

Exchange Mail

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TEXT_BODY TO @COMM: Please send to Joe Lockhart and Kevin Cosgriff in
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ASAP. Thanks.

TRANSLATED_ATTACHMENT jun22gui.doc
NATIONAL SECURITY AFFAIRS GUIDANCE

June 22, 1998

Colombia

North Korea

Global Positioning System

India/Pakistan Sanctions

Iran/MKA Speech

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Belarus

Russian Financial Situation

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Iraq/Oil Smuggling

Iraq/UNSCOM

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Nigeria

Cyprus/Turkish Planes

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ICC

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China/Dalai Lama

China/Tibet

PLA/Satellites

China Satellites

Chinese Family Planning

China MFN

China Trip

Russia/Iran Missile Sanctions

START II Postponement

COLOMBIA

June 22, 1998

What is USG reaction to presidential elections in Colombia Sunday?

* Congratulate Colombian people for participating in what I understand was a record turnout for a presidential election in Colombia.

* Impressed by dedication of Colombian people to peaceful democratic process in the face of intimidation and violence.

* Look forward to working with President-elect Pastrana (pah-STRAH-na) on the important issues our two countries share - fighting illegal drugs, improving lives of all our peoples, strengthening democracy and the rule of law.

NORTH KOREA

June 22, 1998

Once again, the North Koreans have evidently been caught trying to infiltrate agents into South Korea using a submarine again. Does the United States have a

reaction? The last time this happened, it significantly increased tensions in Korea. How serious is this?

* We are in close coordination with South Korean officials regarding this incident. Until we have more facts, I think it would be best not to make a specific comment.

* It is a reminder of the significant tension that still exists between North and South Korea and the importance of our close relationship with the Government of South Korea. It underscores the value of our engagement with China where we have been working through the four party talks to bring stability to the Peninsula. This is one of the major regional security issues the President will discuss with President Jiang later this week during his stop in Beijing.

GLOBAL POSITIONING SYSTEM

June 22, 1998

The "Global Positioning System" (NAVSTAR/GPS)

* The Department of Defense controls a constellation of 24 satellites at a 10,000 nautical mile orbit which provides positioning and timing signals for use around the world by military, civil and commercial users to provide accurate navigation information. Commercial GPS applications include aircraft and nautical navigation, and surveying.

* The GPS had some satellites in orbit and was providing navigational data during the 1980s. DOD declared an initial operational capability in 1993 and declared full operational capability in July 1995, when all 24 satellites had been placed into orbit.

* Russia operates a similar system (which it refers to as "still under development") called "GLONASS". The first satellite was launched in 1982. In 1996, the GLONASS constellation reached 24 satellites, although the current constellation is 16 active satellites. Unlike GPS, GLONASS has no plans to "degrade" its signals for civil use.

Export Controls on GPS Receivers

* The U.S. and its COCOM allies decontrolled all but the most sophisticated GPS receivers (useful in military applications) in 1991.

* Today, the U.S. permits the export without license of all commercial grade GPS receivers to all but terrorist supporting countries.

* Generally, commercial grade receivers provide positioning information accurate to 30 meters.

* Commercial GPS receivers are controlled by the Commerce Department. GPS receivers specifically designed for missile or military use are controlled as munitions items by the Department of State.

* Commercial GPS receivers are available worldwide and are marketed by companies in the U.S., Canada, France, Germany, South Africa, Sweden, the U.K., and Japan.

INDIA AND PAKISTAN SANCTIONS

June 18, 1998

Can you comment on India's claim that economic sanctions are unproductive?

* Our purpose in imposing sanctions on India and Pakistan is to change their behavior with regard to nuclear weapons, not to punish their people.

* It is also important to remember that we are not alone in imposing sanctions. Japan, Canada, Denmark, the Netherlands, Norway, Sweden,

Switzerland, and the G-8
have all cut back or suspended their aid programs to India and
Pakistan to
demonstrate their opposition to the Indian and Pakistani nuclear tests.

* The sanctions that have been imposed generally call for a cutoff of
future
assistance or loans. As a result, their impact will in most cases not be
felt
immediately.

* The decision of the G-8 foreign ministers in London on June 12th to
postpone
loans for non-basic human needs by the international financial
institutions
(World Bank, IMF, and the Asian Development Bank) will over time
be particularly
significant. (Loans for basic human needs, however, will not be
postponed.)

* Based on their past records, we expect that approximately \$4 billion
in loans
to India and Pakistan each year will be delayed by the G-8 decision.

* Given the strong desire of the Indian and Pakistani governments to
expand their
economies, these sanctions, will have an increasingly important
impact in the
future.

What is the purpose behind these sanctions?

Our goals in implementing these sanctions have been, to the extent
possible, to:

- * send a strong message to would-be nuclear testers;
- * influence Indian and Pakistani behavior;
- * target the governments rather than the people;
- * maximize the impact on Indian and Pakistani firms;
- * minimize the damage to U.S. interests.

What do you hope to achieve with India and Pakistan by imposing
these sanctions?

Our key objectives are to convince both countries to:

- * halt further testing;
- * sign the CTBT immediately and without conditions;
- * not deploy missiles or nuclear weapons;
- * cut off fissile material production for nuclear weapons;

- * cooperate in Fissile Material Cutoff Treaty (FMCT) negotiations in Geneva;
- * maintain and formalize restraints on sharing nuclear and missile technology;
- * reduce bilateral tensions, including Kashmir.

What do these sanctions entail?

We are acting in accordance with the Glenn Amendment, which calls for sanctions in seven specific areas:

1. We have terminated foreign assistance to India and Pakistan under the Foreign Assistance Act (FAA), except for humanitarian assistance, food, or other agricultural commodities. We have also suspended one program not barred by the Glenn sanctions.
2. We have terminated Foreign Military Sales (FMS) under the Arms Export Control Act (AECA) and revoked licenses for the commercial sale of any item on the U.S. Munitions List.
3. We have terminated Foreign Military Financing under the AECA, although we did not have such programs with India or Pakistan in any case.
4. We have halted any new commitments of USG credits and credit guarantees by USG entities (EXIM, OPIC, CCC) after the dates of the nuclear tests by India and Pakistan, and we have stopped processing any project proposals for these countries.
5. The Glenn amendment requires that we oppose any loans by international financial institutions (IFIs) for projects not related to basic human needs (BHN). We have taken the additional step of obtaining G-8 support to postpone consideration of non-BHN loans for India and Pakistan by the IFIs in order to bolster the effect of the Glenn Amendment.
6. We will prohibit U.S. banks from extending loans or credits to the

Governments
of India and Pakistan.

7. We will deny export to India and Pakistan of all dual-use items controlled by the Commerce Department for nuclear or missile reasons. We will also presume denial for all other dual-use exports to government or private entities involved in nuclear or missile programs. We will toughen existing controls for military entities and private entities involved in WMD activities.

In addition to these statutory sanctions, we have suspended most military-to-military programs, including certain ongoing education programs and official exchange visits.

What about CCC credits for agricultural products such as wheat?
Didn't you say food was exempt from sanctions?

The Glenn Amendment captures the CCC credit program, and the exceptions do not apply. That said, we do not want to deny food to the people of either country, so we have supported legislation to create an additional exception that would permit CCC credits for food and agricultural commodities.

IRAN: REACTION TO SPEECH
June 19, 1998

The Iranians are saying that the Secretary of State's speech was "inadequate" - any reaction?

* There's no need to be going back and forth every day. The Secretary's speech was a clear statement of what parallel steps that could be taken to lead to an improvement in relations.

* We hope Iran will now take some time to develop a considered and careful evaluation of what next steps might be.

KOSOVO

June 22, 1998

Did Principals meet on Kosovo on Friday? What can you tell us?

* Principals reviewed the situation in Kosovo including how best to move toward a negotiated solution -- working with allies and other partners -- and what leverage (carrots and sticks) might be available to advance that objective.

* (if asked whether use of force was discussed) We reviewed all options -- no decisions.

Why is the President sending Ambassador Holbrooke back to see Milosevic again?

* Ambassador Holbrooke will reinforce the international community's determination that President Milosevic implement all the requirements of the Contact Group.

* We want to see a diplomatic solution. But all options remain on the table.

Yeltsin-Milosevic Joint Statement on Kosovo

You obviously did not get everything you wanted out of the Yeltsin-Milosevic meeting. The fact that Milosevic is not willing to meet the Contact Group demands, does this make NATO military action more likely?

* President Yeltsin succeeded in getting a public commitment from Milosevic on some key issues. It is still up to Milosevic to act on the promises he made in Moscow as well as the full set of steps as outlined by the Contact

Group,
including the withdrawal of security forces involved in operations
against
civilians.

* If Milosevic does not take steps toward peace, we will have to
consider the
range of options at our disposal.

Do you need a UNSC resolution in order to proceed with any NATO
military action?
Are you now planning to push for that, even with Russian objections?

* We are working with the UK -- and other allies and partners -- in
support of a
strong UN Security Council Resolution on Kosovo. It would certainly
reinforce
the message that the international community is out of patience.

* While such a resolution may be desirable, depending on the
circumstances, it
may not be necessary.

Is there a deadline to all this? Milosevic said he would do some of the
things
the Contact Group wants. How much time are you going to give him
before you
consider other options such as military action?

* Milosevic should take immediate steps that demonstrate that he
intends to meet
the requirements of the Contact Group, including his promises to
President
Yeltsin.

* If the situation does not improve, however, we will consider our
other options.

* (if pressed) No fixed timeline.

POTUS- Yeltsin

* We and Russia are both deeply concerned with the violence in
Kosovo and share
the common objective of a peaceful resolution to the situation.
President
Clinton and President Yeltsin will discuss the issue in advance of
Milosevic's
visit to Moscow.

* The U.S. and Russia have a long track record of cooperation in the Balkans.

It's important for us to work together to encourage Milosevic to halt the violence in Kosovo.

* (if asked about NATO air exercise) Both U.S. and NATO officials discussed the

air exercise with Russia before the exercise began. We expect the Clinton-Yeltsin call to focus on broader issues.

* (if asked about the departure of Russia's military representative at SHAPE)

Our understanding is that his return was related to routine business and not to today's NATO military exercise.

NATO Air Exercise DETERMINED FALCON

* We welcome NATO's decision to conduct an air exercise in the region. This

successful exercise demonstrated both NATO's deep concern for the stability of

the region as well as its ability to rapidly project allied power. Some 80

aircraft from 13 NATO nations participated in the exercise, demonstrating the

resolve of the international community to see an end to the violence in Kosovo.

(if asked about further details, defer to DoD).

* (if asked about Russian objections) Both U.S. and NATO officials have

discussed the air exercise and Kosovo with Russia. NATO has an appropriate role

to respond to instability in Europe and take appropriate measures, if needed, to

deter further violence and the spread of the conflict.

Kosovo

* We are working closely with allies and other partners in NATO, UN, and Contact

Group on measures intended to end the violence and promote a peaceful resolution.

This includes accelerated contingency planning in NATO.

* We welcome NATO's timely decision to accelerate contingency planning for a

range of possible actions that could halt violent repression and expulsion in Kosovo, and support international efforts toward a political settlement.

* (if asked about decision to employ force) Although we want to be sure we and allies have made prudent preparations should the need arise, we have not made any decisions to carry out military action. We will continue to consult with the Congress as the situation develops.

* (If asked about use of force) We and our partners have a variety of options available to us -- which I am not going to enumerate or comment upon -- but we are not ruling anything out.

* (If asked about unilateral action) We believe any action should be in a NATO framework

* We are working with the British in support of a UN Security Council resolution that could provide a mandate for international action, should that become necessary.

* We are holding the FRY to its pledge to allow access by international observers and humanitarian organizations in Kosovo. We and our partners may be augmenting Embassy staffs to help.

* We and others in the international community are mobilizing resources to address humanitarian needs. Of the many Kosovar Albanians who have fled their homes in wake of the recent attacks

* We are calling on both sides to resume their dialogue. We are urging all parties to avoid actions -- especially the use of force -- that would undermine peaceful negotiations.

Sanctions

* When the Contact Group met in early May, we agreed to impose an

assets freeze
and investment ban unless President Milosevic agreed to talks and to
take other
measures to avoid violence.

* Although Milosevic agreed to talks, it is his indiscriminate use of
violence
over the past several weeks that has undermined the talks. Therefore,
we
implemented the assets freeze and investment ban by Executive
Order.

* As of 12:01 am Tuesday, June 10, the Executive Order froze the
assets of
Federal Republic of Yugoslavia (Serbia and Montenegro) and
prohibited new
investment by U.S. persons in the Republic of Serbia.

* It is our intent to exempt the Republic of Montenegro from these
prohibitions
wherever possible.

BELARUS: DISPUTE OVER AMBASSADOR'S RESIDENCE June 22, 1998

Has the Belarusian government blocked access to our ambassador's
residence? Is
our ambassador being recalled?

* Belarusian officials in Minsk took actions to deny normal access
and cut
utility service to our ambassador's residence, as well as those of other
ambassadors. These steps amount to the eviction and are a flagrant
violation of
Belarus' obligations under the Vienna Convention.

* Until normal access and utilities are restored, we will be recalling
our
ambassador for consultations. Understand EU ambassadors have also
been recalled.

Refer you to the State Department for more information.

RUSSIAN FINANCIAL SITUATION June 22, 1998

Background: Russian markets were fairly quiet today as investors awaited the arrival in Moscow tomorrow of IMF Deputy Managing Director Fisher for meetings with Russian authorities on release of the next \$670 million IMF Extended Fund Facility tranche. Stocks fell 1.8 percent in very light trading and the ruble was trading at the bottom end of the Central Bank's exchange rate band. Fisher told the press on Friday that the \$10-15 billion in additional financing that Russian plenipotentiary to the IMF Chubays said Russia was looking for may be beyond the Fund's current resources. Meanwhile, over the weekend Yeltsin's press secretary and Russia's G-8 sherpa made statements that some of the terms being demanded by the IMF additional financing are unacceptable (Russian plenipotentiary to the IMF and World Bank Chubays said the same thing on Friday).

What is your reaction to IMF Deputy Managing Director Fisher's statement Friday that the \$10-15 billion in additional financing that Russia is looking for may be beyond the IMF's resources?

* IMF's resources are stretched thin at the moment, which will place limits on amount of financing that can be afforded any one country, Russia included.

* Right now Moscow's focus should be on working out conditions for any additional financing. Actual extent of financing will be worked out by the IMF later.

* Hope that Moscow and the IMF will continue their constructive dialogue to work out the specific conditionality for any additional financing.

What is your reaction to statements by Russian officials that some of the conditions being demanded by the IMF for additional financing are unacceptable?

* IMF and Russia are agreed on overall reform objectives for Russia at this stage: restoring the government's fiscal health and implementing structural changes needed to get the economy growing again.

* Hope that Moscow and the IMF will continue their constructive dialogue to work out the specific conditionality for any additional financing.

What is the U.S. reaction to Chubays' statement on Friday that Russia is seeking \$10-15 billion in additional IMF assistance?

* As the President said at the end of May, the United States supports additional conditional financing for Russia as necessary.

* Encouraged that IMF Deputy Managing Director Fisher will be in Moscow early next week to continue discussions with Russian government. Important that Russia and IMF continue their dialogue.

If pressed about the \$10-15 billion figure mentioned by Chubays:

* Premature to be talking about funding levels. Focus right now should be on pushing forward with reforms that could be eventually be supported with additional financing.

* Specific funding decisions will have to be worked out in consultation with the IMF.

How do you square Yeltsin's statement Friday that Russia doesn't need foreign money with Chubays's that Russia needs \$10-15 billion?

* Yeltsin appeared to be talking about direct G-8 financing, whereas Chubays was referring to IMF money.

* We agree that any additional financing, if necessary, should come from the IMF and other multilateral sources.

Why did the IMF decide last week to postpone approval of Russia's next EFF tranche?

- * We understand that Russia is continuing work on implementing several of the prior actions necessary for IMF Board approval of the EFF tranche.

- * When they have done so, the Board meeting on tranche approval can take place.

- * IMF Deputy Managing Director Fisher Russia tomorrow to consult with Russian authorities.

If pressed on the seriousness of the delay:

- * This delay does not signal a break in Russia-IMF relations.

- * The IMF is supporting Russian Government efforts to implement measures to boost tax collections and financial transparency (the prior actions not yet completed relate to these issues).

- * Both sides are working intensively on these issues, and we encourage them to continue to do so.

JAPAN: HASHIMOTO
June 17, 1998

What did the President talk to Hashimoto about?

- * The President reiterated his concern about the Asia crisis generally and the state of the Japanese economy in particular. He stressed to the Prime Minister that Japan has a critical role to play in helping to restore financial stability in Asia, by stimulating domestic growth, strengthening its financial system, deregulating and opening its markets.

* Policies to help restart Japan's economic growth are essential to reestablishing the confidence that is needed. We welcomed the Government of Japan's fiscal stimulus package and have urged rapid implementation of its components. The President made clear that it is also critical for the GOJ to quickly resolve the banking system's bad debt problem and to move decisively on deregulation and opening of Japan's markets.

Did the President dispatch a mission to the region?

* The President and the Prime Minister agreed that Deputy Secretary Summers and Deputy Secretary Talbot would travel to Japan to meet with their counterparts in Tokyo. We are still developing the timing and nature of those meetings with the GOJ.

Are you concerned that the crisis in Asia may be deepening?

* Our economy is the strongest in the world, but the crisis in Asia does pose a threat to American jobs and exports. We have already seen evidence that weaknesses in economies there are having an impact here -- cutting into our ability to export goods to the region and increasing our trade deficit.

* To make sure that our economy continues on a path of steady growth, Congress must step up to the plate and make sure that the IMF is strong enough to respond to any broadening of the current crisis. We should not take risks with the funds that the IMF needs to help stabilize the world economy. And because the IMF functions like an international credit union, paying our share won't cost American taxpayers a dime.

ISRAELI PLANS ON JERUSALEM
June 19, 1998

What's your reaction to reported Israeli plans to extend the municipal authority of Jerusalem over areas of the West Bank beyond the green line. Isn't this the first step toward Israeli annexation of parts of the West Bank?

* We have already raised this issue with Israel and conveyed our concern. At the moment it is not clear what the Cabinet will be presented with on Sunday or what they intend to do.

* For our part, it is very hard to understand why Israel would even consider taking such a provocative step.

* Jerusalem is an extremely sensitive and emotional issue for Israelis, Palestinians, and Arabs alike. These kinds of unilateral actions only serve to undermine any sense of trust and confidence between the parties so essential to creating an environment for serious negotiations.

* They also create the impression that Israel has determined the status of key permanent status issues before those negotiations have begun.

* We encourage Israel as well as the Palestinians to avoid any step that could make it more difficult to restore the environment in which serious negotiations can take place.

IRAQ: SMUGGLING OIL TO TURKEY June 19, 1998

Background: There is considerable oil smuggling out of Iraq both to Turkey and to the Arabian side of the Gulf. The Multinational Interdiction Force (MIF) exists in the Gulf to prevent oil from reaching the UAE. It is much harder to stop the smuggling in the north. Note also that the oil Iraq exports to Jordan has been "acknowledged" by the UN sanctions committee, while that

to Turkey has
not.

What is the U.S. view of oil being smuggled into Turkey from Iraq?

- * The U.S. strongly supports enforcing UN sanctions on Iraq, which have cost Saddam \$15 billion a year since 1990s.

- * Turkey is a valued member of the Gulf War coalition and has suffered economically from sanctions imposed on Iraq.

- * It has played a major role in containing Iraq.

- * It is true, as the NY Times alleges today, that there is some smuggling of oil into southeastern Turkey.

- * We have raised this issue and our concerns with the Turkish government. They have expressed their willingness to work on bringing the illicit trade under the UN sanctions regime.

- * Our preference would be to bring all of Iraq's illicit exports under the oil-for-food program. Turkey supports this approach.

So, you are turning a blind eye?

- * No, as I said, we have raised the matter with the Turks.

- * A look at the map, however, would indicate how different this situation is than smuggling through the Gulf. While the MIF work actively to curb smuggling in the Gulf, no parallel interdiction force exists in land-locked northern Iraq.

Have you raised the matter with the sanctions committee to "except" Turkey the way the UN "excepts" Jordan?

- * We have not, for further information, I would direct you to the sanctions committee in New York. (IF PRESSED, the issue is before the committee but has

not been addressed.)

How much oil are we talking about?

* The amount smuggled varies, but is in the neighborhood of approximately 45,000 barrels per day (B/D) or about \$100 million/year. (FYI: Turkey contains about 675,000 B/D, so this is not a great portion of Turkey's needs)

Is it true that Barzani is profiting from this oil trade?

* Several of the groups in this part of northern Iraq are profiting from the trade.

Did Barzani in fact double cross the U.S. by inviting Iraq into the North?

* Then, as now, we oppose the introduction of any destabilizing force in the Kurdish-controlled areas as of northern Iraq. Barzani is aware of our position.

Have you pressed the Iranians about the resumption of smuggling of Iraqi oil through Iranian waters?

* The Sanctions Committee will soon receive a brief from the MIF on this activity. We will join others in pressing Iran to end this smuggling.

IRAQ/UNSCOM: BUTLER/IRAQ TWO MONTH PLAN
June 17, 1998

What can you tell us about the two month program of action which Butler and the Iraqis have agreed to follow?

Background: On June 3 and 4, Ambassador Butler provided the Council with a "roadmap:" an excellent briefing on what major conditions Iraq must meet for

UNSCOM to report that substantial progress has been made. He met the Iraqis in Baghdad this week at Iraqi urging to put notional deadlines for the necessary cooperation. Press coverage of his initial statements overstate the nearness of completing UNSCOM's mission; Butler has made clear subsequently to U.S. interlocutors that he doubts the Iraqis will be sufficiently forthcoming within the 2-4 month period laid out.

* Ambassador Butler told the Council June 3 and 4 the main items needing more disclosure by Iraq. These were broad areas involving some very large gaps in knowledge.

* None of these demands for Iraqi cooperation were new: Iraq has avoided or ignored many of these questions for a long time.

* Butler's trip to Baghdad was to set up a work schedule for Iraq to answer these outstanding questions. Butler and Iraq agreed that Iraq will try to work to satisfy these outstanding needs within 2-4 months.

* So IF Iraq complies fully with UNSCOM's demands and IF Iraq does so promptly, UNSCOM will be able to report progress to the Council.

* But let me remind you that this has been the situation for the last 86 months (April 1991-June 1998) since Iraq was told to fully disclose its weapons programs. This is simply another milestone; Iraq has failed to meet numerous such milestone in the past, and we aren't confident that it will meet this one.

* The 2-4 month schedule is not what's important. What's important is UNSCOM getting full disclosure from Iraq on the areas laid out to the Council.

* We and the Council will judge what Iraq offers UNSCOM based solely on this merit, not on the need to meet some arbitrary milestone. Iraq has no hope of having sanctions lifted until it fully discloses its weapons programs.

MEPP

June 22, 1998

The Israeli Cabinet approved on Sunday a plan expanding control of Jerusalem.

Does this really signal that the Prime Minister has no intention of reaching agreement with the Palestinians. When are you going to declare your current approach to the peace process dead?

* Obviously, we regret the decision of the Israeli cabinet. We have been making some progress with the parties recently. Unilateral actions like this are not helpful at a time when the parties need to reach a basic agreement that would allow accelerated final status talks to begin.

* The final status of Jerusalem is, of course, one of the key issues to be addressed during these negotiations. We have communicated this view to the Israeli government.

* We will continue our current discussions with the parties as long as we believe there is a chance to close the existing gaps.

What can you tell us about the reports of Israel demanding that the United States promise not to recognize a unilaterally declared Palestinian state in exchange for doing a second FRD?

* First, you know we do not comment on the details of our discussions with the parties.

* Our position on permanent status issues is clear: they should be resolved by the parties in negotiations.

* Both parties should avoid unilateral actions that would preempt their negotiations, either before or after May 4, 1999.

Where do we stand in the peace process?

* We are continuing intensive consultations with both parties in the hope of closing on the set of ideas we presented to both parties, and moving ahead toward permanent status negotiations.

* (AS NEEDED): We are not setting deadlines or making predictions on how long this will take. There is a great sense of urgency about the consequences of a continued impasse, which the parties ought to share. We are continuing the discussions as long as we believe there is a chance of closing the gaps. If it becomes clear we will not be able to do that, we will say so.

What do you think of the Chirac-Mubarak proposal to convene a summit to "Save the Peace Process"?

* We appreciate the spirit in which it was offered. The whole international community has to be concerned about the lack of progress over the last 18 months, and the prospect of security and economic deterioration in the region if the impasse persists to the end of the interim period (May 1999).

* In order to make a positive contribution to the process, such a conference would have to be carefully prepared in terms of timing, participants, and planned outcome. Those questions need to be addressed.

* In particular, such an event should not distract the parties from the issues they are working on with us right now.

**NIGERIA: POLITICAL PARTIES CALL FOR DELAY IN
TRANSITION**
June 18, 1998

What is the USG reaction to Nigeria's political parties calling for a delay of three to twelve months in the transition to civilian rule?

* Our hope for Nigeria remains a credible and lasting transition to civilian democratic government.

* We agree that the transition under General Abacha was seriously flawed. We commend the consultations between General Abubakar and the representatives of political groups and hope this process can lead to a legitimate transition in the shortest possible time.

* A dialogue between the government and civil society is a critical precursor to open and fair elections.

* We were encouraged by Wednesday's announcement by Chief of Cabinet Idris that more political prisoners would be released. We hope Chief M.K.O. Abiola is among them.

CYPRUS: TURKISH PLANES June 19, 1998

* We understand that the Turkish F-16s have departed Cyprus, as the Greek F-16s did earlier.

* We hope this signals an end to the increased tension this week.

* We expect all parties concerned to exercise restraint and avoid any provocative action.

TURKEY/EU: CARDIFF RESULTS June 18, 1998

Any reaction to end of Cardiff Summit and how it treated Turkey?

* The US is a staunch supporter of EU enlargement and its important role in building a Europe that is united, peaceful and prosperous.

* We have supported Turkey's EU aspirations. We welcome Cardiff's agreement to implement a strategy to prepare Turkey for membership.

* We commend the British Presidency and EU leaders on their decision and commitment to strengthen EU-Turkey ties, which will contribute to Turkey's ability to fulfill EU membership criteria.

Greek PM Simitis told the press that President Clinton called him at 1:30am this morning, at PM Blair's urging, to urge release of the blocked Customs Union funding for Turkey.

* The President talked to Greek PM Simitis early Tuesday morning Cardiff time (which was 7:30 pm Monday EDT).

* He discussed with PM Simitis the desirability of a positive outcome at the Cardiff meeting.

(FYI only: The President did not ask Greece to release its block on the Customs Union funds.)

INTERNATIONAL CRIMINAL COURT June 15, 1998

Background: The United Nations Diplomatic Conference of Plenipotentiaries on the Establishment of an International Criminal Court will take place in Rome from June 15 to July 17. The Clinton Administration supports the creation of a strong and effective Court. We believe that countries should bring to justice those who commit genocide, war crimes, and crimes against humanity, or turn suspects over to institutions who will, such as an impartial ICC. However, we need to design a document that reflects a variety of U.S. concerns, including the role of the Security Council, deferral to capable national legal systems, jurisdiction, elements of offenses, rules of evidence and criminal procedure. We

remain hopeful that governments will resolve differences and that the conference will produce a treaty that the international community, including the United States, can embrace.

What is the U.S. position on the establishment of an International Criminal Court (ICC)?

(Note to briefer: On several occasions, most recently in Rwanda and last year before the General Assembly, President Clinton has reaffirmed his commitment to the creation of a criminal court by the end of the century.)

* The U.S. supports the creation of a strong and effective international criminal court. We believe that such a court will advance justice on a global scale. It would serve to punish those who are guilty of the most serious violations of international humanitarian law - genocide, crimes against humanity and war crimes - while deterring those who might commit such crimes.

You say that you support the court but many have criticized the U.S. for taking positions that will limit the Court's effectiveness?

* Founding an international criminal court is an extraordinary event, the culmination of over fifty years of work and advocacy. The Rome treaty hopefully will mark the development of a powerful instrument to safeguard international peace and security.

* But we must be careful to reconcile the ideal of an ICC and the reality of the world today. We must be sure to negotiate a court that is consistent with existing efforts to maintain international peace and security and that would not become a vehicle for politicized prosecutions.

What are some of your goals for the court?

* "Complementarity": An effective ICC must ensure that national legal systems with the will and ability to prosecute will have the opportunity to do so. This principle of deferral to national legal systems is known as "complementarity" and is one of our essential goals.

* However, where national systems lack the ability - as in Rwanda - or the will - as in the former Yugoslavia - to bring to justice serious violators of international standards, the ICC would fill the gap.

* U.N. Security Council: A practical ICC should also recognize and reinforce the work of the U.N. Security Council. The Security Council should have the ability to refer situations of armed conflict or atrocities to the court and should be able to direct countries to cooperate with the court when necessary.

[Note to briefer: Our current position is that the Security Council should also have the authority to review referrals to the court. That position is currently under review by the President and we would recommend that you not discuss it if at all possible.]

* Definitions of Crimes and Procedures: The ICC's statute should also provide precise and specific guidance regarding the elements of crimes, rules of evidence and rules of procedure.

Some reports suggest that there is tension or conflict within the U.S. government on the position we should take toward the ICC. Is this true and, if so, what is the President doing about it?

* U.S. agencies have been working very closely in the formulation of a U.S. policy toward the establishment of an ICC. Experts from the State Department, Defense Department, Joint Chiefs of Staff and Justice Department are all represented on our negotiating team. The U.S. government will

present clear and unified positions during the Rome Conference.

How do you respond to those who say that the U.S. is repeating the mistakes it made during the Landmine Conference in Ottawa?

* The U.S. will not shrink from accountability but will not allow the ICC to become a political forum where rogue states challenge the actions of responsible governments. The final treaty must shield countries from unnecessary and ill-intentioned political attacks against their citizens.

Some nongovernmental organizations have said that they would walk away from the U.S. government if it fails to take positions in favor of an independent court. What is your reaction?

* The idea that the world would be better off with a so-called "strong court" that does not include the United States than it would with a "weak" court with U.S. participation is unrealistic at best.

* If we truly hope to promote justice on a global basis, U.S. participation is essential. The court will need the political support and resources of the U.S. Otherwise, the court is likely to be ineffective.

* While we support the creation of such a court, it must be a court that tries those who commit the most heinous crimes, not those who would act courageously to detain the perpetrators.

What is your response to concerns that have been raised in the Senate by Senators Helms, Ashcroft and others about such a court?

* We understand and respect the concerns that have been expressed by Senator Helms and others. We wish to create a treaty that will ensure against unwarranted prosecutions.

What is the U.S. position on whether the state of the accused should consent before an investigation or prosecution is brought?

* We have reserved on the issue of whether state consent would be required before individual prosecutions can be brought before the ICC. We are reviewing our position on this issue in light of our negotiations on other critical issues.

* However, we firmly believe that a government that has not ratified the ICC treaty must consent before there can be any prosecution of its nationals before the court. Otherwise, you would have a situation whereby failure to ratify would subject citizens to the jurisdiction of the court. This would be a clearly unacceptable situation inconsistent with international law.

* Nonetheless, we always have proposed that the Security Council be able to override a state's denial of consent. This would still permit the court to pursue cases involving rogue states.

CHINA: INTENTION TO SIGN ICCPR June 22, 1998

Do you have any comment on President Jiang's statement that China will sign the International Covenant on Civil and Political Rights in September or October?

* We welcome President Jiang's statement. China announced in March its intention to sign the International Covenant on Civil and Political Rights (ICCPR), and we are pleased that President Jiang has confirmed that this will happen.

CHINA: DIALOGUE WITH DALAI LAMA

June 19, 1998

What is your reaction to the press report that Chinese leaders and the Dalai Lama have restarted a direct dialogue?

* We have seen the press report that the Dalai Lama and Beijing have restarted talks, but we have no independent information what would confirm this and we note that the Chinese Ministry of Foreign Affairs spokesman has denied such reports. Our long-standing position is that we hope that the Chinese government and the Dalai Lama will resume their dialogue.

CHINA/TIBET

June 15, 1998

What is the U.S. position on Tibet? What will the President say to Jiang Zemin on the subject when he visits China?

* The United States strongly supports the protection of Tibet's unique cultural, religious, and linguistic heritage. We believe resumption of the dialogue between Beijing and the Dalai Lama's representatives is an essential step to achieve these goals and to assure greater protection of human rights in Tibet. We consider Tibet a part of China.

* I fully expect the President will raise the subject of Tibet with President Jiang during his visit.

* (if pressed on what he will say) I do not see utility in announcing precisely what the President will say before the President says it.

PLA USE OF U.S.-SUPPLIED COMMUNICATIONS SATELLITES
June 12, 1998

* I'm not going to confirm or deny whether the Chinese military is using U.S.-manufactured communications satellites for internal military communications.

* Of course, as a technical matter, the satellites can be used by any sector of Chinese society, including the PLA.

* In licensing these satellites, we take into consideration the possibility that they could be used by the PLA.

* As a matter of general policy, we would not license a commercial satellite to the PLA itself because of our broad restrictions on exporting any commodities to the PLA, but we do not consider potential PLA use of the satellites to pose a national security concern.

* It is quite common for military organizations to use civilian communications satellites for internal military communications. This is not a national security concern.

* As a consequence, there are no restrictions in the satellite licenses issued by the Reagan, Bush, and Clinton administrations to China or any other country that prohibit military use of the satellites.

* Because these are civilian communications satellites, they don't offer the technical and security features of military communications satellites. We do not license export of military communications satellites to China.

* As a consequence, military organizations, including the PLA, would gain no particular security advantage from using civilian communications satellites for their communications.

CHINA SATELLITES

June 9, 1998

Did licensing the launch of U.S. commercial satellites by China result in a transfer of technology that threatens U.S. security?

* None of the satellite licenses or waivers authorizes the transfer of sensitive missile technology to China. All are for commercial satellites. The licenses are subject to careful inter-agency scrutiny by the Department of Defense, the Department of State, the Arms Control and Disarmament Agency and the Department of Commerce and are subject to strict controls and safeguards.

Isn't it true that the waiver granted to Loral this February was granted over the opposition of Justice and compromised U.S. national security?

* Not true. The President did not "overrule" or "ignore" anyone's views, nor has granting the license compromised U.S. national security.

* When the State Department recommended a waiver for a Loral satellite in 1998, it noted that an investigation of Loral was under way. We therefore took the added step of asking Justice for its views on the request. Justice raised concerns about the potential impact of the waiver on its ability to persuade a jury to convict Loral in the event that the incident is found to warrant prosecution.

* The President weighed the Justice Department's views carefully against factors which supported a waiver. The State Department recommended that the waiver would be in the national interest, and State and the Department of Defense found that the license contained the safeguards necessary to protect the national security. The licensing request was for a commercial satellite export, not for the kind of activity for which Loral was being investigated. The State Department

has a
long-standing practice of not presumptively barring from a license
companies
under investigation as opposed to indictment. In balancing all these
factors, I
decided to approve the waiver.

* The process was transparent and open. Agencies responsible for our
national
security reviewed and supported the request, we took the additional
step of
asking Justice for its views. These considerations were reflected in a
memorandum for my decision.

But didn't the President overrule Secretary Christopher when he
opposed the 1996
transfer of licensing jurisdiction for commercial satellites to the
Commerce
Department?

* The President did not. The State Department initially opposed the
transfer of
jurisdiction to the Commerce Department. However, we then took
specific steps to
deal with its concerns. These additional safeguards resulted in State
supporting
the transfer of jurisdiction to the Commerce Department for
commercial
communications satellites. Secretary Christopher confirmed this in
Sunday's Los
Angeles Times.

* Under the approach adopted, Defense, State and ACDA review all
commercial
satellite license applications to ensure they are consistent with
national
security. If any agency disagrees with a proposed license, it can block
the
license and put the issue into a dispute resolution process that can
ultimately
rise to me.

How do you respond to allegations that Loral's campaign
contributions influenced
your decision to grant it export waivers and also influenced your
decision to
transfer licensing jurisdiction from State to Commerce?

* There is absolutely no connection between any campaign contributions and U.S. foreign policy. There is no evidence of such a connection. It simply did not occur.

* The Loral waiver was prepared by State and supported by ACDA and DOD as in our national interest. The President followed their recommendation.

* The policy of licensing U.S. commercial satellites to be launched by Chinese rockets is bipartisan and pre-dates my Administration. It was instituted by President Reagan and further implemented by the Bush Administration. The Bush Administration approved three waivers over three years for nine U.S. satellites to be launched from China; the President has approved ten waivers over five years covering eleven satellite programs.

* Every waiver the President approved was based on a recommendation from the State Department or the Commerce Department. Each license under these waivers was approved after careful interagency review that including State, Defense and ACDA. And the process begins from the bottom-up, with a company making a request for a license to the relevant agency which then seeks approval from the other agencies. Only then will a recommendation come to the President.

But it appears that the President's decision on the February licensing request by Loral was based on political pressure from one of his largest campaign donors.

* Loral's request for a prompt response to its 1998 licensing request had no effect on the President's decision or any impact on national security.

* American companies that need U.S. government approvals for business transactions should be able to expect a prompt response, especially if they are operating under a specific deadline. They are not entitled to a positive response, but they do deserve a timely one.

* In the case of the 1998 Loral request, our staff was aware of a deadline with important commercial implications and tried to be responsive. But the decision whether or not to grant the waiver was based on the judgments of the agencies involved in reviewing the license and recommending the waiver. In fact, the President's decision came after the deadlines identified by the company had passed, because we took the time to make an informed, judicious decision.

What about the McDonnell-Douglas case -- didn't they transfer sophisticated machine tools to China that were diverted to a facility that produces military aircraft and missiles?

* In fact, the McDonnell Douglas case is a good example of our export control system working just the way we designed it, with national security as its touchstone. In September 1994, the Administration approved the export to China by McDonnell Douglas of machine tools, to make parts for civilian aircraft to be built in China. The licenses were approved after careful interagency review -- including by the Departments of Defense, State, Energy and the Arms Control and Disarmament Agency.

* To prevent the equipment from being diverted from its intended use, the reviewing agencies added stringent conditions to the licenses. These included quarterly inspection reports by MD to monitor the equipment and detect unauthorized use. In preparing its first report in March 1995, the company discovered that the machine tools had been moved without authorization, six to an aircraft production facility in Nanchang that produces both civilian and military aircraft. Only one of the machines in Nanchang -- a large hydraulic tool -- was uncrated, but it had not been rendered operational.

* MD promptly informed Commerce and Defense. Commerce immediately began to work with MD and the Chinese government to secure the equipment. All the machine tools were secured and returned to an authorized location monitored by MD, where they remain today.

* Commerce Department investigators developed sufficient evidence to refer the case to the Department of Justice for a criminal investigation. The investigation is under the leadership of the Department of Justice, with the participation of Commerce and Customs enforcement agents. The matter also was the subject of a detailed report to Congress in November 1996 by the United States General Accounting Office.

Where there's smoke, there's fire: in the last couple of weeks, there have been multiple stories citing numerous cases of our export control system becoming a sieve under the President's watch -- China satellites, McDonnell Douglas, Supercomputers, furnaces to China. Hasn't the system gotten more lax, and isn't this a result of Ron Brown "dollar diplomacy" trumping national security interests?

* Just the opposite. If anything, we've made the export control system stronger, both in terms of protecting our national security and making the license review process more efficient and effective.

* In 1995, by Executive Order, the President expanded the right of Defense, State, Energy and ACDA to fully take part in the licensing process. Previously, these agencies reviewed only certain dual-use applications (i.e. licenses for commercial technology that could have a military application). As a result of the EO, they now have the right to review every dual-use application.

* At the same time, we continued a process begun under the Bush

Administration

and supported by both parties in both houses of Congress to move essentially commercial license applications to the Commerce Department, which has tighter deadlines and greater transparency -- but also stringent national security controls, including the obligation to secure the approval of Defense, State, Energy and ACDA on dual-use applications. If any of these agencies object to the license, they can block it and put the issue into a dispute resolution process that ultimately rises to me.

* This move reflected the reality that the Cold war was over and that our companies were being disadvantaged in their competition with foreign companies, which do not face the same export control restrictions. I would also point out that our national security benefits from the ability of our high tech firms to export around the world. These companies give our military its information and technological edge, but need the profits they generate from exports to fund their R&D.

* As to the cases you cite -- several of which were exhaustively reported on months and even years ago -- we should let the facts catch up with the emotional and erroneous charges that have been made.

CHINESE FAMILY PLANNING PRACTICES

June 10, 1998

Background: ABC News featured a report last night on forced sterilization and abortion in China. A woman who headed up the population control office in her town asserted that forced sterilization and abortion were used against women who failed to comply with birth control standards.

Is the U.S. aware of the use of coercive practices by the Chinese government in the implementation of its family planning program?

* The Government Of China officially prohibits the use of force to compel people to submit to abortion and sterilization. Nevertheless, we are aware that poor supervision of local officials who are under intense pressure to meet family planning targets can result in instances of abuse, including forced abortion and sterilization. Family planning policies in China vary widely between provinces and regions. Fertility in China is 2.4 births per woman, indicating that the one-child policy is not enforced on all Chinese couples.

What is the U.S. reaction to the report on Nightline last night?

* We are troubled by the report and will look into the matter further.

* We have stressed repeatedly with the Government of China our concern over those elements of China's family planning program that are inconsistent with the internationally agreed upon principles of non-coercion and voluntarism in population control, including the practices of forced sterilization and abortion. The issue will be addressed again during the upcoming visit.

* We are convinced that Chinese birth rates can be stabilized without coercion, through voluntary family planning and reproductive health services, maternal and child health services, basic education for girls, fighting discrimination against women and generally respecting human rights. We have urged the Chinese government to further embrace the comprehensive approach to population and development agreed to at the U.N. conference in Cairo.

* We have also sought to provide protection to persons who are the victims of coercive family control practices and flee China. In 1996, the President signed

into law immigration provisions that make clear that persons who have experienced forced abortion or sterilization or have reasonable fears of such practices may be eligible for asylum in the United States.

What is the U.S. position on the activities of the U.N. population program (UNFPA) in China?

* The U.S. does not contribute any funds to UNFPA's work in China. As required by law, U.S. contributions to UNFPA are kept in a separate account so that they cannot be used for the China program. In addition, U.S. law requires the State Department to subtract the value of UNFPA's 1998 expenditures for China from the U.S. annual contribution of \$25 million to UNFPA. Thus, as UNFPA plans to spend \$5 million in China in 1998, our contribution to UNFPA this year was only \$20 million.

* The new program, as designed by UNFPA, reflects the principles of volunteerism and non-coercion which the international community has been asking China to adopt. UNFPA early this year stated that the Chinese Government has agreed that birth quotas and targets will be suspended or removed in the 32 program counties. UNFPA will only disperse funds upon the removal or suspension of these quotas and targets, and will undertake extensive monitoring and evaluation of its activities in China. We will be watching closely to verify whether these commitments are fully implemented.

CHINA MFN
June 22, 1998

Permanent MFN For China

Background: In a June 19 interview with the LA Times, the President said he believes the annual MFN debate does not serve "a particularly useful purpose", and that it would be a good thing if we didn't have to have this debate every year, now that we have a systematic way of dealing with our human rights and other concerns. He said he would want to consult closely with Congress, that a number of leaders told him last year that the time was not right, and that he would see how the trip goes and "see how people are feeling" when he gets back.

Will the President seek permanent MFN for China following his trip to China?

- * The President believes maintaining normal trade relations is essential to effectively engaging China in areas of common interest and disagreement.

- * He favors vigorous debate over China policy, and believes reasonable people can differ on the best approach.

- * He does not believe, however, that the annual threat of rupturing our economic and broader relationship advances our ability to make China a more open and productive partner for America, and to effectively communicate our differences.

- * The President would certainly want to consult very closely with Congress before proposing any change to China's MFN status. Permanent MFN would require legislation.

- * As a practical matter, we would need to reach agreement with China on a commercially viable accession package to the WTO before considering such a change. [say why in a sentence] Those negotiations are ongoing.

MFN Renewal

Why renew MFN?

* MFN is critical to our ability to engage China. U.S. interests are best served by a secure, stable and open China. The manner in which we engage China will help determine whether it becomes more open, or whether it becomes more isolated and unpredictable.

* This vote must be about how best to promote U.S. interests. Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China - and promote the interests of the American people. Revoking MFN would rupture our relationship and jeopardize our political and economic security.

Why is engagement important?

The stakes are enormous, as demonstrated by regional events of the last six months. China has the potential to assist or obstruct U.S. objectives. Engagement is producing tangible results:

* China condemned India's nuclear testing and urged restraint in Pakistan, and is hosting a P5 meeting in Geneva later this week to address South Asian security concerns. China's role critical to preventing arms race and lessening chance of conflict.

* China has responded responsibly to Asia's financial turmoil. China has maintained the value of its currency, despite pressures to devalue -- which would likely set off a new round of competitive devaluation in the region, destroying its fragile stability.

* China continues to play a constructive role in easing tensions and moving peace talks forward on the Korean Peninsula.

* China and Taiwan have resumed cross strait contacts, and will resume talks at senior level later this year. Tensions at lowest in three years, no

threatening
military exercises.

What steps has China taken toward international cooperation and
adoption of
international norms of behavior?

China's adherence to international norms advances the interests of the
American
people.

* On nonproliferation, China has joined us in the NPT, CTBT, and
CWC regimes,
committed to no new nuclear assistance to Iran, joined a major
international
nuclear suppliers group, the Zangger Committee, and put into place
comprehensive
nuclear export controls.

* We have a strong bilateral program to combat alien smuggling,
narcotics
trafficking and terrorism., and are working with China to meet
environmental
challenges.

* Negotiations continue on China's acceptance of WTO standards that
are critical
to greater access for U.S. goods and services. MFN extension supports
our
efforts to draw China more fully into the global economy and builds
cooperation
in important areas.

What are the economic stakes of MFN?

* An estimated 170,000 U.S. jobs depend on exports to China. Those
exports have
more than tripled over the past decade, to \$12.8 billion., and China is
now our
fifth largest trading partner.

* Revocation would derail the talks on China's entry into the WTO,
under which
China would reduce its trade barriers substantially, creating new
export
opportunities for U.S. companies and workers.

* Revocation would invite retaliation against U.S. exporters and

investors.

Revocation would also hurt U.S. consumers, who could pay upwards of half a billion dollars more in a single year because of higher tariffs on such products as shoes and clothing.

Doesn't MFN undercut movement on human rights?

* Engagement does not mean endorsement. The Administration has consistently pressed its human rights concerns with China, including President Clinton's direct statements to the world at the October summit, in the presence of China's President.

* Our strategy is showing results. China has released dissidents Wei Jingsheng and Wang Dan; signed the International Covenant on Economic, Social and Cultural Rights and committed to signing the Covenant on Civil and Political Rights.

* Normal trade and continued economic engagement continues the process of opening China, exposing Chinese to our politics, ideas, economy and personal freedoms. Revoking normal trade status will diminish these ties and play into the hands of those in China who want less openness.

Doesn't MFN undercut religious freedom?

* Revocation would also set back the cause of expanding religious freedom in China. China has received our religious leaders delegation, expanding the dialogue on this key issue.

* Revoking MFN would close doors to U.S. religious groups and others that seek to promote religious freedom in China through educational, cultural and other exchanges. It would also make it more difficult to pursue the cases of imprisoned religious leaders.

Is MFN important to Hong Kong and Taiwan?

* Hong Kong is the gateway of trade between the U.S. and China. Because of this close linkage, revocation of MFN for China would seriously weaken the People of Hong Kong by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income sharply. That's why Hong Kong leaders across the political spectrum favor renewal of MFN for China.

Note: Reason for above changes is that we don't want to suggest that trade with Hong Kong as Hong Kong would be subject to disapproval action by the Congress as regards China's MFN status. Hong Kong in its own right is a WTO member and not subject to Title IV of the Trade Act and Jackson-Vanik.

* Although revocation of MFN for China would not directly affect our trade with Taiwan, it would damage Taiwan's economy, with \$20-30 billion invested in the mainland. Taiwan's economic viability is in the interest of the American people.

WHY CONTINUATION OF NORMAL TRADE STATUS FOR CHINA SERVES THE NATIONAL INTEREST OF THE UNITED STATES

ENGAGEMENT: President Clinton's policy of engagement with China is expanding our cooperation in areas important to the national interest - stability in Asia, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, protecting the environment and expanding mutually beneficial trade. It also provides us with an effective means to deal forthrightly with our differences, notably human rights. The manner in which we engage China will help determine whether it becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. The President's strategy is showing results and we need to stay the course. This vote must be about how best to promote U.S.

interests.

Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China - and promote the interests of the American people. Revoking MFN would rupture our relationship with a fourth of the world and jeopardize our political and economic security.

ENORMOUS STAKES: The stakes are enormous, as demonstrated by regional events of the last six months. China has the potential to advance U.S. objectives.

Engagement is producing tangible results:

- * China condemned both India and Pakistan's nuclear testing and urged restraint,

and is hosting a P-5 meeting in Geneva later this week to address South Asian

security concerns. China's role critical to preventing arms race and lessening

chance of conflict.

- * China has played a constructive role in responding to the Asia financial

crisis, in part by maintaining its exchange rate, thereby decreasing pressure for

competitive devaluation in the region.

- * China continues to play a constructive role in peace talks and easing tensions

on the Korean Peninsula.

- * China has resumed cross-Strait contacts with Taiwan, and will resume talks at

senior levels later this year. Tensions at lowest level in three years, with no

threatening military exercises.

INTERNATIONAL COOPERATION: China's adherence to international rules advances the interests of the American people. On nonproliferation, China has joined us in

the NPT, CTBT, CWC, and BWC regimes, committed to no new nuclear assistance to

Iran, joined a major international nuclear suppliers group, the Zangger

Committee, and put into place comprehensive nuclear export controls.

We have a

strong bilateral program to combat alien smuggling, narcotics trafficking and

terrorism, and are working with China to meet environmental challenges. MFN

extension supports our efforts to subject China to the same

international disciplines as other major powers and builds cooperation.

JOBS: An estimated 170,000 U.S. jobs depend on exports to China. Those exports have more than tripled over the past decade, to \$12.8 billion, and China is now our fifth largest trading partner. Revocation would derail the talks on China's entry into the WTO, under which China would reduce its trade barriers substantially, creating new export opportunities for U.S. companies and workers. Revocation would invite retaliation against U.S. exporters and investors. Revocation would also hurt U.S. consumers, who could pay upwards of half a billion dollars more in a single year because of higher tariffs on such products as shoes and clothing.

HUMAN RIGHTS: Engagement does not mean endorsement. The Administration has consistently pressed its human rights concerns with China, including President Clinton's direct statements to the world at the October summit, in the presence of China's President. Our approach is showing results. China has released dissidents Wei Jingsheng and Wang Dan, signed the International Covenant on Economic, Social and Cultural Rights and committed to signing the Covenant on Civil and Political Rights. Normal trade and continued economic engagement continue the process of opening China, exposing Chinese to our politics, ideas, economy and personal freedoms. Revoking normal trade status will diminish these ties and play into the hands of those in China who want less openness.

RELIGIOUS FREEDOM: Revocation would also set back the cause of religious freedom in China. Over the past year, China has received our religious leaders delegation, expanding the dialogue on this key issue. Revoking MFN would close doors to U.S. religious groups and others that seek to promote religious freedom in China through educational, cultural and other exchanges. It would

also make
it more difficult to pursue the cases of imprisoned religious leaders.

HONG KONG AND TAIWAN: Hong Kong is the gateway of trade between the U.S. and China. Revocation of MFN for China would weaken the Hong Kong economy by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income sharply. Hong Kong leaders across the political spectrum favor renewal of MFN for China. Revocation would damage Taiwan's economy, with \$20-30 billion invested in the mainland. Taiwan's economic viability is in the interest of the American people.

CHINA TRIP

June 9, 1998

During the President's upcoming trip to Hong Kong, is he going to meet with top vote-getter Martin Lee?

* The President strongly supports Hong Kong's democratic development and preservation of its way of life and fundamental freedoms. We welcome the Legislative Council elections whose outcome demonstrates Hong Kong's people's desire for more democracy, not less. During his brief visit to Hong Kong, the President plans to meet with democratically elected representatives of Hong Kong's political parties, including Martin Lee's Democratic Party. This meeting will demonstrate the President's personal commitment to the democratic process in Hong Kong.

* The President looks forward to private discussions with Martin Lee.

* (if pressed) The exact form of the meeting is still under discussion. The President's visit to Hong Kong is still five weeks away, and many

events on this trip naturally are not yet in final form.

Will the President attend arrival ceremonies in Tiananmen Square and is Sandy Berger going to China next week to negotiate concessions from the Chinese in exchange for such a ceremony?

* During warm weather months, it is Chinese practice to hold arrival ceremonies in front of the Great Hall of the People adjacent to Tiananmen Square. The arrival ceremonies for other heads of state who have visited China since 1989, including Major, Yeltsin, Hashimoto, and Chirac and Netanyahu, have been held there.

* The President's strong views about what happened at Tiananmen in 1989 are well-known and a matter of public record. He has made clear in the past and will continue to make clear our view that the break-up of the demonstrations, and the consequent killing of many innocent civilians, was unacceptable and a great mistake by the Chinese leaders.

* One should not confuse form with substance. This President has pushed aggressively on human rights issues with the Chinese and has gotten results, such as the release of prominent dissidents Wei Jingsheng and Wang Dan and a Chinese statement of intention to sign the International Covenant on Civil and Political Rights. He will continue to press for progress on human rights during his visit to China and is convinced that engagement at his level is a very important way to encourage such progress.

* As for Sandy Berger's trip to Beijing, this has long been under discussion. Berger held several rounds of talks with Chinese leaders in preparing for Jiang Zemin's visit last October. His visit (leaving Washington May 31 for talks on

June 2) next week will serve a similar purpose, namely to discuss the overall planning for the President's visit.

* [IF PRESSED on whether he'll discuss Tiananmen] I'm not going to get into details on what Berger will discuss. He'll discuss a broad range of matters relating to the President's visit.

With Congressional opposition becoming more vocal, is the President still going to China?

* The President absolutely will go to China later this month. He will go to China because it is in the U.S. national interest to continue our successful policy of engagement which has produced results in the areas of nonproliferation, human rights, rule of law, and international trade. It is through constructive dialogue--including visits of heads of state--that we can achieve our goals on these issues.

RUSSIA: IRAN MISSILE SANCTIONS June 12, 1998

Is the President going to veto the Iran missile sanctions bill? Won't the bill cripple U.S.-Russian space cooperation?

* Congress has passed this legislation. Our position remains that senior advisors recommend a veto.

* We remain concerned that the bill sets a very low standard for imposing sanctions and does not include the kind of waiver we've seen in similar legislation. And it comes at a time when we're working cooperatively with the Russian Federation to address our concerns about technology transfers and

proliferation, especially as they relate to Iran.

* Bill's inflexibility handcuffs the President's conduct of foreign policy.

* The bill could have a serious impact on important U.S.-Russian space cooperation activities. But remind you that the bill is targeted at foreign entities that engage in activities with Iran's missile program.

* Not clear yet how many entities that would be affected by the legislation are working on U.S.-Russia space cooperation. It's also hard to come up with an exact dollar figure for the bill's impact on U.S.-Russian space cooperation.

START II POSTPONEMENT

June 10, 1998

What is your reaction to today's reports from Moscow that the Duma has voted to postpone next week's June 16 hearing on START II ratification?

* We are disappointed by this development, as it will delay efforts by Presidents Clinton and Yeltsin to bring START II into force and get on with formal negotiations on START III, which is in both our interests.

[If asked]: What does this mean for the possibility of a Clinton-Yeltsin summit?

* We have set no date for a summit as yet.

[If pressed]

* As I said previously, , we have not ruled out holding a summit prior to Start II ratification.

* As I also noted, the work that President Clinton and President Yeltsin want to

do clearly will proceed in a much more fruitful environment if
START II has been
ratified.

Exchange Mail

DATE-TIME 6/23/98 2:13:07 PM
FROM Bell, Robert G.
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: Draft CTB op-ed [UNCLASSIFIED]
TO Andreasen, Steven P.

CARBON_COPY**TEXT_BODY**

I understood Sandy to say "ok - let's do it" and if it's to be timely that means asking Rob to put the draft in front of Sandy, tell him it's been cleared by all concerned staff and try to spring it NLT tomorrow's departure. Fall-back, ask Sandy to look at it on AF-1 when things "quiet down" and FAX back any changes before landing in PRC.

-----Original Message-----

From: Andreasen, Steven P.

Sent: Tuesday, June 23, 1998 2:10 PM

To: Bell, Robert G.

Subject: FW:

Draft CTB op-ed [UNCLASSIFIED]

Importance: High

Bob -- Please

check my judgment on this. In short, recognizing Sandy has a thousand and one things to do before departing for China, I think we need to recognize that the "window" for a "Berger rebuttal" to last Thursday's CTBT Op Ed by Senator Helms may close if we wait until after the China trip to submit. Obviously, if Sandy doesn't have the time, or doesn't think the piece is ready for prime time, we can give it a college try after the China trip (two weeks from now). But if we decide this is not worth "pressing" for Sandy to look at prior to his departure, we should not be surprised if the window for a rebuttal is closed. Steve

-----Original Message-----

From: Halperin, David E.

Sent: Tuesday, June 23, 1998 1:39 PM

To: Malley, Robert;

Andreasen, Steven P.

Subject: FW: Draft CTB op-ed [UNCLASSIFIED]

Please
see below re WSJ op-ed
-----Original Message-----
From: Blinken,
Antony J.
Sent: Tuesday, June 23, 1998 1:00 PM
To: Halperin, David
E.
Cc: Gray, Wendy E.
Subject: RE: Draft CTB op-ed [UNCLASSIFIED]

SRB
was leaning that way. Thought if he had time (ha!) he might look
and decide otherwise. But probably not worth pressing him on. suggest
Rob say: we have draft op/ed and maybe a window given Helms piece.
do you want to look or leave till after trip (and lose window).

-----Original
Message-----
From: Halperin, David E.
Sent: Tuesday, June 23,
1998 12:52 PM
To: Blinken, Antony J.
Cc: Gray, Wendy E.
Subject: FW:
Draft CTB op-ed [UNCLASSIFIED]
Importance: High

Tony -- Rob said
I should check with you before getting back to Steve re below. Did
Sandy decide this WSJ op-ed would wait until his return?

-----Original
Message-----
From: Andreassen, Steven P.
Sent: Tuesday, June 23,
1998 12:49 PM
To: Halperin, David E.
Subject: RE: Draft CTB op-ed
[UNCLASSIFIED]
Importance: High

Actually, I am prepared to do
more than hold my breath. This MUST be approved and given to the
WSJ prior to the party's departure for China, otherwise, we might
as well concede the point to Helms. Keep me posted.

Exchange Mail

DATE-TIME 6/24/98 4:23:42 PM
FROM Bidlack, Harold W.
CLASSIFICATION UNCLASSIFIED
SUBJECT Need panelist info for State to understand what they are paying for
[UNCLASSIFIED]
TO Sandalow, David B.

CARBON_COPY

TEXT_BODY David,

Sorry to bug you, but I can't think of another source for this information. Susan Ruffo is a bit concerned about the memo authorizing the paying for the panelists. She isn't standing in the way, but the particular budget is apparently a pet peeve of Sen Helms. He checks what they spend. The first question is, what are we paying for? Is it only airfare, or also lodging? per diem? Whom should I ask?

Second is how we are justifying paying for (in some cases) officials of the Govt of China traveling within China. My wag would be they are being asked to travel by us to me our President, so we pay. Sound reasonable?

-hb

Exchange Mail

DATE-TIME 6/24/98 5:36:00 PM

FROM Wozniak, Natalie S.

CLASSIFICATION UNCLASSIFIED

SUBJECT June 24 NSC Press Guidance [UNCLASSIFIED]

TO Broadwick, Bonnie .
Crowder, Stevan D.
Erdahl, Douglas M.
Glick, Bonnie L.
Harris, Karen
Harrison, Lyle M.
Jansen, Christian P.
Lawrence, Cynthia
McClellan, Christina L.
O'Shaughnessy, Patrick
Porterfield Patrick C.
Sigler, Ralph H.
Unrue, Michael
Wright, Joseph (Larry)

CARBON_COPY Budig, Nyda N
Crowley, Philip J.
Rubin, Eric S.
Wozniak, Natalie S.
Davies, Glyn T.
Dejban, Donna D.
Friedrich, Mary K.
Hachigian, Nina L.
Kerrick, Donald L.
Malley, Robert
Millison, Cathy L.

O'Brien, Penelope R.
Poole, Jennifer C.
Rice, Edward A.
Scott-Perez, Marilyn L.
Storey, Sharon V.
Bartlett, L. June
Cosgriff, Kevin J.
Davies, Glyn T.
Dejban, Donna D.
Elkon, Nicole L.
Hilliard, Brenda I.
Hurwitz, Marc I.
Joshi, M. Kay
Kerrick, Donald L.
Millison, Cathy L.
Poole, Jennifer C.
Rice, Edward A.
@SPEECH - NSC Speechwriters
Blinken, Antony J.
Gobush, Matthew N.
Gray, Wendy E.
Halperin, David E.
LaFleur, Vinca S.
Leavy, David C.
Spence, Matthew J
Widmer, Edward L.
Babcock, Douglas W.
Bolan, Christopher J.
Boulton, Darrien D.
Davidson, Leslie K.
Elkind, Jonathan H.
Fuerth, Leon S.
Hamel, Michael A.
Harding, Bruce D.
Hilty, Joanne M.
Johnston, William T.
Jordan, Donald L.

Norris, John J.
Orfini, Michael H.
Roberts, Michael W.
Saunders, Richard M.
Woolston, Ann E.

TEXT_BODY

TO @COMM: PLEASE PASS TO MESSRS. BERGER AND MCCURRY ABOARD AIR
FORCE ONE AS SOON AS POSSIBLE. THANKS.

TRANSLATED_ATTACHMENT

jun24gui.doc
NATIONAL SECURITY AFFAIRS GUIDANCE

June 24, 1998

Radio Free Asia

China Trip

China Satellites/Missing Chip

China MFN

Northern Ireland

Yemen

Lebanon

Indonesia

Russian Intelligence/Gertz

Nigeria

Iraq/UNSCOM

Japan/Hashimoto

Kosovo

Russia/India

Russian Financial Situation

Russia/Iran Missile Sanctions

START II Postponement

India/Pakistan

Israel/Jerusalem

MEPP

ICC

RADIO FREE ASIA

June 24, 1998

What is your response to China's decision to rescind the visas of three correspondents for Radio Free Asia?

* Were informed over the weekend by the Embassy of China that Chinese government rescinded the visas for three Radio Free Asia correspondents.

* Highly objectionable decision. We delivered strong protests both in Washington and Beijing yesterday urging the Chinese government to reverse this regrettable

decision.

* Ambassador Sasser delivered a strong demarche to Vice Foreign Minister Yang (following a demarche he delivered the previous day) protesting the decision calling for its reversal. Later in the day, the Chinese informed our Embassy in Beijing that the visas would not be issued.

Why do you believe the Chinese are blocking our ability to cover your trip? Aren't the Chinese showing disrespect for the President and saying something about the kind of trip this is going to be?

* Radio Free Asia's mission is to report truthfully to your audience in Asia, including the Chinese people. You do that job well -- so well, in fact, that I am committed to strengthening Radio Free Asia.

* You have a vital role to play.

* Chinese have always opposed creation and activities of RFA, so this is no surprise. It is disturbing, however.

Is there any indication from the Chinese government that they will reverse this decision?

* No.

Why didn't the White House permit the Radio Free Asia personnel to board the press charter on Tuesday (yesterday)?

* As I understand it, charter carrier (Cathay Pacific) must abide by the entry requirements of the country of destination. I also understand that the carrier cannot allow individuals without valid visas to travel aboard the press charter. Your visas had been revoked by Chinese government, so were no longer valid.

As the President of the United States, isn't it within your authority to decide who participates in your travelling party?

* Just as the United States maintains the ability to decide who comes into our country and who does not, so too can the Chinese government decide not to provide entrance visas to their country.

* The White House has always regarded Radio Free Asia just as we do any other member of the accredited White House press corps, and we will continue to do so.

Why can't RFA reporters travel on Air Force One?

* Just as the United States maintains the ability to decide who comes into our country and who does not, so too can the Chinese government decide not to provide entrance visas to their country.

* It is our understanding that all travelers to China require valid visas and without such visas Chinese authorities will refuse to admit any visitors regardless.

Are you concerned that this Chinese action reflects badly upon you as you start your trip to China? Are you concerned that it is indicative of the tone the Chinese intend for this summit to take?

* More than 250 members of the White House Press Corps have received credentials for my visit. From around the world, thousands of news media representatives will report from China during the trip.

* We, like the Chinese, are looking forward to a productive summit, and have every reason to expect a successful outcome. Unfortunately, the goodwill that China would have earned regrettable decision. The Chinese government made a mistake on this matter and we have told them so in no uncertain terms.

Will you raise this during your talks with President Jiang?

* I plan to discuss with Chinese leaders and the Chinese people the importance of opening their society to greater freedom of expression, including the role of a free and vibrant press --which includes Radio Free Asia.

Do you intend any retaliatory action against Chinese reporters here in the U.S.?

* No. The principle at stake is freedom of the press, openness and the unimpeded flow of information. We welcome Chinese journalists in the United States and encourage them to report on what they see, hear and observe. We are stronger for this openness. I'd like to see the same in China and have said as much to President Jiang.

THE PRESIDENT'S TRIP TO CHINA

The President is going to China to advance America's national interests. The policies China pursues and the relationship between the U.S. and China will help determine whether the next century is one of peace, stability and prosperity for America. It would be irresponsible not to engage with China.

U.S. Stake in Stable, Open China.

* U.S. future not secure if Asia's in doubt. On Korean Peninsula -- where nearly 40,000 Americans patrol militarized fault line -- hope of reconciliation matched by danger of miscalculation. Indonesia's political and economic transformation hopeful but uncertain. When markets tremble in Hong Kong or Tokyo, tremors felt on Wall Street, Main Street. Though world making remarkable progress in reducing nuclear danger, India and Pakistan's nuclear tests threaten to spark arms race.

* Ability to meet these challenges deeply affected by policies pursued by China -- home to 1/4 world's people. Beyond Asia, China has key role to play in preventing or aiding spread of WMD; fighting or ignoring international crime and drug trafficking; protecting or degrading environment; tearing down or building up trade barriers; respecting or abusing human rights.

* U.S. has profound interest in stable, strong and open China that embraces political pluralism, free markets, rule of law and joins us in building secure

international order. Question: what is the best way to encourage emergence of that kind of China?

The Choice: Contain or Engage China?

- * Some believe China's interests, our own inexorably in conflict -- we should work to contain China before it becomes stronger. But in seeking to isolate China, we would only isolate ourselves. And containment would encourage China to turn inward, act in opposition to our interests and values.

- * We have chosen pragmatic, principled course: expanding our areas of cooperation with China while dealing effectively with our differences, especially over human rights.

Engagement Advances U.S. Interests

Stability in Asia.

- * China condemned India and Pakistan for nuclear tests, urged them to: conduct no more tests, sign CTBT, avoid deploying or testing missiles, work to resolve differences through dialogue.
- * China supported Four Party Peace Talks on Korean Peninsula and successful effort to freeze North Korea's dangerous nuclear program.
- * Served as firebreak in the Asian financial crisis by resisting temptation to devalue currency.
- * Once again pursuing cross-strait discussions with Taiwan -- significant reduction in tensions.

Stopping Spread of Nuclear, Chemical and Biological Weapons.

- * In the past, China has been major exporter of sophisticated technologies.
- * Over the past decade, it has joined almost all of the major arms control regimes (NPT; CTBT...)
- * China has agreed to stop assistance to Iran for its nuclear program, terminate assistance to unsafeguarded nuclear facilities such as those in Pakistan, tighten its export control system and sell no more anti-ship cruise missiles to Iran.
- * Each of these important steps was the product of our engagement.

Combating International Crime and Drug Trafficking.

- * Bordering more than 12 countries, China trans-shipment point for drugs, proceeds of illegal activities.
- * At Washington Summit, established high level group of U.S., Chinese law enforcement officials to increase cooperation against organized crime, alien smuggling and countering.
- * This month, the Drug Enforcement Agency opening office in Beijing.

Preserving Global Environment.

- * China's severe environmental problems concern every American -- what comes out of smokestack or goes into river within China's borders can do grievous harm beyond them.
- * One year ago, VP launched dialogue with Chinese to help them pursue growth and protect environment. American clean energy technology can help improve air quality in China, bring electricity to more of China's rural residents.

Building More Open Global Trading System.

- * China fastest growing market for U.S. goods and services. With 1/4 population and 10% average growth over last 20 years, in our interest to bring more fully into global economy
- * But access to its markets remains far too restricted.
- * We could retaliate, create self-defeating cycle of protectionism. Or press China to open markets wider, join WTO on commercially meaningful terms, renew MFN, as every President has done since 1980, strengthening instead of undermining economic relationship.

Engagement Most Effective Way to Advance Human Rights.

- * Over time, more we bring China into world, more world will bring freedom to China by spreading ideas, information and images. Internet accounts projected to jump from 400,000 now to 20 million early next decade. One in five Beijing residents has access to satellite t.v. Some U.S. satellites China sends into space beam independent sources of news into China.
- * At the same time, China's leaders must come to understand China will only reach full potential if people allowed to reach theirs. In Information Age, true wealth of nation lies in ability of people to create, communicate, and innovate. Requires people have freedom to speak, publish, associate and worship without

fear or reprisal.

* U.S.-China relations can only reach full potential with significant progress by China on human rights. U.S. will continue to urge China's leaders to move to the right side of history when it comes to human rights and freedom of religion.

Getting some results:

- > Release of prominent dissidents Wei, Wong, Bishop Zeng;
- > Intent to sign International Covenant on Civil and Political Rights
- > Received delegation of prominent U.S. religious leaders.

At Summit, Will Work to Make Progress in All Areas. Summits useful catalysts for progress. But should not be artificial deadline. Will continue to work for progress day-in, day-out.

Trip Will Also Show Changes in China. Hope Americans will see complexity, diversity of country.

* Changes of last twenty years remarkable. Growth rate has averaged 10 percent, literally lifting hundreds of millions from poverty. Dismantling state enterprises.

* Average Chinese living life inconceivable two decades ago. Free to choose job and education. To travel domestically and internationally. To tune into t.v. and link up to Internet. To demand more and more basic rights. State slowly lifting heavy hand from daily lives.

* But leadership still fearful of significant political liberalization. Believes it's potentially destabilizing. So we still have fundamental differences over human rights and democracy. President's trip will show that, too -- and President will make case directly to Chinese that democracy is not an alternative to stability, it is its best guarantor, as we have seen in S. Korea, Indonesia.

CHINA SATELLITES: MISSING ENCRYPTION CHIP

June 24, 1998

Background: In testimony before the House International Relations Committee and House National Security Committee on June 23, U.S. officials provided detail on the recovery of encryption devices for Chinese launch failures. In the February

1996 launch failure of Intelsat, the circuit cards for the encryption devices were not recovered from the wreckage.

There have been reports that sensitive encryption devices were lost during several of the launch failures of U.S. satellites in China. Is this true, and if so, what is the impact?

* As was noted in testimony on June 23, since 1990, there have been four failures of Chinese launches of U.S.-built satellites. Two of the satellites did not have any encryption devices on board. In one of the other two cases (the Optus B-2 failure in December 1992), the devices were recovered and returned to the U.S.

* In the other case (the Intelsat failure in February 1996), the command processor boxes as a whole were recovered, but not all of the circuit boards which contained the encryption information, which is used to send coded operating instructions to the satellite once it is in orbit.

* In this case, the encryption involved embedded, single chip devices that are unique for this particular satellite. Moreover, this encryption system used older algorithms that are no longer used in newer satellites. Therefore, any loss of the chips and associated encryption algorithms would have had only minimal impact on national security because the Intelsat satellite used older algorithms for which the keys are unique.

* There is some chance that a third-party could examine recovered encryption devices to gain some knowledge about the engineering principles for making such chips, but we believe that the impact on national security would not be significant.

* Further information on this issue can only be provided in a classified answer.

CHINA SATELLITES: MISSING ENCRYPTION DEVICE

(For Use As Needed; Prepared by Maureen Tucker; Cleared with Appropriate Agencies)

In testimony before the House International Relations Committee and House National Security Committee on June 23, U.S. officials provided details on the recovery of encryption devices for Chinese launch failures.

As noted in the June 23 testimony, since 1990, there have been four failures of Chinese launches of U.S.-built satellites. Two of the satellites did not have any encryption devices on board. In one of the other two cases (the Optus B-2 failure in December 1992), the devices were recovered and returned to the U.S.

In the other case (the Intelsat 708 launch failure in February 1996), the command processor boxes as a whole were recovered, but the circuit boards that contained two embedded encryption devices, which are used to send coded operating instructions to the satellite once it is in orbit, were not recovered. Department of Defense monitors were present at this launch.

According to the National Security Agency (NSA), the device in question is an NSA-developed cryptographic device used to provide protection on the command uplink of commercial communications satellite systems. The device is required by national policy to be installed on commercial satellites that will carry U.S. Government communications. The devices are uniquely keyed such that loss of any one device does not risk the data protected by any other device in that family of devices. Since the February 1996 crash, NSA has adopted new space encryption algorithms; the technology and algorithms on satellites now being launched is no longer the same as a result of the normal process of technology upgrades. These upgrades are unrelated to the loss of the device on the Intelsat satellite. Further, satellites with the older algorithms that are still in orbit use keys that are unique to each vehicle; compromised keys cannot be employed to gain access to or control these satellites.

The technology and algorithm used in the device in question was developed nearly 20 years ago. If the encryption board was reverse-engineered at the chip level (a difficult process), one could determine the state of our research and development sophistication 20 years ago, and the knowledge gained could be used to strengthen one's knowledge of communications security principles.

NSA has stated that the loss of this device does not place at risk any government

communications over commercial satellites. The national policy requirement was to assure that the control of the satellite remained protected to prevent denial of service. The loss of this particular device at the time of launch therefore had no consequent risk to either communications or control of other commercial satellites.

Further information on this issue can only be provided in a classified answer.

Embedded single chip encryption devices

These are microprocessor chips capable of taking an electronic message (such as a radio signal) and encrypting or decrypting it (taking plain English and making it unreadable code or taking the code and making it plain English). The chip's circuits are arranged in such a way that it can perform a simple set of instructions. Since the circuits are etched into the chip's glass structure (i.e. "embedded"), it cannot be changed or modified without destroying the chip. Chips are often further "embedded" into "boards" (a collection of chips and other electronic components, connecting wires, et cetera). The chips are used on satellites to encrypt and decrypt instructions radioed from the ground to the satellite, to ensure that no unauthorized user can "hack" into the satellite and take control of it.

"Key" in embedded single chip encryption devices

The key is used by the chip's instruction set (the algorithm) to transform plain English into encrypted communications. While the same algorithm or instruction set is used in each chip, each chip has a specific key which works only with that chip. Having the chip and knowing the algorithm does not let anyone decrypt messages; you need the key as well. Even if you have the key, you can only decrypt messages for that particular chip, which will work only with the satellite which contained it.

CHINA MFN
June 22, 1998

Permanent MFN For China

Background: In a June 19 interview with the LA Times, the President said he believes the annual MFN debate does not serve "a particularly useful purpose", and that it would be a good thing if we didn't have to have this debate every year, now that we have a systematic way of dealing with our human rights and other concerns. He said he would want to consult closely with Congress, that a number of leaders told him last year that the time was not right, and that he would see how the trip goes and "see how people are feeling" when he gets back.

Will the President seek permanent MFN for China following his trip to China?

- * The President believes maintaining normal trade relations is essential to effectively engaging China in areas of common interest and disagreement.
- * He favors vigorous debate over China policy, and believes reasonable people can differ on the best approach.
- * He does not believe, however, that the annual threat of rupturing our economic and broader relationship advances our ability to make China a more open and productive partner for America, and to effectively communicate our differences.
- * The President would certainly want to consult very closely with Congress before proposing any change to China's MFN status. Permanent MFN would require legislation.
- * As a practical matter, we would need to reach agreement with China on a commercially viable accession package to the WTO before considering such a change. [say why in a sentence] Those negotiations are ongoing.

MFN Renewal

Why renew MFN?

- * MFN is critical to our ability to engage China. U.S. interests are best served by a secure, stable and open China. The manner in which we engage China will

help determine whether it becomes more open, or whether it becomes more isolated and unpredictable.

* This vote must be about how best to promote U.S. interests. Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China - and promote the interests of the American people. Revoking MFN would rupture our relationship and jeopardize our political and economic security.

Why is engagement important?

The stakes are enormous, as demonstrated by regional events of the last six months. China has the potential to assist or obstruct U.S. objectives. Engagement is producing tangible results:

* China condemned India's nuclear testing and urged restraint in Pakistan, and is hosting a P5 meeting in Geneva later this week to address South Asian security concerns. China's role critical to preventing arms race and lessening chance of conflict.

* China has responded responsibly to Asia's financial turmoil. China has maintained the value of its currency, despite pressures to devalue -- which would likely set off a new round of competitive devaluation in the region, destroying its fragile stability.

* China continues to play a constructive role in easing tensions and moving peace talks forward on the Korean Peninsula.

* China and Taiwan have resumed cross strait contacts, and will resume talks at senior level later this year. Tensions at lowest in three years, no threatening military exercises.

What steps has China taken toward international cooperation and adoption of international norms of behavior?

China's adherence to international norms advances the interests of the American people.

- * On nonproliferation, China has joined us in the NPT, CTBT, and CWC regimes, committed to no new nuclear assistance to Iran, joined a major international nuclear suppliers group, the Zangger Committee, and put into place comprehensive nuclear export controls.

- * We have a strong bilateral program to combat alien smuggling, narcotics trafficking and terrorism., and are working with China to meet environmental challenges.

- * Negotiations continue on China's acceptance of WTO standards that are critical to greater access for U.S. goods and services. MFN extension supports our efforts to draw China more fully into the global economy and builds cooperation in important areas.

What are the economic stakes of MFN?

- * An estimated 170,000 U.S. jobs depend on exports to China. Those exports have more than tripled over the past decade, to \$12.8 billion., and China is now our fifth largest trading partner.

- * Revocation would derail the talks on China's entry into the WTO, under which China would reduce its trade barriers substantially, creating new export opportunities for U.S. companies and workers.

- * Revocation would invite retaliation against U.S. exporters and investors. Revocation would also hurt U.S. consumers, who could pay upwards of half a billion dollars more in a single year because of higher tariffs on such products as shoes and clothing.

Doesn't MFN undercut movement on human rights?

- * Engagement does not mean endorsement. The Administration has consistently

pressed its human rights concerns with China, including President Clinton's direct statements to the world at the October summit , in the presence of China's President.

- * Our strategy is showing results. China has released dissidents Wei Jingsheng and Wang Dan; signed the International Covenant on Economic, Social and Cultural Rights and committed to signing the Covenant on Civil and Political Rights.

- * Normal trade and continued economic engagement continues the process of opening China, exposing Chinese to our politics, ideas, economy and personal freedoms. Revoking normal trade status will diminish these ties and play into the hands of those in China who want less openness.

Doesn't MFN undercut religious freedom?

- * Revocation would also set back the cause of expanding religious freedom in China. China has received our religious leaders delegation, expanding the dialogue on this key issue.

- * Revoking MFN would close doors to U.S. religious groups and others that seek to promote religious freedom in China through educational, cultural and other exchanges. It would also make it more difficult to pursue the cases of imprisoned religious leaders.

Is MFN important to Hong Kong and Taiwan?

- * Hong Kong is the gateway of trade between the U.S. and China. Because of this close linkage, revocation of MFN for China would seriously weaken the People of Hong Kong by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income sharply. That's why Hong Kong leaders across the political spectrum favor renewal of MFN for China.

Note: Reason for above changes is that we don't want to suggest that trade with Hong Kong as Hong Kong would be subject to disapproval action by the Congress as regards China's MFN status. Hong Kong in its own right is a WTO member and not

subject to Title IV of the Trade Act and Jackson-Vanik.

* Although revocation of MFN for China would not directly affect our trade with Taiwan, it would damage Taiwan's economy, with \$20-30 billion invested in the mainland. Taiwan's economic viability is in the interest of the American people.

WHY CONTINUATION OF NORMAL TRADE STATUS FOR CHINA SERVES THE NATIONAL INTEREST OF THE UNITED STATES

ENGAGEMENT: President Clinton's policy of engagement with China is expanding our cooperation in areas important to the national interest - stability in Asia, preventing the spread of weapons of mass destruction, combating international crime and drug trafficking, protecting the environment and expanding mutually beneficial trade. It also provides us with an effective means to deal forthrightly with our differences, notably human rights. The manner in which we engage China will help determine whether it becomes an increasingly open and productive partner for America, or whether it becomes more isolated and unpredictable. The President's strategy is showing results and we need to stay the course. This vote must be about how best to promote U.S. interests. Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China - and promote the interests of the American people. Revoking MFN would rupture our relationship with a fourth of the world and jeopardize our political and economic security.

ENORMOUS STAKES: The stakes are enormous, as demonstrated by regional events of the last six months. China has the potential to advance U.S. objectives.

Engagement is producing tangible results:

* China condemned both India and Pakistan's nuclear testing and urged restraint, and is hosting a P-5 meeting in Geneva later this week to address South Asian security concerns. China's role critical to preventing arms race and lessening chance of conflict.

* China has played a constructive role in responding to the Asia financial crisis, in part by maintaining its exchange rate, thereby decreasing pressure for competitive devaluation in the region.

* China continues to play a constructive role in peace talks and easing tensions on the Korean Peninsula.

* China has resumed cross-Strait contacts with Taiwan, and will resume talks at senior levels later this year. Tensions at lowest level in three years, with no threatening military exercises.

INTERNATIONAL COOPERATION: China's adherence to international rules advances the interests of the American people. On nonproliferation, China has joined us in the NPT, CTBT, CWC, and BWC regimes, committed to no new nuclear assistance to Iran, joined a major international nuclear suppliers group, the Zangger Committee, and put into place comprehensive nuclear export controls. We have a strong bilateral program to combat alien smuggling, narcotics trafficking and terrorism, and are working with China to meet environmental challenges. MFN extension supports our efforts to subject China to the same international disciplines as other major powers and builds cooperation.

JOBS: An estimated 170,000 U.S. jobs depend on exports to China. Those exports have more than tripled over the past decade, to \$12.8 billion, and China is now our fifth largest trading partner. Revocation would derail the talks on China's entry into the WTO, under which China would reduce its trade barriers substantially, creating new export opportunities for U.S. companies and workers. Revocation would invite retaliation against U.S. exporters and investors. Revocation would also hurt U.S. consumers, who could pay upwards of half a billion dollars more in a single year because of higher tariffs on such products as shoes and clothing.

HUMAN RIGHTS: Engagement does not mean endorsement. The Administration has consistently pressed its human rights concerns with China, including President Clinton's direct statements to the world at the October summit, in the presence of China's President. Our approach is showing results. China has released dissidents Wei Jingsheng and Wang Dan, signed the International Covenant on Economic, Social and Cultural Rights and committed to signing the Covenant on Civil and Political Rights. Normal trade and continued economic engagement continue the process of opening China, exposing Chinese to our politics, ideas, economy and personal freedoms. Revoking normal trade status will diminish these ties and play into the hands of those in China who want less openness.

RELIGIOUS FREEDOM: Revocation would also set back the cause of religious freedom in China. Over the past year, China has received our religious leaders

delegation, expanding the dialogue on this key issue. Revoking MFN would close doors to U.S. religious groups and others that seek to promote religious freedom in China through educational, cultural and other exchanges. It would also make it more difficult to pursue the cases of imprisoned religious leaders.

HONG KONG AND TAIWAN: Hong Kong is the gateway of trade between the U.S. and China. Revocation of MFN for China would weaken the Hong Kong economy by slashing its trade, eliminating tens of thousands of jobs, cutting economic growth and income sharply. Hong Kong leaders across the political spectrum favor renewal of MFN for China. Revocation would damage Taiwan's economy, with \$20-30 billion invested in the mainland. Taiwan's economic viability is in the interest of the American people.

NORTHERN IRELAND: BOMB IN NEWTOWNHAMILTON

June 24, 1998

Are you worried that this bomb will affect tomorrow's election to the Northern Ireland Assembly?

* The President said after the April 10 Accord was signed that we must all be on guard against those who would undermine with words and varying degrees of violence this tremendous achievement of the people in Northern Ireland. All parties, and all the rest of us, must stand together to defy such attempts, as we witnessed today in Newtonhamilton, and seek the common ground for building peace in Northern Ireland. There is no place for violence of any kind and those who advocate it will find no friends in the United States.

* Tomorrow's elections for representatives to the Northern Ireland Assembly are the next important step in implementing the April 10 Accord. It should be on the floor of that new assembly where the process of dialogue yields acceptable outcomes, not from the workshops of bombmakers.

YEMEN

June 24, 1998

What are relations like with Yemen, particularly in light of recent unrest?

- * The US supports strongly Yemen's ongoing efforts to expand political participation - we provided assistance in the conduct of 1993 and 1997 parliamentary elections. International observers, including some from the US, judged these elections to be free and fair. They were also notable for the participation by a high percentage of Yemeni women.
- * We have an ongoing assistance program for democratic reform and health and maternal care. The exact scale of that assistance program is under review.
- * Preservation of Yemeni stability is important to US interests because of Yemen's strategic location at an entrance to the Red Sea and its proximity to Saudi Arabia. We are engaged in an ongoing effort to establish a more cooperative relationship with Yemen.

Including military cooperation?

- * We are interested in developing a better military to military relationship with Yemen and expect to continue with a recent series of visits and exchanges.

What about recent unrest - does this mean that Yemen is becoming unstable?

- * No. Recent civil unrest, which now appears to have calmed, stemmed from protests of price increases on certain staple commodities. We urge all Yemenis to respect the rule of law and to take political action within their political system, not through resorting to violence.

Any plans for a visit to the US by President Saleh?

* There are no plans for such a visit.

Where is Yemen on the current confrontation with Iraq - didn't Yemen side with Saddam during the Gulf War?

* In 1990, Yemen voted in the Security Council against the use of force to expel Iraq from Kuwait. Recently, Yemen has supported the US position that Iraq must comply with all relevant UN Security Council resolutions, while calling for humanitarian assistance to the Iraqi people and as rapid as possible an end to sanctions.

What about Yemen's border dispute with Saudi Arabia- what's the US position?

* Yemen and Saudi Arabia are engaged in an active negotiation to delineate their border. The US urges both sides to continue this peaceful effort to settle their differences. We have no role in the negotiations.

LEBANON

June 23, 1998

Has the Administration lifted restrictions on the sale of airline tickets to Lebanon in the U.S. -- what exactly does this mean?

* In a press release of June 22, the White House announced a Presidential determination that would allow the sale of airline tickets to Lebanon in the US. This means that persons wishing to travel to Lebanon from the US will now be able to purchase tickets and fly from the US to Lebanon.

* The prohibition on direct flight operations to Lebanon remains in effect.

Why did you make this decision now -- was it a present for Hariri?

- * This decision had nothing to do with the visit of Prime Minister Hariri.
- * This decision is consistent with our earlier decision to allow passport restrictions for travel to Lebanon to expire. It also recognizes the fact that many Americans are traveling to Lebanon and simply makes it more convenient for them to do so.

Does this mean that you think Lebanon is now safe for Americans?

- * Our view is that Lebanon remains a dangerous place and that Americans should only travel there for compelling reasons.

Any plans to review the travel advisory or reimpose a travel ban?

- * We watch the security situation closely; obviously recent violent incidents in Lebanon will be viewed very seriously as part of that process.
- * We have no plans to reimpose the passport restrictions, however, Secretary Albright has made it clear that they could be reimposed if events should so require.

INDONESIA: SUMMERS AND HABIBIE
June 23, 1998

What can you tell us about Deputy Secretary Treasury Summer's visit to Jakarta?

- * Deputy Treasury Secretary Summers visited Jakarta June 21-22. In meetings with senior Indonesian officials, including President Habibie, Summers underscored the United States desire to help the Indonesian people through the current economic

hardship.

* Summers was encouraged by the Indonesian government's intention to implement needed economic reforms, to engage in the political dialogue required to achieve public support for economic and political reforms and to adopt core labor standards.

* Summers indicated that the United States supports a resumption of assistance for Indonesia by international financial institutions (the IMF, the World Bank and the Asian Development Bank) based on strong agreements between the Indonesian government and the IMF.

RUSSIAN INTELLIGENCE/GERTZ

June 23, 1998

What is your reaction to the Washington Times article's claim that the Russian intelligence chief has accused the U.S. of conducting covert sting operations in Russia?

* The U.S. did not conduct any "sting operation" in Russia. In mid-March the U.S. notified the Russian government of the possible shipment from Russia to Iran of specialty steel that could be used in Iran's ballistic missile program. The shipment occurred during that period and was intercepted by Azerbaijani customs officials. The Russian intelligence service investigated the incident and arrested three individuals in connection with the shipment. The case also resulted in detailed exchanges between the U.S. and Russian governments on ways to prevent similar illicit transfers in the future.

What is your assessment of the actions the Russian government is taking to halt the transfer of sensitive technologies to Iran?

* As the article notes, the meetings between Mr. Berger and Mr. Kokoshin in

Moscow last month and in Washington this month have produced positive results. During these meetings the U.S. stressed the importance of public statements by senior Russian officials that Russian policy prohibits any assistance to a foreign WMD or missile program, the need for export control regulations to buttress the January 22 executive order on the transfer of sensitive technologies, and actions against several Russian entities cooperating with Iran. The Russian government has responded positively in these areas. Statements by Yeltsin, the FSB chief and the Minister of Defense clearly state Russia's commitment to nonproliferation objectives. On May 15 the Russians also published detailed regulations that strengthen their export control system and Russian industries have been provided with a list of end users of concern in foreign countries, including Iran. Russia also has taken action on several specific cases and we have told the Russian government that we seek nothing less than the complete severing of all cooperation between Russian entities and Iran's missile program.

* We continue to have concerns that some Russian entities are providing assistance to Iran's missile program, but we believe that the Russian government is making a real effort to investigate and stop this activity.

Wouldn't the missile sanctions legislation passed by the Congress help achieve these objectives?

* No. The administration opposes this legislation. We are working cooperatively with the new Russian government and adding another sanctions bill would undermine these cooperative efforts. (Refer to press statement on this.)

NIGERIA: RUMORED RELEASE OF ABIOLA June 23, 1998

Is the Nigerian government planning to release M.K.O. Abiola?

* We have seen press reports that this may be contemplated, but we do not have any indication one way or the other from the Nigerian government.

* A Nigerian government spokesman stated last week that it intended to release a number of political prisoners. We welcome the steps the government has taken so far to release prisoners and we urge them to continue to do so.

* (If pressed) We suggest you ask the Government of Nigeria about specifics in the Abiola Case.

IRAQ/UNSCOM REPORT

June 23, 1998

Background: Today's Post has an article reporting the results of UNSCOM lab testing of Iraqi warheads has uncovered traces of VX. The warheads were turned over to UNSCOM in March and then tested in a US Army lab at UNSCOM's request. UNSCOM briefed the Iraqis on the preliminary lab tests earlier this month when UNSCOM Chairman Butler was in Baghdad, Iraq has denied it ever weaponized VX and put VX in warheads. UNSCOM will formally report its conclusion to the UNSC tomorrow (Wednesday) and will stand behind the lab results (although it has agreed to further lab testing as well). Several Republican Senators and Congressmen (Helms, Lott, Gingrich) have written the President suggesting the US has somehow failed to support UNSCOM on this which is incorrect. US Army labs did the testing. We need to keep UNSCOM at the center of this story so that its detractors in the Council do not say once again the US has briefed the press before UNSCOM briefs the Council.

What about the Post article on UNSCOM discovering evidence of VX in Iraqi warheads?

* We are looking forward to Chairman Butler's report tomorrow to the Council on this issue.

* It appears that this is another case of UNSCOM--with our support-- successfully uncovering Iraqi deceit about its WMD programs. That is why we have supported

UNSCOM since 1991 and that is why sanctions should stay in place.

What will be done about this?

* The Security Council will meet on Thursday to review the sanctions on Iraq and we are confident the Council will keep those sanctions in place until Iraq fully complies.

What about Republican charges that the US somehow was ignoring Iraqi non-compliance or not supporting UNSCOM inspections?

* This Administration has a strong record of full support to UNSCOM and providing the UN inspectors with both technical and diplomatic support. No nation has done more to support the UNSCOM inspectors than the US. That support will continue.

JAPAN: HASHIMOTO

June 17, 1998

What did the President talk to Hashimoto about?

* The President reiterated his concern about the Asia crisis generally and the state of the Japanese economy in particular. He stressed to the Prime Minister that Japan has a critical role to play in helping to restore financial stability in Asia, by stimulating domestic growth, strengthening its financial system, deregulating and opening its markets.

* Policies to help restart Japan's economic growth are essential to reestablishing the confidence that is needed. We welcomed the Government of Japan's fiscal stimulus package and have urged rapid implementation of its components. The President made clear that it is also critical for the GOJ to quickly resolve the banking system's bad debt problem and to move decisively on

deregulation and opening of Japan's markets.

Did the President dispatch a mission to the region?

* The President and the Prime Minister agreed that Deputy Secretary Summers and Deputy Secretary Talbot would travel to Japan to meet with their counterparts in Tokyo. We are still developing the timing and nature of those meetings with the GOJ.

Are you concerned that the crisis in Asia may be deepening?

* Our economy is the strongest in the world, but the crisis in Asia does pose a threat to American jobs and exports. We have already seen evidence that weaknesses in economies there are having an impact here -- cutting into our ability to export goods to the region and increasing our trade deficit.

* To make sure that our economy continues on a path of steady growth, Congress must step up to the plate and make sure that the IMF is strong enough to respond to any broadening of the current crisis. We should not take risks with the funds that the IMF needs to help stabilize the world economy. And because the IMF functions like an international credit union, paying our share won't cost American taxpayers a dime.

KOSOVO

June 22, 1998

Did Principals meet on Kosovo on Friday? What can you tell us?

* Principals reviewed the situation in Kosovo including how best to move toward a negotiated solution -- working with allies and other partners -- and what leverage (carrots and sticks) might be available to advance that objective.

* (if asked whether use of force was discussed) We reviewed all options -- no

decisions.

Why is the President sending Ambassador Holbrooke back to see Milosevic again?

* Ambassador Holbrooke will reinforce the international community's determination that President Milosevic implement all the requirements of the Contact Group.

* We want to see a diplomatic solution. But all options remain on the table.

Yeltsin-Milosevic Joint Statement on Kosovo

You obviously did not get everything you wanted out of the Yeltsin-Milosevic meeting. The fact that Milosevic is not willing to meet the Contact Group demands, does this make NATO military action more likely?

* President Yeltsin succeeded in getting a public commitment from Milosevic on some key issues. It is still up to Milosevic to act on the promises he made in Moscow as well as the full set of steps as outlined by the Contact Group, including the withdrawal of security forces involved in operations against civilians.

* If Milosevic does not take steps toward peace, we will have to consider the range of options at our disposal.

Do you need a UNSC resolution in order to proceed with any NATO military action? Are you now planning to push for that, even with Russian objections?

* We are working with the UK -- and other allies and partners -- in support of a strong UN Security Council Resolution on Kosovo. It would certainly reinforce the message that the international community is out of patience.

* While such a resolution may be desirable, depending on the circumstances, it may not be necessary.

Is there a deadline to all this? Milosevic said he would do some of the things

the Contact Group wants. How much time are you going to give him before you consider other options such as military action?

- * Milosevic should take immediate steps that demonstrate that he intends to meet the requirements of the Contact Group, including his promises to President Yeltsin.

- * If the situation does not improve, however, we will consider our other options.

- * (if pressed) No fixed timeline.

POTUS- Yeltsin

- * We and Russia are both deeply concerned with the violence in Kosovo and share the common objective of a peaceful resolution to the situation. President Clinton and President Yeltsin will discuss the issue in advance of Milosevic's visit to Moscow.

- * The U.S. and Russia have a long track record of cooperation in the Balkans. It's important for us to work together to encourage Milosevic to halt the violence in Kosovo.

- * (if asked about NATO air exercise) Both U.S. and NATO officials discussed the air exercise with Russia before the exercise began. We expect the Clinton-Yeltsin call to focus on broader issues.

- * (if asked about the departure of Russia's military representative at SHAPE) Our understanding is that his return was related to routine business and not to today's NATO military exercise.

NATO Air Exercise DETERMINED FALCON

- * We welcome NATO's decision to conduct an air exercise in the region. This successful exercise demonstrated both NATO's deep concern for the stability of the region as well as its ability to rapidly project allied power. Some 80 aircraft from 13 NATO nations participated in the exercise, demonstrating the

resolve of the international community to see an end to the violence in Kosovo.
(if asked about further details, defer to DoD).

* (if asked about Russian objections) Both U.S. and NATO officials have discussed the air exercise and Kosovo with Russia. NATO has an appropriate role to respond to instability in Europe and take appropriate measures, if needed, to deter further violence and the spread of the conflict.

Kosovo

* We are working closely with allies and other partners in NATO, UN, and Contact Group on measures intended to end the violence and promote a peaceful resolution. This includes accelerated contingency planning in NATO.

* We welcome NATO's timely decision to accelerate contingency planning for a range of possible actions that could halt violent repression and expulsion in Kosovo, and support international efforts toward a political settlement.

* (if asked about decision to employ force) Although we want to be sure we and allies have made prudent preparations should the need arise, we have not made any decisions to carry out military action. We will continue to consult with the Congress as the situation develops.

* (If asked about use of force) We and our partners have a variety of options available to us -- which I am not going to enumerate or comment upon -- but we are not ruling anything out.

* (If asked about unilateral action) We believe any action should be in a NATO framework

* We are working with the British in support of a UN Security Council resolution that could provide a mandate for international action, should that become necessary.

* We are holding the FRY to its pledge to allow access by international observers and humanitarian organizations in Kosovo. We and our partners may be augmenting Embassy staffs to help.

* We and others in the international community are mobilizing resources to address humanitarian needs. Of the many Kosovar Albanians who have fled their homes in wake of the recent attacks

* We are calling on both sides to resume their dialogue. We are urging all parties to avoid actions -- especially the use of force -- that would undermine peaceful negotiations.

Sanctions

* When the Contact Group met in early May, we agreed to impose an assets freeze and investment ban unless President Milosevic agreed to talks and to take other measures to avoid violence.

* Although Milosevic agreed to talks, it is his indiscriminate use of violence over the past several weeks that has undermined the talks. Therefore, we implemented the assets freeze and investment ban by Executive Order.

* As of 12:01 am Tuesday, June 10, the Executive Order froze the assets of Federal Republic of Yugoslavia (Serbia and Montenegro) and prohibited new investment by U.S. persons in the Republic of Serbia.

* It is our intent to exempt the Republic of Montenegro from these prohibitions wherever possible.

RUSSIAN NUCLEAR SALES TO INDIA

June 22, 1998

Do you have any reaction to reports that Russia intends to go ahead with sales of nuclear power reactors to India?

* We've done a lot of good work with the Russians in the P-5 and G-8 in responding to recent Indian and Pakistani nuclear tests. We've tried to make it clear that nuclear testing does not bring rewards.

* Unfortunately, the Russian announcement sends the wrong signal. We have urged Russia not to go forward with its nuclear cooperation with India.

RUSSIAN FINANCIAL SITUATION

June 24, 1998

Background: Moscow's weekly bond auction today followed the same pattern as the past several weeks: the Finance Ministry elected not to cover all maturing issues with new sales in order to support bond prices and retire short-term debt. This meant that, once again, the government had to come up with a hefty sum (\$500-750 million today) to cover the difference. Meanwhile, the stock and currency markets rose moderately. As he departed Moscow, IMF Deputy Managing Director Fischer said that he will recommend that the Fund's Executive Board approve disbursement of the next \$670 million tranche of Russia's Extended Fund Facility program at its meeting tomorrow. He also said that his discussions with the Russians on additional conditional financing had been constructive, but that a deal was not yet certain.

Can you tell us anything more about the outcome of IMF Deputy Managing Director Fischer's discussions in Moscow?

* As Fischer told the press earlier today, he will recommend that the IMF Executive Board approve disbursement of the next \$670 million EFF tranche at its meeting tomorrow. Glad to hear this good news.

* Encouraged that discussions on possible additional conditional financing were also constructive. This process is going to take some time yet. Urge the Russians to continue their efforts to implement reforms that could become the basis for additional multilateral financing, if necessary.

What do you think of the government's anti-crisis program announced yesterday?

* Measures announced move Russia in right direction. The United States supports Moscow's efforts to bring down the budget deficit, stabilize the currency, boost taxes, and reduce wage arrears.

* Investors will be watching closely to see if the government follows through on the program, so it is important now that it do so.

* Kiriyenko's statement that Russia's problems do not come from Asia, but from Russia itself is right on the money. The Russian government must move decisively to get its financial house in order and reinvigorate its structural reform efforts. This is the only way that foreign investment can once again be attracted to Russian markets.

If asked about Yeltsin's threat to take "other measures" if the Duma fails to pass the legislation needed to implement the program?

* Important that the government and the Duma work out their differences on this matter in accordance with the Russian Constitution.

* What is the U.S. reaction to Anatoliy Chubays' statement last Friday that Russia is seeking \$10-15 billion in additional IMF assistance?

* As the President said at the end of May, the United States supports additional conditional financing for Russia as necessary.

* Encouraged to hear that IMF Deputy Managing Director Fischer's discussions this week with the Russians were constructive. Important that Russia and IMF continue their dialogue.

If pressed about the \$10-15 billion figure mentioned by Chubays:

* Premature to be talking about funding levels. Focus right now should be on pushing forward with reforms that could be eventually be supported with additional financing.

* Specific funding decisions will have to be worked out in consultation with the IMF.

What is your reaction to Fischer's statement last Friday that the \$10-15 billion in additional financing that Russia is looking for may be beyond the IMF's resources?

* IMF's resources are stretched thin at the moment, which will place limits on amount of financing that can be afforded any one country, Russia included.

* Right now Moscow's focus should be on working out conditions for any additional financing. Actual extent of financing, if necessary, will be worked out by the IMF later.

* Hope that Moscow and the IMF will continue their constructive dialogue to work out the specific conditionality for any additional financing.

What is your reaction to statements by Russian officials that some of the conditions being demanded by the IMF for additional financing are unacceptable?

* IMF and Russia are agreed on overall reform objectives for Russia at this stage: restoring the government's fiscal health and implementing structural changes needed to get the economy growing again.

* Hope that Moscow and the IMF will continue their constructive dialogue to work out the specific conditionality for any additional financing.

RUSSIA: IRAN MISSILE SANCTIONS
June 24, 1998

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 23, 1998

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 2709, the "Iran Missile Proliferation Sanctions Act of 1998."

H.R. 2709 would require sanctions to be imposed on foreign individuals and companies if there is "credible information indicating that" they transferred certain items or provided certain types of assistance that contributed to Iran's missile program, or attempted more than once to transfer such items or provide such assistance. These sanctions would last at least 2 years and would prohibit sales of defense articles and services; exports of certain dual-use items; and United States Government assistance.

My Administration unequivocally supports the critical objectives of fighting terrorism and taking steps to halt the transfer of missile technology to nations whose foreign policy practices and nonproliferation policies violate international norms. This legislation, however, is indiscriminate, inflexible, and prejudicial to these efforts, and would in fact undermine the national security objectives of the United States. Taken together, the flaws in H.R. 2709 risk a proliferation of indiscriminate sanctioning worldwide.

Such indiscriminate sanctioning would undermine the credibility of U.S. nonproliferation policy without furthering U.S. nonproliferation objectives. Indeed, the sweeping application of sanctions likely would cause serious friction with many governments, diminishing vital international cooperation across the range of policy areas -- military, political, and economic -- on which U.S. security and global leadership depend.

Specifically, H.R. 2709 would require the imposition of sanctions based on an unworkably low standard of evidence: "credible information indicating that" certain transfers or attempted transfers had occurred. Such a low standard of evidence could result in the erroneous imposition of sanctions on individuals and business entities worldwide -- even in certain instances when they did not know the true end user of the items. The bill would also hinder U.S. efforts to enlist the support of other countries to halt the objectionable activities by imposing an unreasonable standard for waiving the bill's sanctions. In addition, the sanctions proposed by the legislation are disproportionate. A minor violation (e.g., the transfer of a few grams of aluminum powder) would carry the same penalty as a transfer of major proliferation significance. This, too, undermines U.S. credibility and increases foreign opposition to U.S. policy.

H. R. 2709 does not specifically refer to Russia, but it will affect that country. The legislation does not allow flexibility sufficient to reflect the progress made by the Russian government in formulating policies and processes whose goal is to sever links between Russian entities and Iran's ballistic missile program. At the urging of the United States, President Yeltsin, the Prime Minister, Russian security services Chief Kovalev, and Russian Defense Minister Sergeyev have all made clear that proliferation of missiles and weapons of mass destruction is a serious threat to Russia's security. They have called for strict control of sensitive technologies and stressed the strict penalties that will be imposed for violations of Russian law. On January 22 of this year, the Russian government issued a "catch all" executive order providing authority to stop all transfers of dual-use goods and services for missiles and weapons of mass destruction programs, and on May 15 published detailed regulations to implement that order. They have recently developed and circulated a list of end users of concern in Iran, Libya, North Korea, and Pakistan. In the course of regular and active discussion of this issue with the Russian government, the United States has raised problem cases involving cooperation between Russian entities and the Iranian missile program. We have seen progress in this area, and a number of these cases are no longer active concerns.

Precisely because Russia needs to take effective enforcement steps to control the flow of technology, the United States needs to be able to work cooperatively with the Russian government to assure further progress. H.R. 2709 would undercut the cooperation we have worked to achieve with the Russian government without

helping us solve the problem of technology transfer. The legislation's unilateral nature could also hurt our increasing cooperation with Russian government agencies in other vital areas such as law enforcement, counter-narcotics, and combating transnational crime. Furthermore, Russia would interpret this law as an infringement of its sovereignty, affecting our ability to work with Russia on broader U.S. policy goals and on regional and global issues.

Finally, Title I of H.R. 2709 is not needed. Existing law, such as the missile technology control provisions of the Arms Export Control Act, provides a sufficient basis for imposing sanctions to prevent missile proliferation to Iran and elsewhere.

I also note that it is disappointing that the Congress attached Title II, the "Chemical Weapons Convention Implementation Act of 1997," to this problematic and counterproductive bill. Because Chemical Weapons Convention (CWC) implementation legislation has not been enacted, the United States has not yet fully carried out its obligations under the CWC. The CWC implementing legislation has strong bipartisan support, and should be passed by the Congress as a free-standing bill without further delay. I note, however, that sections 213(e)(2)(B)(iii), 213(e)(3)(B)(v), and 213(f) of Title II could interfere with certain of my exclusive constitutional powers, and I urge the Congress to correct these constitutional deficiencies.

For the reasons stated, I am compelled to return H.R. 2709 without my approval.

WILLIAM J. CLINTON

THE WHITE HOUSE,
June 23, 1998.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 23, 1998

STATEMENT BY THE PRESIDENT

Veto of H.R. 2709, the "Iran Missile Proliferation Act of 1998"

I have committed my Administration to an unceasing effort to halt the transfer of missile technology to nations that conduct or condone terrorism and otherwise violate international norms. The stated purpose of H.R. 2709 -- the "Iran Missile Proliferation Act of 1998" -- is to further this effort. To the contrary, if enacted, it would damage the U.S. national interest, making it harder to achieve the goals it is intended to serve. Therefore, I am vetoing this bill.

The battle against proliferation is most effective as a cooperative enterprise. It will be successful if other, like-minded governments join in enacting and enforcing the strictest possible export-control policies. As my veto message makes clear, this bill mandates the sweeping application of sanctions according to inflexible and indiscriminate criteria. It would require the imposition of sanctions based on an unworkably low standard of evidence. Sanctions could be wrongly triggered against individuals and businesses worldwide, including against companies that did not know the true end user of their products. The sanctions are also disproportionate. A minor violation would carry the same penalty as a major one. As a result, the bill would generate tensions and discourage cooperation with the very nations whose support we must enlist.

From my conversations with members of Congress, I sense a growing awareness that the vast machinery of U.S. sanctions law has not served our interests well and is in serious need of an overhaul. Adding yet another flawed sanctions bill is not

the way to start, especially since this one is redundant. Existing law provides a sufficient basis for imposing sanctions when we need them.

I am particularly concerned about the impact that the bill would have on our on-going effort to work with the Russian government to stem the flow of technology from that country to Iran's missile program. This is a very real problem, to which this Administration has accorded the highest priority over the past year and a half. As a result of my own work with President Yeltsin, reinforced by the efforts of the Vice President, the Secretary of State and other officials, the Russian government recently has adopted new legal and administrative measures to deal with this problem. While the hard work of implementation must continue, we have seen concrete progress, which we seek to encourage, not undercut.

This bill will make it more difficult to continue our work with the Russian government in this area. Moreover, the imposition of unilateral American sanctions could damage our interests in working with the Russian government in other vital areas, such as arms control, law enforcement, counter-narcotics and combating transnational crime. This bill would hinder, not help, our overall national interests.

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START II POSTPONEMENT

June 10, 1998

What is your reaction to today's reports from Moscow that the Duma has voted to postpone next week's June 16 hearing on START II ratification?

* We are disappointed by this development, as it will delay efforts by Presidents Clinton and Yeltsin to bring START II into force and get on with formal negotiations on START III, which is in both our interests.

[If asked]: What does this mean for the possibility of a Clinton-Yeltsin summit?

* We have set no date for a summit as yet.

[If pressed]

* As I said previously, , we have not ruled out holding a summit prior to Start II ratification.

* As I also noted, the work that President Clinton and President Yeltsin want to do clearly will proceed in a much more fruitful environment if START II has been ratified.

INDIA AND PAKISTAN
June 23, 1998

India-Pakistan Talks

Can you comment on the report that the Indian Prime Minister Vajpayee and Pakistani Prime Minister Sharif will hold discussions on the margins of the SAARC (South Asian Association for Regional Cooperation) Summit in Colombo, July 29-31?

* We welcome and strongly encourage these discussions as an important step in reducing tensions between India and Pakistan.

* During their recent meetings, the P-5 (June 4) and G-8 (June 12) Foreign Ministers called for the resumption of a direct dialogue between India and Pakistan that would address their differences including Kashmir.

* We have long held that such a dialogue is essential to an improvement in Indo-Pakistani relations.

Sanctions

Can you comment on India's claim that economic sanctions are unproductive?

- * Our purpose in imposing sanctions on India and Pakistan is to change their behavior with regard to nuclear weapons, not to punish their people.
- * It is also important to remember that we are not alone in imposing sanctions. Japan, Canada, Denmark, the Netherlands, Norway, Sweden, Switzerland, and the G-8 have all cut back or suspended their aid programs to India and Pakistan to demonstrate their opposition to the Indian and Pakistani nuclear tests.
- * The sanctions that have been imposed generally call for a cutoff of future assistance or loans. As a result, their impact will in most cases not be felt immediately.
- * The decision of the G-8 foreign ministers in London on June 12th to postpone loans for non-basic human needs by the international financial institutions (World Bank, IMF, and the Asian Development Bank) will over time be particularly significant. (Loans for basic human needs, however, will not be postponed.)
- * Based on their past records, we expect that approximately \$4 billion in loans to India and Pakistan each year will be delayed by the G-8 decision.
- * Given the strong desire of the Indian and Pakistani governments to expand their economies, these sanctions, will have an increasingly important impact in the future.

What is the purpose behind these sanctions?

Our goals in implementing these sanctions have been, to the extent possible, to:

- * send a strong message to would-be nuclear testers;
- * influence Indian and Pakistani behavior;
- * target the governments rather than the people;
- * maximize the impact on Indian and Pakistani firms;

- * minimize the damage to U.S. interests.

What do you hope to achieve with India and Pakistan by imposing these sanctions?

Our key objectives are to convince both countries to:

- * halt further testing;
- * sign the CTBT immediately and without conditions;
- * not deploy missiles or nuclear weapons;
- * cut off fissile material production for nuclear weapons;
- * cooperate in Fissile Material Cutoff Treaty (FMCT) negotiations in Geneva;
- * maintain and formalize restraints on sharing nuclear and missile technology;
- * reduce bilateral tensions, including Kashmir.

What do these sanctions entail?

We are acting in accordance with the Glenn Amendment, which calls for sanctions in seven specific areas:

1. We have terminated foreign assistance to India and Pakistan under the Foreign Assistance Act (FAA), except for humanitarian assistance, food, or other agricultural commodities. We have also suspended one program not barred by the Glenn sanctions.
2. We have terminated Foreign Military Sales (FMS) under the Arms Export Control Act (AECA) and revoked licenses for the commercial sale of any item on the U.S. Munitions List.
3. We have terminated Foreign Military Financing under the AECA, although we did not have such programs with India or Pakistan in any case.
4. We have halted any new commitments of USG credits and credit guarantees by USG entities (EXIM, OPIC, CCC) after the dates of the nuclear tests by India and Pakistan, and we have stopped processing any project proposals for these countries.
5. The Glenn amendment requires that we oppose any loans by international financial institutions (IFIs) for projects not related to basic human needs

(BHN). We have taken the additional step of obtaining G-8 support to postpone consideration of non-BHN loans for India and Pakistan by the IFIs in order to bolster the effect of the Glenn Amendment.

6. We will prohibit U.S. banks from extending loans or credits to the Governments of India and Pakistan.

7. We will deny export to India and Pakistan of all dual-use items controlled by the Commerce Department for nuclear or missile reasons. We will also presume denial for all other dual-use exports to government or private entities involved in nuclear or missile programs. We will toughen existing controls for military entities and private entities involved in WMD activities.

In addition to these statutory sanctions, we have suspended most military-to-military programs, including certain ongoing education programs and official exchange visits.

What about CCC credits for agricultural products such as wheat? Didn't you say food was exempt from sanctions?

The Glenn Amendment captures the CCC credit program, and the exceptions do not apply. That said, we do not want to deny food to the people of either country, so we have supported legislation to create an additional exception that would permit CCC credits for food and agricultural commodities.

ISRAEL/JERUSALEM

June 22, 1998

What's your reaction to the Israeli Cabinet decision on Jerusalem?

* The Prime Minister has sought to clarify what the Israeli cabinet decided and what it has done and not done. The Prime Minister told us that this decision is not an effort to expand the municipal authority of the city into areas that extend beyond the green line.

* At the same time, this is a very complicated matter; we're not certain about what impact Israel's decision may have.

* Our point is clear: at a time when we are trying to break a prolonged impasse in the Israeli-Palestinian negotiations, the last thing we need from either party are statements or actions that raise suspicions and make it even more difficult to get the process back on track.

* Jerusalem, as you know, is one of the most sensitive issues there is in the negotiations. As Secretary Albright said yesterday, anything that is done on a final status issue at this point isn't helpful.

The Prime Minister seemed to imply that the American reaction was an overreaction or superfluous. Would you agree?

* No. At a time when we have the most serious impasse in the negotiations since Oslo began, our concerns about actions that could be misinterpreted or create additional tensions are not superfluous.

* Our concerns about the state of the process are real, not superfluous.

Did anyone check with the Government of Israel before a statement was issued?

* We did check with Israel, but the sensitivity of the issue and the delicate status of the process of getting the negotiations back on track created a situation that did not fully address our concerns.

MEPP
June 22, 1998

The Israeli Cabinet approved on Sunday a plan expanding control of Jerusalem. Does this really signal that the Prime Minister has no intention of reaching

agreement with the Palestinians. When are you going to declare your current approach to the peace process dead?

* Obviously, we regret the decision of the Israeli cabinet. We have been making some progress with the parties recently. Unilateral actions like this are not helpful at a time when the parties need to reach a basic agreement that would allow accelerated final status talks to begin.

* The final status of Jerusalem is, of course, one of the key issues to be addressed during these negotiations. We have communicated this view to the Israeli government.

* We will continue our current discussions with the parties as long as we believe there is a chance to close the existing gaps.

What can you tell us about the reports of Israel demanding that the United States promise not to recognize a unilaterally declared Palestinian state in exchange for doing a second FRD?

* First, you know we do not comment on the details of our discussions with the parties.

* Our position on permanent status issues is clear: they should be resolved by the parties in negotiations.

* Both parties should avoid unilateral actions that would preempt their negotiations, either before or after May 4, 1999.

Where do we stand in the peace process?

* We are continuing intensive consultations with both parties in the hope of closing on the set of ideas we presented to both parties, and moving ahead toward permanent status negotiations.

* (AS NEEDED): We are not setting deadlines or making predictions on how long this will take. There is a great sense of urgency about the consequences of a

continued impasse, which the parties ought to share. We are continuing the discussions as long as we believe there is a chance of closing the gaps. If it becomes clear we will not be able to do that, we will say so.

What do you think of the Chirac-Mubarak proposal to convene a summit to "Save the Peace Process"?

* We appreciate the spirit in which it was offered. The whole international community has to be concerned about the lack of progress over the last 18 months, and the prospect of security and economic deterioration in the region if the impasse persists to the end of the interim period (May 1999).

* In order to make a positive contribution to the process, such a conference would have to be carefully prepared in terms of timing, participants, and planned outcome. Those questions need to be addressed.

* In particular, such an event should not distract the parties from the issues they are working on with us right now.

INTERNATIONAL CRIMINAL COURT June 15, 1998

Background: The United Nations Diplomatic Conference of Plenipotentiaries on the Establishment of an International Criminal Court will take place in Rome from June 15 to July 17. The Clinton Administration supports the creation of a strong and effective Court. We believe that countries should bring to justice those who commit genocide, war crimes, and crimes against humanity, or turn suspects over to institutions who will, such as an impartial ICC. However, we need to design a document that reflects a variety of U.S. concerns, including the role of the Security Council, deferral to capable national legal systems, jurisdiction, elements of offenses, rules of evidence and criminal procedure. We remain hopeful that governments will resolve differences and that the conference will produce a treaty that the international community, including the United States, can embrace.

What is the U.S. position on the establishment of an International Criminal Court (ICC)?

(Note to briefer: On several occasions, most recently in Rwanda and last year before the General Assembly, President Clinton has reaffirmed his commitment to the creation of a criminal court by the end of the century.)

- * The U.S. supports the creation of a strong and effective international criminal court. We believe that such a court will advance justice on a global scale. It would serve to punish those who are guilty of the most serious violations of international humanitarian law - genocide, crimes against humanity and war crimes - while deterring those who might commit such crimes.

You say that you support the court but many have criticized the U.S. for taking positions that will limit the Court's effectiveness?

- * Founding an international criminal court is an extraordinary event, the culmination of over fifty years of work and advocacy. The Rome treaty hopefully will mark the development of a powerful instrument to safeguard international peace and security.

- * But we must be careful to reconcile the ideal of an ICC and the reality of the world today. We must be sure to negotiate a court that is consistent with existing efforts to maintain international peace and security and that would not become a vehicle for politicized prosecutions.

What are some of your goals for the court?

- * "Complementarity": An effective ICC must ensure that national legal systems with the will and ability to prosecute will have the opportunity to do so. This principle of deferral to national legal systems is known as "complementarity" and is one of our essential goals.

- * However, where national systems lack the ability - as in Rwanda - or the will -

as in the former Yugoslavia - to bring to justice serious violators of international standards, the ICC would fill the gap.

* U.N. Security Council: A practical ICC should also recognize and reinforce the work of the U.N. Security Council. The Security Council should have the ability to refer situations of armed conflict or atrocities to the court and should be able to direct countries to cooperate with the court when necessary.

[Note to briefer: Our current position is that the Security Council should also have the authority to review referrals to the court. That position is currently under review by the President and we would recommend that you not discuss it if at all possible.]

* Definitions of Crimes and Procedures: The ICC's statute should also provide precise and specific guidance regarding the elements of crimes, rules of evidence and rules of procedure.

Some reports suggest that there is tension or conflict within the U.S. government on the position we should take toward the ICC. Is this true and, if so, what is the President doing about it?

* U.S. agencies have been working very closely in the formulation of a U.S. policy toward the establishment of an ICC. Experts from the State Department, Defense Department, Joint Chiefs of Staff and Justice Department are all represented on our negotiating team. The U.S. government will present clear and unified positions during the Rome Conference.

How do you respond to those who say that the U.S. is repeating the mistakes it made during the Landmine Conference in Ottawa?

* The U.S. will not shrink from accountability but will not allow the ICC to become a political forum where rogue states challenge the actions of responsible governments. The final treaty must shield countries from unnecessary and ill-intentioned political attacks against their citizens.

Some nongovernmental organizations have said that they would walk away from the U.S. government if it fails to take positions in favor of an independent court. What is your reaction?

* The idea that the world would be better off with a so-called "strong court" that does not include the United States than it would with a "weak" court with U.S. participation is unrealistic at best.

* If we truly hope to promote justice on a global basis, U.S. participation is essential. The court will need the political support and resources of the U.S. Otherwise, the court is likely to be ineffective.

* While we support the creation of such a court, it must be a court that tries those who commit the most heinous crimes, not those who would act courageously to detain the perpetrators.

What is your response to concerns that have been raised in the Senate by Senators Helms, Ashcroft and others about such a court?

* We understand and respect the concerns that have been expressed by Senator Helms and others. We wish to create a treaty that will ensure against unwarranted prosecutions.

What is the U.S. position on whether the state of the accused should consent before an investigation or prosecution is brought?

* We have reserved on the issue of whether state consent would be required before individual prosecutions can be brought before the ICC. We are reviewing our position on this issue in light of our negotiations on other critical issues.

* However, we firmly believe that a government that has not ratified the ICC treaty must consent before there can be any prosecution of its nationals before the court. Otherwise, you would have a situation whereby failure to ratify would subject citizens to the jurisdiction of the court. This would be a clearly

unacceptable situation inconsistent with international law.

* Nonetheless, we always have proposed that the Security Council be able to override a state's denial of consent. This would still permit the court to pursue cases involving rogue states.