopment project is controversial, the addition of public scrutiny may prolong
and complicate the development of the project. Although the smaller cost of re
mediation associated with linking the site's cleanup to an intended use may be
worth the public relations costs associated with the project, in some circumsta
nces it may be more cost-effective in the long run to opt for a costlier cleanu
p (i.e., one reflecting stricter cleanup standards) that affords more limited
public involvement and blunts potential criticisms that the cleanup will not be
protective of human health (see, e.g., § 31.05[4]).)<P>

#<P>

<H4>§ 8.03 The Purchase Price of a Brownfields Site Should Reflect Risks a
nd Response Costs Associated with the Presence of Environmental Contamination<P
>

[1] The Purchase Price of a Brownfields Site Should Reflect the Anticipated Cos
t of Site Remediation<P>

[a] Purchasers Generally Seek at Least a Dollar-for-Dollar Compensation for Rem
ediation Costs</H4><P>

As a general matter, parties negotiating a contract to transfer ownership of a
brownfields site will factor the cost of required remediation into the purchase
price. The purchasing party usually will seek from the seller a reduction in
the purchase price approximating the costs of remediating the parcel, an indem
nity from the seller to cover the costs of responding to the site contamination
, or a requirement that the seller take responsibility (and pay) for remediatin
g the property. Regardless of the actual method of placing the responsibility
for the remediation on the seller, and subject to the circumstances of the spec
ific transaction, the purchaser often will seek to have the contract reflect th
e seller's responsibility for the site remediation at least on a dollar-for-dol
lar basis.<P>

<H4>[b] Remediation Costs Are Difficult to Anticipate and Calculate</H4><P>

The determination of the cost of remediation of a brownfields site (including a
ny remaining investigation and assessment costs) is rarely a simple calculation
. More often, the determination of a given site's cost of remediation is a dif
ficult task that does not result in the simple dollar figure anticipated and de
sired. The difficulty in estimating the cost of site remediation often is the r
esult of two aspects of brownfields development: (1) uncertainty regarding the
extent and nature of the environmental contamination on the site, and (2) uncer
tainty regarding the intended use of the parcel. As a practical matter, many c
ontracts for the transfer of a brownfields site are negotiated and consummated
before site contamination is fully delineated. This is so for many reasons. S
tate hazardous waste remediation and property transfer laws (such as New Jersey
's Industrial Site Recovery Act N.J. Stat. Ann. 13:1K-6 et seq.[4] (see §
CT.04)) require such comprehensive site investigations that brownfields transac
tions often would go stale if they were not completed before full delineation.
In some cases, it is the due diligence associated with the contemplated transa
ction itself that first identified environmental contamination at the brownfiel
ds site. Furthermore, because the industrial history of an old brownfields sit
e may not be fully known, environmental contamination may be discovered pieceme
al during site preparation activities.<P>

Without an adequate profile of the contaminants on the property, it will be ver
y difficult for the remediating party and the applicable environmental agency t
o agree on the proper level of remediation required. And setting cleanup stand
ards for a given site has become more complicated as environmental agencies, in
an effort to simplify procedures and give remediating parties more options, h
ave added alternative cleanup standard programs and have modified the old ones.
Not knowing the levels to which the site must be remediated, the permitted me
thods of remediation will leave the relevant parties little on which to base an
estimate of the remediation costs. Although this uncertainty may be less prob
lematic when the site will be remediated under a voluntary arrangement with the

applicable agency, or when the highest cleanup standards will be the basis for
the remediation, some uncertainty often remains which makes the costs of clean
up still difficult to estimate. The purchaser's indecision over how the proper
ty will be used when redeveloped, for the reasons described in § 8.02, als
o makes determination of the costs of cleanup more difficult.<P>

<H4>[c] The Resulting Uncertainty Is Often Reflected in the Transaction</H4><P>

The result of not knowing the precise cost of remediation when negotiating a co
ntract for the purchase and sale of a brownfields site is that the transaction
will be negotiated to reflect that uncertainty.<P>

#<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

If it cannot precisely calculate the remediation costs involved, the purchaser
may seek a significant discount of the purchase price by seeking to show that t
he cleanup costs may be great. As a general rule, assuming that both parties a
re sophisticated, the seller is less likely to get a bad deal as the availabili
ty of precise information regarding the extent and nature of environmental cont
amination on the property increases during the negotiation of the transaction.
)<P>

#<P>

<H4>[2] The Purchase Price of a Brownfields Site Should Reflect an Apportionmen
t of the Value of the Risk Associated with the Presence of Environmental Contam
ination</H4><P>

A brownfields transaction should reflect uncertainties regarding third-party li
abilities, if any, that may flow from the presence of environmental contaminati
on (see, e.g., § 7.02). Just as a lack of information regarding the exten
t and nature of environmental contamination may make determining the cleanup co
sts difficult, this lack of information also may make contingent risks more dif
ficult to estimate.<P>

#<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

Unless it can be demonstrated that the risk of third-party liability is very sm
all, the lack of certainty over potential third-party risks may allow the purch
aser to negotiate more significant protections (e.g., a lower purchase price, a
stronger indemnification by the seller) than would reflect the circumstances i
f the environmental contamination was fully delineated.)<P>

#<P>

<H4>[3] The Presence of Environmental Contamination and Associated Stigma May M
ake the Brownfields Site Difficult to Value</H4><P>

The presence of environmental contamination, and the requirement to remediate t hat contamination, may make the valuation of a brownfields site a difficult undertaking. The cost of the required remediation (see § 8.03[1]) itself frequently cannot be quantified until after the transaction is complete. Also, it is difficult to determine ``fair market value'' of contaminated property in the same sense that non-impaired property can be valued. Finally, as a general matter, the methodology of appraising contaminated property has not yet been fully developed. (For a detailed discussion of the state of methodologies for valuing contaminated property, see Ch. 29.) For all of these reasons, the starting point itself for the purchase price negotiations of a brownfields site may be difficult for the parties to agree upon.<P>

In addition, so-called stigma value increasingly is being raised as a bargaining point in negotiations over contaminated property. The term "stigma value" refers to the subjective, site-specific aspects of a contaminated parcel that may result in a lower property value of that parcel. Some people contend that apart from the diminution of property value associated with the presence of contamination (a temporary deviation in market value that will be erased once the contamination is remediated), there may be a decrease in market value based on a stigma associated with the property solely because the property is contaminated. Presumably this stigma would exist even after the site is remediated. [5] Although professionals involved with property appraisal debate the importance and even the existence of stigma value, [5.1] in certain circumstances courts have recognized that stigma-like concerns can affect the value of property, and have awarded injured property owners accordingly.[6]<P>

Characteristics of site contamination that exacerbate the stigma associated with that contamination presumably include:<P>

- the type of contamination polluting the property (the more toxic and uncommon, the greater the stigma);<P>

- the perceived risk to nearby people and property of the existence of the contamination (the greater the perceived risk, the greater the stigma); and<P>

- the level of common knowledge of the site's contaminated nature (the more widespread knowledge of the site contamination, the greater the stigma).<P>

A site's listing on governmental contaminated site registries, such as the National Priorities List (NPL) (see Ch. 12), presumably increases the stigma. In addition, the intended use of the site, after redevelopment, may be an important part of the stigma argument. For example, if a site was the location of a factory that used to produce cancer-causing chemicals and is contaminated with that chemical, the argument for the presence of stigma may be greater if the intended use of the site is for residential use than if the site will be redeveloped into another chemical production facility.<P>

#<P>

<H4>(<I>PRACTICE NOTE:</I></H4><P>

To the extent that a potential purchaser can demonstrate that the site in question suffers or will suffer from the stigma associated with the presence of environmental contamination, the purchaser will attempt to get the purchase price of the parcel reduced accordingly. In these circumstances, if courts in the jur

isdiction where the site is located have recognized or are likely to recognize
stigma damages, the seller may be forced to refute the potential purchaser's cl
aims or to adjust the purchase price. Because the nature and extent of stigma
associated with a given site are a result of subjective considerations, it may
be difficult to reflect the site's stigma value appropriately in a brownfields
transaction.)<P>

#<P>

<H4> § 8.04 Undertaking a Proper Environmental Investigation May, in Rare
Situations, Result in the Availability of CERCLA's Innocent Purchaser Defense<P
>

[1] Under Certain Circumstances, a Potentially Responsible Party May Protect It
self from CERCLA Liability Based on Its Lack of Knowledge of the Presence of Co
ntamination on a Brownfields Site</H4><P>

Under circumstances described below, an owner of a brownfields site may have a
defense to CERCLA liability based on its ``innocent'' lack of knowledge regardi
ng the presence of environmental contamination on the site. The risk of becomi
ng entwined in CERCLA's very costly and protracted cleanup and liability scheme
 is a significant disincentive for persons contemplating involvement in a proje
ct to redevelop contaminated land. (See Part II and Ch. 12 of this publication.
) Thus, the availability of the so-called ``innocent owner (or purchaser) defen
se'' has the potential to be an important aspect of pretransaction brownfields
investigation and calculus.<P>

As part of its amendment of CERCLA in 1986, Congress attempted to provide some
relief from the strict liability scheme created by the law by providing a defen
se to CERCLA liability for what have come to be called ``innocent owners (or pu
rchasers).'' Under this defense, a variant of CERCLA's so-called ``third-party
 defense,'' [7] those parties that otherwise would be liable for responding to
 the presence of a hazardous substance release at a site merely because they ar
e owners of a site where the contamination has been discovered (see Ch. 4) may
 show that they are not liable if they demonstrate that they ``did not know and
 had no reason to know'' that a hazardous substance release had occurred on the
 property when they purchased the site. The purchaser must also show that befor
e the transaction it had undertaken ``all appropriate inquiry into the previous
 ownership and uses of the property consistent with good commercial or customar
y practice.'' [8] To the extent that the innocent owner (or purchaser) defense
 is available, CERCLA benefits those who have little or no knowledge of the con
taminated condition of the site in question.<P>

Although the availability of the innocent owner defense would seem to add a dis
incentive to the zealous quest to investigate the environmental condition of a
parcel before its purchase, as the following discussion should make clear, the
standards of proof associated with the innocent owner defense, particularly tha
t ``all appropriate inquiry'' was made, are difficult to meet and getting more
difficult. In fact, the defense is rarely successful. [9] Because it is so dif
ficult to assert the defense successfully, in practice the defense should be of
 limited importance in the overall calculations regarding the purchase of a bro
wnfields site.<P>

Most state-level CERCLA ("superfund") counterparts have innocent owner defense
s that resemble those of the federal law (see the discussion of the individual
state provisions in the state chapters), but some provide modifications to the
defense (see, e.g, § GA.02[3]; § IL.02[2][a]; § LA.02[3]).<P>

<H4>[2]To Avail Itself of the Innocent Purchaser Defense, the Purchaser Must Ha
ve Undertaken a Thorough Site Investigation<P>

[a] The Purchaser Must Demonstrate that It Had No Role in the Contamination</H4
><P>

Generally, to successfully assert the innocent owner defense, a defendant must
demonstrate:<P>

- that other parties were the "sole cause" of the release of the hazardous sub
stance that caused the injuries in question;<P>

- that the other responsible parties did not cause the release in connection wi
th a contractual, employment, or agency relationship with the defendant; and<P>

- that the defendant exercised due care and guarded to the extent possible agai
nst the foreseeable acts or omissions of the responsible parties that added to
the contamination of the site. [10]<P>

Although the presence of a contractual relationship between the current owner a
nd the immediate past owner might defeat the defendant's claim with respect to
the second bulleted item, above, CERCLA provides that this result can be avoide
d if the defendant can show both that it acquired the property after the contam
ination occurred and that it did not know and had no reason to know of potentia
l environmental contamination when it purchased the property. This lack of know
ledge must be based on "all appropriate inquiry . . . consistent with good comm
ercial or customary practice." EPA has never defined these terms in a way that
would give property purchasers adequate guidance regarding use of the defense.
<P>

<H4>[b] Five Indicators of Whether "All Appropriate Inquiry" Has Been Undertak
en</H4><P>

Not surprisingly, in the early days of the innocent owner defense there was a s
truggle to determine how narrowly the investigation must be before the owner ca
n benefit from the defense. After some time, the modern concept of the "due di
ligence" inquiry began to form around the five factors that were identified in
CERCLA as being those that a court should consider when determining whether "a
ll appropriate inquiry" had been undertaken. The five factors are:<P>

- any specialized knowledge or experience on the part of the purchaser;<P>

- the relationship of the purchase price to the value of the property if uncont
aminated;<P>

- commonly known or reasonably ascertainable information about the property;<P>

- the obviousness of the presence or likely presence of contamination; and<P>

- the ability to detect contamination by appropriate inspection. [12]<P>

While to some extent these factors and the general due diligence inquiry has be
en "codified" in the common methodology of modern Phase I property investigati
ons, even now the comprehensiveness, precision, and quality of Phase I investig
ations vary significantly. (See § 9.02.)<P>

<H4>[c] The "All Appropriate Inquiry" Threshold Is More Difficult to Reach as
Environmental Knowledge Has Progressed</H4><P>

Although not defined with the clarity that many purchasers would appreciate, as
 experience in land transactions in a world where CERCLA operates has increased
, the "good commercial or customary practice" associated with the investigatio
n of potentially contaminated sites such as brownfields sites has become more c
omprehensive. When CERCLA was enacted in 1980 only the most thoughtful purchas
ers of commercial property undertook an environmental investigation more detail
ed than walking the property in search of old debris and 50-gallon drums. Howev
er, there is little disagreement that a Phase I site investigation conducted by
 a licensed engineer is now part of the minimum requirement of an appropriate,
preclosing due diligence inquiry of commercial property. [13]<P>

In addition, as the purchaser's sophistication regarding environmental contamin
ation increases, the thoroughness and insight with which the purchaser seeks kn
owledge regarding environmental conditions on the site will be assumed also to
increase. If there is any reasons to suspect that the site may be contaminated
, a Phase II investigation may be necessary. (See § 9.03.) In short, lon
g gone are the days when a purchaser could "look the other way" and hope to as
sert a defense based on its "innocence." There is growing consensus that the s
ite characterization standards of the American Society of Testing and Materials
 (see § 9.02[2]) should satisfy the "due inquiry" requirement.<P>

The question of when a purchaser of a given site is "innocent" of any knowledg
e of contamination at that site is one for the courts. However, it is clear tha
t the minimum appropriate inquiry that must be undertaken before CERCLA's innoc
ent owner defense can successfully be asserted has become more comprehensive an
d thorough as the real estate market has become more sophisticated regarding en
vironmental matters.<P>

<H4>[3]The Innocent Purchaser Defense Is Rarely Available to Brownfields Purcha
sers<P>

[a] Environmental Site Investigations Have Become Increasingly Effective</H4><P
>

The innocent owner defense to CERCLA liability is, in practice, rarely availabl
e to brownfields purchasers. This is true primarily for two reasons: environme
ntal site investigations have become increasingly effective and courts construe
 the defense very narrowly.<P>

Although the quality of Phase I reports varies significantly, qualified environ
mental engineers, who produce Phase I reports professionally put out a fairly c

omprehensive product. Many of the firms that produce pretransaction site asses
sments have years of experience assessing the environmental conditions at a sit
e. In addition to the benefits of a fairly comprehensive checklist provided by
the American Society for Testing and Materials (ASTM) (see § 9.02[2]), th
ese professionals generally know what they are looking for with respect to site
contamination. It is becoming increasingly rare that environmental contaminat
ion on a site is not identified or indicated by a standard pretransaction envir
onmental investigation such as a Phase I site assessment. Further, if unidenti
fied pollution later is discovered, the purchaser that relied on an incorrect e
nvironmental assessment may have recourse against the environmental investigati
on team that failed to identify the pollution. [14]<P>

Perhaps as a result of the increasing sophistication of environmental engineeri
ng firms, if environmental contamination later is discovered on a site that was
the subject of an environmental investigation that failed to identify the poll
ution, the firm that conducted the investigation may be liable to the unsuspect
ing purchaser for damages, including damages for injuries arising out of profes
sional malpractice. See Gerrard, Environmental Law Practice Guide, § 5.03
(Matthew Bender). That is, the innocent owner defense is becoming less benefi
cial to purchasers just as new parties are becoming available to which purchase
rs can shift some of the blame (and from which some damages may be extracted) f
or failing to discover environmental contamination before the closing of the sa
le and purchase of the site.<P>

<H4>[b] Courts Construe the Innocent Purchaser Defense Narrowly</H4><P>

Even when CERCLA defendants reasonably believe that they are in a position to c
laim "innocence," they are confronted with courts that construe the defense na
rrowly. [15] Courts rarely permit innocent owner claims to succeed. [16] In U
nited States v. Serafini, [17] for example, the district court reviewed testimo
ny by four real estate experts regarding the customary practice in 1969 in the
field regarding preclosing site inspections. The judge determined that it was
customary in that year in Pennsylvania for a purchaser of commercial real estat
e to at least view land before purchasing it. [18] Because the defendant faile
d even to do this, the government's motion for summary judgment was granted.<P>

In another case, Chesapeake and Potomac Telephone Co. of Va. v. Peck Iron & Met
al Co., [19] the federal district court found that the innocent owner defense w
as unavailable to the wives of two individual defendants in a CERCLA cost-recov
ery suit. The wives were also defendants because they were co-owners of the con
taminated property in question. Even if the wives knew nothing about the conta
mination of the site before gaining title, a point that the court doubted, they
could not benefit from the defense because "[t]he record reveals that a questi
on to their husbands, an inquiry of the state, or a cursory investigation of th
e Site would have revealed the existence of or potential for contamination." [
20]<P>

It should be noted, however, that one court has determined that a Phase I inves
tigation itself is not a prerequisite for asserting the innocent owner defense.
In New York v. Lashins Arcade Co., [21] the defendant knew that the property
it bought was contaminated. However, it did not know the nature of the contamin
ation or that the state of New York was conducting an environmental investigati
on there. In seeking response costs from the defendant under CERCLA, the state

asserted that Lashins failed to investigate the property adequately enough to successfully assert the innocent owner defense. The federal court of appeals, however, after noting that it would have been pointless for the defendant to co mmission an investigation of the site parallel to that of the state, determined that Lashins had not failed to exercise the requisite due care solely as a res ult of not conducting such a formal site investigation before purchasing the la nd.[22]<P>

<H4>§ 8.05 Discovery of Environmental Contamination May Require Disclosure of Information Regarding that Contamination</H4><P>

Certain laws and other considerations require that information about the presen ce of environmental contamination on a brownfields site be disclosed to specifi ed parties. In some instances, the government must be notified of the presence of contamination. (See, e.g., the discussion in § NJ.04.) In certain circu mstances, a potential purchaser must be notified if the seller has knowledge ab out the presence of contamination. (See, e.g., the discussion in § CT.04[1].) Other laws and considerations may make additional disclosure mandatory. (Se e, e.g., the discussion in § AR.05.) As discussed in Chs. 11 and 16, the ramifications of these notification requirements are additional concerns that m ust be considered before becoming involved with a brownfields site.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please visit the Environment page on the Matthew Bender Website <A HREF=http:// www.bender.com>by clicking here</A>.<P>

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<H3> F.E.L.S.E.F. LUNCH PROGRAM OF THE MONTH:</H3><P>

<H4><B><I> NONE SCHEDULED FOR AUGUST 1999</B></I></H4><P>

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<A NAME="8">
<H3> F.E.L.S.E.F. LUNCH PROGRAM RULES AND CALENDAR</H3><P>

NOTE: Please read the following instructions in their ENTIRETY.
Despite many parallels with earlier F.E.L.S.E.F. lunches,
there are <I><B>several very important changes.</B></I><P>

<H4>REGISTERING</H4><P>

<I><B>ALL EVENTS ARE BY RESERVATION ONLY AND SPACE IS LIMITED.
NO ONE WILL BE ADMITTED WHO IS NOT ALREADY PRE-REGISTERED,
AND ONLY THE FIRST 36 TO MAIL IN A REQUEST WILL BE ACCEPTED.
ABSOLUTELY NO EXCEPTIONS.</B></I><P>

TO APPLY FOR A RESERVATION, please send a business card for yourself as well as
 for EACH other person in your party wishing to attend. On the back of the card
(s), please note the DATE of the program desired and the pre-registrant's e-mai
l address if it is not already noted on the front. Accompany your card(s) with
 a CHECK made payable to "Michael Frodl" in the amount of U.S. $ 20 for each pe
rson pre-registering.<P>

Mail to: Michael Frodl, F.E.L.S.E.F., 35 "E" St., NW, Suite 407, Washington, D.
C., 20001-1516.<P>

ONLY COMPLETE pre-registrations SENT AND RECEIVED BY U.S. MAIL, AND
ONLY BY U.S. MAIL shall be honored. Phone, fax, e-mail, couriered or hand-deli
vered
pre-registrations are NOT accepted.<P>

Space at these events being strictly limited, ONLY THE FIRST 36 people who resp
ond to
the notice about an event will have their pre-registration REQUESTS ACCEPTED.
The date and time a pre-registration request is posted with the U.S. mail, as i
t appears officially on the envelope, will constitute the sole basis for determ
ining whether the request is among the first 36. In any case, no pre-registrat
ion request will be accepted if posted sooner than the day that the FAILSAFE &#
153; issue which contains the official program notice is distributed electronic
ally, nor any later than 5:00 P.M. on the Friday preceding the event.<P>

All pre-registration requests that are NOT accepted will be returned unopened t
o sender.<P>

<I><B>FAILURE TO FOLLOW THESE INSTRUCTIONS PRECISELY AND IN A TIMELY
MANNER WILL GUARANTEE BEING REFUSED ADMISSION TO AN EVENT. </B></I><P>

<H4>TIME AND PLACE</H4><P>

Events are held on the 2nd or 3rd Tuesday of the month, September through May.<
P>

Events are held from 12:00 P.M. to 2:00 P.M.<P>

Events are held in the NEW, please note, NEW law offices of Jones, Day, Reavis
and Pogue.<P>

Please report to the NEW main entrance at 51 Louisiana Avenue, N.W., to check i
n.<P>

The NEW building is directly across from the Senate-side park on Capitol Hill:
it is the old Acacia Insurance Company building, now renovated. Large griffon
statues on either side of the majestic staircase make it easy to spot. Public p
arking is available directly behind the building, between it and the Hyatt Rege
ncy Capitol Hill. Closest metrorail stop is Union Station on the Red Line: tak
e Lousiana Avenue heading towards the Mall. The building is on your right imme
diately after the Senate parking lot.<P>

<H4>CHECK-IN:</H4><P>

Check-in begins at 11:45 and ends promptly at 12:15. No one shall be admitted
thereafter.<P>

At check-in everyone must present another BUSINESS CARD with a current e-mail a
ddress. This second card will be used not only for attendance-taking purposes,
but also to assist in granting the credit mentioned below. Failure to present
a card will result in future credits being
denied.<P>

<H4>CREDITS:</H4><P>

A CREDIT equal to amount already paid, redeemable for admission to any future e
vent,
issues automatically to every preregistered person unable to attend.<P>

The credit must be used within the current F.E.L.S.E.F. lunch program year, whi
ch runs from June 1st to May 31st.<P>

To pre-register when you already have a credit to your name, simply send an e-m
ail to
Michael Frodl at <A HREF="mailto:mgfrodl@tidalwave.net"><mgfrodl@tidalwave.n
et></A> alerting us to the
event you wish to attend when you see it advertized. You do NOT have to send c
onfirmation by
U.S. mail. This e-mail option is available ONLY to those wishing to cash in a

credit by
re-pre-registering for a later event.<P>

UNLIKE regular requests for pre-registration sent by the U.S. mail, requests fr
om those
re-pre-registering will be judged for inclusion among the first 36 respondents
on the basis of the
date and time the e-mail was RECEIVED by Michael Frodl, and NOT when it was sen
t. LIKE
regular requests for pre-registration sent by the U.S. mails, e-mail re-pre-reg
istrations will NOT be accepted BEFORE the program notice is officially distrib
uted through inclusion in the "FAILSAFE" journal issue of the same month as tha
t of the program.<P>

<H4>FOOD AND DRINK:</H4><P>

All lunches are "BROWN BAG". Free sodas and coffee will be provided.<P>

<H4>QUESTION AND ANSWER PERIOD:</H4><P>

Presentation(s) will be followed by a QUESTION AND ANSWER PERIOD of up to 1 hou
r. ALL conference participants will be strongly urged to participate in the Q&
A.<P>

<H4>MEMBERS OF THE PRESS:</H4><P>

Members of the press are invited to attend, but must pre-register and pay like
the others.
 No exceptions will be made or fee waivers or discounts granted
.<P>

Members of the press are also required to treat the conference as "background":
COMMENTS ARE NOT TO BE QUOTED OR ATTRIBUTED. All electronic devices for recor
ding or retransmitting the conference are strictly forbidden. Journalists still
wishing to get a printable quote are invited to approach the panelist(s) only
AFTER the program and seek their explicit permission to be interviewed and quot
ed. Failure to respect this rule can lead to exclusion from future events and
to even to legal prosecution.<P>

<H4>1999-2000 CALENDAR DATES:</H4><P>

SEPTEMBER 14TH<P>

OCTOBER 19TH<P>

NOVEMBER 16TH<P>

DECEMBER 14TH<P>

JANUARY 18TH<P>

FEBRUARY 15TH<P>

MARCH 14TH<P>

APRIL 18TH<P>

MAY 16TH<P>

<H4>TOPICS AND SPEAKERS:</H4><P>

Topic and Speaker(s) for each month's event will be announced in that same mont
h's issue
of "FAILSAFE", which is distributed approximately 2 weeks before the date of th
e event.
Release of specific topic and speaker information in an issue of "FAILSAFE" wil
l constitute
the official program notice or invitation for purposes of replying with pre-reg
istration or
re-pre-registration requests for that particular program.<P>

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<H3> F.E.L.S.E.F. / "FAILSAFE" - RELATED EVENTS</H3><P>

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<A NAME="9b">
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<H3> NORTHWESTERN UNIVERSITY
TO HOST UNEP ROUNDTABLE
ON ENVIRONMENTAL CHALLENGES
FACING FINANCIAL SECTOR
ON SEPTEMBER 9 & 10, 1999
NEAR CHICAGO</H3><P>

<H4> UNEP Information Note</H4><P>

NAIROBI / GENEVA, 26 July 1999 -- The challenges facing financial institutions
and their customers in the increasingly global and environmentally concerned ma
rketplace of the 21st century will be the subject of an international roundtabl
e meeting to be held 9-10 September on the campus of Northwestern University ju
st outside Chicago.<P>

The meeting is the fifth in a series of Roundtables on Finance and the Environm
ent organized by the United Nations Environment Programme (UNEP) Financial Inst
itutions Initiative on the
Environment. It is the second roundtable to be held in the United States; a Ma
y 1997 session was hosted by Columbia University in New York City.<P>

Guest speakers this year will include representatives from some of the world's
leading financial institutions, including the investment firm of Salomon Smith
Barney, commercial banks such as
BankAmerica and the Royal Bank of Canada, and several Europe-based banks -- Deu
tsche Bank, HSBC Holdings and UBS AG (Union Bank of Switzerland). They will be
joined by senior officials from the World Bank, UNEP and the UN Conference on
Trade and Development, as
well as participants from government, the private sector, academia and the non-
governmental community.<P>

Hosted by Northwestern University's Kellogg Graduate School of Management, the Roundtable will also explore how the financial sector -- whether commercial or investment banks, the personal sector or multilateral agencies -- can better in tegrate environmental and sustainability considerations into their operational, credit and investment practices.<P>

In addition, a series of panel sessions will be discussing such topics as globa l trends in project finance, educating the next generation of financial profess ionals, environmental reporting and accounting, key climate change issues for the financial sector, long-term asset management, and credit risk assessment of environmental risks.<P>

Among co-sponsors of the Roundtable is the Andean Development Corporation, a un ique multilateral financial institution which supports sustainable development efforts of its shareholder countries: Andean Community members (Bolivia, Colom bia, Ecuador, Peru and Venezuela), as well as Brazil, Chile, Jamaica, Mexico, P anama, Paraguay, Trinidad and Tobago, and 22 private banks. The Corporation, w hich incorporates social and environmental variables into its management practices and operations, serves as a bridge between intern ational capital markets and the region.<P>

Since its launch in 1992, a core part of the UNEP Initiative has been the endor sement by financial institutions of the UNEP Statement of Financial Institution s on the Environment and Sustainable Development, which commits signatories to incorporating environment ally sound practices into their operations,. As of 1 July 1999, 160 banks fro m 43 countries have signed the Statement, joined by a similar commitment from 8 7 insurance firms.<P>

<H4>FOR FURTHER INFORMATION:</H4><P>

Please visit the Initiative's website <A HREF=http://www.unep.ch/eteu/envr-fin. htm>by clicking here</A>.<P>

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<H3> RTM COMMUNICATIONS
SPONSORS CONFERENCE ON
"RISK BASED DECISION-MAKING
FACILITATING REAL ESTATE TRANSACTIONS
AND BROWNFIELDS REDEVELOPMENTS"
AT THE INTER-CONTINENTAL HOTEL
ON OCTOBER 5 & 6, 1999
IN CHICAGO</H3><P>

RTM Communications and Dean Jeffery Telego present another in the series of con ferences on Environmental Risk Management in Chicago, Il, October 5 & 6, 1999. It is called "Risk Based Decision-making Facilitating Real Estate Transaction s and Brownfield Redevelopments" at the Inter-Continental Hotel. It is also the Third Annual Conference of the RBCA Leadership Council.<P>

Presentation subject matter includes:<P>

-Superfund and RCRA Reforms effecting the recycling of NPL and non-NPL Sites
-Deal flow and development trends on contaminated properties
-Contaminated property transactions, separating liability and asset management<
BR>
-Redefining the benchmark for due diligence process
-State(s) implementation of risk-based cleanups programs and institutional cont
rols
-Industri-plex Superfund Site Custodial Trust
-Venture capital and banking on brownfields
-Case studies of successful financing and cleanup of environmentally impaired r
eal estate assets
-Environmental insurance for contaminated property transactions--One-off deals/
portfolios
-Structuring creative financing and negotiating deal closure
-Maximizing value out of NPL and non-NPL brownfield sites
-Structuring transactions to avoid contaminated properties
-How to manage environmental issues so deals get done
-Owner directed TACO remedial objectives
-Economic development authority brownfield site success
-Empowerment Zone Financial Institutions Consortium<P>

The PURPOSE of this Chicago conference is two-fold: One, to lay out a framewor k for structuring and negotiating contaminated property transactions and, two, to demonstrate how a technically defensible tiered "risk-based corrective acti on" program for mandatory and voluntary site cleanups can be successfully appli ed in public/private partnerships involving financial transactions and brownfie ld redevelopments.<P>

Buyers and sellers and lenders and developers of contaminated property are gett ing transactions closed and returning nonperforming real estate into productive residential, commercial and industrial properties. The increased acceptability of risk-based cleanups in real estate transactions balanced with creative fina ncing and realistic negotiating and structuring of transactions are facilitatin g these real property transactions. In addition to the private sector initiati

ves, the local economic development authorities have become savvy deal-makers w
orking with private industry and state and federal governments to get sites cle
an-up, liability issues resolved and development completed using creative finan
cing and risk and insurance management procedures to structure transactions. T
hese transactions aim to balance cost-savings and protection of human health an
d the environment.<P>

The RBCA Leadership Council was formed to facilitate he use of risk-based decis
ion-making and educate stakeholders about the tiered approach to cleaning up al
l types of sites protective of public health and the environment. RBCA streaml
ines the cleanup and transaction process. The roles of government and industry
have taken dramatic turns: proscriptive programs and requirements are being tr
ansformed to risk-based decision-making and being driven by performance. Identi
fying allocating, structuring and shifting or capping of environmental risks is
required to complete the transaction and move forward with the cleanups and re
development of the property.<P>

Over $32 billion has been spent on legal and corrective action at properties im
pacted by petroleum and chemical releases. Forty-seven states through their vol
untary cleanup programs claim $9 billion alone has been saved using risk-based
corrective action. Structuring transactions using risk-based decision-making
as the cornerstone to the remedial programs are showing results. EPA's Superfu
nd administrative reforms and the RBCA Cleanup Reforms pronouncement demonstrat
e the need for risk-based solutions to facilitate the recycling of Superfund si
tes and the streamlining of the RCRA corrective action process.<P>

The focus of DAY ONE of the conference will cover the state of the contaminate
d real estate market and legislative changes needed to promote the further rede
velopment of contaminated properties and brownfield sites. We will also hear f
rom EPA about the recycling of Superfund sites and RCRA facilities. Day One wi
ll also cover the use of risk-based cleanup tools in State voluntary cleanups a
nd in NPL-type brownfield redevelopment programs. We will bring you brownfield
and financial transaction success stories, the public/private partnerships, su
stainable brownfield lending programs and ways to use institutional controls ef
fectively. One of the emerging keys to the success of financing real estate tr
ansactions is the role of environmental insurance for the lender, corporate sel
ler, borrower, buyer or economic development authority on one-off deals and por
tfolio programs to cap and/or transfer the known and suspected contamination.<P
>

DAY TWO of the conference includes presentations on the effective disposition
of industrial property, the employment of reuse feasibility studies and Master
plans and the creative marketing and packaging of these properties. We will he
ar from corporations seeking balance sheet relief, transfer of impaired assets
and economic revitalization of their facilities.<P>

This conference will bring you insights into the workings of creative settlemen
ts using custodial trusts, institutional controls, the use of venture capital a
nd conventional financing techniques that are being employed to assess, purchas
e, cleanup, and redevelop environmentally challenged sites in order either to
flip them for profit or to perpetuate them as sustainable urban communities.

Contaminated commercial or industrial properties including NPL and non-NPL brow
nfield sites are first and foremost real estate transactions--dependent upon lo

cation and demand for the property--with an environmental component. The size of the municipal, commercial and industrial real estate marketplace influenced by cleaning-up, investment or disposition of brownfield properties is enormous . Risk-based cleanups, innovative financing and cleanup technologies and insu rance products are creating success stories for contaminated property transacti ons and are essential to revitalizing the contaminated real estate marketplace .<P>

Please visit our Web Site <A HREF=http://www.RTMcomm.com>by clicking here</A>, or call 1-800-9NO RISK to register for only $695 until Sept. 5 and then $795 t hereafter.<P>

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<H3> IBM ANNOUNCES EMPLOYEE RECIPIENTS
OF ITS CORPORATE ENVIRONMENTAL AFFAIRS
EXCELLENCE AWARDS</H3><P>

IBM has announced its formal recognition of 55 employees in Germany, Hungary, I reland, Japan and the United States for their contributions to environmental pr otection and product design for the environment. The achievements were acknowl edged through IBM's Corporate Environmental Affairs Excellence Awards.<P>

Now in its ninth year, the program recognizes individuals and teams of employee s with awards up to $50,000 for innovative accomplishments that contribute to I BM's environmental, safety and energy objectives.<P>

This year, six awards totaling $240,000 are being presented to the following pe ople:<P>

Donald J. Delehanty, Edward W. Kiewra, Kenneth J. McCullough, Donna D. Miura, C handrasekhar Narayan, George F. Ouimet, Jr., Bryan N. Rhoads, Frank Schmidt, Jr ., Charles J. Taft and Robert W. Zigner, Jr. of IBM East Fishkill, New York; Ha rald Okorn-Schmidt and David L. Rath, of IBM's T. J. Watson Research Center in Yorktown Heights, New York; and Rangarajan Jagannathan of IBM Burlington, Vermo nt developed a new process that substitutes a dilute solution of hydrogen perox ide and sulfuric acid for a mixture of chromium-based phosphoric acid during three cleaning steps in the manufacture of DRAM devices. The substitution elim

inated 2,600 gallons per year of hazardous chromium waste and 6,500 gallons per
year of concentrated hydrogen peroxide, reduced solvent usage by 1,000 gallons
per year and saves more than $200,000 in annual operating costs.   The new pro
cess, for which patents have been applied, also improves product yield, perform
ance and reliability. Other IBM plants and IBM business partners are also impl
ementing the new technology. The accomplishment has been awarded $50,000. The I
BM team will share $42,500.<P>

Ravikumar Ramachandran, an employee of Infineon, an IBM partner at the East Fis
hkill site, will be receiving a similar award and $7,500 from Infineon for his
contribution to this successful project.<P>

Jacklin Adams, Steve Ching, J. Ray Kirby, William Otto, O. Dewey Pitts, Jeffrey
Tate and Inder Wadehra, from IBM's facility in Research Triangle Park, North C
arolina, and John Gabriel, from IBM Poughkeepsie in New York, successfully conv
erted all of the major plastic parts in the central
processing unit of the IBM IntelliStation E Pro, a high-volume desktop computer
, from prime to 100% recycled plastic resin. This achievement enabled IBM to b
ecome the first information technology company to offer globally a computer wit
h a system unit having all of its major plastic parts made from 100% recycled m
aterial.   To support this conversion, the IBM team worked with a plastics comp
ounder on the development of an acceptable grade of recycled resin. Then they
coordinated the molding of the parts from this resin in three countries, and co
nducted testing and qualification of the recycled plastic parts. This work prov
ided a cost effective alternative to
prime plastic and set the stage for increased acceptance and use of recycled re
sins in many other plastic part applications for IBM products. The announcemen
t of the IntelliStation's usage of 100% recycled plastic received favorable nat
ional and international press coverage, and the Recycling Division of the Socie
ty of Plastics Engineers reached beyond their industry to name IBM its "1998 R
ecycler of the Year."   The team will share $50,000 for this contribution to IB
M's environmentally conscious products leadership.<P>

Tomohisa Nakamura, Toshiaki Nakamura, Yasuyuki Ohki, Yukio Sugimoto and Yoshina
ri Toyosato of IBM's Yamato Laboratory in Japan developed for the Japanese mark
et a desktop PC designed for significant energy and space savings.   The PC 710
uses 72 percent less power and has a footprint 67 percent smaller than the fun
ctionally equivalent desktop PC 300 XL. The team
reduced the PC 710 power consumption by careful selection and integration of lo
w-power components, a high-efficiency power supply, and by using software techn
ology to control power management. The smaller footprint has the advantage of
minimizing the amount of desktop space required by the PC.   In February, 1999,
the PC 710 received the "Energy Conservation Prize" for the best energy-saving
and environmentally conscious product from the Japanese Ministry of Internatio
nal Trade and Industry (MITI). The team will share $35,000 for their contribut
ions to the PC 710.<P>

Chad Binkerd, Timothy Bullard, Roger Cheek, James Colelli, Jose Cruz, Cuc Huynh
, Raymond Izor, Timothy Krywanczyk, Thomas Martin, Deb Meunier, Gary Olsen, Jac
k Phillips, Timothy Rickard and Doug Sturtevant, of IBM's Burlington, Vermont s
ite, teamed to optimize the cycle time and reduce costs and chemical usage on t
he Tungsten Chemical Vapor Deposition tools. The
manufacture of semiconductors requires several alternating layers of patterned
aluminum and tungsten metal wiring separated by an insulating material. Wiring

is used to connect individual transistors on the semiconductor chip and to tra
nsmit electrical signals externally. Two process steps are repeated for each l
ayer of wiring: Tungsten Chemical Vapor Deposition and Tungsten Chemical-Mecha
nical Polishing. First, the team reduced the thickness of tungsten on the waf
er, and then they tailored the rest of the process to the thinner tungsten laye
r. An in situ endpoint
detection system was used to determine when tungsten chemical-mechanical polish
ing was complete. This project reduced Burlington's emissions of global warmin
g gases by 5 percent, reduced Toxic Release Inventory chemicals by 14 percent,
decreased cycle time by 42 percent and manufacturing cost by $600,000. The pro
cess change has been shared with other IBM semiconductor plants and with IBM's
strategic business partners. This Burlington team will
share $35,000 for their environmental excellence.<P>

Alexe Bruehl, Erik Mueller, Gunnar Santen, Horst Schiffner, Bruno Swoboda and M
ichael Wirth, from the IBM plant in Mainz, Germany; Mario Canterino and Wemer D
amm from IBM's facilities in Szekesfehervar and Veszprem, Hungary; Michael Murt
agh from IBM's Dublin Campus in Ireland; and Anilkumar Patel, from IBM's locati
on in Southbury, Connecticut, introduced and standardized Fan-Filter Unit tech
nology in cleanrooms for data storage device manufacturing at IBM's European fa
cilities. The former methodology, sometimes referred to as the "ballroom appro
ach", may have 40 to 50 filters ducted from a single fan. With that approach, b
alancing air flows over the entire cleanroom is a continuous process. Fan-Filt
er Unit technology enables a cleanroom configuration in which a variable-speed
fan is placed above each ceiling filter. Air flow and air quality is controlle
d by the fan speed and the installed filter to produce room-within-a-room air q
uality. In 1995, as the Fan-Filter Unit technology was entering the market, t
he team recognized its potential in energy cost savings, rearrangement flexibil
ity and capacity to provide higher quality clean air. These installations redu
ce energy cost by over $906,000 per year and carbon dioxide emissions by over 7
,500 metric tons per year. The team will share $35,000 for their leadership in
institutionalizing this new standard.<P>

Joji Nakamoto, Kazuyuki Sakamoto, Kenji Terada, Takashi Yamada and Tatsuji Yama
da, from IBM's site in Yasu, Japan, were challenged in 1996 by aggressive envir
onmental management targets: a 10 percent reduction in waste and a 16 percent
reduction in U.S. EPA 33/50 Voluntary Toxic Reduction Program chemicals by 199
8. The team focused on the process which consumed the most chemicals, a multi
-pass process for copper deposition which consumed 443 metric tons of chemicals
in 1995. After examining every phase of the multi-pass process (adhesion betw
een the copper and the covering insulation, micro-via formation and copper cove
rage of the via), the team concluded IBM could convert to a new single-pass pro
cess. As a result, overall waste disposal at Yasu decreased by 10 percent and
its 33/50 Toxic Release Inventory dropped 23 percent over three years. In addi
tion, the new process saved IBM $1.2 million of expense and avoided a $7 millio
n capital investment. The team will share $35,000 for their contribution to IB
M pollution prevention.<P>

Through this award program, IBM has recognized 253 employees with corporate env
ironmental affairs excellence awards since 1991. The awards illustrate the imp
ortant contributions IBMers are making to the company's record of environmental
leadership, and they demonstrate how good environmental management makes good
business sense.<P>

<H4>FOR FURTHER INFORMATION:</H4><P>

Please visit the environment page on the IBM Website <A HREF=http://www.ibm.com /ibm/environment>by clicking here</A>.<P>

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<H3> STATEMENT BY
MR. KLAUS TOEPFER, UNEP EXECUTIVE DIRECTOR,
AT THE OXFORD UNIVERSITY EUROPEAN AFFAIRS SOCIETY</H3><P>

London, U.K., 15 June 1999<P>

<H4>U.N.E.P. Press Release</H4><P>

When Walter Jetz, the President-Elect of the Oxford European Affairs Society, i nvited me to address the society I accepted the invitation with some enthusiasm . Friends informed me that it is very much an intellectual compliment to be invited by this society. The Europea n Affairs Society has become known as an impartial forum for discussions on iss ues facing Europe.<P>

Knowledge does not come from brain-power alone. It grows from observing, listen ing, analyzing and thinking. And in this fine art, this society has few equals. It is precisely to participate in this exciting process of discussion and analysis, to offer you a few ideas for thoug ht, and to pick your brains in any way I can, that I have come to Oxford from N airobi.<P>

Ladies and Gentlemen:<P>

I intend to focus my remarks today on the linkages between the ecological crise
s and political conflicts.<P>

The great economic and social issues of our time are intimately linked with the
quest for political stability. But a more significant long-term development of
the past few years has been the intensification of the debate concerning the i
mpact of the current ecological crises on the political stability of nations, a
nd regions and even within societies.<P>

It must be realized that environmental degradation and its impact on human surv
ival is nothing new. In fact, the rise and fall of many ancient societies can b
e traced to their ability to modify
their immediate environment and also to their failure to prevent escalating env
ironmental degradation.<P>

Today, people around the world, particularly in the developing world are strugg
ling to survive in the face of growing deserts, dwindling forests, declining fi
sheries, poisoned food, water, air
and climatic extremes and weather events that continue to intensify - floods, d
roughts and hurricanes.<P>

The question that must be asked is whether the scarcity of renewable resources
- such as cropland, forest, freshwater and fisheries - could precipitate violen
t civil or international
conflicts? There are clear signs that environmental scarcities could contribut
e to violent conflicts in many parts of the world. In the coming decades, acce
lerating environmental pressures could
transform the very foundations of the international political system.<P>

Typically, when people are faced with a severely degraded environment, the beha
viourial strategy of choice is migration. There are at least 25 million enviro
nmental refugees today, a total to be compared with 22 million refugees of trad
itional kind. They are mainly located in Sub-Saharan Africa, the Indian sub-con
tinent, China, Mexico and Central America. The total may well double by the ye
ar 2010, as increasing numbers of impoverished people press
ever harder on their already degraded environments.<P>

Let us take the availability of water first. Supplies of fresh water are finite
. At the beginning of the eighteenth century, there were less than a billion pe
ople in the world, sharing less than a
million cubic kilometres of fresh water. In 1900, there were about 2 billion p
eople sharing the same amount. Now there are more than 6 billion people and the
fresh water supply has remained constant.<P>

The populations of water-short countries today, estimated to be 550 million, ar
e expected to increase to one billion by the year 2010. Water shortages will be
specially adverse for agriculture in general and irrigation agriculture in par
ticular. There is now no longer an unlimited supply of fresh water. Internati
onal competition for this scarce resource is growing. As the demand
grows and in the absence of clear consensus on how best to use shared water res

ources for the benefit of all, that competition has the potential of erupting i
nto acrimonious disputes.<P>

The Nile River basin is a classic example of increasing demand for water and th
e need for countries to come together to manage the shared water resources for
the benefit of all basin States. The Jordan River basin and Lake Chad basin ar
e other examples. For example, nearly 47 per cent of the land area of the worl
d excluding Antarctica falls within international water basins that are shared
by two or more countries. There are 44 countries with at least 80 per cent of
their total areas within international basins. The number of rivers and lake b
asins shared by two or more countries is now more than 300. In Africa alone, th
ere are 54 drainage basins that cover approximately 50 per cent of the total la
nd area of the continent.<P>

An even greater threat to future human welfare is that exacted by the undermini
ng of the productivity of the land through accelerated soil erosion, increased
flooding and declining soil
fertility. The rate at which arable land is being lost is increasing and is cu
rrently 30-35 times the historical rate. Only about one and a half billion hect
ares remain out of the original three and a half billion. The loss of potential
productivity due to soil erosion world wide is estimated to be equivalent to s
ome 20 million tons of grain per year or 1% of global production. And this
is happening worldwide, not just in Africa or Asia.<P>

The example of the wasting away of the Great Plains heartland of North America
wasted away into the Dust Bowl in the 1930s was this century's more dramatic en
vironmental debacles. The whole eastern coast of the United States was covered
with a heavy fog - a fog composed of 350 million tonnes of rich top soil swept
up from the Great Plains, half a continent away. Cattle were dying on the parch
ed rangelands and thousands of farm families found themselves broke and able to
fight starvation only by signing on for government make-work programmes. Other
s gave up. Many of these refugees made the westward trek, so well chronicled b
y John Steinbeck in "The Grapes of Wrath".<P>

The tragedy of the Dust Bowl has been repeated in the sub-Saharan Africa in the
'60s and '70s and has been replicating itself many times over globally. Clea
rly, the undermining of the
livelihood of an already impoverished land- dependent people is desertification
's most obvious consequence and its close linkage with poverty its most visible
illustration. The growing number of people affected by desertification - est
imated to be one billion - are not simply waiting to be touched by the magic wa
nd of development. They are literally "losing ground", as their lands suffer mo
re and more from the effects of this disease.<P>

The continuous decline of global biological diversity and the traditional habit
ats of indigenous and traditional people also has an impact on intensifying con
flicts between and within societies.
Most of the areas of mega-biodiversity are inhabited by indigenous and traditio
nal people. They provide an inextricable link between cultural and biological
diversity.<P>

Today, we are in the process of profoundly remaking international trade and mar
kets. Globalization and international trade have become almost an ideology, pr
omising a radiant future

for us all. But is there a dark side? Have we looked at other impacts? For exam
ple, is globalization destroying subsistence agriculture? Are we co-opting thir
d world farmers into production for the international marketplace, while their
societies are made dependent on imported food?<P>

Nearly 2,500 languages are in immediate danger of extinction and "even a higher
number are losing the "ecological contexts" that keep them vibrant as language
s". Cultural diversity is more than skin colour or physical characteristics. I
t is more than language, song and dance. It is the embodiment of values, instit
utions and patterns of behaviour. It is a composite whole representing a peopl
e's historical experience, aspirations and world view. Deprive a people of thei
r language, culture and spiritual values, and you deprive them of their sense o
f direction and purpose.<P>

Political conflicts occur when political and economic institutions and processe
s wrest control over traditionally held resources without negotiations or compe
nsation. Conflicts could
occur when political and economic institutions and processes degrade environmen
tal settings, place individuals and populations at risk, and rationalize select
ive exposure on the basis of
national security, national energy and national debt.<P>

Political conflicts occur because people find themselves forcibly relocated whi
le governments and industry build dams, expand export-oriented industries, deve
lop international tourist
facilities and set aside the biocommons for development.<P>

The example of the forest fires in the East Kalimantan province of Indonesia is
another example of an ecological crises with long-term implications for global
and regional security. It is a tragedy that is now affecting the region with
potentially grave, long-term ecological, political, economic and health consequ
ences.<P>

The effects of the Indonesian forest fires were felt far beyond its borders. It
is still too early to calculate the full costs of these fires. But a rich sour
ce of biodiversity was wiped out forever and vast quantities of carbon dioxide
were released into the atmosphere. Indonesia is home to more than 100 threaten
ed animal species including the highest number of threatened mammals
and the second highest number of threatened birds in the world. These fires ma
y well have pushed the rare species of the Indonesian and Malayan orangutan pop
ulations to extinction. The region is also notable for its wide variety of plan
t life. 500 tree species were considered under threat of extinction even before
the current tragedy.<P>

This environmental crisis will no doubt put additional strains on the regional
economy which is still reeling from a flight of confidence. The manufacturing s
ector, especially industries such as
electronics and semi-conductors - considered the engine of growth in the entire
region were seriously affected. Tourism was hit hard as vacationers canceled t
heir travel plans. One estimate put the lost business to the Malaysian national
airline alone at $2 billion.<P>

But the most important issue is the health risk posed to 70 million citizens. H
ealth experts have warned that up to 20 per cent of all deaths in the region co

uld be caused by the smog. Smoke was
also to blame for the shipping and plane crashes that killed up to 300 people i
n the region. What was at stake was not only the health and economic vigour of
the entire region but also its
environmental and political stability.<P>

Ladies and Gentlemen,<P>

The half decade since the demise of the Cold War has been characterized by nume
rous attempts at redefining the notion of security. The classical conception o
f security in world politics
is rooted in Walter Lippmann's famous contention that security is about the pos
session by a State of a level of military capability sufficient to avert the da
nger of having to sacrifice core values,
if it wishes to avoid war, and is able, if challenged, to maintain them by vict
ory in such a war.<P>

This traditional conception of security is now being challenged by the emergenc
e of new issues. As military threats have subsided or disappeared, other threat
s, especially environmental ones, have emerged with greater clarity. It is thu
s possible to argue that environmental care is an essential component of nation
al or international security. Armed force is impotent in the face of
ecological breakdown. It is relentless ecological degradation, rather than any
external enemy, which poses the gravest threat to international and national se
curity today.<P>

The global system that was viewed as a balance of power can now be seen as more
of a spider web of highly interdependent states with finite resources. Any neg
ative impact in one part of the web undermines the viability of the whole. Cle
arly, any aspect which threatens the survival of the planet and its human and n
on-human inhabitants should be treated as a security threat. Ultimately, inter
national security has to rest on the elimination of the real scourges of humank
ind - hunger, disease, illiteracy, poverty and deterioration of the earth's lif
e systems.<P>

Excellencies,<P>

The global community must improve its ability to identify emerging environmenta
l problems and assess alternative responses. Formulating effective global, regi
onal and national policies on
matters vital to our future requires the ability, the foresight capability to m
ake accurate, long term projections of global trends and their interactions in
areas such as population, natural
resources, environmental quality and other factors of geopolitical significance
. It also requires a structure to link the results of such projections directly
to current decision-making.<P>

Foresight is not prediction. It is not central planning. And it is not a surren
der to computer models. Rather it is a process for bringing better information
into the decision- making process,
for linking analysis and decision, and for obtaining the best available descrip
tion of the potential implications of policy choices. Foresight capability is a
means for giving substance to the ecologist insight that "everything is connec
ted". Foresight is the capability to effectively assess and monitor the long-te

rm changes in the environment. It will also give us the ability to
identify environmental hot spots with the potential of breaking into violent co
nflicts.<P>

Environmental security can also be improved by reducing the distance between th
e decision makers and the people who are supposed to benefit from their decisio
ns. The challenge before the global community is to design enabling mechanisms
to increase people's participation in development. And it has to maintain an ef
fective two-way information link between the national
governments, international agencies and local communities and to ensure that th
e benefits of sustainable development reaches the marginalized, the politically
invisible masses.<P>

-FIN-<P>

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<H3> UNEP HOLDS INTERNATIONAL SYMPOSIUM
ON EFFICIENT WATER USE IN URBAN AREAS</H3><P>

<H4> UNEP Information Note</H4><P>

OSAKA/NAIROBI, 6 July 1999 - In the face of continuing burgeoning populations i
n many large cities in developing countries, the issues of supplying adequate w
ater to meet societal needs and to ensure equity in access to water for urban r
esidents persist as the most urgent and critical problems confronting decision-
makers.<P>

Aiming to enhance the capacity of urban managers and decision-makers in water r
esources management, the United Nations Environment Programme, through its Inte

rnational Environmental Technology Centre (UNEP IETC), organized an Internation
al Symposium
on Efficient Water Use in Urban Areas: Innovative Ways of Finding Water for Ci
ties -- on 8-10 June 1999. The Environmental Agency of Japan, the Global Envir
onment Centre Foundation (GEC) in Osaka and the International Lake Environment
Committee Foundation (ILEC) in
Shiga co-sponsored the event.<P>

About 150 delegates from 45 countries, mostly managers and decision/policy-make
rs in either national or local government, senior managers of aid agencies, wat
er supply authorities,
urban-planning departments, international agencies and non-governmental organiz
ations (NGOs) representatives with interest in efficient water use, participat
ed in the symposium.<P>

The symposium was opened with an address by Mr. Takashi Nakamoto, of the Minist
ry of Foreign Affairs of Japan. Then three keynote addresses were presented by
Dr. Greg Goldstein, Coordinator, Healthy Cities Programme, World Health Organi
zation; Dr. Graham Alabaster, Human Settlement Officer, United Nations Centre o
n Human Settlements (Habitat); and Mr. Seiji Ikkatai, Director, Water Quality M
anagement Division, Environmental Agency of Japan.<P>

In six sessions, 26 papers were presented on various approaches for securing wa
ter by efficient use of existing water sources (rainwater utilization, water re
use, aquifer recharge, leakage control, water demand management, etc.) as measu
res to avoid water shortages in urban areas.<P>

At the end of the symposium, a summary of recommendations from each session was
presented by Dr. Goldstein. They were grouped under subjects such as: 1) awar
eness, education and training; 2) planning and policy; 3) regulatory and legal
frameworks; 4) financing; and 5) research and development to promote approaches
for efficient water use. Finally, concluding remarks were made by Mr. Masahar
u Yagishita, Director, Planning Division, Global Environmental Department, Envi
ronment Agency of Japan; and Ms. Lilia GC. Casanova, Officer-in-Charge, UNEP-IE
TC. <P>

The symposium provided an array of sustainable options in the water sector from
the theories and examples presented by international and country experts. The
symposium also provided participants a good opportunity to interact and establ
ish contact with fellow professionals from all over the world.<P>

A report on the proceedings of this symposium will be prepared and published by
IETC, which will also put together all the case studies presented and contribu
ted to the symposium into a monograph for publication. The report of proceedin
gs and monograph of case studies will be distributed free of charge to all deve
loping countries, including the participants and experts.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please contact UNEP IETC by e-mail <A HREF="mailto:ietc@unep.or.jp">by clicking
here</A>.<P>

<A HREF="#meo">RETURN TO <I><B>MINI-EXPRESS OVERVIEW</B></I></A><P>

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<H3> IN PROTECTION OF THE OZONE LAYER
DEVELOPING COUNTRIES TO BEGIN
FREEZE ON CFCS 1 JULY 1999</H3><P>

<H4> UNEP Press Release</H4><P>

NAIROBI, 1 JULY 1999 - With the completion of the grace period granted on signi
ng of the Montreal Protocol on Substances that Deplete the Ozone Layer, develop
ing countries are set to begin, on 1 July 1999, a freeze on production and cons
umption of chlorofluorocarbons (CFCs), prior to a gradual reduction and final p
hase-out in the year 2010. The freeze on other substances, namely halons and m
ethyl chloroform, will follow shortly.<P>

"We welcome the continued participation of the developing countries as we step
up our efforts to heal the ozone layer", said Klaus Toepfer, Executive Director
of the United Nations Environment
Programme (UNEP). "Our task is a challenging one, but it is made more manageabl
e with the total commitment of all Parties to the Montreal Protocol. The succe
ss of the Protocol underscores the necessity for mutual cooperation in attainin
g a common goal", he said.<P>

The Montreal Protocol was adopted in September 1987. It allowed developing cou
ntries a grace period to phase out their consumption and production of ozone-de
pleting substances such as CFCs and halons, in recognition of the fact that the
y needed time to obtain funds and introduce alternative technologies.<P>

To ensure compliance with the Protocol, a Multilateral Fund was set up to help
developing countries pay the costs incurred and to promote the transfer of alte
rnative substances and technologies. Industrialized countries provided financi

ng for the Fund which has so far disbursed about $US900 million to more than 11
0 developing countries to enable them to phase out more than half of their cons
umption of ozone-depleting substances. Replenishment of the
Fund or the period of 2000-2002 is to be agreed on later this year.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please visit the ozone page of the UN website <A HREF=http://www.unep.org/ozone
>by clicking here</A>, or for additional information, please contact the Ozone
Secretariat in Nairobi on tel. (254-2) 623885, fax (254-2) 623913, e-mail <A HR
EF="mailto:sarmam@unep.org">by clicking here</A>.<P>

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<H3>   UNEP ISSUES HANDBOOK ON DATA REPORTING
UNDER THE MONTREAL OZONE PROTOCOL</H3><P>

<H4> UNEP Information Note</H4><P>

NAIROBI, 28 June 1999 - The OzonAction Programme of the United Nations Environm
ent Programme (UNEP), under the Multilateral Fund for the Implementation of the
Montreal Protocol on Substances that Deplete the Ozone Layer, has just release
d a new publication, "Handbook on Data Reporting Under the Montreal Protocol",
that assists developing and developed countries with providing accurate, compre
hensive and timely data as per their specific reporting obligations under this
global treaty to protect the stratospheric ozone layer from the effects of ozon
e-depleting substances (ODS).<P>

Data on the production and consumption of ODS are the cornerstones that underpi
n the entire Montreal Protocol process: without reliable and timely data provid
ed by all Parties, decision- makers at the national, regional and international
levels could not formulate appropriate control measures, devise realistic phas
e-out strategies, or provide the necessary financial and technical
assistance required by developing countries. The accurate, timely and comprehe
nsive reporting of data has therefore emerged as one of the key issues facing t
he Protocol today. Recognizing this, the Parties at their Ninth Meeting (Montr
eal, 15-17 September 1997) emphasized the importance of reporting data and the
need for all Parties to give it greater consideration (Decision IX/28). Within
this context, they requested the UNEP Industry and Environment centre (now kno
wn as the UNEP Division of Technology, Industry and Economics) to prepare the H
andbook to assist all Parties with fulfilling their data reporting obligations.
<P>

The document provides help with identifying a country's reporting obligations,
outlines approaches for collecting the necessary data, provides guidance on how
to check data for accuracy and consistency, describes "good practice" steps fo

r checking compliance, indicates how and when to provide data to the UNEP Ozone
 Treaty Secretariat and Multilateral Fund Secretariat, lists sources of further
 information, and provides copies of key forms required for data reporting. The
 Handbook reflects the latest decisions of the Parties taken at their Tenth Mee
ting (Cairo, 23-25 November 1998).<P>

Developed in cooperation with the Ozone Treaty Secretariat, the Multilateral Fu
nd Secretariat and the other Fund Implementing Agencies (i.e. UNDP, UNIDO and t
he World Bank), and quality reviewed by experts from ozone units, research inst
itutes and industry in Article 5 (developing) countries, developed countries an
d countries with economies in transition, the Handbook reflects the full divers
ity of perspectives and the breadth of knowledge of this representative slice o
f the Montreal Protocol community.<P>

Reliable data reporting is particularly crucial for developing countries, which
 will soon face their first control measure: the freeze in their consumption an
d production of certain CFCs (as
listed under the Protocol's Annex A) at their 1995-1997 levels by 1 July 1999.
 Soon after, by 1 January 2002, the next freeze targets will come into effect f
or halons and methyl bromide, and
subsequent control measures requiring consumption reductions will follow. Unde
rstanding and following the correct data reporting procedures will therefore be
 crucial for the establishment of the freeze levels and the subsequent progress
ive reductions of those ODS. Though specifically written for National Ozone Uni
ts (NOUs) in Article 5 (i.e. developing) countries, the Handbook will also be u
seful for Article 7 data reporting by non-Article 5 (i.e. industrialized) count
ries.<P>

To make this document as widely available as possible to all Parties, the OzonA
ction Programme is publishing the hard copy in six languages (Arabic, Chinese,
English, French, Russian and Spanish) as well as making the document accessible
 free-of-cost through OzonAction Programme's web site.<P>

The publication is part of the information exchange services provided by UNEP t
o developing countries to help them meet their obligations under the Montreal P
rotocol. The OzonAction Programme also provides other clearinghouse services (
training & networking of ODS officers) as well as assistance with the developme
nt of national ODS phase-out strategies (country programmes) and institutional
strengthening support.<P>

*About the UNEP Division of Technology, Industry and Economics: The mission of
 the UNEP Division of Technology, Industry and Economics is to help decision-ma
kers in government, local
authorities, and industry develop and adopt policies and practices that: are cl
eaner and safer; make efficient use of natural resources; ensure adequate manag
ement of chemicals; incorporate
environmental costs; reduce pollution and risks for humans and the environment.
<P>

The UNEP Division of Technology, Industry and Economics (UNEP TIE) located in P
aris, is composed of one centre and four units: The International Environmental
 Technology Centre (Osaka), which promotes the adoption and use of environmenta

lly sound technologies
with a focus on the environmental management of cities and freshwater basins, i
n developing countries and countries in transition. Production and Consumption
(Paris), which fosters the
development of cleaner and safer production and consumption patterns that lead
to increased efficiency in the use of natural resources and reductions in pollu
tion. Chemicals (Geneva), which promotes sustainable development by catalysing
 global actions and building national capacities for the sound management of ch
emicals and the improvement of chemical safety world-wide, with a priority on P
ersistent Organic Pollutants (POPs) and Prior Informed Consent (PIC, jointly wi
th FAO). Energy and OzonAction (Paris), which supports the phase-out of ozone
depleting substances in developing countries and countries with economies in tr
ansition, and promotes good management practices and use of energy, with a focu
s on atmospheric impacts. The UNEP/RIS Collaborating Centre on Energy and Env
ironment supports the work of the Unit. Economics and Trade (Geneva), which pr
omotes the use and application of assessment and
incentive tools for environmental policy and helps improve the understanding of
 linkages between trade and environment and the role of financial institutions
in promoting sustainable development. UNEP TIE activities focus on raising awa
reness, improving the transfer of information, building capacity, fostering tec
hnology cooperation, partnerships and transfer, improving understanding of envi
ronmental impacts of trade issues, promoting integration of environmental consi
derations into economic policies, and catalysing global chemical safety.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please visit the OzonAction website <A HREF=http://www.unepie.org/ozonaction.ht
ml>by clicking here</A>, or for additional information, please contact: UNEP TI
E OzonAction Programme, Tour Mirabeau, 39-43 quai Andre Citroen, Paris 75739 ce
dex 15, France or Tel: (33.1) 44.37.14.50, Fax: (33.1)44.37.14.74, e-mail <A HR
EF="mailto:ozonaction@unep.fr">by clicking here</A>.<P>

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<H3> MULTILATERAL FUND FOR THE IMPLEMENTATION
    OF THE MONTREAL PROTOCOL: $67 MILLION MORE
    FOR PROTECTING THE OZONE LAYER</H3><P>

<H4> UNEP Press Release</H4><P>

MONTREAL, 16 July 1999 -- Thirty-six developing countries were granted an addit
ional $67 million today to assist them in their efforts to phase-out substances
 that deplete the ozone layer. The money will be used to implement 155 project
s which will phase out more than 5,700 tonnes of ozone-depleting substances sim
ilar to freon, which are still in use in some countries.<P>

The grants were made by the Executive Committee of the Multilateral Fund for th
e Implementation of the Montreal Protocol, a $1 billion Fund (1991-1999) to hel
p developing countries stop consuming ozone-depleting substances. Under the Mo
ntreal Protocol on
Substances that Deplete the Ozone Layer, industrialized countries have already
phased out most of these substances. Developing countries are obliged to limit
 their use of the most common
ozone-depleting substances and must phase them out completely by 2010.<P>

The 1999 chair of the 14-member Executive Committee, Mr. Paul Horwitz of the Un
ited States, said this brought to $973 million the total provided so far by the
 Fund since its inception in 1990.
"Through the Multilateral Fund, over 115 countries have now been empowered to a
chieve the ozone protection goals of the Montreal Protocol, including the 36 fo
r which projects were financed today", he said.<P>

Among the projects funded today is the first to phase out the use of carbon tet
rachloride in the manufacture of pesticides, in this case for an enterprise in
India. Under the project, 375 tonnes of
carbon tetrachloride will be phased out at a cost for the Multilateral Fund of
$980 per tonne. In addition, a project in China will phase out 202 tonnes of o
zone-depleting substances used
in the manufacture of television tubes, one of the largest projects in the solv
ents sector ever funded.<P>

Under another project in China, funding was provided to enable the country to c
lose down a number of chlorofluorocarbon (CFC) producing facilities. This inno
vative funding project, implemented with the assistance of the Fund, involves t
he use of emissions trading and auctions to achieve low cost reductions.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Background information on the Multilateral Fund and its Montreal-based Secretar
iat can be found on the Secretariats's website <A HREF=http://www.unmfs.org>by
clicking here</A>.<P>

<A HREF="#meo">RETURN TO <I><B>MINI-EXPRESS OVERVIEW</B></I></A><P>

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<H3> UNEP AND PARTNERS STEP UP EFFORTS
TO COMBAT ILLEGAL TRADE AND OTHER
RELATED ENVIRONMENTAL CRIMES<P>

Participants Meet in Geneva, 12-14 July</H3><P>

<H4> UNEP Press Release</H4><P>

NAIROBI/GENEVA, 9 JULY 1999 - Environmental crime is becoming a serious global problem, even though the immediate consequences of an offence may not be obvio
us or severe. Environmental crimes do have victims. The cumulative costs in e
nvironmental damage and the
long-range toll in illness, injury, death and extinction of biological diversit
y and continued depletion of the ozone layer may be considerable.<P>

The United Nations Environment Programme (UNEP) is hosting a workshop in Geneva from 12 to 14 July aimed at identifying stricter measures to combat crimes in
illegal trade in endangered species of wild fauna and flora, ozone-depleting su
bstances and hazardous wastes which are flourishing in spite of various measure
s aimed at eliminating them. Support for the workshop comes from the G-8 Envir
onmental Ministers' Meeting, held in April 1998 and an initiative and generous
financial contribution from the Government of the United Kingdom which has also worked tirelessly in the planning and organization of the workshop. The Govern
ments of
Canada and Germany are also providing financial support to ensure success of th
e workshop.<P>

At the international level, environmental crime has two main aspects: First, d
eliberate non- compliance with Multilateral Environmental Agreements (MEAs) by
the States parties to them.
Second, deliberate evasion of environmental laws and regulations by individuals and companies. Where these activities involve movements across national bound
aries, they are defined as
"international environmental crimes".<P>

"UNEP is pleased that the fight against international environmental crime recei
ved a substantial boost after the environment ministers from the G-8 countries
announced a range of measures designed to deter and apprehend traders in banned products, materials and substances throughout the world", said Klaus Toepfer,
UNEP's Executive Director. "The list includes endangered species, ozone-deplet
ing substances and hazardous wastes. The international community should be vig
ilant and should take concrete measures, on a regular basis, to address complia
nce and enforcement of international agreements in earnest", he said.<P>

The Convention on International Trade in Endangered Species (CITES) and Interpo

l have reported international trade in wildlife products estimated at U.S. $5 b
illion annually. Illegal poaching for ivory has reduced the elephant populatio
n in Africa to fewer than 500,000
from a number of 1.5 million in the last decade.*<P>

A proliferation of MEAs has not succeeded in minimizing various environmental c
rimes. For example, there are indications that despite a ban by the European U
nion and other developed countries of production of chlorofluorocarbons (CFCs)
and halons and controlled importation of ozone-depleting substances (ODS), an a
ctive black market still exists. Also, some developing countries could be a so
urce of illegal ODS trade.<P>

More than 50 experts from developed and developing countries and countries with
 economies in transition will participate. Specialists with expertise in detect
ion, enforcement and prosecution have also been invited to attend.<P>

UNEP participants come from the three convention secretariats: CITES, Basel Con
vention on Hazardous Waste Trade and the Ozone Conventions. Independent releva
nt bodies such as Interpol and the World Customs Organization will participate
with resource persons and facilitators. The workshop is expected to make recom
mendations for improved enforcement of and compliance with the three identified
 MEAs, particularly at the national level.
Recommendations for more effective coordination and cooperation between nationa
l enforcement authorities and convention secretariats are also expected.<P>

Continuous dialogue and collaboration between different groups of countries and
 the convention bodies would ensure synergy in the ways and means of curbing en
vironmental crimes. The watchful eyes of an informed public are also of great
importance. Of crucial importance is the regular exchange of information on ho
w illegal trade and environmental crimes are dealt with under different regimes
 and jurisdictions.<P>

*NOTE: The Lusaka Agreement on Cooperative Enforcement Operations Directed at
Illegal Trade in Wild Fauna and Flora is an African "interpol" adopted to reduc
e and ultimately eliminate illegal trade in wild fauna and flora. The Agreemen
t anticipates combating illegal trade in wildlife species by undertaking cooper
ative enforcement operations through the Task Force established for that purpos
e in collaboration with the designated National Bureaux established by the part
icipating countries. The participating countries are the Republic of the Congo
, Kenya, Lesotho, the United Republic of Tanzania, Uganda and Zambia. In May 1
999, the first officers of the Task Force were appointed. The Task Force began
its activities on 1 June 1999.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please contact: In Geneva, Ms. Francoise Belmont, Deputy Director, UNEP Region
al Office for Europe, by e-mail <A HREF="mailto:Francoise.Belmont@unep.ch">by c
licking here</A>; and / or in Nairobi, Patricia L. Jacobs, Information Officer,
 UNEP, by e-mail <A HREF="mailto:patricia.jacbs@unep.org">by clicking here</A>.
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<A HREF="#meo">RETURN TO <I><B>MINI-EXPRESS OVERVIEW</B></I></A><P>

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<H3> ASIAN COUNTRIES MOVE TO LIMIT TRADE
IN CERTAIN HAZARDOUS CHEMICALS AND PESTICIDES</H3><P>

<H4> UNEP Information Note</H4><P>

NAIROBI/GENEVA, 28 June 1999 - Moving to limit trade in certain hazardous chemi
cals and pesticides, 17 Asian countries met in Bangkok late last year where the
y identified needs for implementing the 1998 Rotterdam Convention, including na
tional enforcement legislation and strengthened infrastructure.<P>

Proceedings of the Bangkok workshop, now available in report form, will contrib
ute to the sixth session (12-16 July, Rome) of the Intergovernmental Negotiatin
g Committee working under the new global agreement on trade in hazardous chemic
als and pesticides.<P>

Such information is key to implementation of the Rotterdam Convention on the Pr
ior Informed Consent Procedure (PIC) for Certain Hazardous Chemicals and Pestic
ides in International Trade.
The PIC Convention was adopted in Rotterdam, the Netherlands, in September 1998
 by 86 countries. It is open for signature until 10 September 1999 at United N
ations Headquarters in New York, and enters into force once 50 countries have r
atified it. The United Nations Environment Programme (UNEP) and the UN Food an
d Agriculture Organization (FAO) are jointly operating the Interim Secretariat
to support Governments in their implementation efforts.<P>

"How countries respond to the challenge of implementing the new agreement will
shape the future public health and environmental safeguards that communities ar
ound the world receive from trade in highly dangerous chemicals and pesticides"

, says James B. Willis of UNEP, Executive Secretary for the Rotterdam Conventio
n.<P>

"The clear support for the Convention will help decrease unwanted trade in thes
e very harmful substances and prevent costly environmental and health problems"
, according to Niek Van der
Graaff of FAO, Executive Secretary for the Rotterdam Convention.<P>

The Asian region workshop was the first to promote implementation and ratificat
ion and to inform national authorities about the new obligations. Asian region
 countries with Designated National Authorities responsible for carrying out th
e PIC procedure are: Bangladesh, Bhutan, China, India, Indonesia, Japan, the La
o People's Democratic Republic, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, t
he Philippines, the Republic of Korea, Sri Lanka, Thailand and Viet Nam.<P>

The Convention incorporates, with some changes, the Prior Informed Consent (PIC
) procedure which 154 countries have been implementing voluntarily since 1989.
 This procedure prevents export of 27* harmful pesticides and industrial chemi
cals that have been banned or severely restricted or are causing problems under
 conditions of use in developing countries, unless the importing country agrees
 to accept them. In addition, a country seeking to export a chemical
subject to a ban or severe restriction on its own territory must inform the imp
orting country before the first shipment and then annually. In such ways, expo
rting and importing countries share responsibility for notification and monitor
ing to safeguard human health and the environment from the harmful effects of t
hese chemicals.<P>

Significantly, countries meeting in Rotterdam agreed to carry out the revised P
IC procedure on an interim basis voluntarily until the Convention enters into f
orce, ensuring continued and expanded safeguards. The new Convention includes
the hazardous substances subject to the voluntary PIC procedure, and will encom
pass additional industrial chemicals and pesticides in the years ahead.<P>

Sustained commitment to carrying out the PIC procedure comes from the widesprea
d recognition of the serious hazards posed by these chemicals and pesticides to
 humans, animals and ecosystems. While many developed countries have acted to
regulate substances subject to the PIC procedure, a number of developing countr
ies and countries with economies in transition still use many of them, includin
g chlordane and heptachlor in Asia.<P>

*Substances subject to the procedure include the following hazardous pesticides
: 2,4,5-T, aldrin, captafol, chlordane, chloridmeform, chlorobenzilate, DDT, di
eldrin, dinoseb, 1,2-dibromoethane (EDB), fluoroacetamide, hexachlorocyclohexan
e (HCH), heptachlor, hexachlorobenzene, lindane, and mercury compounds, and cer
tain formulations of monocrotophos, methamidophos, phosphamidon, methyl-parathi
on, and parathion. The industrial chemicals are: crocidolite, polybrominated b
iphenyls (PBBs), polychlorinated biphenyls (PCBs), polychlorinated terphenyls (
PCTs), tris (2,3 dibromoprophyl) phosphate.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Copies of the report are available in hard copy from UNEP Chemicals in Geneva a
nd FAO in Rome. It is entitled: "Proceedings of the Subregional Awareness Rais
ing Workshop on the Rotterdam Convention on the Prior Informed Consent Procedur
e for Certain Hazardous
Chemicals and Pesticides in International Trade - Bangkok, Thailand, 8-11 Decem
ber 1998".

Official documents and other information on the PIC procedure and Rotterdam Con
vention are available on the Internet <A HREF=http://www.pic.int>by clicking he
re</A>.<P>

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<H3> INTERNATIONAL CONFERENCE WILL
    JUMP-START IMPLEMENTATION OF NEW CONVENTION
    ON TRADE IN DANGEROUS CHEMICALS</H3><P>

<H4> UNEP-FAO News Release</H4><P>

ROME, 12 July -- More than 100 countries are participating in an international
conference to jump-start the new convention on trade in dangerous chemicals, th
e Food and Agriculture Organization (FAO) and the United Nations Environment Pr
ogramme (UNEP) announced
today. The meeting - Sixth Session of the Intergovernmental Negotiating Committ
ee (INC) for an Internationally Legally Binding Instrument for the Application
of the PIC Procedure for Certain Hazardous Chemicals and Pesticides in Internat
ional Trade -- will be held at FAO headquarters, from 12 to 16 July.<P>

Among the issues the meeting will discuss is a mechanism for including new chem
icals to the treaty (by establishing a Chemicals Review Committee and agreeing
to PIC regions) and agreeing on technical and financial assistance necessary fo
r the implementation of the Convention.<P>

The meeting will also decide on the possible inclusion of six hazardous pestici
des in an existing watch list so that trade in these chemicals can be better mo
nitored and eventually curbed. The
watch list is part of the Rotterdam Convention on the Prior Informed Consent (P
IC) Procedure for Certain Hazardous Chemicals and Pesticides in International T
rade.<P>

The list already covers five industrial chemicals and 22 pesticides. The si
x new pesticides to be reviewed are binapacryl, bromacil, ethylene dichloride,
ethylene oxide, maleic hydrazide and
toxaphene. These chemicals may still be produced and traded although they may c
ause serious health or environmental problems.<P>

The Rotterdam Convention was adopted in September 1998 and has been signed so f ar by 60 States and one regional economic integration organization. Once the treaty has been ratified by 50 countries, it will enter into force. However, St ates have agreed to implement the treaty on a voluntary basis until it enters i nto force, to safeguard human health and the environment from the harmful effec ts of these chemicals already from the treaty's adoption.<P>

The Rotterdam Convention will protect human health and the environment in dev eloping countries where there may be unacceptable exposure to pesticides and in dustrial chemicals. It
requires that certain hazardous chemicals and pesticides, which have been banne d or severely restricted in at least two countries in two different regions of the world are not exported unless
explicitly agreed by the importing country. The treaty also includes pesticide formulations that may be too dangerous to be used safely by farmers in develop ing countries. If a country
prohibits imports of a hazardous compound it is also obliged to prohibit nation al production of the compounds for national consumption.<P>

The global market for pesticides continues to grow and is estimated at more tha n $33 billion in 1998. The fastest growing markets are in the developing world .<P>

<H4>FOR FURTHER INFORMATION:</H4><P>

Please visit the website <A HREF= http://www.pic.int>by clicking here</A>.<P>

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<H3> FAO/UNEP INTERNATIONAL CONFERENCE
MAKES A RAPID START IN IMPLEMENTING
THE ROTTERDAM CONVENTION ON TRADE
IN DANGEROUS CHEMICALS:<P>

Two New Substances have been Included
to the Prior Informed Consent Procedure</H3><P>

<H4> Joint FAO/UNEP Press Release</H4><P>

ROME, 18 July 1999- Delegates from more than 100 countries made a rapid start i n implementing the Rotterdam Convention on trade in dangerous chemicals, thereb y underlining the urgent need to protect health and environment in developing c ountries, the UN Food and
Agriculture Organization (FAO) and the UN Environment Programme (UNEP) announce d today.<P>

The international conference on the Rotterdam Convention held at FAO headquarte

rs this week agreed to include two new dangerous chemicals -- binapacryl and to
xaphene -- into the prior informed consent (PIC) procedure.<P>

The conference established an Interim Chemical Review Committee (ICRC) to recom
mend on the inclusion of banned and severely restricted chemicals or hazardous
pesticides formulations in PIC procedure. One of the first tasks of the ICRC wi
ll be to make recommendations on four other harmful chemicals which the confere
nce referred to it -- i.e. bromacil, ethylene dichloride,
ethylene oxide and maleic hydrazide.<P>

Binapacryl is a pesticide used as a fungicide and miticide. It can provoke head
ache, nausea, vomiting, abdominal pain, diarrhea and breathing difficulties whe
n used by agricultural workers. It also has harmful effects on the environment
 and may significantly bioconcentrate in fish and aquatic organisms.<P>

Toxaphene is an insecticide with stomach and contact action and a rodenticide a
cting as stomach poison. It is very resistant to degradation and is transported
 around the world in the environment.
When absorbed it is rapidly distributed to all organs of the body and tends to
concentrate in fatty tissues and muscle. It is highly toxic and can cause thyro
id tumors and cancer. It has also toxic
effects on the environment including on soils, birds, fish and aquatic inverteb
rates.<P>

Adopted in September 1998, the Rotterdam Convention has been signed so far by 6
0 States and one regional economic integration Organization. It will enter into
 force once it has been ratified by at least 50 countries.<P>

Commenting on the Rotterdam Convention, Mr. James Willis, Director of the UNEP
Chemicals Unit, said "this is the first multilateral environmental agreement si
nce 1994 and it was adopted two years in advance of the goals set in chapter 19
 of Agenda 21. It offers greater protection to health and the environment - par
ticularly in developing countries and countries with economies in transition -
than the previous voluntary procedure".<P>

The PIC procedure requires that certain hazardous chemicals and pesticides, whi
ch have been banned or severely restricted, as well as severely hazardous pesti
cide formulations, are not exported unless explicitely agreed by the importing
country.<P>

It also requires that countries take decisions on future imports of certain haz
ardous pesticides formulations. "Many farmers in developing countries cannot ha
ndle highly toxic pesticides safely
and this Convention will help to protect them,"said Mr. Niek Van Der Graaf, Chi
ef of FAO's Plant Protection Service.<P>

A large number of countries participating in the FAO/UNEP international confere
nce stressed the need for technical and financial assistance for the implementa
tion of the PIC procedure for developing countries and countries with economies
 in transition.<P>

The interim Secretariat of the Convention is provided by FAO and UNEP working i
n close cooperation. This is a unique arrangement, which draws upon the strengt
h of FAO in the field of pesticides management and UNEP in the field of chemica

ls management.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please consult the website <A HREF=http://www.pic.int>by clicking here</A>.<P>

<A HREF="#meo">RETURN TO <I><B>MINI-EXPRESS OVERVIEW</B></I></A><P>

<A HREF="#eo">RETURN TO <I><B>EXPRESS OVERVIEW</B></I></A><P>

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<A NAME="9c6">
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<H3> RUSSIA, OTHER CIS STATES TO FOCUS ON MANAGEMENT
OF PAST, FUTURE TOXIC PROBLEMS AT EXPERT MEETINGS</H3><P>

<H4> UNEP Press Release</H4><P>

NAIROBI/GENEVA, 1 July 1999 - Russia and other countries of the Commonwealth o
f Independent States (CIS) are recognizing that they face major hurdles in over
coming the legacy of inadequate management of toxic substances and instituting
environmentally sound practices, and they are working with United Nations Envir
onment Programme (UNEP) to deal with the situation.<P>

In two separate meetings in July, experts from CIS and other countries, and a w
ide range of organizations will meet to focus on solutions for protection of pu
blic health and the environment from toxic risks. The first meeting will be he
ld from 6 to 9 July near Moscow, in Golitsino, and will address technologies fo
r treatment and destruction of polychlorinated biphenyls, or PCBs, and obsolete
pesticides. The second will take place 13-15 July in St. Petersburg, and will
address approaches for collecting and disseminating data on toxic emissions to
the air, water and soil.<P>

"Environmental degradation of the past continues to pose costs to society and e
cosystems. Learning from that history to write new chapters in environmental p
rotection gives a positive signal for people and our planet," said Klaus Toepfe
r, UNEP Executive Director. "I believe this programme of cooperation between CI
S countries and UNEP will make a valuable contribution to our environment."<P>

PCB releases are a serious threat to public health and the environment on an in
ternational scale. They cause a range of health effects, including cancer and
damage to the central nervous
system. Though countries have acted to ban production and regulate use, PCBs f
or many years found widespread application as coolants, sealants, fluids in ele
ctrical transformers and capacitors, and other purposes. As such products are
handled and approach the end of their useful life, there is growing risk that a
ccidental leaks and improper disposal may lead to pollution of the air, water a
nd soil.<P>

Stockpiles of obsolete or unwanted pesticides also pose risks to public health
and the environment in CIS and other countries. These chemicals were often poor
ly labeled and inappropriately disposed of; information on their location is fr
equently lacking.<P>

PCBs and certain pesticides are among the initial list of persistent organic po
llutants, or POPs, that are the focus of negotiations to reach a legally bindin
g international instrument by the year 2000, in response to the mandate from th
e UNEP Governing Council. POPs last for a long time, traveling long distances
from the source. They accumulate in living species, becoming increasingly conc
entrated in fatty tissue as they move up the food chain and with age. They are
also transferred in breast milk. The POPs pesticides on the list are: aldrin
, chlordane, DDT, dieldrin, endrin, heptachlor, mirex, toxaphene and hexachloro
benzene, which is also an industrial chemical.<P>

In response to such concerns, the UNEP Chemicals Unit is organizing these exper
t meetings jointly with the Centre for International Projects (CIP) of the Stat
e Committee of the Russian Federation on Environmental Protection together with
the Russian Ministry of Health. The meetings are part of the UNEP Chemicals /
Russia project, known as the CIP Project on Strengthening of National Chemical
s Management in the CIS Countries. At the Moscow meeting, discussion of current
problems and solutions involving PCBs and obsolete pesticides is intended to e
ncourage the development of national action plans for safe management.<P>

In St. Petersburg, experts will discuss the first steps towards establishing a
system for collecting and disseminating data on toxic releases to the environme
nt. Such a system is known as a
Pollutant Release and Transfer Register (PRTR). In different forms, PRTRs are
being adopted in countries around the world as an effective tool in monitoring
the pollution burden on the
environment. They can also provide a valuable source of information to communi
ties, workers and decision makers at all levels on actions that affect public h
ealth and the environment.
Establishing PRTRs was recommended by the Earth Summit - the 1992 United Nation
s Conference on Environment and Development.<P>

Significant strides are being made in establishing such registers in CIS countr ies. A CIP workshop held in March in Moscow laid the foundation for setting up PRTRs on a pilot basis in Kazakhstan, the Russian Federation, the Ukraine and Uzbekistan.<P>

Russia is establishing registers on a pilot region basis, starting with the Vol gograd Region, and the first workshop took place in Volgograd in May. The seco nd is the July workshop jointly
organized by UNEP Chemicals, CIP and the local authorities of the city of St. P etersburg and the Leningrad Region. Similar activities are being initiated in Ekaterinburg, Kazan and Perm.<P>

<H4>FOR MORE INFORMATION:</H4><P>

Please visit the relevant pages of the UNEP website <A HREF=http://www.chem.une p.ch/pops>by clicking here</A>, and <A HREF=http://www.chem.unep.ch/prtr>by als o clicking here</A>.<P>

<A HREF="#meo">RETURN TO <I><B>MINI-EXPRESS OVERVIEW</B></I></A><P>

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<A NAME="9c7">
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<H3> UNEP AND EUROPEAN COMMISSION
HOST TALKS ON INTERNATIONAL RESPONSE
TO ENVIRONMENTAL REHABILITATION IN BALKANS</H3><P>

<H4> Joint UNEP-HABITAT Press Release</H4><P>

NAIROBI, 23 June 1999 - The United Nations Environment Programme (UNEP) jointly convened a meeting in Brussels today with the European Commission, to discuss the coordination of the international response to the environmental rehabilitat ion effort in the Balkans.<P>

The informal meeting, hosted with the EC Environment Directorate, DGXI, was att
ended by member countries of the European Union, UN agencies and non-government
al organizations (NGOs) and other concerned organizations, including Greenpeace
, the World-Wide Fund
for Nature (WWF), Green-Cross and the Danube River Commission. The meeting was
a direct follow-up to the recent visit (17-21 June) to Serbia and Montenegro b
y a team from the joint UNEP/UNCHS Balkans Task Force on Environment and Human
Settlements (BTF).<P>

Last month, UNEP and the UN Centre for Human Settlements (UNCHS/Habitat) joint
ly participated in the United Nations Inter-Agency Needs Assessment Mission to
Serbia and Kosovo. The team, under the leadership of UN Under-Secretary-General
Sergio De Mello, recommended that a fact-finding mission to the region should
be undertaken involving UNEP, Habitat and the UN Development Programme (UNDP),
stating in its report that, "Given the gravity of potential environmental conse
quences of the conflict..., a more detailed assessment of the full extent of th
e environmental impact is urgently required."<P>

Delegates in Brussels today echoed this recommendation and underscored the urge
nt need to send a UNEP-led technical mission (which will include environmental
experts from the EC, EU member states, UN agencies and NGOs), to the region as
soon as possible. Preparations for this are now well under way, and last week's
BTF visit, led by its Chairman, the former Finnish Environment and Development
Co-operation Minister, Pekka Haavisto, was primarily to
prepare the ground for the full-scale environmental assessment mission, (schedu
led to take place in 2 to 3 weeks time).<P>

The Brussels meeting concluded that "environmental aid" should be seen as part
of, and become incorporated into, the wider humanitarian assistance effort for
the Balkans. The BTF was asked
to start identifying potential "hot-spots" of environmental damage and risk for
immediate action in the short-term. The importance of re-building the capaci
ty of relevant environmental authorities (including support for appropriate NGO
s), to ensure long-term environmental rehabilitation in the region, was also st
ressed.<P>

During their visit to Serbia and Montenegro last week, the BTF team met with go
vernment representatives including the Yugoslav Minister of Development, Scienc
e and Environment, Prof. Jagos Zelenovic. Discussions were also held with loca
l authorities and NGOs, and
with Martin Griffiths, the Regional Coordinator for United Nations Assistance i
n the Balkans, to discuss effective cooperation and collaboration between the B
TF and the wider UN humanitarian effort.<P>

As part of this initiative, the Coordinator of Habitat's Disaster Management Pr
ogramme, Mr. Jorge Gavidia, travelled yesterday to Skopje and Pristina, where h
e will work in collaboration with the wider UN humanitarian team under the lead
ership of Mr. Griffiths.<P>

The latest information on the work of the BTF can be accessed from the World-Wi
de-Web <A HREF= http://www.grid.unep.ch/btf>by clicking here</A> - the site con
tains information that was not previously in the public domain such as detailed

situation reports and maps. The site also contains general information on the
Task Force, the latest news, developments and contacts, and links to United Na
tions agencies, NGOs such as WWF and the World Conservation Monitoring Centre,
and other important partner sites, including their press materials.<P>

UNEP Executive Director Klaus Toepfer established the joint UNEP/UNCHS (Habitat
) Balkans Task Force in May, to look at the direct environmental and human sett
lements impacts of the conflict in the Balkans and to the wider consequences to
countries of the region, including Bulgaria and Romania.<P>

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<H3> UNEP-HABITAT BALKANS TASK FORCE
TO BEGIN WORK IN KOSOVO</H3><P>

<H4> UNEP-UNCHS Press Release</H4><P>

GENEVA/NAIROBI, 7 July 1999 - The joint UNEP/UNCHS (Habitat) Balkans Task Force
on Environment and Human Settlements (BTF) has established working relationshi
ps with the principal UN authorities in Kosovo, and with the K-FOR leadership,
in order to share
information and coordinate activities related to environment and human settleme
nts, Pekka Haavisto, BTF chairman, announced here today. He said that a BTF t
eam would soon begin work with the Interim Civil Administration component of th
e United Nations Mission in Kosovo (UNMIK).<P>

Mr. Haavisto, who was in Kosovo and the Former Yugoslav Republic of Macedonia l
ast weekend, said that following agreement with the acting Special Representati
ve of the UN Secretary-General, Sergio De Mello, and the Regional Coordinator f
or UN Assistance in the Balkans, Martin Griffiths, a BTF (Habitat-led) team of
experts will design strategies for local authorities and communities so that th
ey can effectively participate in the reconstruction efforts. The team will con
centrate on creating mechanisms for land title registration, resolving tenancy
and property disputes, and strengthening municipal administration and leadershi
p. It was agreed that UNEP be involved in the areas of the establishment of an
"environmental administration" (in the framework of general civil administratio
n) and environmental education and training, said Mr. Haavisto.<P>

In Pristina last weekend, the BTF team also met with commanders from K-FOR, th
e NATO-led peacekeeping mission in Kosovo. K-FOR has started an assessment of
the damage to human settlements and infrastructure (i.e. water availability) in
Kosovo, and agreed to fully cooperate, and share their findings, with the plan
ned BTF mission.<P>

Early preparatory BTF missions to the Balkans region have included visits to Se
rbia (which included trips to Pancevo and Novi Sad oil refinery) and Montenegro
. Mr. Haavisto has also discussed cooperation with the Danube Commission and o
ther partner organizations.<P>

The upcoming mission to Kosovo is part of the full-scale BTF environmental asse
ssment mission that is preparing to travel to the region this month. This miss
ion, encompassing multi-disciplined
teams of scientific experts, will assess the impact of the Balkans conflict on
the environment and human health, and make specific recommendations. The expert
s will concentrate their work at
identified "hot-spots"of environmental risk at locations in Serbia, Kosovo, Mon
tenegro, Albania, the FYR of Macedonia and along the Danube River in Romania /
Bulgaria.<P>

"The need for a neutral, objective and scientifically credible comprehensive re
port on the environmental and human settlement situation in the Balkans region
is of paramount important", said Klaus Toepfer, Executive Director of UNEP and
Acting Executive Director of Habitat.<P>

An earlier UN inter-agency mission to the region recommended that UNEP, togethe
r with Habitat and UNDP, carry out a detailed assessment of the environmental s
ituation with the aim of identifying specific needs for targeted assistance. T
his recommendation was echoed by European Union Environment Ministers at the Co
uncil meeting on the Environment in Luxembourg last month (23-24 June). Welcom
ing the efforts of UNEP / Habitat, the ministers said it was now necessary to i
mmediately start obtaining reliable and verifiable information for assessing th
e type and extent of environmental consequences of the conflict.<P>

The EU Council also concluded that it is important to rapidly move from an asse
ssment of the environmental problems to establishing what remediation efforts a
re necessary, and that particular urgency must be given to tackling environment
al damages that pose a threat to human health and thus require humanitarian aid
. And, that addressing the environmental damage and preventing further damage
is an integral part of the reconstruction efforts.<P>

Mr. Toepfer established the joint UNEP/UNCHS (Habitat) Balkans Task Force in Ma
y, to look at the direct environmental and human settlements impacts of the con
flict in the Balkans and to the wider consequences to countries of the region,
including Bulgaria and Romania.<P>

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<H3> UNEP-HABITAT BALKANS TASK FORCE EXPERTS
LEAVE FOR SERBIA AND KOSOVO:<P>

Scientific Assessment of Environmental Consequences
of Balkans Conflict begins</H3><P>

<H4> Joint UNEP-HABITAT Press Release</H4><P>

GENEVA, 16 July 1999 -- Three teams of international experts from the joint UN
Environment Programme (UNEP)/UN Centre for Human Settlements (Habitat) Balkans
Task Force (BTF) leave for Serbia and Kosovo this weekend, to begin work on an
independent assessment of
the environmental and human settlements impact of the Balkans conflict.<P>

"There has been a lot of speculation, from various sources, about the actual im
pact on the Balkans environment as a result of the conflict", said Mr. Pekka Ha
avisto, the former Finnish Environment Minister and BTF Chairman who will be le
ading the upcoming missions. "This, the first independent United Nations-led a
ssessment, will provide the international community with a neutral and scientif
ically credible report on the situation", he said.<P>

Arriving in Belgrade Sunday, the first two groups will conduct an environmental
assessment of the worst damaged industrial sites, primarily in Serbia. Planne
d locations to be visited include:
Pancevo industrial complex, Novi Sad oil refinery, Baric chemical plant and Rak
ovica industrial complex (Belgrade), Zastava car factory (Kragujevac), and oil
depots in Kraljevo, Nis and Pristina, Kosovo. Other sites may be added to the
itinerary, and mobile laboratories will travel with the teams around the countr
y. The scientists on this first mission are expected to finish the
field-work component of their work by 28 July.<P>

The third group, to be based in Pristina, will concentrate on creating mechanis
ms for land title registration, resolving tenancy and property disputes, and st
rengthening municipal (including
environmental) administration and leadership. The team will work closely with
the United Nations Mission in Kosovo (UNMIK) and the legal advisors of the UN H
igh Commissioner for Refugees (UNHCR) to develop an administrative capacity for
better urban governance at
the level of the municipalities and to find ways of ensuring security of tenure
for the returning refugees.<P>

Later missions (in August) are planned in order to assess the environmental imp
acts of the conflict on the Danube river; the region's biological diversity; an
d on human health. A preliminary report is expected in September.   An earlier
UN inter-agency mission to the region recommended that a detailed assessment o
f the environmental situation be carried out with the aim of identifying specif
ic needs for targeted assistance. This recommendation was echoed by European U
nion Environment Ministers at the recent EU Council Meeting on the Environment
in Luxembourg.<P>

Experts participating in the missions to Serbia and Kosovo, followed by their e
xpertise(s):
Arne Semb, air pollution & chemicals; Birgitte Marcussen, chemistry/biology; Be
nny Rud Hansen, civil engineer/hydrobiologist; Josef Haider, hydrologist, agroc
hemist & food-chain;
Michel Allsopp, biomedical science, human health & chemicals; Magnus Nystrom, e
nvironmental damage in industrial sites; Kirsten Jorgensen, biology, chemical a
nalyst on soil and water pollution; Volker Mohaupt, hydrologist; Elisabeth Salt
ers, toxicologist; Alex Juras,   institutional capacity analysis; Ralf Donau,
environmental chemistry; Scott Leckie, legal expert, property rights; Sue Chra
teris, municipal administration & property registration.<P>

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<H3> BALKANS CONFLICT:
ASSESSING ENVIRONMENTAL IMPACT
OF WORST DAMAGED INDUSTRIAL SITES<P>

UNEP-led Balkans Task Force Mission Leaves Yugoslavia</H3><P>

<H4> Joint UNEP/HABITAT Press Release</H4><P>

BELGRADE/NAIROBI, 27 July 1999 -- A team of international experts from the join
t United Nations Environment Programme (UNEP)/UN Centre for Human Settlements (
Habitat) Balkans Task Force (BTF) leaves the Federal Republic of Yugoslavia tod
ay after visiting the worst damaged industrial sites resulting from the Balkans
conflict. This, the first full BTF mission to the region, is one part of an i
ndependent scientific and technical assessment of the environmental and human s
ettlements impact of the Balkans conflict.<P>

Speaking to reporters here today, Pekka Haavisto, the former Finnish Environmen
t Minister and BTF Chairman, said he was very happy with the progress made to d
ate, but that it was still too
early to provide any firm conclusions on the overall environmental impact of th
e Balkans conflict.
<P>

The team of 12 scientists arrived in Belgrade on 18 July and visited the Pancev
o industrial complex (fertilizer plant, petrochemical factory and oil refinery)
, Novi-Sad oil refinery, the Zastava car factory in Kragujevac, Nis (transforme
r factory), Bor (copper factory) and fuel depots in Kraljevo, Prahavo and Prist
ina, Kosovo. Two mobile laboratories (from Denmark and Germany) travelled with
the group.<P>

Looking for toxic compounds such as dioxins and PCBs, the scientists have taken
extensive soil and ground-water samples. These will now be sent to independen
t laboratories for detailed
analysis. In addition, investigation into possible earlier pollution incidents
and the gathering of relevant data such as maps, air pollution records and amo
unts of existing hazardous wastes is helping the BTF to build up a picture of t
he state of the environment before the conflict. Such detailed knowledge is a
necessary pre-requisite for making a credible assessment of the
current environmental situation.<P>

Furthermore, in many of the towns visited, "stake-holder" information-sharing m
eetings have been held with members of the local community including council of
ficials, the general public and
representatives from public health institutes and non-governmental organization
s.<P>

There is much interest from the international community in the work of the BTF.
Last Saturday, 24 July, in Helsinki, Klaus Toepfer, the Executive Director of
UNEP and Acting Executive Director of Habitat, along with Mr. Haavisto briefed
Environment Ministers from the European Union and candidate countries about the
current BTF mission. At their Council meeting in Luxembourg last month, the E
U Ministers had welcomed the BTF initiative and called for the
immediate gathering of reliable and verifiable information for assessing the ty
pe and extent of the environmental consequences of the Balkans conflict.<P>

Mr. Toepfer met with the President of Finland, Mr. Martti Ahtisaari, during his
visit to Helsinki. The Finnish Government has contributed $500,000 to the BTF
. Other countries who have
provided financial and in-kind support include Norway, Denmark, Sweden and Germ
any.<P>

A second BTF team, based in Pristina, started work on 20 July. This team, work
ing closely with the UN Mission in Kosovo (UNMIK), is concentrating its efforts
on creating mechanisms for land title registration, esolving tenancy and prope
rty disputes, and strengthening municipal (including environmental) administrat
ion and leadership.<P>

Further missions to the region are planned (in August) in order to assess the i
mpacts on the Danube river; the region's biological diversity; and on human hea
lth. A final report will be submitted to the Secretary-General of the United N
ations in September.<P>

<H4>FOR MORE INFORMATION:</H4><P>

The latest information on the work of the BTF can be accessed from the World-Wi
de-Web <A HREF=http://www.grid.unep.ch/btf >by clicking here</A>. The site cont
ains information that was not previously in the public domain such as detailed
situation reports and maps. The site also contains general information on the
Task Force, the latest news, developments and contacts, and links to United Na
tions agencies, NGOs, and other important partner sites.<P>

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<A NAME="10">
<H3> F.E.L.S.E.F. / "FAILSAFE" PROFILE AND MISSION STATEMENT</H3><P>

The Forum for Environmental Law, Science, Engineering and Finance, or F.E.L.S.E
.F., is an interprofessional educational tool dedicated to the exchange of idea
s through the development of a network of leading environmental professionals a
nd policy makers of all backgrounds. F.E.L.S.E.F. achieves this by means of mo
nthly lunch time discussions in downtown Washington, D.C.. In its first three
years, from the fall of 1996 to the spring of 1999, F.E.L.S.E.F. produced and h
osted 41 lunch seminars.<P>

"FAILSAFE", the organization's flagship publication, also seeks to foster multi
-lateral thinking and dialogue, but between writer and reader, and by means of
electronic or "virtual" fora. "FAILSAFE" allows its members to read and write p
resentations on technical topics within an expertly managed and moderated circl
e of their peers. By means of the Internet, "FAILSAFE" builds on the F.E.L.S.E
.F. network and gives it a global dimension.<P>

Both F.E.L.S.E.F. and "FAILSAFE" pursue the objective of eventually creating a
common language and spirit of cooperation among all environmental professionals
 and policy makers. Without such a common language and spirit of cooperation, a
 world where environmental protection can be reconciled with economic growth, F
.E.L.S.E.F. / "FAILSAFE"'s ultimate objective will never come to be.<P>

To "failsafe" is an intransitive verb defined by the Oxford English Dictionary
as meaning "to revert to a danger-free condition in the event of a break down..
.". "Break down" sums up aptly the current condition of our traditional politi
cal, legal and regulatory system of environmental protection, as uncompromising
 and doctrinaire interests have gridlocked the process of reform. The no-compr
omise approach adopted these past few years by both sides of the environmental
protection reform debate may have foiled the plans of the opposition and solidl
y anchored the sides to their respective constituencies, but only at the expens
e of denying us all a well reasoned evolution of our system of environmental pr
otection.<P>

F.E.L.S.E.F. / "FAILSAFE" aim to "failsafe" our traditional system of environme
ntal protection. F.E.L.S.E.F. / "FAILSAFE" are dedicated to allowing those peo
ple with the greatest knowledge about the environment, namely, the environmenta
l professionals in law, science, engineering and finance, and the policy makers
 who rely on their expert judgment, an opportunity to remove themselves from th
e deadlocked ideological debate and establish multilateral lines of communicati
on on neutral ground. F.E.L.S.E.F. / "FAILSAFE" share the same agenda, and tha
t agenda is process-oriented, not results-oriented: to provide convenient real
and virtual fora on a regular basis for environmental professionals and policy
makers to learn more about technical challenges facing them, find out what they
 already agree on, work on arriving at new agreements and coordinated responses
, and explain to each other what they still cannot agree upon and why, all in a
 semi-public setting.<P>

"FAILSAFE", thanks to the Internet, cannot only shrink time and distance, but a
lso flatten organizational hierarchies and allow the exchange of ideas not just
 horizontally from one person in one group to another person in another group,
but also vertically from one person to another above or below in the same group
. Thanks to its ability to let us engage in asynchronous dialogue from our hom
e or offices anywhere in the world, at any time of the day or night, the Intern

et now allows presentations to be diffused to a circle 10, 20, 50, or even 100,
times larger than what could previously be fit comfortably into one conference
room, without significant degradation in the ability of any one participant to
address questions to and dialogue with a presenter.<P>

However, unlike most virtual fora that exist only on the Internet, "FAILSAFE" i
s a REAL and not a pure virtual community, in that many, if not most, of its me
mbers have had and continue to have ample occasion to meet and converse face to
face at work and in other settings. The groundwork set down and revitalized m
onthly by "F.E.L.S.E.F.", through its lunch time seminars held in downtown Wash
ington, D.C., provides "FAILSAFE" with a real set of human contacts and ties, a
nd frankly makes it more valuable to its members than any pure virtual communit
y could ever be. Furthermore, Michael Frodl's continuing commitment to managin
g personally the "FAILSAFE" network guarantees that the community shall remain
vital and real. Thus, "FAILSAFE" uses the Internet for what it is worth, but i
s not limited by it.<P>

Through the F.E.L.S.E.F. lunches and "FAILSAFE's Internet-based fora, participa
nts can continue to develop a network of professional contacts that cut across
traditional disciplinary boundaries, a network that benefits not only their per
sonal careers but also the environment. Environmental protection is indirectl
y enhanced as lawyers, scientists, engineers and financiers, as well as policy
makers, learn to view environmental challenges from an interdisciplinary perspe
ctive, use their expanded personal networks to mobilize resources across profes
sions, and craft integrated responses to these same environmental challenges.
Capitalizing on this new professional advantage, these professionals and polic
y makers move up to increasingly more influential stations in their organizatio
ns and in society. From higher up on the ladder, these members of the F.E.L.S.
E.F. / "FAILSAFE" community give further credit to the cooperative interprofess
ional approach fostered and developed by our fora.<P>

Lastly, one other indirect and perhaps even the most the important benefit deri
ving from these cooperative interprofessional fora is that F.E.L.S.E.F. / "FAIL
SAFE" shall continue to serve as alternative models for those who have brought
the traditional political process of environmental reform to a halt and who hav
e yet to find a reason or a way out of the trenches they have dug themselves in
to. If the F.E.L.S.E.F. / "FAILSAFE" community can participate in regular foru
m discussions of technical issues in a non-confrontational, dispassionate and p
roductive manner, then what's stopping the others?<P>

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<A NAME="11">
<H3> F.E.L.S.E.F. / "FAILSAFE" GLOBAL AND ORGANIZATIONAL NETWORKS </H3><P>

"FAILSAFE" is distributed by e-mail now to every continent and to 31 nations al
l over the globe. Just as striking, over 1000 organizations are represented by
its 1500 recipients.<P>

This global dissemination of our journal is the result not of any recruitment c
ampaign, but of the cumulative effect of people all over the world hearing abou
t "FAILSAFE" through electronic word-of-mouth and e-mailing us to get on our di
stribution list.<P>

After over 2 years of delivering the newsletter by e-mail, we now have regular
readers in the following regions and countries:<P>

NORTH AMERICA<P>

Bermuda<P>

Canada<P>

Mexico<P>

United States<P>

CENTRAL AMERICA<P>

Costa Rica<P>

Panama<P>

SOUTH AMERICA<P>

Argentina<P>

Brazil<P>

Chile<P>

Colombia<P>

Ecuador<P>

Venezuela<P>

EUROPE<P>

Belgium<P>

France<P>

Germany<P>

Greece<P>

Italy<P>

Netherlands<P>

Spain<P>

Switzerland <P>

United Kingdom<P>

FORMER SOVIET BLOCK<P>

Russia<P>

Ukraine<P>

AFRICA<P>

Republic of South Africa<P>

ASIA-PACIFIC<P>

Australia<P>

Hong Kong<P>

India<P>

New Zealand<P>

P.R.C.-China<P>

Taiwan-China<P>

Thailand<P>

What started out as a supplement to F.E.L.S.E.F.'s Washington-based lunch-time fora has unwittingly become a global electronic forum in its own right. Given that all the materials we print are written and submitted by our own readers, a nd read by our other readers, who then contact each other directly, "FAILSAFE" has truly become the world's first interactive, open yet exclusive, electronic journal for leading environmental professionals and policy makers with global i nterests and perspectives.<P>

Furthermore, "FAILSAFE" is read by a network of people from over 1000 organizat ions that represent all the key environmental professionals and policy makers i n the public, private and NGO sectors. Represented among the more than 1500 su bscribers are:<P>

-over 250 NATIONAL OR MULTINATIONAL CORPORATIONS (including Abbott Laboratories; American Honda; Baxter International; Bechtel; Bethlehem S teel; Boeing; Chrysler; Coca Cola; Delta Airlines; Dow Chemical; DuPont; Enron; Exxon - Mobil; FedEx; Ford; General Dynamics; General Electric; General Motors ; Geneva Steel; Intel; IBM; International Paper; Lockheed Martin; Lucent Techno logies; McDonald's; Merck; 3M; Monsanto; Motorola; Pennzoil; Pfizer; RJR Nabisc o; UPS; USX - U.S. Steel; Union Carbide; United Airlines; United Technologies; Westinghouse; Weyerhouser; Xerox; etc.);<P>

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-over 200 ENVIRONMENTAL CONSULTANTS (including Browning - Ferris Industries; C lean Sites; The Cadmus Group; CH2M Hill; Dames & Moore; Development Alternative s International; DynCorp; Georgetown Risk Group; Hagler Bailly; The Hart Partne

rs; ICF Kaiser Consulting; Louis Berger International; Montgomery Watson; Ogden
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Diamond; Cleary, Gottlieb, Steen & Hamilton; Coudert Brothers; Covington & Burl
ing; Cravath, Swaine & Moore; Fried, Frank, Harris, Shriver & Jacobson; Hogan &
Hartson; Holland & Knight; Jones, Day, Reavis & Pogue; Kelley, Drye & Warren;
McKenna & Cuneo; Milbank, Tweed, Hadley & McCloy; Paul, Weiss, Rifkind, Wharto
n & Garrison; Sherman & Sterling; Sidley & Austin; Skadden, Arps, Slate, Meaghe
r & Flom; Steptoe & Johnson; Wilmer, Cutler & Pickering; Winston & Strawn; etc.
); <P>

-over 100 NATIONAL ENVIRONMENTAL ADVOCACY GROUPS (including Center for Interna
tional Environmental Law; Center for Sustainable Development in the Americas; D
efenders of Wildlife; Environmental Defense Fund; Environmental Law Institute;
National Wildlife Federation; Natural Resources Defense Council; Nature Conser
vancy; Resources for the Future; Sierra Club; World Resources Institute; World
Wildlife Fund; etc.); <P>

AS WELL AS:<P>

-the WHITE HOUSE, including the Council on Environmental Quality; the Office of
Science and Technology Policy; the Office of the Vice President; the President
's Council of Economic Advisors; the National Security Council; the President's
Council on Sustainable Development; and the White House Task Force on Global C
limate Change;<P>

-the EXECUTIVE DEPARTMENTS of Agriculture, Commerce, Defense, Energy, Interior
, Justice, Labor, State, Transportation, and others; <P>

-the ENVIRONMENTAL PROTECTION AGENCY, including the Office of the Administrator
;<P>

-the CONGRESSIONAL COMMITTEES that have jurisdiction over the environment; <P>

-and SCHOLARLY INSTITUTIONS including think tanks, institutes and universities.
<P>

Our readers are our writers, and our writers are our readers. In addition to l
earning something new about the environment every month, by reading and writing
for "FAILSAFE" you can read from and be read by nationally- and international
ly-recognized authorities from all over the world and from every sector of the
public, private and NGO sectors. Through "FAILSAFE" you can benefit from unmat
ched opportunities for education on the issues, as well as from unparalleled ch
ances for rewarding professional networking and business development.<P>

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to go it alone?<P>

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<H3> F.E.L.S.E.F. / "FAILSAFE" RULES FOR SUBSCRIPTIONS, SUBMISSIONS, AND NETWOR
K MEMBERSHIP</H3><P>

<H4>SUBSCRIPTIONS:</H4><P>

<H4>-ADHESIONS:</H4><P>

There is no charge for a permanent e-mail subscription to monthly issues of "FA
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<H4>--VOLUNTARY:</H4><P>

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tunity to contact contributors to the journal who provide e-mail and other cont
act information, either by using their e-mail address and /or other contact inf
ormation to engage in discourse with contributors that the targeted contributor
(s) AND Michael Frodl find uncivil and offensive, or by using the e-mail addres
ses and / or contact information of one or several contributor(s) in one issue
or over several issues in order to develop a mass mailing list that is directed
backwards against contributors to target them for whatever purpose, offensive
or not. Collecting the e-mail addresses and /or other contact information of ot
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against them to target them for whatever purpose, offensive or not, shall simi
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P>

In addition, stripping out one or more contributions or other sections of an is
sue and passing it or them along unbundeled to one or more third parties by pos
ting, reprinting, or any other means, is also cause for removal. Each issue is
to be passed along ONLY intact and NOT in parts: our understanding with contri
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Michael Frodl and F.E.L.S.E.F. reserve the right to supplement removal from the
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ies in the appropriate court of law.<P>

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y of the contributors and other members of the network, protect the intellectua
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E.F. / "FAILSAFE", and of the unique human network on which they both depend an
d which they serve.<P>

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rovide the particulars about date, volume and number of the issue in which it f
irst appeared.<P>

Doctrinaire tracts, partisan tirades, ad hominem attacks and / or lobbying effo
rts are NOT acceptable. In addition, contributions that 1) do not have a techn
ical or policy-related theme that pertains to environmental protection and / or
 2) which are philosophically opposed to economic growth will NOT be accepted.
 F.E.L.S.E.F. / "FAILSAFE" is by definition dedicated to reconciling environmen
tal protection and economic growth.<P>

Contributions from people outside the current circle of readers are NOT discour
aged, but if a contribution IS accepted, the contributor MUST agree to become p
art of the network of regular recipients and readers of "FAILSAFE". The F.E.L.
S.E.F. / "FAILSAFE" network is meant to remain a cooperative and interactive co
mmunity, and must NOT become just another target audience for one-way broadcast
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tly meet this requirment. If Michael Frodl determines that a potential contrib
utor cannot or will not, then their materials will be returned to them and they
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or submissions of up to approximately 5 pages, double-spaced. In-depth reporti
ng on an issue or organization of special interest to the F.E.L.S.E.F. / "FAILS
AFE" community can warrant the granting of "SPECIAL REPORT" status to a contrib
ution, which allows typically for submissions of up to 15 pages, double-spaced.
  In unusual circumstances, a contribution accepted as a "SPECIAL REPORT" can b
e granted more space in an issue. Michael Frodl reserves final and exclusive r
ight to determine what status, if any, a contribution will be granted.<P>

To be included in an issue, a contribution has to be submitted in final draft a
cceptable to Michael Frodl no later than the 15th day of the month preceding th
e month of the issue intended

("FAILSAFE" is published electronically and distributed on or about the 1st of the month, 12 months a year). Only notices intended for the "Related Events" c olumn will normally be accepted after that deadline, but no less than 24 hours before an issue is distributed online.<P>

In any and all matters, Michael Frodl reserves final and exclusive right to det ermine what is appropriate for publication in "FAILSAFE".<P>

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<H3> "FAILSAFE" BACK ISSUES AND RELATED PUBLICATIONS</H3><P>

"FAILSAFE" BACK ISSUES include back issues of "FAILSAFE" and of its immediate a ncestor, the Environmental Law Committee's "THE FORUM", the newsletter that ini tiated the Special Reports series. We make these older items again available g iven the amount of sincere appreciation expressed about the current Special Rep orts. Loyal "FAILSAFE" readers can now go back and read an old "FORUM" Special Report on an issue of interest. Likewise, new readers of "FAILSAFE" may now g o back and acquire the earlier issues they missed and so have a complete set da ting back to 1995. <P>

RELATED PUBLICATIONS include the 41 PROGRAM REPORTS generated so far from the l unches organized by F.E.L.S.E.F., as well as 3 lunches hosted by the Environmen tal Law Committee of the Bar Association of D.C., a precursor to F.E.L.S.E.F.. A list of these Reports can be ordered by sending an e-mail to <A HREF="mailto :mgfrodl@tidalwave.net"><mgfrodl@tidalwave.net></A>. Each Report costs $ 50 U.S., shipping and handling included. They are available in hard copy ONLY .<P>

TO ORDER: If you are interested in purchasing a back issue of "THE FORUM" or " FAILSAFE", please send an e-mail to Michael Frodl at <A HREF="mailto:mgfrodl@ti dalwave.net"><mgfrodl@tidalwave.net></A>. Your e-mail will normally be a nswered within one business day of receipt and you will be instructed where to mail a check payable to Michael Frodl in the amount of $ 10 U.S. per back issue , along with a business card with the name and date of the report(s) you are or dering noted on the back side. Only prepaid requests shall be honored. All bu t the earliest back issues are available as electronic files ONLY. The issue(s) requested shall normally be e-mailed to you within 5 business days of receipt of your check.<P>

<H4>BACK ISSUES OF "THE FORUM":</H4><P>

COMPLEX ADAPTIVE SYSTEMS AND THE SANTA FE INSTITUTE. Special Report in the February 1996 issue of "THE FORUM". Guest columnist: L.M. Simmons, Jr., Ph.D., Vice President of the Santa Fe Institute. <P>

THE YALE CENTER FOR ENVIRONMENTAL LAW AND POLICY. Special Report in the April 1996 issue of "THE FORUM". Guest columnist(s): Daniel C. Esty, Esq., et al.. <P>

THE GLOBAL SYSTEMS INITIATIVE OF COLUMBIA UNIVERSITY. Special Report in the Ju ne 1996 issue of "THE FORUM". Guest columnist: Lewis E. Gilbert, Ph.D.. <P>

<H4>BACK ISSUES OF "FAILSAFE":</H4><P>

THE HISTORY OF THE GENESIS OF THE FORUM FOR ENVIRONMENTAL LAW, SCIENCE, ENGINEERING AND FINANCE. Letter from the Founder and Chairman in the

September 1996 issue of "FAILSAFE".<P>

THE SYMBOL OF F.E.L.S.E.F.: THE "SPIRA MIRABILIS" OR "WONDERFUL SPIRAL". Lette r from the Founder and Chairman in the October 1996 issue of "FAILSAFE", follow ed immediately by: AN INTRODUCTION TO THE ENVIRONMENTAL BANKERS ASSOCIATION. S pecial Report on a F.E.L.S.E.F. co-sponsor. Guest columnist: Dean Jeffery Tele go, Executive Co-Director of EBA. <P>

THE BERMUDA BIOLOGICAL STATION FOR RESEARCH AND THE RISK PREDICTION INITIATIVE. Special Report in the November 1996 issue of "FAILSAFE". Guest columnist: Ant hony H. Knap, Ph.D., & Director of BBSR. <P>

AN INTRODUCTION TO THE HAZARDOUS WASTE ACTION COALITION. Special Report on a F.E.L.S.E.F. co-sponsor in the December 1996 issue of "FAILSAFE". Guest columnist: Manisha D. Patel, HWAC Staff Assistant. <P>

A "GPS" TO TARGET, TRACK AND ACQUIRE NEW TECHNOLOGY MARKETS. Special Report in the January 1997 issue of "FAILSAFE". Guest columnist: Paul Allen, President, Unisphere. <P>

AN INTRODUCTION TO THE AMERICAN INSURANCE ASSOCIATION. Special Report on a F.E.L.S.E.F. co-sponsor in the February 1997 issue of "FAILSAFE". Guest c olumnist: John G. Arlington, Assistant Vice President for Federal Affairs, AIA. <P>

THE NEW YORK PUBLIC LIBRARY'S SCIENCE, INDUSTRY AND BUSINESS LIBRARY. Special Report in the March 1997 issue of "FAILSAFE". Guest columnist: Billy K

enny, Assistant Manager for Public Relations, at the New York Public Library.<P
>

AN INTRODUCTION TO THE ENVIRONMENTAL LAW COMMITTEE OF THE BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA. Special Report on a F.E.L.S.E.F. co-sponsor in the April 1997 issue of "FAILSAFE". Edited by Michael G. Frodl.<
P>

THE PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT. Special Report in the May 1997 issue of "FAILSAFE". Guest columnist: Martin A. Spitzer, Executive Di rector of the PCSD.<P>

U.S. E.P.A. ADMINISTRATOR BROWNER COMMENTS ON THE NEW PARTICULATE AND OZONE STANDARDS. Special Report in the September 1997 issue of "FAILSAFE". Guest columnist: the Honorable Carol M. Browner. <P>

AN INTRODUCTION TO THE AMERICAN PUBLIC WORKS ASSOCIATION AND ITS "REBUILD AMERICA" COALITION, COSPONSORS OF THE YEAR-LONG SERIES ON ENVIRONMENT AND INFRASTRUCTURE. Special Report in the October 1997 issue of "FAILSAFE". P repared with the assistance of Gerri Perez, Manager of "Rebuild America".<P>

YALE UNIVERSITY'S MARIAN CHERTOW AND DANIEL ESTY REPORT ON THE RESULTS OF YALE'S "NEXT GENERATION" PROJECT & THE NATIONAL ACADEMY OF PUBLIC AD MINISTRATION'S REPORT ON REFORMING ENVIRONMENTAL PROTECTION. Two Special Repor ts in the November 1997 issue of "FAILSAFE". <P>

I.B.M.'S ENVIRONMENTAL RESEARCH PROGRAM: MEETING SCIENTIFIC AND POLICY CHALLENGES WITH ADVANCED INFORMATION TECHNOLOGIES. Special Report in the December 1997 issue of "FAILSAFE". Prepared with the assistance of Dr. J.E. Sarsenski of I.B.M.. <P>

COLLECTED ESSAYS BY THE PRESENTERS AT THE DECEMBER 16, 1997, F.E.L.S.E.F. PROGR AM ON THE RESULTS OF THE KYOTO SUMMIT. Special Report in the January 1998 issu e of "FAILSAFE".<P>

"E4E'" PROJECT DIRECTOR KARL HAUSKER, PH.D., SUMMARIZES THE RESULTS OF THE "EN TERPRISE FOR THE ENVIRONMENT". Special Report in the February 1998 issue of " FAILSAFE".<P>

"TROPICAL CYCLONES AND CLIMATE VARIABILITY: A RESEARCH AGENDA FOR THE NEXT CENT URY & THE ENVIRONMENTAL COUNCIL OF THE STATES ("ECOS"). Two Special Reports i n the March 1998 issue of "FAILSAFE".<P>

REMARKS BY VICE PRESIDENT AL GORE TO THE COUNCIL ON COMPETITIVENESS' INNOVATION SUMMIT HELD AT M.I.T. & "ACHIEVING A BETTER ENVIRONMENT FOR OUR FAMILIES" by P ete Wilson, Governor of California. Two Special Reports in the April 1998 issu e of "FAILSAFE".<P>

Environmental Financial Advisory Board Publication on Brownfields: "EXPEDITING CLEAN-UP AND REDEVELOPMENT OF BROWNFIELDS: ADDRESSING THE MAJOR BARRIERS TO PRI VATE SECTOR INVOLVEMENT - REAL OR PERCEIVED". Special Report in the May 1998 i ssue of "FAILSAFE".<P>

FRODL REPORTS ™ / CLIMATE EXPERT MARKET ™: "THE CLIMATE CHANGE CONVEN

TION AND THE KYOTO PROTOCOL: SOME PROCEDURAL WRINKLES", by Robert J. McManus, E
sq., & "THE TRANSPORTATION AND ENVIRONMENTAL IMPACTS OF INFILL VERSUS GREENFIEL
D DEVELOPMENT: A Comparative Case Study Analysis Commissioned by U.S. EPA". Tw
o Special Reports in the June 1998 issue of "FAILSAFE".<P>

FRODL REPORTS ™ / CLIMATE EXPERT MARKET ™: "CLIMATE CHANGE AFTER BONN
: A CASE FOR INDUSTRY ACTION?", by Frances Sussman, Ph.D., ICF Kaiser Consultin
g Group, Washington, D.C. & "MANAGING PLACES AND SPACES FOR LIVING IN THE 21ST
CENTURY: PERSPECTIVES FROM THE NETHERLANDS ON BECOMING SUSTAINABLE", A Symposiu
m Held at the Royal Netherlands Embassy, and Related Documents. Two Special Re
ports in the July 1998 issue of "FAILSAFE". <P>

FRODL REPORTS ™ / CLIMATE EXPERT MARKET ™: "PRESERVING FLEXIBILITY IN
THE KYOTO PROTOCOL", by Anne E. Smith, Vice President, Charles River Associate
s, Washington, D.C., & "INNOVATIONS IN GROUND WATER AND SOIL CLEANUP: FROM CONC
EPT TO COMMERCIALIZATION", Excerpt from a National Research Council Report of t
he Same Name. Two Special Reports in the August 1998 issue of "FAILSAFE".<P>

"COSTA RICA: A COUNTRY MADE UNIQUE BY EXPERIMENTATION", by Christiana Figueres,
Exceutive Director of the Center for Sustainable Development in the Americas (
"CSDA"), followed by "THE COSTA RICAN EXPERIENCE WITH MARKET INSTRUMENTS TO MIT
IGATE CLIMATE CHANGE ANDCONSERVE BIODIVERSITY" by Rene Castro, Costa Rica's Min
ister of Environment & Energy, and by Franz Tattenbach, with la Fundacion Para
el Desarollo de la Cordillera Volcanica Central ("FUNDECOR") & FRODL REPORTS &#
153; / CLIMATE EXPERT MARKET ™: "CARBON FORESTRY AND THE KYOTO PROTOCOL'S
CLEAN DEVELOPMENT MECHANISM: A LEGAL ANALYSIS" by Jonathan Rotter, Regional Co
unsel for Latin America and the Caribbean at thet Nature Conservancy, and Kyle
Danish, Associate with the Law Firm of Hunton & Williams, & AN INTRODUCTION TO
THE WOMEN'S COUNCIL ON ENERGY AND ENVIRONMENT ("WCEE"), thanks to Polly Shaw, C
ommunications Chair for the WCEE Board of Directors and an Associate with ICF K
aiser Consulting. Three Special Reports in the September 1998 issue of "FAILSA
FE".<P>

"WHEN PEOPLE AND NATURE COLLIDE: A NEW APPROACH TO NATURAL DISASTER REDUCTION"
by Elaine R. Padovani, Agency Representative, National Science and Technology C
ouncil, Environment Division of the Office of Science and Technology Policy, Ex
ecutive Office of the President. Special Report in the October 1998 issue of "
FAILSAFE". Plus four guest columns: "REGULATORY REFORM DEFANGED: AN ACCEPTABLE
AGREEMENT ON BENEFIT-COST ANALYSIS HAS FINALLY BEEN REACHED" and "WASTE SITE C
LEAN-UPS IN SLOW MOTION: CONGRESS NEEDS TO FIX THE RCRA CLEAN-UP PROGRAM" by De
bra S. Knopman, Director of the Center for Innovation & the Environment of
the Progressive Policy Institute in Washington, DC.; "ATTACKING GLOBAL WARMING
: LET'S CRAWL BEFORE WE WALK" by Robert W. Hahn, Director of the AEI-Brookings
Joint Center for Regulatory Studies; "THE INTEL NEGOTIATIONS :THE CASE FOR PROA
CTIVE INSIDE ENVIRONMENTAL MANAGEMENT & LAWYERING" by James M. Thunder, Law
yer and Management Consultant, McLean, Virginia.<P>

"BUILD UP TO THE BUENOS AIRES COP-4: LEADING COMPANIES TAKE VOLUNTARY STEPS TO
REDUCE GREENHOUSE GAS EMISSIONS, AND THE WHITE HOUSE PRAISES THEIR INITIATIVES"
, a Special Report in the November 1998 "FAILSAFE" with contributions from the
Office of the Vice President; General Motors, Monsanto, B.P America, and the Wo
rld Resources Institute; U.S. EPA; International Business Machines Corp., the B
ureau of National Affairs; and the President's Council on Sustainable Developme
nt.   "COP-4 IN BUENOS AIRES: NEAR-TERM ISSUES AND LONG-TERM STRATEGIES FOR U.S

. BUSINESS" by Dr. Mark C. Trexler, President & Michael S. Burnett, Vice Pr
esident, Trexler and Associates, Inc.: FRODL REPORTS ™ / CLIMATE EXPERT M
ARKET ™ Special Report. And two Guest Columns: "CALIFORNIA AND ENDANGERED
SPECIES: REFORMS, ECOSYSTEMS, PARTNERING" by Douglas P. Wheeler, California Se
cretary for Resources; and "THE ODYSSEY AND OPPORTUNITIES OF ENVIRONMENTAL ENFO
RCEMENT IN AN INFORMATION AGE" by Michael J. Penders, Special Counsel, Office
of Criminal Enforcement, Forensics, and Training, U.S. EPA.<P>

"A CLIMATE OF VULNERABILITY", a Special Report in the December 1998 "FAILSAFE",
co-authored by by Lisa J. Farrow and J. Michael Hall, Program Director for La
tin America, Climate and Global Change Program, NOAA Office of Global Programs,
and Director, NOAA Office of Global Programs, respectively. "ADAPTATION TO CLI
MATE CHANGE" by Joel B. Smith with Stratus Consulting Inc., a FRODL REPORTS
53; / CLIMATE EXPERT MARKET ™ Special Report. "CARBON DIOXIDE, CLIMATE CH
ANGE AND HURRICANES", a Guest Column by Nicholas R. Bates and Anthony H. Knap w
ith the Bermuda Biological Station for Research, and Anthony F. Michaels with W
rigley Institute for Environmental Studies, University of Southern California.
"INTRODUCTION TO ENVIRONMENTAL ACCOUNTING AS A BUSINESS MANAGEMENT TOOL: KEY C
ONCEPTS AND TERMS", a Special Report from the U.S. Environmental Protection Age
ncy, Design for Environment Program, Environmental Accounting Project.<P>

"ISO 14000, "DUAL-TRACKING" REGULATORY SYSTEMS, AND STRATEGIC ENVIRONMENTAL MAN
AGEMENT SYSTEMS", Two columns / Special Report in the January 1999 "FAILSAFE" b
y Ira Feldman, President, "GT Strategies + Solutions". "KEMPER ENVIRONMENTAL'S
SOLUTIONS FOR BROWNFIELDS", a Special Report by Brad A. Mauer Esq., C.P.C.U.,
Director, Commercial & Real Estate Markets, Kemper Environmental. "GREEN SH
AREHOLDER VALUE, HYPE OR HIT?" a Special Report by Donald J. Reed, CFA, World R
esources Institute. "PARADOXES IN PARADISE (#1) -COSTA RICA'S EFFORTS TO SAVE
ITSELF- A 1991 report on the successes and shortcomings of Costa Rica's conserv
ation strategies", a Guest Column by Holly Kaufman, Environment & Enterpris
e Strategies.<P>

"WHITE HOUSE ANNOUNCES CLINTON-GORE LIVABILITY AGENDA: BUILDING LIVABLE COMMUNI
TIES FOR THE 21ST CENTURY", a Special Report in the February 1999 "FAILSAFE".
"IBM'S EXPERIENCE IMPLEMENTING ISO 14001 ON A GLOBAL BASIS: DOES ISO 14001 AC
HIEVE ITS INTENDED GOALS?", a Special Report by Wayne Balta, Director, Corporat
e Environmental Affairs, IBM Corp. and Gayle Woodside, Program Manager, Corpora
te Environmental Affairs, IBM Corp..<P>

"THE NEW ENVIRONMENTAL INSURANCE PRODUCTS: WHEN DOES IT MAKE SENSE TO BUY THEM?
", a Special Report in the March 1999 "FAILSAFE" by Susan Neuman, President, En
vironmental Insurance Agency. "MITIGATION OF CLIMATE CHANGE: A SCIENTIFIC APPR
AISAL", a Special Report by S. Fred Singer, Ph.D..<P>

"PRESIDENT CLINTON EXPANDS FEDERAL EFFORTS TO COMBAT BIOLOGICAL INVADERS: EXEC
UTIVE ORDE R 13112 OF FEBRUARY 3, 1999 ON INVASIVE SPECIES", a Special Report i
n the April 1999 "FAILSAFE". "IT'S "CARPE DIEM" TIME FOR FLEXIBLE PERMITTING"
a Special Report by Stephen Harper, Manager, Environmental, Health, and Safety
Policy, Intel Corporation; "FUNDING BROWNFIELD REMEDIATION WITHTHE CLEAN WATER
STATE REVOLVING FUND", A Special Report by Kristin S. Kenausis, Communications
Specialist, State Revolving Fund Branch, Office of Water, U.S. EPA;
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PCOMING MARITIME POLICY", a Special Report.<P>

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