

Exchange Mail

DATE-TIME 7/31/98 4:16:15 PM

FROM Wozniak, Natalie S.

CLASSIFICATION UNCLASSIFIED

SUBJECT DAILY GUIDANCE UPDATE [UNCLASSIFIED]

TO Abercrombie-Winstanley, Gina K.
Addonizio, Elizabeth
Akers, Dale W.
Albert, Ronda A.
Allen, Charles A.
Andreasen, Steven P.
Antholis, William J.
Armstrong, Fulton T.
Bader, Jeffrey A.
Baker, James E.
Bandler, Donald K.
Barks-Ruggles, Erica
Barnett, Cheryl E.
Bartlett, L. June
Bartsch, Bryan W.
Battenfield, Pat A.
Bayley, Douglas C.
Behring, Deanna M.
Bell, Robert G.
Bellamy, Ralph C.
Bemisderfer, Dwight D.
Benjamin, Daniel
Birkland, Andrea L.
Blinken, Antony J.
Bobbitt, Philip C.
Bolinski, Charlene C.
Bouchard, Joseph F.
Braden, Susan R.
Brainard, S. Lael
Branscum, Sean D.
Bresnahan, Gary E.
Broadwick, Bonnie .
Brown, Keim C.
Bryan, Dave L.
Budig, Nyda N
Burrell, Christina L.
Busby, Scott W.
Butler, Lawrence E.
Campanella, Anthony
Caravelli, John M.

Carteret, Charles L.
Chastain, George M.
Clark, Bronya H.
Clarke, Richard A.
Cooper, James B.
Cooper, Kathleen H.
Cosgriff, Kevin J.
Countryman, Thomas M.
Covey, James P.
Crowder, Stevan D.
Crowell, Thomas R.
Crowley, Philip J.
Darnes, Victoria J.
Davies, Glyn T.
Davis, Mary K.
Dean, Susan W.
Dejban, Donna D.
DeRosa, Mary B.
Dimel, Marsha L.
Dixon, Ralph
Dobbins, James F.
Dollar, Carolyn J.
Dowling, John N. (Nick)
Dupuy, Shawn L.
Edwards, Joan K.
Elkon, Nicole L.
Epstein, Gerald L.
Erdahl, Douglas M.
Farrar, Jay C.
Ficklin, John W.
Figueredo, Orlando
Flanagan, Stephen J.
Ford, Robert G.
Friedrich, Mary K.
Fung, Mark T.
Gagnon, James M.
Gallucci, Gerard M.
George, Christopher L.
Glick, Bonnie L.
Gobush, Matthew N.
Gordon-Hagerty, Lisa E.
Gray, Wendy E.
Green, Charles A.
Greer, Jason H.
Gregory, Susan J.
Hachigian, Nina L.
Haines, Mary A.
Hale, John E.
Halperin, David E.
Harding, Bruce D.

Harold, Evetta M.
Harris, Elisa D.
Harris, Karen
Harrison, Lyle M.
Hasman, Thomas M.
Hawkins, Ardenia R.
Hawley, Leonard R.
Hendricks, Lori A.
Higgins, David B.
Highsmith, Newell L.
Hill, Roseanne M.
Hilliard, Brenda I.
Hillman, Thomas W.
Hunerwadel, Joan S.
Hurwitz, Marc I.
Jansen, Christian P.
Johnson, Anthony
Johnston, William T.
Jones, Felicia A.
Jones, Kerri-Ann D.
Jordan, Kristine A.
Joshi, M. Kay
Kale, Dora A.
Kelly, Sandra L.
Kerrick, Donald L.
Kiernan, Gerald P.
Kingsley, Neil R.
Kinser-Kidane, Brenda J.
Klein, Brian P.
Knepper, Charlotte
Kunin, Daniel L.
Langley, Janice M.
Lawrence, Cynthia
Leary, William H.
Leavy, David C.
Lee, Malcolm R.
MacDonald, Bruce W.
Malley, Robert
Marsh, Thomas S.
Marshall, Betty A.
Marty, Joseph H.
Maxfield, Nancy H.
McCarthy, Mary O.
McClellan, Christina L.
McEldowney, Nancy E.
McGee, Jenny A.
McIntyre, Stuart H.
Merchant, Brian T.
Metzl, Jamie F.
Millison, Cathy L.

Mitsler, Elaine M.
Miyaoka, Lester H.
Moller, Catherine A.
Motherway, Daniel J.
Naplan, Steven J.
O'Brien, Penelope R.
Papadimitriou, Marianna
Pascual, Carlos E.
Payne, Raymond H.
Piccone, Theodore J.
Porter, Pete
Porterfield Patrick C.
Prendergast, John P.
Prise, Edith M.
Pritchard, Charles (Jack) L.
Quinn, Mary E.
Ragan, Richard F.
Rice, Edward A.
Riedel, Bruce O.
Rinaldi, Steven M.
Roach, Darren S.
Rogers, Elizabeth B.
Rosa, Frederick M.
Roundtree, Beverly
Rudman, Mara E.
Salvetti, Lisa M.
Samore, Gary S.
Sanborn, Daniel R. K.
Sandalow, David B.
Sanders, Robin R.
Sapiro, Miriam E.
Schrader, Joel M.
Schulte, Gregory L.
Schwartz, Eric P.
Scott-Perez, Marilyn L.
Sherman, David J.
Sibley, Matthew W.
Sigler, Ralph H.
Silva, Mary Ann T.
Simon, Steven N.
Simons, James R.
Sisson, Charlotte A.
Smith, Gayle E.
Smith, James A.
Smith, Michael P.
Snyder, Julie A.
Soubers, Richard R.
Spence, Matthew J.
Starks, Tali T.
Storey, Sharon V.

Tarver, J. Sean
Thier, J. Alex
Thompson, Kathleen C.
Todd, Gwennyth E.
Tucker, Maureen E.
Unrue, Michael
vonLipsey, Roderick K.
Wadsworth, Valon J. (Val)
Ward, JoAnn
Ward, Steven R.
Wasserman, Elaine P.
Wechsler, William F.
Weinstein, Jeremy M
Weiss, Andrew S.
Widmer, Edward L. (Ted)
Williams, Mary C.
Wippman, David
Witkowsky, Anne A.
Wozniak, Natalie S.
Wright, Allison M.
Wright, Joseph (Larry)
Yokum, Jeffrey G.

CARBON_COPY

Babbitt, James F.
Babcock, Douglas W.
Black, Steven K.
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

Please review and forward your updates to @PRESS by 10:00 a.m.
Monday, August 3. Thanks.

TRANSLATED_ATTACHMENT

jul31gui.doc
NATIONAL SECURITY AFFAIRS GUIDANCE
July 31, 1998

Sanctions Policy (NEW)

Kosovo (NEW)

Burma (NEW)

Japanese Government

Peru/Lori Berenson (NEW)

India-Pakistan (NEW)

Morocco/OIC (NEW)

Rwanda/DROC (NEW)

Sudan

Angola

Military Readiness

Germany/Schroeder Visit Announcement

North Korea/Rumsfeld

Colombia/Pastrana Visit

Israel/Knesset

MEPP

Iraq/IAEA

Iraq/UNSCOM

Libya/Lockerbie

Russian Financial Situation

China Satellites/Hughes Efforts

ICC

Cambodia

WMD/Executive Order

Declassification (NEW)

SANCTIONS POLICY

July 31, 1998

Is the Administration re-evaluating sanctions policy? Have you decided to forego sanctions as a tool of foreign policy?

* Have been working with Members of Congress to ensure that sanctions decisions are made rationally and carefully.

* Our efforts are guided by several principles:

* Used judiciously, sanctions can be an effective tool of foreign policy, but they are generally most effective when they are imposed multilaterally and after traditional diplomatic means to affect behavior of foreign states are exhausted.

* Recognize that, at times, we must act unilaterally to impose sanctions -- to exercise leadership that will encourage others to act and to make a moral statement.

* But also need to recognize that unilateral sanctions -- especially if they seek to impose third party boycotts -- may not always be the best course, as they often --

* hurt U.S. agriculture or industry, while having little impact on offending state, due to its capacity to find suppliers elsewhere;

* aggravate allies and undermine our efforts to forge common diplomatic ground with them;

* limit our ability to engage and influence the practices of the

offending
government.

KOSOVO
July 31, 1998

(We strongly condemn the Serb offensive over the past week that has driven thousands of people from their homes.

* With the offensive now seeming to be winding down, we are insisting more strongly that international humanitarian groups and monitors be assured full access so that conditions can be created to allow displaced persons to return to their homes.

(Ambassador Chris Hill met with President Milosevic in Belgrade earlier today and reiterated these points in the clearest possible terms.

* Ambassador Hill continues to work closely with the parties to take needed steps to start negotiations toward a political settlement which provides an enhanced status for Kosovo, preserving the territorial integrity of the FRY and safeguarding the rights of all inhabitants of Kosovo, regardless of ethnic origin.

* We are encouraged that the Kosovars have agreed in principle to form a single negotiating team, an essential precondition for negotiations. We are encouraging them to keep working to develop a common approach.

(Wednesday, NATO Ambassadors met to review the status of NATO planning. Planning continues for a broad range of contingencies to ensure that the Alliance is prepared to contribute to a resolution of the crisis and to prevent any spillover to neighboring countries. No options are ruled out.

BURMA: AUNG SAN SUU KYI
July 31, 1998

Do you have any comment on the maltreatment of Aung San Suu Kyi by the Burmese Government?

* We condemn in the strongest possible terms the actions by the Burmese authorities to return ASSK forcibly to Rangoon. This action represents a callous disregard for the rule of law and ASSK's fundamental right to move freely throughout her country and to associate with members of her party.

* We call on the Government of Burma to cease its harassment of the non-violent political opposition and to afford the citizens of Burma the right to express their political views openly. We urge the Burmese government to enter into a substantive dialogue with ASSK and the National League for Democracy and to release all prisoners of conscience, including elected members of Parliament who recent have been detained.

NEW JAPANESE GOVERNMENT
July 30, 1998

What do you think of the new Japanese government?

* Prime Minister Obuchi has put together an experienced cabinet. We look forward to working with him and his government.

Will President Clinton call the new Prime Minister?

* I would expect that the two leaders will talk in the next day or two.

Do you think that Miyazawa has what it takes to be Finance Minister?

* We know him well. He has a great deal of experience at the Finance Ministry.

* I don't think personalities with respect to the Japanese economy are nearly as important as the policies that the government pursues.

* We want to see strong domestic-led growth. We think that there needs to be a substantial undertaking of deregulation and banking reform. It's very important for the global economy, the regional economy in Asia, to have a strong Japanese economy that can help restore vigor and growth to the region.

When will they get together?

* Nothing is scheduled. We have said that they will get together at the earliest mutually convenient time, but we have nothing to announce.

Would a meeting in New York at the opening of UNGA be possible?

* Yes, that's one possibility.

PERU: THE LORI BERENSON CASE

July 31, 1998

What is your reaction to the recent announcement by Peru's Supreme Military Tribunal that Lori Berenson received a fair trial before a military court and would not be accorded a civilian trial?

* We continue to believe that Lori Berenson did not receive a fair trial. Like others convicted of terrorism in Peru, she was tried before a military court and was not permitted to challenge the evidence against her or cross-examine witnesses. She deserves a fair trial before a civilian court. We will continue to urge the Government of Peru to provide her with one.

[Only if asked]

Is it true that Sandy Berger recently met with Lori Berenson's parents?
What was
discussed?

* Yes, Sandy Berger recently met with the Berensons and several of their advisors (Ramsey Clark, Thomas Nooter, and Maurice Paprin). The general discussion was about how best to address Lori Berenson's ongoing imprisonment in Peru. It would not be appropriate to share with you further details of that discussion.

INDIA/PAKISTAN: PRIME MINISTERS MEETING July 31, 1998

Background: Indian Prime Minister Vajpayee and Pakistani Prime Minister Sharif met on Wednesday in Colombo, Sri Lanka, on the margins of the SAARC summit. While the meeting had no immediate tangible results (Sharif called it a "zero" in an interview), the Prime Ministers did agree to a resumption of their countries' senior-level bilateral dialogue, suspended since last year. The Indians' public approach favors dialogue and general easing of tensions. The Pakistanis have called for a quick settlement of the Kashmir dispute. While Foreign Secretaries in follow-up meetings have not yet agreed on a framework for new discussions, they will keep trying. We should welcome the fact of the meeting and continue urging a restart of the dialogue.

Any remarks on the talks in Colombo between the India and Pakistani Prime Ministers, characterized by the Pakistani PM as a "zero"?

* We urge India and Pakistan to work for real progress on lowering tensions and resolving differences.

* We are pleased the two Prime Ministers met, and that they said they intend to meet again.

* The governments of both countries have said they are committed to a dialogue and, following their meeting, the Prime Ministers instructed their foreign secretaries to establish a framework for the resumption of regular senior-level talks, suspended since last Fall.

* We realize that this will be a difficult process but hope that it can proceed as expeditiously as possible.

* It is clear to us that direct talks between the two countries are essential to restoring regional stability and resolving tensions, including the 50 year old Kashmir dispute.

What is the status of the President's trip to India and Pakistan?

(The President's trip to South Asia remains under review.

(Although the Indian and Pakistani nuclear tests have raised questions as to the utility of such a trip, no final decision has yet been made.

MOROCCO: OIC CALL TO FREEZE RELATIONS WITH ISRAEL
July 31, 1998

What's your view of the OIC call on its members to reconsider their relations with Israel?

* We have problems with the OIC statement, but we note its statement of support for the peace process, which we welcome.

* The efforts by some Arab states to move toward enhanced relations with Israel did much to create an atmosphere of trust and confidence in which negotiations could flourish. Now, at this delicate moment in the process, any further deterioration in these relations would send entirely the wrong signal.

* We urge our Arab friends to avoid any backtracking in their relations with Israel and to continue their support of the peace process and their efforts to create a positive atmosphere.

RWANDA/DROC

July 31, 1998

What is the U.S. reaction to the withdrawal of Rwandan Troops from the Democratic Republic of the Congo (DROC)?

* We believe that this is an issue between the governments of the Democratic Republic of the Congo and Rwanda. It is up to the two sovereign governments to decide the nature of their military relationship.

SUDAN

July 30, 1998

Is the U.S. providing covert aid to overthrow the Government of Sudan?

* No. We are providing a small amount of non-lethal, defensive military equipment to neighboring states of Sudan that are victims of Sudanese-supported terrorist organizations. For example, we provide backpacks and radios to the Government of Uganda to better defend civilian populations from the atrocities of the Lord's Resistance Army.

If the U.S. policy of isolating the Sudan Government has not worked, will you pursue expanded dialogue and engagement with Khartoum?

* We are committed to our policy of isolating the Sudan regime and containing the threat it poses to the international community through its support for

terrorism
and to its own people through its massive human rights abuses. We
believe the
policy is doing what it intended to do: deny hard currency and aid to
the
Government to pursue its war strategy, restrict arms sales to the
regime,
maintain the spotlight on the actions of the Government that have led
to this
famine, and force Khartoum into making concessions at the peace
talks currently
underway. We continue to have regular dialogue with the Government
through
bi-weekly visits to Khartoum by our Chief of Mission credentialed to
Sudan.

Do you support the idea of sending a high-profile American negotiator
to help
make the cease-fire permanent and to broker a peace accord?

* We are working closely with the British and other countries to
extend the
cease-fire. We also are increasing our support for the African-led
peace process
under the auspices of the Inter-Governmental Authority on
Development (IGAD).
The IGAD Peace Initiative has made more progress at the negotiating
table during
the last few months of talks than any other initiative has made during
the
previous fifteen years of war. We are considering a number of options
of how to
bring greater support and attention to the Sudanese crisis, but sending
a high
level negotiator now would only undermine the current talks and
provide Khartoum
with a way to sidestep the international consensus that has built up in
support
of the IGAD Peace Initiative and the fundamental issues of the
conflict on which
this Initiative has focused the warring parties' attention.

ANGOLA
July 31, 1998

* The US is committed to remaining engaged in the peace process in

Angola and is encouraging UNITA to fulfill its obligations under the Lusaka Protocol, in particular, the extension of government control to key remaining towns.

* We are concerned that the current peace process is stalled and are doing everything possible, along with our Troika partners, to get the peace process back on track.

* We have seen reports about the increase in military movements on the ground by both sides and have continually told both parties that peace and stability are in the best interest of the Angolan people and that we would not accept a return to war

* We are discussing within our government and with our Troika partners (Portuguese, and Russians) and the United Nations additional steps we can take to ensure that Angola continues on the path to peace and that UNITA meets its obligations under the Lusaka Protocol.

* We welcome the naming by Secretary General Annan of a Special Envoy for Angola, Lakhdar Brahimi. Brahimi will be traveling to the region soon to engage both parties and to underscore the UN's determination to work to resolve the current impasse and move toward peace.

If asked (reports on recent massacre):

* We have seen these reports that approximately 105 people have been killed in Angola's remote mining area in the North, but we have no confirmation as to who actually committed the killings.

* We note a Radio Portugal statement that in a preliminary report from the Joint Commission (the independent body monitoring the peace process) that there is no evidence at present that suggests that UNITA perpetrated these

attacks.

MILITARY READINESS: PERSONNEL ISSUES AND BUDGET
July 30, 1998

* Under the awesome burden of these responsibilities, we have worked diligently within the parameters established by the Balanced Budget Agreement to preserve and provide for the readiness of our armed forces while meeting priority military challenges established in the 1996 Quadrennial Defense Review (QDR).

* We struck a fine balance between near-term readiness, long-term modernization and quality of life improvements for our men and women in uniform.

* A key element of this balance was our decision to increase funding for modernization to protect long-term readiness.

* In this context, we decided to make modest reductions in personnel, primarily in support positions, across the force structure. But in all these decisions, we ensured that the high readiness levels of our forward-deployed and "first-to-fight" forces were maintained.

* Our military is fully capable of carrying out our national military strategy and meeting America's defense commitments around the world.

* This fiscal year, with Congress' support for the Bosnia and Southwest Asia non-offset emergency supplemental funds, we were able to protect our high payoff readiness accounts.

* If we can win Congressional approval of our pending FY98 omnibus reprogramming package, the Department of Defense will be able to move on the order of \$1 billion to high-priority readiness-related accounts. In his remarks at the USS HARRY S TRUMAN commissioning, the President challenged

Congress to approve these important readiness-related reprogrammings before going on summer vacation.

- * The FY99 budget is the first QDR budget and it increases funding for readiness and modernization and preserves quality of life for military personnel.

- * In the critical readiness-related area of operations and maintenance, our FY99 budget request sustains the \$65,000 spending level per servicemember that we initiated five years ago.

- * Our FY99 budget also continues our shift of funds to readiness by redirecting \$1 billion to support flying hours, buy more spare parts, and improve depot maintenance.

- * The Services have all established tempo standards for their units, and any unit exceeding those standards is intensively managed. The Air Force has cut the length of its temporary duty assignments in half. The Chairman's exercise program is halfway through a five-year, 25 percent reduction in total exercise man days. Deployments overseas have been reduced and replaced with units on a stand-by status in the United States.

- * Although we have accomplished much on the readiness front, much more needs to be done.

- * The President and our military leadership are constantly reevaluating the readiness of our forces and attacking problems in individual readiness areas as they arise.

- * The continued robust U.S. economy, which is clearly a great benefit for our country, is increasing the challenge of recruiting and retaining the top-notch personnel we need.

- * To overcome this and other readiness-related problems that have arisen will

take continuing attention and cooperation by both the Executive and the Legislative branches.

* We need Congress' help in several areas:

* By passing FY99 non-offset emergency funding legislation for Bosnia, Congress will ensure that key readiness and training accounts do not have to be used by the Defense Department to offset the costs of this critical deployment.

* By approving our FY99 budget request without adding unrequested procurement or research and development programs, congress will allow the Defense Department to maintain the necessary balance between readiness and modernization essential to achieving QDR goals.

* Congress must also act to authorize two additional rounds of base closure. Without this authority, we remain burdened with the task of maintaining excess military infrastructure at a cost that invariably comes at the expense of readiness.

GERMANY: VISIT BY MR. SCHROEDER
July 29, 1998

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1998

STATEMENT BY THE PRESS SECRETARY

President to Meet with Gerhard Schroeder

Gerhard Schroeder, Minister President of the German state of Lower Saxony, has

accepted the President's invitation to come to Washington. The President will receive Mr. Schroeder at the White House on August 5. The two plan to continue the exchange begun at their May 13 meeting in Berlin during the President's visit to Germany.

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RUMSFELD REPORT: NORTH KOREAN UNDERGROUND FACILITIES
July 29, 1998

What is your reaction to the July 29th Washington Post article quoting claims by Rumsfeld Commission members that North Korea has built extensive underground factories for the production and testing of ballistic missiles?

(We have been aware for some time that several nations, including North Korea and Iran, use underground facilities for purposes related to weapons of mass destruction. The Rumsfeld Commission was briefed on this issue by the Intelligence Community.

(This is a matter of concern to us, and there is no doubt that underground facilities pose a challenge to intelligence collection and analysis. Our intelligence agencies have a focused effort aimed at obtaining information about them.

(By their very nature, underground facilities are of limited size and are used for specific purposes. Obviously, I cannot comment on what intelligence we may or may not have about individual installations.

(As the DCI noted earlier this month, monitoring foreign attempts to develop ballistic missile systems continues to be a top priority for our intelligence agencies. We are committed to ensuring that the Intelligence Community has robust capabilities for tracking this threat.

COLOMBIA: PASTRANA VISIT
July 28, 1998

Can you confirm that Colombian President-elect Pastrana will be meeting with President Clinton soon?

(President Clinton has invited President-elect Andres Pastrana of Colombia to meet at the White House on August 3, and President-elect Pastrana has accepted. The meeting will provide an opportunity for the two leaders to address the broad range of issues in our bilateral agenda, including counternarcotics cooperation, as well as President-elect Pastrana's efforts to begin a peace process in Colombia.

What is the United States' position on a peace process?

(The United States strongly supports development of a peace process in Colombia, of the type that has helped resolve civil conflicts elsewhere. Ultimately, any peace process will have to be created for Colombia by Colombians, but the United States is prepared to help.

(The goals of U.S. policy in Colombia are to expand our efforts against the drug trade, promote human rights and the rule of law, reinforce democratic institutions, encourage economic development and help address humanitarian needs. We are prepared to support any peace plan to the extent it is compatible with these objectives.

(Prospects for such a peace process will depend upon the willingness of Colombian insurgent and paramilitary groupings to cut their links to narcotrafficking, and renounce terrorist methods. The United States will insist, in particular, on the release of American hostages, and a full accounting of

Americans missing in Colombia and presumed kidnapped.

ISRAEL: VOTE ON DISSOLUTION OF KNESSET
July 30, 1998

Any comment on the Knesset vote to dissolve itself?

* This issue is entirely one of Israeli domestic politics. We understand that this vote is preliminary in nature and that additional votes would be required to actually dissolve the Knesset.

MEPP
July 27, 1998

Are the Palestinians and Israelis still talking?

(We understand the two sides are continuing to meet this week.

(We encourage this continued dialogue. More importantly, we encourage taking the hard decisions needed to achieve a breakthrough.

Ras the US backed away from its promise to announce a breakdown and explain its ideas?

(We believe a breakthrough is preferable to a breakdown, and we believe a breakthrough is still possible to achieve.

(As a result of U.S. efforts and their own face-to-face discussions, the parties are moving closer to agreement. If they show creativity and respect for each other's needs, they can reach agreement, and that's why we would like to see the current discussions continue.

(If they cannot, we will be forced to conclude that no further progress is possible along these lines, and we will say so publicly.

(But we are not at that point yet.

(It would be a mistake to announce a breakthrough prematurely, and it would equally be a mistake to announce a breakdown prematurely.

If you think they're close to agreement, why don't you agree to the two sides' request for Albright or Ross to go to the region and help them close the deal?
Why are you giving up your usual role and leaving them on their own?

(We are in constant, daily contact with both parties, urging them to continue working together and, where we can, helping each of them to define creative and constructive approaches. So it's not accurate to say we are leaving them on their own.

(The issues on which they are engaged are particularly suited for direct negotiations between the parties. Such negotiations are also vital to restore the trust and confidence needed to work successfully on the more difficult issues that await them in the permanent status negotiations. Relaunching those talks remains our objective in this phase of the process.

We continue to have no immediate plans for travel to the region.

IRAQ: IAEA REPORT July 30, 1998

Background: The International Atomic Energy Agency (IAEA) gave a written report to the Security Council July 27, and briefed the report July 29. This is an interim report; prior to the October six month report. We have said publicly that we would accept a transition to Ongoing Monitoring and Verification (OMV) once the IAEA informs the Security Council that the transition is warranted. This report did little to make that case. The Russians tabled proposals to transfer the nuclear file now, but with little expectation of success: the

majority of the Council feels that the IAEA report needs more mulling before any action can be taken.

What can you tell us about the results of the most recent IAEA report?

(The interim IAEA report briefed to the Security Council Wednesday states that no progress was made during the IAEA team's recent visit to Iraq or since the IAEA's April report.

(This comes as no surprise. For over seven years the IAEA has encountered Iraqi resistance to its investigations.

(While the IAEA has said that a technically coherent picture of the Iraqi nuclear program has emerged, the IAEA has consistently maintained that questions still remain.

(This report states that "Iraq never approached full transparency" and that there is an "inherent uncertainty" in the completeness of the technical picture.

(The IAEA still needs information and documentation on external assistance to the Iraqi nuclear program and on Iraq's specific technical achievements. The Iraqis have refused to divulge this information or supporting documentation.

What about Russian proposals to move the Iraqi nuclear program to Ongoing Monitoring and Verification (OMV)? Will this mean an end to inspections?

(The UNSC stated in May that once Iraq provides satisfactory answers to all of the IAEA's questions and concerns, the Council would be prepared to endorse a transfer to ongoing monitoring and verification. The U.S. agreed to that position.

(As the report says, the Iraqis have refused to provide the information and supporting documentation requested by the IAEA.

* As a result, the Council felt on Wednesday that any proposals for transferring the nuclear file were premature.

(Whenever the Council endorses a transfer to OMV, that system expressly allows for intrusive inspections. Both IAEA and UNSCOM have made clear their intention to continue such inspections.

(The IAEA in its most recent report explicitly states that "effective monitoring and verification in Iraq, as required by 687 must be comprehensive and rigorous and, as a result is intrusive."

IRAQ/UNSCOM
July 24, 1998

Background: On July 22, UNSOCM Executive Chairman Richard Butler wrote to the President of the Security Council (Russian Perm Rep Lavrov) outlining an Iraqi refusal on July 18 to release documents to an UNSCOM team during an inspection of the Iraqi Air force headquarters. The documents at issue appeared to contain reference to special munitions of types which have been declared by Iraq to have been used for chemical and biological warfare agent delivery. After the Iraqi refusal to hand over the documents, Butler and General Rashid, the Iraqi Minister of Oil, telephonically came to an ad hoc temporary resolution to the incident - agreeing that the documents would be jointly sealed by UNSCOM and Iraq and examined during Butler's upcoming trip. Lavrov called in Iraqi PermRep Hamdoun on July 23 to explain the incidents, which are a clear violation of Iraq's agreement under the UN/Iraq MOU to provide UNSCOM with not just the access to the sites,

but also the documents required for their work. Although this incident is now public, the issue has not been fully discussed either in Washington or among Security Council members. It would be best not to speak of the specifics of the incident, but rather to reiterate our positions regarding UNSCOM's right to full access to sites, information, and persons.

What can you tell us about Iraq refusing to turn over documents to UNSCOM during an inspection?

(UNSCOM has reported to the President of the Security Council that during a recent inspection Iraqi officials refused to hand over documents which UNSCOM believe pertain to Iraq's chemical and biological munitions.

(We understand the documents have been jointly sealed by UNSCOM and Iraq and will be opened and examined by Ambassador Butler when he visits Baghdad in early August.

(This is a very serious matter. In accordance with the UN/Iraq Memorandum of Understanding, Iraq agreed to full access by UNSCOM not only to sites, but also to documents, information, and persons. More important than just access, however, is the fact that Iraq is required to provide affirmative disclosure of its program. This, Iraq has not done.

(Again, Iraq is trying to re-write the rules and is engaging in its pattern of cheat and retreat. This new example of Iraqi defiance is not surprising, but it is still totally unacceptable. The entire Security Council will be in agreement on this.

(Iraq must release all information pertaining to its weapons of mass destruction and delivery systems.

(The President of the Security Council called in the Iraqi PermRep yesterday to

explain. We are waiting for Ambassador Lavrov to discuss this meeting with the rest of the Council.

LIBYA: LOCKERBIE
July 28, 1998

There are reports that you are close to a deal to try the Libyans accused of the Pan Am 103 bombing in The Hague. Is this true?

(Our primary objective since the Pan Am 103 tragedy in 1988 has been to bring the perpetrators to justice.

(We believe that the perpetrators should be tried before a U.S. or Scottish court.

(We have explored alternative ways to accomplish this objective during the past ten years, but both practical and legal obstacles exist. No decisions have been made.

Have you heard back from the Libyans at this point? Have they rejected the idea of a Scottish Court with Scottish judges in The Hague? If they say no, then what?

(No decisions have been made. Libya has, however, indicated publicly that it would accept trial in a Scottish Court outside Scotland. This is not a negotiation. Qadhafi knows what his responsibility is, to turn over the suspects for trial in a U.S. or Scottish Court.

(If he does not turn over the suspects, this will only reinforce to the international community the need to maintain tough measures against Libya until Justice is done.

Has the President talked with PM Blair about having a trial in a third country?

(As the President said, he has been personally engaged in bringing the Pan Am

103 suspects to Justice for years. We have had conversations with the UK on this matter.

(The President and the Prime Minister speak regularly. I am not in a position to detail the content of those discussions, nor is it our practice to detail the content of such discussions.

But, does that mean you are considering doing this in a third country like The Netherlands?

(We are determined to bring these perpetrators to justice. In cooperation with authorities in the United Kingdom, we continue to consult on how to best accomplish that objective.

(I have pledged to the families of the Pan Am 103 victims that we will not stop until we see justice in this case.

What are some of the practical and legal obstacles?

(The idea of standing up a court from one country within another country's territory raises a number of legal issues that we need to answer. The issues are sui generis. Again, no decision has been made, but we remain determined to bring these perpetrators to justice before a U.S. or Scottish court.

RUSSIAN FINANCIAL SITUATION

July 29, 1998

(Russia has embarked on a major reform effort supported by the IFIs. It's a strong and ambitious program.

(Major thrust of the reform is getting Russia's fiscal house in order. This will create the foundation for a return to growth.

(Markets looking carefully at program and Russia's ability to implement it.
Understandable that there is market uncertainty given international market volatility.

(As Russia itself has noted, performance is key to building investor confidence.
Prime Minister Kiriienko affirmed his government's commitment to enact and implement its reform program during Vice President Gore's visit. This is the right next step for Russia.

If Asked -- Given all the promises the Russians have broken in the past on economic reform, why should we believe that this time will be any different?

(Need to put Russian reform process in context. Over the past seven years, Russia's economy has undergone a major transformation. Process of change always a difficult one.

(Program Russia is now pursuing is one devised for Russian purposes and they are acting on it because they believe it is good for Russia.

CHINA SATELLITES - HUGHES EFFORTS

July 27, 1998

Can you detail Hughes's efforts to remove the 1993 missile sanctions?

(Not surprisingly, the applicability of Category II missile sanctions to commercial satellites was of significant interest to Hughes and other satellite manufacturers. Hughes strongly advocated that the missile sanctions law should not apply to any commercial communications satellites.

(Hughes made great and well-publicized efforts to ensure that its views were known to the administration and Congress. In particular, Hughes

received
bi-partisan support from members of Congress.

(For example, in October 1993, thirty members of the California Congressional delegation sent a letter to then-Secretary of State Warren M. Christopher urging the administration to ease the ban for Hughes Electronics Corp. and allow U.S. communications satellites to be launched on Chinese rockets.

(In the end, Hughes's position was not endorsed by the Clinton Administration.

(Rather, as noted above, the Administration decided that the best legal interpretation of the sanctions was that the export of satellites primarily regulated by the State Department would be prohibited by the sanctions but the export of satellites primarily regulated by Commerce would not be prohibited.

(The Administration's decision caused Hughes to modify two satellites (by removing more sensitive technology such as a kick motor) so that they would fall within Commerce's jurisdiction.

INTERNATIONAL CRIMINAL COURT July 24, 1998

What is your reaction to the comments by Senator Helms during a hearing that the United States should withdraw from all foreign peacekeeping activities and reopen our Status of Forces Agreements with other countries given the final text of the ICC treaty?

(We do need to assess the implications for U.S. policy of adoption of the ICC treaty and have begun the process of doing so. At the same time, we note that the treaty will not enter into force until 60 countries have ratified it. This will take some time. We need to make judgments in this area judiciously

and will do so
in the weeks and months ahead.

What is the U.S. reaction to the final text of the treaty relating to the International Criminal Court?

(We are disappointed with the final text of the treaty. While we have always supported the establishment of a permanent court and continue to support the concept of such a court, we are concerned that this treaty's provisions could make persons, including U.S. citizens, who are involved in critical international activities -- like peacekeeping operation, humanitarian relief and enforcement of sanctions -- vulnerable to unwarranted prosecution before the court.

(In particular, we do not support the way in which the court's jurisdiction may be extended to the citizens of States that are not parties to the treaty. Under the treaty as drafted, the court may assert jurisdiction over a person if it has only the consent of the state where an alleged offense occurred. This means that U.S. citizens and others involved in international activities even though their countries may not be parties to this treaty -- could be hauled before the court without the agreement of their country of nationality. This violates basic principles of treaty law and could greatly inhibit the ability of the United States and others to participate in these sorts of operations.

(We find this jurisdictional provision particularly troubling because, in essence, it provides a shield to those who abuse human rights inside their own borders while making vulnerable others who are engaged in overseas activities.

(We have several other problems with the treaty, including the inclusion within the court's jurisdiction of the crime of aggression.

(We will be digesting the treaty over the next several days to determine what

our response will be.

Will the U.S. actively oppose the establishment of the court?

(We are not prepared to answer that question at this time. We are studying the treaty to determine how to respond.

Why would the U.S. vote against this treaty while all of our chief allies supported it?

(The United States plays a unique role in maintaining international peace and security and we wish to ensure that we can continue to play such a role without undue interference. We are concerned that the treaty as drafted could jeopardize activities associated with this role.

CAMBODIA - ELECTIONS

July 31, 1998

What is your reaction to alleged irregularities in the Cambodian elections?

(Although the "official" preliminary election results are not scheduled to be released until August 3 or later, Prince Ranariddh and Sam Rainsy, on the basis of preliminary returns, have charged that there were significant irregularities and fraud in both polling and tabulation of the vote.

(It is too early to reach any definitive conclusions on the results of the elections. International observers were encouraged by the large turnout and the obvious desire of the Cambodian people to exercise their right to vote.

(Election observers have praised the competence of the polling officials and the way they accomplished their responsibilities.

(The charges of fraud and irregularities leveled by Prince Ranariddh and Sam Rainsy are serious allegations. We urge the Cambodian election authorities to investigate them thoroughly to ensure that the results of the election reflect the will of the Cambodian people.

EXECUTIVE ORDER ON WMD
July 28, 1998

Can you provide information about the EO on Weapons of Mass Destruction?

(The U.S. has taken a series of actions that respond to a recent announcement by the Russian government that it is conducting special investigations against Russian entities suspected of cooperating with foreign WMD and missile programs. U.S. actions include a cut off of assistance programs to these entities and a ban on imports from these entities. The President issued an Executive Order that amends Executive Order 12938 to more effectively respond to the worldwide threat of weapons of mass destruction proliferation activity.

(The original Executive Order was signed in 1994 and most recently renewed in November, 1997. The amendment of Section 4 of the Executive Order strengthens the original Executive Order in several significant ways:

1. It broadens the type of proliferation activity subject to potential penalties; contributions to nuclear weapons and missiles capable of delivering weapons of mass destruction have been added to the original EO's focus on assistance to chemical and biological weapons programs.
2. The amendment expands the original Executive Order to include "attempts" to contribute to foreign proliferation activities, as well as actual contributions.

3. The amendment expands the range of potential penalties to include explicitly the prohibition of USG assistance to the foreign persons/entities, as well as USG procurement and imports into the U.S., which was specified by the original Executive Order.

(This amendment provides the USG with the necessary flexibility and discretion in deciding how and to what extent to impose penalties against foreign persons/entities that assist proliferation programs. This provision authorizes the Secretary of State to determine the extent to which to impose these measures.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 28, 1998

STATEMENT BY THE PRESIDENT

Expanding the President's Executive Order on
Weapons of Mass Destruction

Today, I am expanding existing Executive Order authority to enhance America's ability to deal with one of the toughest security challenges we face: the spread of weapons of mass destruction and missiles to deliver such weapons.

Two weeks ago, the Russian government announced it was investigating a number of Russian entities suspected of violating weapons of mass destruction export control provisions.

Today's Executive Order amendment will allow us to respond more effectively to evidence that foreign entities around the world, such as these Russian entities, have assisted in the transfer of dangerous weapons and weapons technologies. The United States will use the amended Executive Order, along with other

existing
authorities, to bar assistance to seven of the entities identified by
Russia, as
well as to bar exports to and imports from these entities.

The new Executive Order amends Executive Order 12938, issued in
1994, in key
respects:

-- The amended E.O. addresses not only transfers of chemical and
biological
weapons, as provided in the original E.G., but also nuclear weapons
and missiles
capable of delivering weapons of mass destruction;

-- The amended E.O. imposes penalties not only where a transfer has
been carried
out, as provided in the original E.G., but also in the event of an
attempt to
transfer;

-- The amended E.O. expressly expands the range of potential
penalties on
entities that have contributed to proliferation. Penalties include
prohibition of
U.S. Government assistance to the entity and prohibition of imports
into the
U.S., or U.S. Government procurement, of goods, technology, and
services.

-- The amended E.O. ensures that our Government has the necessary
flexibility in
deciding when and to what extent to impose penalties. In the fight to
stem the
spread of dangerous weaponry, we must be resourceful and focus on
doing what
works. Being able to offer both incentives and disincentives enhances
our
capacity to deal with these threats. I will continue to work with
Congress to
ensure that America's policy provides tough penalties -- and also
sufficient
flexibility to give us the best chance to achieve positive results.

My Administration is working actively with our friends and allies
around the
world to prevent the proliferation of weapons of mass destruction. We
are
encouraged by recent commitments by Russia, by our European allies,
and others to

increase their efforts, and we will continue to press for even stronger commitments.

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DECLASSIFICATION

July 31, 1998

It was reported this morning that the Defense Authorization bill has been amended to include a provision introduced by Senator Kyl that would require all agencies to review all records page by page to look for any information related to nuclear secrets before applying the automatic declassification provisions of Executive Order 12958. Does the Administration support this requirement? Wouldn't this make it impossible to comply with the provision of Executive Order 12958 that automatically declassifies most 25 year old historical records in the year 2000?

* Certainly, we agree that all necessary steps should be taken to prevent the public release of information related to nuclear secrets that would do harm to the national security. However, all agencies agree that the potential problems identified by the Department of Energy, which are very complicated, are best addressed by an administrative process rather than legislation.

* We are confident that we can and will develop a satisfactory solution to this problem that is consistent with the provisions of E.O. 12958 calling for the declassification of most 25 year old historical records in the year 2000.

Exchange Mail

DATE-TIME 8/3/98 7:24:57 PM
FROM Allen, Charles A.
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: DAILY GUIDANCE UPDATE [UNCLASSIFIED]
TO Allen, Charles A.
Baker, James E.
DeRosa, Mary B.
Highsmith, Newell L.
Hunerwadel, Joan S.

CARBON_COPY**TEXT_BODY**

No new issues noted.

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

From: Wozniak,
Natalie S.
Sent: Monday, August 03, 1998 6:43 PM
To: @ALLNSC -
NSC Staff
Cc: @VP - VP Natl Security Affairs
Subject: DAILY GUIDANCE
UPDATE [UNCLASSIFIED]
Importance: High

Please review and forward
your updates to @PRESS by 10:00 a.m. Tuesday, August 4. Thanks.

TRANSLATED_ATTACHMENT

aug03gui.doc

NATIONAL SECURITY AFFAIRS GUIDANCE

August 3, 1998

Colombia/Pastrana Visit

Northern Ireland

Defense Appropriations

Italy/Cavalese Incident

Cuba/Caribbean

Sanctions Policy

Kosovo

Burma

Japanese Government

Peru/Lori Berenson

India-Pakistan

Morocco/OIC

Rwanda Violence

DROC

Sudan

Angola

Military Readiness

Germany/Schroeder Visit Announcement

North Korea/Rumsfeld

Saudi Arabia/King Fahd's Health

Israel/Knesset

MEPP

Iraq/Butler

Iraq/IAEA

Iraq/UNSCOM

Libya/Lockerbie

Russian Financial Situation

China Satellites/Hughes Efforts

ICC

Cambodia

WMD/Executive Order

Declassification

COLOMBIA: PASTRANA VISIT
August 3, 1998

The President met with Colombian President-elect Pastrana yesterday. Can you tell us what they talked about and why they met?

* The meeting yesterday between President Clinton and President-elect Pastrana of Colombia reflected the importance that the United States attaches to its relationship with Colombia, and the commitment of both leaders to expand cooperation between their governments.

* President Clinton expressed support for a comprehensive Colombian effort to stem narcotrafficking, promote human rights, and launch a meaningful peace process. He promised to work to secure increased U.S. assistance for counternarcotics, sustainable economic development, the protection of human rights, and humanitarian aid, to encourage private investment, and to join with other donors and the international financial institutions to promote Colombia's economic growth.

* President-elect Pastrana expressed his hopes for ending Colombia's long-standing civil conflict, and conveyed his commitment to cooperate fully with the United States to combat the traffic in illegal drugs.

* President Clinton extended, and President-elect Pastrana accepted, an invitation to return to Washington later this Fall for a State Visit.

What is the United States' position on a peace process?

* The United States supports the development of a peace process in Colombia, of the type that has helped resolve civil conflicts elsewhere. Ultimately, any peace process will have to be created for Colombia by Colombians, but the United States is prepared to help.

* Prospects for such a peace process will depend upon the willingness of

Colombian insurgent and paramilitary groupings to cut their links to narcotrafficking, and renounce terrorist methods. The United States will insist, in particular, on the release of American hostages, and a full accounting of Americans missing in Colombia and presumed kidnapped.

* The goals of U.S. policy in Colombia are to expand our efforts against the drug trade, promote human rights and the rule of law, reinforce democratic institutions, and encourage economic development. We are prepared to support any peace plan to the extent it is compatible with these objectives.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
August 3, 1998

STATEMENT BY THE PRESS SECRETARY

On the Visit of President-elect Andres Pastrana of Colombia

President Clinton and President-elect Pastrana of Colombia met at the White House on August 3, 1998. President-elect Pastrana's pre-inaugural visit reflects the importance that the United States attaches to its relationship with Colombia, and the commitment of both leaders to expand cooperation between their governments.

President Clinton congratulated President Pastrana on his electoral victory, and conveyed his admiration for the Colombian peoples' commitment to democracy, which has been demonstrated anew under the most trying of circumstances.

President Pastrana expressed his hopes for bringing about a peaceful resolution of Colombia's long-standing civil conflict, and conveyed his commitment to cooperate fully with the United States to combat the traffic in illegal drugs. President Clinton expressed support for a comprehensive Colombian effort to extend the rule of law, stem narcotrafficking, promote human rights, and launch a meaningful peace process. He promised to work with Congress to secure increased U.S. assistance for counternarcotics, sustainable economic development, the protection of human rights, and humanitarian aid, to encourage private investment, and to join with other donors and the international financial institutions to promote Colombia's economic growth.

Recalling the success of efforts to bring about the peaceful settlement of civil conflicts elsewhere in the hemisphere, President Clinton expressed his support for such a process in Colombia. He stressed that insurgent groups must cut their ties to narcotraffickers and renounce kidnapping and other forms of terrorism. At a time when our hemisphere is increasingly united in a common commitment to democracy, human rights, and the rule of law, the two Presidents look forward to Colombia playing an appropriate role in the region and the world, to which its long democratic traditions entitle it.

President Clinton extended, and President-elect Pastrana accepted, an invitation to return to Washington later this Fall for a State Visit.

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NORTHERN IRELAND

August 3, 1998

Is the White House worried about the renewed violence in Northern Ireland in advance of the President's visit?

* The people of Ireland, north and south, supported the Good Friday Accord as providing the means for resolving political differences. We categorically condemn and reject Saturday's bomb attack in Banbridge, and the series of arson attacks the past week, just as we condemned the parade-related violence in July.

The President intends for his visit next month to demonstrate American faith and conviction in the peace process and in the new institutions created by the April 10 agreement. In particular, he is looking forward to meeting the leaders and members of the new Assembly.

The Irish American Community is concerned at not being included in the President's entourage. Why are they being excluded?

* Although we are still developing the President's program, we anticipate that he will have a fast-paced schedule with a series of focussed events in Northern Ireland and in the south. We have not made final decisions on who will accompany the President, but are probably looking at a smaller group than in 1995.

SALE OF SHIPS IN DEFENSE APPROPRIATIONS

August 3, 1998

Background for Briefer: Refer questions on ship sales to Greece and Turkey to DOD. The process of arranging the ship sales to Greece and Turkey started several months ago and has been proceeding through the normal approval process ever since. It was not at all driven by the prospect of accruing a financial windfall for DOD, which is a relatively recent development. This is clearly an issue that should be referred to DOD.

Does the White House support the language in the Defense Appropriations Bill allocating the funds generated by sales of surplus ships to the defense budget?

* The Administration strongly supports this provision. It will help alleviate pressure on the defense budget and therefore is consistent with Administration efforts to ensure the readiness of U.S. Armed Forces, such as our request to fund operations in Bosnia as a non-offset emergency supplemental appropriation.

ITALY: CAVALESE INCIDENT

August 3, 1998

Any reaction to news conference today by families of victims of Cavalese?

* As Secretary Cohen said, we are still deeply saddened by what happened. All of the American people share in the grief of the families who lost loved ones in the tragedy. We support the attentiveness of DOD, State, NATO and the Italian government as they work through the claims resolution process,

Is it true that the NATO compensation procedure will take 10 or 12 years to complete?

* Almost all survivors have received a special 100 million lira advance payment. We encourage those who have suffered to file their claims as quickly as possible with Italian authorities and we will fulfill our obligations under the NATO Status of Forces agreement.

What's your reaction to victims' families seeking civil damages in the United States?

* We will fulfill our obligation to pay all valid claims adjudicated and approved by the Government of Italy's Ministry of Defense. The remaining issues will be resolved in the legal process established under the SOFA and applicable international law.

Does the White House support legislation pending in Congress to compensate the families of the victims more quickly?

* We understand there is draft language in the FY 1999 House Defense

Appropriations Bill that would transfer funds be used for emergency and extraordinary expenses associated with the accident. We would refer you to the Department of Defense or House Defense Appropriations Committee for further information about the legislation.

CUBA/CARIBBEAN

August 3, 1998

Background: Fidel Castro is in Grenada today on the final leg of a weeklong Caribbean trip. He has also visited Jamaica and Barbados, receiving full honors at each stop. He has portrayed the trip as a victory over U.S. efforts to isolate Cuba and as evidence that his government is a welcome member of the Caribbean family of nations.

What do you make of Castro's big Caribbean tour? Isn't the warm reception he's getting at each stop a slap in the face of the United States?

* The Caribbean is a region of democracies that share our commitment, reaffirmed at the Summit of the Americas and other hemispheric venues, to the promotion of democracy and respect for human rights.

* While welcoming Fidel Castro may give some the impression of condoning his communist regime and dismal human rights record, we expect that our Caribbean friends -- whose systems are fundamentally different from Cuba's -- are urging the Cuban leader to take concrete steps toward democracy, human rights, and a free economy.

* We have no reason to doubt Grenadian Prime Minister Mitchell's remarks to reporters that the visit was not intended as a "rebuke" to the United States.

Are Caribbean leaders doing this because we have reduced aid to the region, opposed them on the EU's banana regime, and generally ignored them?

* Our relations with the Caribbean are strong. We are bound by common traditions and values. When differences of opinion arise -- which is rare -- all sides have repeatedly demonstrated commitment to resolving them with equanimity.

* The President attended a Summit with Caribbean leaders in Bridgetown in May 1997. The Secretary of State participated in regional summit in Port of Spain

last April and has committed to holding similar consultations on a yearly basis.

* The Administration continues to work with the Congress to obtain passage of legislation enhancing the Caribbean Basin Initiative, which will help pave the way for increased U.S.-Caribbean trade.

SANCTIONS POLICY

July 31, 1998

Is the Administration re-evaluating sanctions policy? Have you decided to forego sanctions as a tool of foreign policy?

* Have been working with Members of Congress to ensure that sanctions decisions are made rationally and carefully.

* Our efforts are guided by several principles:

* Used judiciously, sanctions can be an effective tool of foreign policy, but they are generally most effective when they are imposed multilaterally and after traditional diplomatic means to affect behavior of foreign states are exhausted.

* Recognize that, at times, we must act unilaterally to impose sanctions -- to exercise leadership that will encourage others to act and to make a moral statement.

* But also need to recognize that unilateral sanctions -- especially if they seek to impose third party boycotts -- may not always be the best course, as they often --

* hurt U.S. agriculture or industry, while having little impact on offending state, due to its capacity to find suppliers elsewhere;

* aggravate allies and undermine our efforts to forge common diplomatic ground with them;

* limit our ability to engage and influence the practices of the offending government.

KOSOVO

July 31, 1998

(We strongly condemn the Serb offensive over the past week that has driven thousands of people from their homes.

* With the offensive now seeming to be winding down, we are insisting more strongly that international humanitarian groups and monitors be assured full access so that conditions can be created to allow displaced persons to return to their homes.

(Ambassador Chris Hill met with President Milosevic in Belgrade earlier today and reiterated these points in the clearest possible terms.

* Ambassador Hill continues to work closely with the parties to take needed steps to start negotiations toward a political settlement which provides an enhanced status for Kosovo, preserving the territorial integrity of the FRY and safeguarding the rights of all inhabitants of Kosovo, regardless of ethnic origin.

* We are encouraged that the Kosovars have agreed in principle to form a single negotiating team, an essential precondition for negotiations. We are encouraging them to keep working to develop a common approach.

(Wednesday, NATO Ambassadors met to review the status of NATO planning. Planning continues for a broad range of contingencies to ensure that the Alliance is prepared to contribute to a resolution of the crisis and to prevent any spillover to neighboring countries. No options are ruled out.

BURMA: AUNG SAN SUU KYI

July 31, 1998

Do you have any comment on the maltreatment of Aung San Suu Kyi by the Burmese Government?

* We condemn in the strongest possible terms the actions by the Burmese authorities to return ASSK forcibly to Rangoon. This action represents a callous disregard for the rule of law and ASSK's fundamental right to move freely throughout her country and to associate with members of her party.

* We call on the Government of Burma to cease its harassment of the non-violent political opposition and to afford the citizens of Burma the right to express their political views openly. We urge the Burmese government to enter into a substantive dialogue with ASSK and the National League for Democracy and to release all prisoners conscience, including elected members of Parliament who recent have been detained.

NEW JAPANESE GOVERNMENT
July 30, 1998

What do you think of the new Japanese government?

* Prime Minister Obuchi has put together an experienced cabinet. We look forward to working with him and his government.

Will President Clinton call the new Prime Minister?

* I would expect that the two leaders will talk in the next day or two.

Do you think that Miyazawa has what it takes to be Finance Minister?

* We know him well. He has a great deal of experience at the Finance Ministry.

* I don't think personalities with respect to the Japanese economy are nearly as important as the policies that the government pursues.

* We want to see strong domestic-led growth. We think that there needs to be a substantial undertaking of deregulation and banking reform. It's very important for the global economy, the regional economy in Asia, to have a strong Japanese economy that can help restore vigor and growth to the region.

When will they get together?

* Nothing is scheduled. We have said that they will get together at the earliest mutually convenient time, but we have nothing to announce.

Would a meeting in New York at the opening of UNGA be possible?

* Yes, that's one possibility.

PERU: THE LORI BERENSON CASE July 31, 1998

What is your reaction to the recent announcement by Peru's Supreme Military Tribunal that Lori Berenson received a fair trial before a military court and would not be accorded a civilian trial?

* We continue to believe that Lori Berenson did not receive a fair trial. Like others convicted of terrorism in Peru, she was tried before a military court and was not permitted to challenge the evidence against her or cross-examine witnesses. She deserves a fair trial before a civilian court. We will continue to urge the Government of Peru to provide her with one.

[Only if asked]

Is it true that Sandy Berger recently met with Lori Berenson's parents? What was discussed?

* Yes, Sandy Berger recently met with the Berensons and several of their advisors (Ramsey Clark, Thomas Nooter, and Maurice Paprin). The general discussion was about how best to address Lori Berenson's ongoing imprisonment in Peru. It would not be appropriate to share with you further details of that discussion.

INDIA/PAKISTAN: PRIME MINISTERS MEETING July 31, 1998

Background: Indian Prime Minister Vajpayee and Pakistani Prime Minister Sharif met on Wednesday in Colombo, Sri Lanka, on the margins of the SAARC summit. While the meeting had no immediate tangible results (Sharif called it a "zero" in an interview), the Prime Ministers did agree to a resumption of their countries' senior-level bilateral dialogue, suspended since last year. The Indians' public approach favors dialogue and general easing of tensions. The Pakistanis have called for a quick settlement of the Kashmir dispute. While Foreign Secretaries in follow-up meetings have not yet agreed on a framework for new discussions, they will keep trying. We should welcome the fact of the meeting and continue urging a restart of the dialogue.

Any remarks on the talks in Colombo between the India and Pakistani Prime Ministers, characterized by the Pakistani PM as a "zero"?

* We urge India and Pakistan to work for real progress on lowering tensions and resolving differences.

* We are pleased the two Prime Ministers met, and that they said they intend to meet again.

* The governments of both countries have said they are committed to a dialogue and, following their meeting, the Prime Ministers instructed their foreign secretaries to establish a framework for the resumption of regular senior-level talks, suspended since last Fall.

* We realize that this will be a difficult process but hope that it can proceed as expeditiously as possible.

* It is clear to us that direct talks between the two countries are essential to restoring regional stability and resolving tensions, including the 50 year old Kashmir dispute.

What is the status of the President's trip to India and Pakistan?

(The President's trip to South Asia remains under review.

(Although the Indian and Pakistani nuclear tests have raised questions as to the utility of such a trip, no final decision has yet been made.

MOROCCO: OIC CALL TO FREEZE RELATIONS WITH ISRAEL
July 31, 1998

What's your view of the OIC call on its members to reconsider their relations with Israel?

* We have problems with the OIC statement, but we note its statement of support for the peace process, which we welcome.

* The efforts by some Arab states to move toward enhanced relations with Israel did much to create an atmosphere of trust and confidence in which negotiations could flourish. Now, at this delicate moment in the process, any further deterioration in these relations would send entirely the wrong signal.

* We urge our Arab friends to avoid any backtracking in their relations with Israel and to continue their support of the peace process and their efforts to create a positive atmosphere.

RWANDA - UPDATE ON VIOLENCE

August 3, 1998

Any update on the violence in northwest Rwanda?

* Northwest Rwanda has been plagued by ethnic violence and massacres since Hutu soldiers and militiamen of the former government involved in the 1994 genocide returned to Rwanda in late 1996, early 1997. Since their return they have engaged in insurgent activity against the Rwandan government.

* As far as we know, these insurgents have no articulated political agenda and no clear command and control structure. The majority of attacks have been against Tutsi and moderate Hutu civilians in Northwest Rwanda.

* The Rwandan Patriotic Army (RPA) has been successful in defeating the insurgents when engaged in direct battle. However, the Government of Rwanda has not been able to prevent the continuing ambushes such as the one which occurred over the weekend, where insurgents hacked to death over 100 persons.

* The United States deplores the continuing violence in Northwest Rwanda and the killing of innocent civilians. We call for these and other acts of terrorism to cease. We look to all parties to respect human rights and the lives of non-combatants.

DEMOCRATIC REPUBLIC OF THE CONGO-CLASHES IN KINSHASA

August 3, 1998

Any update on clashes in Kinshasa?

* There was shooting in Kinshasa overnight, mostly in the vicinity of two military camps - Camp Kokolo (ko-KO-lo) and Camp Tshatshi (cha-CHEE). The shooting involved both light weapons and mortars. Sporadic firing continues today.

* Based on initial reports from our Embassy, the clashes appear to pit Tutsi elements of the DROC Armed forces against non-Tutsi elements in the military. The clashes followed the announcement last week by President Kabila and the departure of Rwandan forces (mostly Tutsi) from the Democratic Republic of the Congo (DROC). We do not know precisely what incident provoked last night's clashes.

* The DROC Interior Ministry announced a 6 pm curfew which will take effect this evening. Access to the airport is currently blocked. Additional security checkpoints have been established in the Kinshasa, the capital.

* According to reports, military commanders in two cities in eastern DROC - Goma and Bukavu - have announced that their forces no longer respect the authority of the Kabila government. Although we have only sketchy information from these locations, they are reported to be calm.

What is the status of American citizens in Kinshasa?

* We have no reports that any Americans have been hurt in these clashes.

* Our Embassy in Kinshasa issued a warden message urging Americans to remain at home during this period.

What is the U.S. reaction to these events?

* Details of the recent developments remain sketchy.

* We are seeking to obtain additional information. We urge all sides to show restraint, ensure the protection of civilians, and to seek a non-violent resolution of their differences.

IF ASKED ONLY:

Do you have information on the departure of key Tutsi government officials from DROC, including the Foreign Minister?

* We have seen these reports and have no confirmation that links their departure with events on the ground.

SUDAN

July 30, 1998

Is the U.S. providing covert aid to overthrow the Government of Sudan?

* No. We are providing a small amount of non-lethal, defensive military equipment to neighboring states of Sudan that are victims of Sudanese-supported terrorist organizations. For example, we provide backpacks and radios to the Government of Uganda to better defend civilian populations from the atrocities of the Lord's Resistance Army.

If the U.S. policy of isolating the Sudan Government has not worked, will you pursue expanded dialogue and engagement with Khartoum?

* We are committed to our policy of isolating the Sudan regime and containing the threat it poses to the international community through its support for terrorism and to its own people through its massive human rights abuses. We believe the policy is doing what it intended to do: deny hard currency and aid to the Government to pursue its war strategy, restrict arms sales to the regime, maintain the spotlight on the actions of the Government that have led to this

famine, and force Khartoum into making concessions at the peace talks currently underway. We continue to have regular dialogue with the Government through bi-weekly visits to Khartoum by our Chief of Mission credentialed to Sudan.

Do you support the idea of sending a high-profile American negotiator to help make the cease-fire permanent and to broker a peace accord?

* We are working closely with the British and other countries to extend the cease-fire. We also are increasing our support for the African-led peace process under the auspices of the Inter-Governmental Authority on Development (IGAD). The IGAD Peace Initiative has made more progress at the negotiating table during the last few months of talks than any other initiative has made during the previous fifteen years of war. We are considering a number of options of how to bring greater support and attention to the Sudanese crisis, but sending a high level negotiator now would only undermine the current talks and provide Khartoum with a way to sidestep the international consensus that has built up in support of the IGAD Peace Initiative and the fundamental issues of the conflict on which this Initiative has focused the warring parties' attention.

ANGOLA
July 31, 1998

* The US is committed to remaining engaged in the peace process in Angola and is encouraging UNITA to fulfill its obligations under the Lusaka Protocol, in particular, the extension of government control to key remaining towns.

* We are concerned that the current peace process is stalled and are doing everything possible, along with our Troika partners, to get the peace process back on track.

* We have seen reports about the increase in military movements on the ground by both sides and have continually told both parties that peace and stability are in the best interest of the Angolan people and that we would not accept a return to

war

* We are discussing within our government and with our Troika partners (Portuguese, and Russians) and the United Nations additional steps we can take to ensure that Angola continues on the path to peace and that UNITA meets its obligations under the Lusaka Protocol.

* We welcome the naming by Secretary General Annan of a Special Envoy for Angola, Lakhdar Brahimi. Brahimi will be traveling to the region soon to engage both parties and to underscore the UN's determination to work to resolve the current impasse and move toward peace.

If asked (reports on recent massacre):

* We have seen these reports that approximately 105 people have been killed in Angola's remote mining area in the North, but we have no confirmation as to who actually committed the killings.

* We note a Radio Portugal statement that in a preliminary report from the Joint Commission (the independent body monitoring the peace process) that there is no evidence at present that suggests that UNITA perpetrated these attacks.

MILITARY READINESS: PERSONNEL ISSUES AND BUDGET

July 30, 1998

* Under the awesome burden of these responsibilities, we have worked diligently within the parameters established by the Balanced Budget Agreement to preserve and provide for the readiness of our armed forces while meeting priority military challenges established in the 1996 Quadrennial Defense Review (QDR).

* We struck a fine balance between near-term readiness, long-term modernization and quality of life improvements for our men and women in uniform.

- * A key element of this balance was our decision to increase funding for modernization to protect long-term readiness.
- * In this context, we decided to make modest reductions in personnel, primarily in support positions, across the force structure. But in all these decisions, we ensured that the high readiness levels of our forward-deployed and "first-to-fight" forces were maintained.
- * Our military is fully capable of carrying out our national military strategy and meeting America's defense commitments around the world.
- * This fiscal year, with Congress' support for the Bosnia and Southwest Asia non-offset emergency supplemental funds, we were able to protect our high payoff readiness accounts.
- * If we can win Congressional approval of our pending FY98 omnibus reprogramming package, the Department of Defense will be able to move on the order of \$1 billion to high-priority readiness-related accounts. In his remarks at the USS HARRY S TRUMAN commissioning, the President challenged Congress to approve these important readiness-related reprogrammings before going on summer vacation.
- * The FY99 budget is the first QDR budget and it increases funding for readiness and modernization and preserves quality of life for military personnel.
- * In the critical readiness-related area of operations and maintenance, our FY99 budget request sustains the \$65,000 spending level per servicemember that we initiated five years ago.
- * Our FY99 budget also continues our shift of funds to readiness by redirecting \$1 billion to support flying hours, buy more spare parts, and improve depot maintenance.
- * The Services have all established tempo standards for their units, and any unit exceeding those standards is intensively managed. The Air Force has cut the length of its temporary duty assignments in half. The Chairman's exercise program is halfway through a five-year, 25 percent reduction in total exercise

man days. Deployments overseas have been reduced and replaced with units on a stand-by status in the United States.

- * Although we have accomplished much on the readiness front, much more needs to be done.

- * The President and our military leadership are constantly reevaluating the readiness of our forces and attacking problems in individual readiness areas as they arise.

- * The continued robust U.S. economy, which is clearly a great benefit for our country, is increasing the challenge of recruiting and retaining the top-notch personnel we need.

- * To overcome this and other readiness-related problems that have arisen will take continuing attention and cooperation by both the Executive and the Legislative branches.

- * We need Congress' help in several areas:

- * By passing FY99 non-offset emergency funding legislation for Bosnia, Congress will ensure that key readiness and training accounts do not have to be used by the Defense Department to offset the costs of this critical deployment.

- * By approving our FY99 budget request without adding unrequested procurement or research and development programs, congress will allow the Defense Department to maintain the necessary balance between readiness and modernization essential to achieving QDR goals.

- * Congress must also act to authorize two additional rounds of base closure. Without this authority, we remain burdened with the task of maintaining excess military infrastructure at a cost that invariably comes at the expense of readiness.

GERMANY: VISIT BY MR. SCHROEDER

July 29, 1998

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1998

STATEMENT BY THE PRESS SECRETARY

President to Meet with Gerhard Schroeder

Gerhard Schroeder, Minister President of the German state of Lower Saxony, has accepted the President's invitation to come to Washington. The President will receive Mr. Schroeder at the White House on August 5. The two plan to continue the exchange begun at their May 13 meeting in Berlin during the President's visit to Germany.

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RUMSFELD REPORT: NORTH KOREAN UNDERGROUND FACILITIES

July 29, 1998

What is your reaction to the July 29th Washington Post article quoting claims by Rumsfeld Commission members that North Korea has built extensive underground factories for the production and testing of ballistic missiles?

(We have been aware for some time that several nations, including North Korea and Iran, use underground facilities for purposes related to weapons of mass destruction. The Rumsfeld Commission was briefed on this issue by the

Intelligence Community.

(This is a matter of concern to us, and there is no doubt that underground facilities pose a challenge to intelligence collection and analysis. Our intelligence agencies have a focused effort aimed at obtaining information about them.

(By their very nature, underground facilities are of limited size and are used for specific purposes. Obviously, I cannot comment on what intelligence we may or may not have about individual installations.

(As the DCI noted earlier this month, monitoring foreign attempts to develop ballistic missile systems continues to be a top priority for our intelligence agencies. We are committed to ensuring that the Intelligence Community has robust capabilities for tracking this threat.

SAUDI ARABIA -- KING'S HEALTH

August 3, 1998

What can you tell us about reports that King Fahd is in the hospital?

* We have seen these press reports, but are not in a position to comment on King Fahd's health. We wish King Fahd well.

ISRAEL: VOTE ON DISSOLUTION OF KNESSET

July 30, 1998

Any comment on the Knesset vote to dissolve itself?

* This issue is entirely one of Israeli domestic politics. We understand that this vote is preliminary in nature and that additional votes would be required to actually dissolve the Knesset.

MEPP

August 3, 1998

The Palestinians say that today's meeting with the Israelis will be the last unless Israel presents concrete proposals? What is your reaction?

(We would like to see the negotiators put specific proposals on the table. We want them to make decisions. We think they should deal with each other with respect and confidentiality. And we want them to show a greater sense of urgency and meet intensively until they have reached agreement. We have long felt that they need to make some tough decisions.

Has the US backed away from its promise to announce a breakdown and explain its ideas?

(We believe a breakthrough is preferable to a breakdown, and we believe a breakthrough is still possible to achieve.

(As a result of U.S. efforts and their own face-to-face discussions, the parties are moving closer to agreement. If they now put concrete proposals forward, we believe it should be possible for them to reach agreement.

(If they cannot, we will be forced to conclude that no further progress is possible along these lines, and we will say so publicly.

(But we are not at that point yet.

(It would be a mistake to announce a breakthrough prematurely, and it would equally be a mistake to announce a breakdown prematurely.

If you think they're close to agreement, why don't you agree to the two sides' request for Albright or Ross to go to the region and help them close the deal? Why are you giving up your usual role and leaving them on their own?

(We are in constant, daily contact with both parties, urging them to continue working together and, where we can, helping each of them to define creative and constructive approaches. So it's not accurate to say we are leaving them on their own.

(The issues on which they are engaged are particularly suited for direct negotiations between the parties. Such negotiations are also vital to restore the trust and confidence needed to work successfully on the more difficult issues that await them in the permanent status negotiations. Relaunching those talks remains our objective in this phase of the process.

We continue to have no immediate plans for travel to the region.

IRAQ: BUTLER IN IRAQ

August 4, 1998

(ONLY IF ASKED) Why are the talks between Iraq and UNSCOM suspended? What happens next? What will U.S. do?

Background: UNSCOM Chairman Butler held one round of talks with Iraqis on Monday, then both sides broke off the second round of talks, and Butler plans to leave Tuesday morning without further contact. The report is that Iraqi Deputy PM Tariq Aziz had told Butler on Monday that unless Butler announced to the Council that Iraq had destroyed all of its weapons of mass destruction, Iraq would no longer cooperate with UNSCOM. When Butler refused, Aziz then told Butler Iraq would no longer cooperate with UNSCOM on disarmament issues.

* Butler was in Baghdad seeking improved Iraqi cooperation to help eliminate some of the gaps in UNSCOM's knowledge about Iraq's weapons programs. Iraq's action to break off talks does not bode well for completing UNSCOM's work, or for lifting the sanctions anytime soon.

* We of course want to wait for Chairman Butler's report to the Council (probably

Thursday) before assessing what this cancellation of the talks means.

* Iraq's responsibility remains what it has been for seven years: fully disclose its weapons programs. The standard of disclosure is not debatable, nor changeable. Iraq knows that.

IRAQ: IAEA REPORT

July 30, 1998

Background: The International Atomic Energy Agency (IAEA) gave a written report to the Security Council July 27, and briefed the report July 29. This is an interim report; prior to the October six month report. We have said publicly that we would accept a transition to Ongoing Monitoring and Verification (OMV) once the IAEA informs the Security Council that the transition is warranted. This report did little to make that case. The Russians tabled proposals to transfer the nuclear file now, but with little expectation of success: the majority of the Council feels that the IAEA report needs more mulling before any action can be taken.

What can you tell us about the results of the most recent IAEA report?

(The interim IAEA report briefed to the Security Council Wednesday states that no progress was made during the IAEA team's recent visit to Iraq or since the IAEA's April report.

(This comes as no surprise. For over seven years the IAEA has encountered Iraqi resistance to its investigations.

(While the IAEA has said that a technically coherent picture of the Iraqi nuclear program has emerged, the IAEA has consistently maintained that questions still remain.

(This report states that "Iraq never approached full transparency" and that there is an "inherent uncertainty" in the completeness of the technical picture.

(The IAEA still needs information and documentation on external assistance to the Iraqi nuclear program and on Iraq's specific technical achievements. The Iraqis have refused to divulge this information or supporting documentation.

What about Russian proposals to move the Iraqi nuclear program to Ongoing Monitoring and Verification (OMV)? Will this mean an end to inspections?

(The UNSC stated in May that once Iraq provides satisfactory answers to all of the IAEA's questions and concerns, the Council would be prepared to endorse a transfer to ongoing monitoring and verification. The U.S. agreed to that position.

(As the report says, the Iraqis have refused to provide the information and supporting documentation requested by the IAEA.

* As a result, the Council felt on Wednesday that any proposals for transferring the nuclear file were premature.

(Whenever the Council endorses a transfer to OMV, that system expressly allows for intrusive inspections. Both IAEA and UNSCOM have made clear their intention to continue such inspections.

(The IAEA in its most recent report explicitly states that "effective monitoring and verification in Iraq, as required by 687 must be comprehensive and rigorous and, as a result is intrusive."

IRAQ/UNSCOM
July 24, 1998

Background: On July 22, UNSOCM Executive Chairman Richard Butler wrote to the President of the Security Council (Russian Perm Rep Lavrov) outlining an Iraqi refusal on July 18 to release documents to an UNSCOM team during an inspection of the Iraqi Air force headquarters. The documents at issue appeared to contain reference to special munitions of types which have been declared by Iraq to have been used for chemical and biological warfare agent delivery. After the Iraqi refusal to hand over the documents, Butler and General Rashid, the Iraqi Minister of Oil, telephonically came to an ad hoc temporary resolution to the incident - agreeing that the documents would be jointly sealed by UNSCOM and Iraq and examined during Butler's upcoming trip. Lavrov called in Iraqi PermRep Hamdoun on July 23 to explain the incidents, which are a clear violation of Iraq's agreement under the UN/Iraq MOU to provide UNSCOM with not just the access to the sites, but also the documents required for their work. Although this incident is now public, the issue has not been fully discussed either in Washington or among Security Council members. It would be best not to speak of the specifics of the incident, but rather to reiterate our positions regarding UNSCOM's right to full access to sites, information, and persons.

What can you tell us about Iraq refusing to turn over documents to UNSCOM during an inspection?

(UNSCOM has reported to the President of the Security Council that during a recent inspection Iraqi officials refused to hand over documents which UNSCOM believe pertain to Iraq's chemical and biological munitions.

(We understand the documents have been jointly sealed by UNSCOM and Iraq and will be opened and examined by Ambassador Butler when he visits Baghdad in early August.

(This is a very serious matter. In accordance with the UN/Iraq Memorandum of Understanding, Iraq agreed to full access by UNSCOM not only to sites, but also to documents, information, and persons. More important than just access, however, is the fact that Iraq is required to provide affirmative disclosure of its program. This, Iraq has not done.

(Again, Iraq is trying to re-write the rules and is engaging in its pattern of

cheat and retreat. This new example of Iraqi defiance is not surprising, but it is still totally unacceptable. The entire Security Council will be in agreement on this.

(Iraq must release all information pertaining to its weapons of mass destruction and delivery systems.

(The President of the Security Council called in the Iraqi PermRep yesterday to explain. We are waiting for Ambassador Lavrov to discuss this meeting with the rest of the Council.

LIBYA: LOCKERBIE
July 28, 1998

There are reports that you are close to a deal to try the Libyans accused of the Pan Am 103 bombing in The Hague. Is this true?

(Our primary objective since the Pan Am 103 tragedy in 1988 has been to bring the perpetrators to justice.

(We believe that the perpetrators should be tried before a U.S. or Scottish court.

(We have explored alternative ways to accomplish this objective during the past ten years, but both practical and legal obstacles exist. No decisions have been made.

Have you heard back from the Libyans at this point? Have they rejected the idea of a Scottish Court with Scottish judges in The Hague? If they say no, then what?

(No decisions have been made. Libya has, however, indicated publicly that it would accept trial in a Scottish Court outside Scotland. This is not a negotiation. Qadhafi knows what his responsibility is, to turn over the suspects for trial in a U.S. or Scottish Court.

(If he does not turn over the suspects, this will only reinforce to the international community the need to maintain tough measures against Libya until Justice is done.

Has the President talked with PM Blair about having a trial in a third country?

(As the President said, he has been personally engaged in bringing the Pan Am 103 suspects to Justice for years. We have had conversations with the UK on this matter.

(The President and the Prime Minister speak regularly. I am not in a position to detail the content of those discussions, nor is it our practice to detail the content of such discussions.

But, does that mean you are considering doing this in a third country like The Netherlands?

(We are determined to bring these perpetrators to justice. In cooperation with authorities in the United Kingdom, we continue to consult on how to best accomplish that objective.

(I have pledged to the families of the Pan Am 103 victims that we will not stop until we see justice in this case.

What are some of the practical and legal obstacles?

(The idea of standing up a court from one country within another country's territory raises a number of legal issues that we need to answer. The issues are sui generis. Again, no decision has been made, but we remain determined to bring these perpetrators to justice before a U.S. or Scottish court.

RUSSIAN FINANCIAL SITUATION

July 29, 1998

(Russia has embarked on a major reform effort supported by the IFIs. It's a strong and ambitious program.

(Major thrust of the reform is getting Russia's fiscal house in order. This will create the foundation for a return to growth.

(Markets looking carefully at program and Russia's ability to implement it. Understandable that there is market uncertainty given international market volatility.

(As Russia itself has noted, performance is key to building investor confidence. Prime Minister Kiriyenko affirmed his government's commitment to enact and implement its reform program during Vice President Gore's visit. This is the right next step for Russia.

If Asked -- Given all the promises the Russians have broken in the past on economic reform, why should we believe that this time will be any different?

(Need to put Russian reform process in context. Over the past seven years, Russia's economy has undergone a major transformation. Process of change always a difficult one.

(Program Russia is now pursuing is one devised for Russian purposes and they are acting on it because they believe it is good for Russia.

CHINA SATELLITES - HUGHES EFFORTS

July 27, 1998

Can you detail Hughes's efforts to remove the 1993 missile sanctions?

(Not surprisingly, the applicability of Category II missile sanctions to commercial satellites was of significant interest to Hughes and other satellite manufacturers. Hughes strongly advocated that the missile sanctions law should not apply to any commercial communications satellites.

(Hughes made great and well-publicized efforts to ensure that its views were known to the administration and Congress. In particular, Hughes received bi-partisan support from members of Congress.

(For example, in October 1993, thirty members of the California Congressional delegation sent a letter to then-Secretary of State Warren M. Christopher urging the administration to ease the ban for Hughes Electronics Corp. and allow U.S. communications satellites to be launched on Chinese rockets.

(In the end, Hughes's position was not endorsed by the Clinton Administration.

(Rather, as noted above, the Administration decided that the best legal interpretation of the sanctions was that the export of satellites primarily regulated by the State Department would be prohibited by the sanctions but the export of satellites primarily regulated by Commerce would not be prohibited.

(The Administration's decision caused Hughes to modify two satellites (by removing more sensitive technology such as a kick motor) so that they would fall within Commerce's jurisdiction.

INTERNATIONAL CRIMINAL COURT

July 24, 1998

What is your reaction to the comments by Senator Helms during a hearing that the United States should withdraw from all foreign peacekeeping activities and reopen our Status of Forces Agreements with other countries given the final text of the ICC treaty?

(We do need to assess the implications for U.S. policy of adoption of the ICC treaty and have begun the process of doing so. At the same time, we note that the treaty will not enter into force until 60 countries have ratified it. This will take some time. We need to make judgments in this area judiciously and will do so in the weeks and months ahead.

What is the U.S. reaction to the final text of the treaty relating to the International Criminal Court?

(We are disappointed with the final text of the treaty. While we have always supported the establishment of a permanent court and continue to support the concept of such a court, we are concerned that this treaty's provisions could make persons, including U.S. citizens, who are involved in critical international activities -- like peacekeeping operation, humanitarian relief and enforcement of sanctions -- vulnerable to unwarranted prosecution before the court.

(In particular, we do not support the way in which the court's jurisdiction may be extended to the citizens of States that are not parties to the treaty. Under the treaty as drafted, the court may assert jurisdiction over a person if it has only the consent of the state where an alleged offense occurred. This means that U.S. citizens and others involved in international activities even though their countries may not be parties to this treaty -- could be hauled before the court without the agreement of their country of nationality. This violates basic principles of treaty law and could greatly inhibit the ability of the United States and others to participate in these sorts of operations.

(We find this jurisdictional provision particularly troubling because, in essence, it provides a shield to those who abuse human rights inside their own borders while making vulnerable others who are engaged in overseas activities.

(We have several other problems with the treaty, including the inclusion within the court's jurisdiction of the crime of aggression.

(We will be digesting the treaty over the next several days to determine what our response will be.

Will the U.S. actively oppose the establishment of the court?

(We are not prepared to answer that question at this time. We are studying the treaty to determine how to respond.

Why would the U.S. vote against this treaty while all of our chief allies supported it?

(The United States plays a unique role in maintaining international peace and security and we wish to ensure that we can continue to play such a role without undue interference. We are concerned that the treaty as drafted could jeopardize activities associated with this role.

CAMBODIA - ELECTIONS

August 3, 1998

What is your reaction to alleged irregularities in the Cambodian elections?

(Although the "official" preliminary election results are not scheduled to be released for several days, Prince Ranariddh and Sam Rainsy, on the basis of preliminary returns, have charged that there were significant irregularities and fraud in both polling and tabulation of the vote.

(It is too early to reach any definitive conclusions on the results of the elections. International observers were encouraged by the large turnout and the obvious desire of the Cambodian people to exercise their right to vote.

(Election observers have praised the competence of the polling officials and the way they accomplished their responsibilities.

(The charges of fraud and irregularities leveled by Prince Ranariddh and Sam

Rainsy are serious allegations. We urge the Cambodian election authorities to investigate them thoroughly to ensure that the results of the election reflect the will of the Cambodian people.

EXECUTIVE ORDER ON WMD

July 28, 1998

Can you provide information about the EO on Weapons of Mass Destruction?

(The U.S. has taken a series of actions that respond to a recent announcement by the Russian government that it is conducting special investigations against Russian entities suspected of cooperating with foreign WMD and missile programs. U.S. actions include a cut off of assistance programs to these entities and a ban on imports from these entities. The President issued an Executive Order that amends Executive Order 12938 to more effectively respond to the worldwide threat of weapons of mass destruction proliferation activity.

(The original Executive Order was signed in 1994 and most recently renewed in November, 1997. The amendment of Section 4 of the Executive Order strengthens the original Executive Order in several significant ways:

1. It broadens the type of proliferation activity subject to potential penalties; contributions to nuclear weapons and missiles capable of delivering weapons of mass destruction have been added to the original EO's focus on assistance to chemical and biological weapons programs.
2. The amendment expands the original Executive Order to include "attempts" to contribute to foreign proliferation activities, as well as actual contributions.
3. The amendment expands the range of potential penalties to include explicitly the prohibition of USG assistance to the foreign persons/entities, as well as USG procurement and imports into the U.S., which was specified by the original Executive Order.

(This amendment provides the USG with the necessary flexibility and discretion in deciding how and to what extent to impose penalties against foreign persons/entities that assist proliferation programs. This provision authorizes the Secretary of State to determine the extent to which to impose these measures.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 28, 1998

STATEMENT BY THE PRESIDENT

Expanding the President's Executive Order on
Weapons of Mass Destruction

Today, I am expanding existing Executive Order authority to enhance America's ability to deal with one of the toughest security challenges we face: the spread of weapons of mass destruction and missiles to deliver such weapons.

Two weeks ago, the Russian government announced it was investigating a number of Russian entities suspected of violating weapons of mass destruction export control provisions.

Today's Executive Order amendment will allow us to respond more effectively to evidence that foreign entities around the world, such as these Russian entities, have assisted in the transfer of dangerous weapons and weapons technologies. The United States will use the amended Executive Order, along with other existing authorities, to bar assistance to seven of the entities identified by Russia, as well as to bar exports to and imports from these entities.

The new Executive Order amends Executive Order 12938, issued in 1994, in key respects:

-- The amended E.O. addresses not only transfers of chemical and biological weapons, as provided in the original E.G., but also nuclear weapons and missiles capable of delivering weapons of mass destruction;

-- The amended E.O. imposes penalties not only where a transfer has been carried out, as provided in the original E.G., but also in the event of an attempt to transfer;

-- The amended E.O. expressly expands the range of potential penalties on entities that have contributed to proliferation. Penalties include prohibition of U.S. Government assistance to the entity and prohibition of imports into the U.S., or U.S. Government procurement, of goods, technology, and services.

-- The amended E.O. ensures that our Government has the necessary flexibility in deciding when and to what extent to impose penalties. In the fight to stem the spread of dangerous weaponry, we must be resourceful and focus on doing what works. Being able to offer both incentives and disincentives enhances our capacity to deal with these threats. I will continue to work with Congress to ensure that America's policy provides tough penalties -- and also sufficient flexibility to give us the best chance to achieve positive results.

My Administration is working actively with our friends and allies around the world to prevent the proliferation of weapons of mass destruction. We are encouraged by recent commitments by Russia, by our European allies, and others to increase their efforts, and we will continue to press for even stronger commitments.

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DECLASSIFICATION

July 31, 1998

It was reported this morning that the Defense Authorization bill has been amended to include a provision introduced by Senator Kyl that would require all agencies

to review all records page by page to look for any information related to nuclear secrets before applying the automatic declassification provisions of Executive Order 12958. Does the Administration support this requirement? Wouldn't this make it impossible to comply with the provision of Executive Order 12958 that automatically declassifies most 25 year old historical records in the year 2000?

* Certainly, we agree that all necessary steps should be taken to prevent the public release of information related to nuclear secrets that would do harm to the national security. However, all agencies agree that the potential problems identified by the Department of Energy, which are very complicated, are best addressed by an administrative process rather than legislation.

* We are confident that we can and will develop a satisfactory solution to this problem that is consistent with the provisions of E.O. 12958 calling for the declassification of most 25 year old historical records in the year 2000.

Exchange Mail

DATE-TIME 8/4/98 12:58:41 PM
FROM Budig, Nyda N
CLASSIFICATION UNCLASSIFIED
SUBJECT NATIONAL SECURITY AFFAIRS GUIDANCE - 8/4 [UNCLASSIFIED]
TO Wozniak, Natalie S.

CARBON_COPY**TEXT_BODY****TRANSLATED_ATTACHMENT**

NATIONAL SECURITY AFFAIRS GUIDANCE.doc
NATIONAL SECURITY AFFAIRS GUIDANCE
August 4, 1998

Colombia/Pastrana Visit Russian Financial Situation

Northern Ireland (revised) ICC

Defense Appropriations Cambodia - Elections

Italy/Cavalese Incident (revised)

Cuba/Caribbean

Sanctions Policy

Kosovo (revised)

Japan - Yen (new)

Japan - Rubin/Miyazawa phone call (new)

Iraq - Smuggling oil to Turkey (new)

India-Pakistan

Rwanda Violence

DROC (revised)

Sudan (revised)

Angola

Military Readiness (new)

Germany/Schroeder Visit Announcement

North Korea/Rumsfeld

Saudi Arabia/King Fahd's Health

Israel/Knesset

MEPP - prisoner release (new)

Iraq/UNSCOM (new)

COLOMBIA: PASTRANA VISIT

August 3, 1998

The President met with Colombian President-elect Pastrana yesterday. Can you tell us what they talked about and why they met?

* The meeting yesterday between President Clinton and President-elect Pastrana of Colombia reflected the importance that the United States attaches to its

relationship with Colombia, and the commitment of both leaders to expand cooperation between their governments.

* President Clinton expressed support for a comprehensive Colombian effort to stem narcotrafficking, promote human rights, and launch a meaningful peace process. He promised to work to secure increased U.S. assistance for counternarcotics, sustainable economic development, the protection of human rights, and humanitarian aid, to encourage private investment, and to join with other donors and the international financial institutions to promote Colombia's economic growth.

* President-elect Pastrana expressed his hopes for ending Colombia's long-standing civil conflict, and conveyed his commitment to cooperate fully with the United States to combat the traffic in illegal drugs.

* President Clinton extended, and President-elect Pastrana accepted, an invitation to return to Washington later this Fall for a State Visit.

What is the United States' position on a peace process?

* The United States supports the development of a peace process in Colombia, of the type that has helped resolve civil conflicts elsewhere. Ultimately, any peace process will have to be created for Colombia by Colombians, but the United States is prepared to help.

* Prospects for such a peace process will depend upon the willingness of Colombian insurgent and paramilitary groupings to cut their links to narcotrafficking, and renounce terrorist methods. The United States will insist, in particular, on the release of American hostages, and a full accounting of Americans missing in Colombia and presumed kidnapped.

* The goals of U.S. policy in Colombia are to expand our efforts against the drug trade, promote human rights and the rule of law, reinforce democratic institutions, and encourage economic development. We are prepared to support any peace plan to the extent it is compatible with these objectives.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 3, 1998

STATEMENT BY THE PRESS SECRETARY

On the Visit of President-elect Andres Pastrana of Colombia

President Clinton and President-elect Pastrana of Colombia met at the White House on August 3, 1998. President-elect Pastrana's pre-inaugural visit reflects the importance that the United States attaches to its relationship with Colombia, and the commitment of both leaders to expand cooperation between their governments.

President Clinton congratulated President Pastrana on his electoral victory, and conveyed his admiration for the Colombian peoples' commitment to democracy, which has been demonstrated anew under the most trying of circumstances.

President Pastrana expressed his hopes for bringing about a peaceful resolution of Colombia's long-standing civil conflict, and conveyed his commitment to cooperate fully with the United States to combat the traffic in illegal drugs. President Clinton expressed support for a comprehensive Colombian effort to extend the rule of law, stem narcotrafficking, promote human rights, and launch a meaningful peace process. He promised to work with Congress to secure increased U.S. assistance for counternarcotics, sustainable economic development, the protection of human rights, and humanitarian aid, to encourage private investment, and to join with other donors and the international financial institutions to promote Colombia's economic growth.

Recalling the success of efforts to bring about the peaceful settlement of civil conflicts elsewhere in the hemisphere, President Clinton expressed his support for such a process in Colombia. He stressed that insurgent groups must cut their ties to narcotraffickers and renounce kidnapping and other forms of terrorism. At a time when our hemisphere is increasingly united in a common commitment to democracy, human rights, and the rule of law, the two Presidents look forward to Colombia playing an appropriate role in the region and the world, to which its long democratic traditions entitle it.

President Clinton extended, and President-elect Pastrana accepted, an invitation to return to Washington later this Fall for a State Visit.

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NORTHERN IRELAND

August 3, 1998

Is the White House worried about the renewed violence in Northern Ireland in advance of the President's visit?

* The people of Ireland, north and south, supported the Good Friday Accord as providing the means for resolving political differences. We categorically condemn and reject Saturday's bomb attack in Banbridge, and the series of arson attacks the past week, just as we condemned the parade-related violence in July. The President intends for his visit next month to demonstrate American faith and conviction in the peace process and in the new institutions created by the April 10 agreement. In particular, he is looking forward to meeting the leaders and members of the new Assembly.

Is the President going to invite Irish Americans to accompany him to Ireland?

* There will be no private delegation with the President this trip.

Any reaction to yesterday's announcement of a deal for the August 8 (London) derry parade?

* We commend the common sense and spirit of innovative dialogue displayed by the parties to this arrangement.

SALE OF SHIPS IN DEFENSE APPROPRIATIONS

August 3, 1998

Background for Briefer: Refer questions on ship sales to Greece and Turkey to DOD. The process of arranging the ship sales to Greece and Turkey started several months ago and has been proceeding through the normal approval process ever since. It was not at all driven by the prospect of accruing a financial windfall for DOD, which is a relatively recent development. This is clearly an issue that should be referred to DOD.

Does the White House support the language in the Defense Appropriations Bill allocating the funds generated by sales of surplus ships to the defense budget?

* The Administration strongly supports this provision. It will help alleviate pressure on the defense budget and therefore is consistent with Administration efforts to ensure the readiness of U.S. Armed Forces, such as our request to fund operations in Bosnia as a non-offset emergency supplemental appropriation.

ITALY: CAVALESE INCIDENT

August 4, 1998

Any reaction to news conference today by families of victims of Cavalese?

* As Secretary Cohen said, we are still deeply saddened by what happened. All of

the American people share in the grief of the families who lost loved ones in the tragedy. We strongly support the efforts of f DOD NATO and the Italian government as they work through the claims resolution process as quickly as possible. Almost all survivors have received a special 100 million lira advance payment from the Italian Government.

Is it true that the NATO compensation procedure will take 10 or 12 years to complete?

* . We encourage those who have suffered to file their claims as quickly as possible with Italian authorities and we will promptly fulfill our obligations under the NATO Status of Forces agreement.

What's your reaction to victims' families seeking civil damages in the United States?

We pledge to fulfill promptly our obligation to pay all valid claims adjudicated and approved by the Government of Italy's Ministry of Defense. Any private suits would be resolved in accordance with international and domestic law.

Does the White House support legislation pending in Congress to compensate the families of the victims more quickly?

* We understand there is draft language in the FY 1999 House Defense Appropriations Bill that would provide funds for emergency and extraordinary expenses associated with the accident. We would refer you to the Department of Defense or House Defense Appropriations Committee for further information about the legislation.

CUBA/CARIBBEAN
August 3, 1998

Background: Fidel Castro is in Grenada today on the final leg of a weeklong

Caribbean trip. He has also visited Jamaica and Barbados, receiving full honors at each stop. He has portrayed the trip as a victory over U.S. efforts to isolate Cuba and as evidence that his government is a welcome member of the Caribbean family of nations.

What do you make of Castro's big Caribbean tour? Isn't the warm reception he's getting at each stop a slap in the face of the United States?

* The Caribbean is a region of democracies that share our commitment, reaffirmed at the Summit of the Americas and other hemispheric venues, to the promotion of democracy and respect for human rights.

* While welcoming Fidel Castro may give some the impression of condoning his communist regime and dismal human rights record, we expect that our Caribbean friends -- whose systems are fundamentally different from Cuba's -- are urging the Cuban leader to take concrete steps toward democracy, human rights, and a free economy.

* We have no reason to doubt Grenadian Prime Minister Mitchell's remarks to reporters that the visit was not intended as a "rebuke" to the United States.

Are Caribbean leaders doing this because we have reduced aid to the region, opposed them on the EU's banana regime, and generally ignored them?

* Our relations with the Caribbean are strong. We are bound by common traditions and values. When differences of opinion arise -- which is rare -- all sides have repeatedly demonstrated commitment to resolving them with equanimity.

* The President attended a Summit with Caribbean leaders in Bridgetown in May 1997. The Secretary of State participated in regional summit in Port of Spain last April and has committed to holding similar consultations on a yearly basis.

* The Administration continues to work with the Congress to obtain passage of legislation enhancing the Caribbean Basin Initiative, which will help pave the way for increased U.S.-Caribbean trade.

SANCTIONS POLICY

July 31, 1998

Is the Administration re-evaluating sanctions policy? Have you decided to forego sanctions as a tool of foreign policy?

- * Have been working with Members of Congress to ensure that sanctions decisions are made rationally and carefully.
- * Our efforts are guided by several principles:
 - * Used judiciously, sanctions can be an effective tool of foreign policy, but they are generally most effective when they are imposed multilaterally and after traditional diplomatic means to affect behavior of foreign states are exhausted.
 - * Recognize that, at times, we must act unilaterally to impose sanctions -- to exercise leadership that will encourage others to act and to make a moral statement.
 - * But also need to recognize that unilateral sanctions -- especially if they seek to impose third party boycotts -- may not always be the best course, as they often --
 - * hurt U.S. agriculture or industry, while having little impact on offending state, due to its capacity to find suppliers elsewhere;
 - * aggravate allies and undermine our efforts to forge common diplomatic ground with them;
 - * limit our ability to engage and influence the practices of the offending government.

KOSOVO

August 4, 1998

Can you provide an update on NATO contingency planning in Kosovo?

- * We strongly condemn the Serb offensive over the past week that has driven thousands of people from their homes.

* This type of repressive violence is indefensible and in complete violation of Contact Group conditions.

* The international community will not allow a repeat of the humanitarian disaster of Bosnia.

JAPAN - YEN
August 4, 1998

The yen has now fallen to the level it was at before the U.S. intervened. Was the intervention a failure?

* We do not comment on currency markets.

* In the long run, what is important is that the new Japanese government move quickly with bold and decisive action to strengthen the banking system and restore robust domestic demand-led growth.

Are you prepared to intervene again?

* It is a long-standing practice not to comment on currency markets or intervention. We have no intention of breaking with that tradition today.

Are you encouraged by Obuchi's call for permanent tax cuts?

* What's critical now is that Japan take early steps to ensure substantial and sustained fiscal stimulus as well as decisive actions to strengthen its financial sector. Japan should also continue to deregulate and open its markets.

* It is clear that Japan has a critical role to play in helping to restore financial stability in Asia. Japan needs urgently to restore its own economic growth and thus contribute to restoring growth and stability in the countries most affected by the Asian crisis.

JAPAN - RUBIN/MIYAZAWA PHONE CALL

August 4, 1998

Can you provide a readout of the phone call between Secretary Rubin and Japanese Finance Minister Miyazawa?

* We understand that Secretary Rubin and Finance Minister Miyazawa spoke on the phone last night and agreed to meet soon. Can you confirm and do you have details?

* We can confirm Secretary Rubin and Japanese Finance Minister Miyazawa spoke by phone late last night. Secretary Rubin congratulated Minister Miyazawa on his recent appointment. They agreed it would be useful to meet but no meeting has been scheduled.

If Asked Further Questions:

* I have no more information on this call. You should check with the Treasury Department for any more details.

IRAQ: SMUGGLING OIL TO TURKEY

August 3, 1998

Context: 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.

INDIA/PAKISTAN: PRIME MINISTERS MEETING July 31, 1998

Background: Indian Prime Minister Vajpayee and Pakistani Prime Minister Sharif met on Wednesday in Colombo, Sri Lanka, on the margins of the SAARC summit. While the meeting had no immediate tangible results (Sharif called it a "zero" in an interview), the Prime Ministers did agree to a resumption of their countries' senior-level bilateral dialogue, suspended since last year. The Indians' public approach favors dialogue and general easing of tensions. The Pakistanis have called for a quick settlement of the Kashmir dispute. While Foreign Secretaries in follow-up meetings have not yet agreed on a framework for new discussions, they will keep trying. We should welcome the fact of the meeting and continue urging a restart of the dialogue.

Any remarks on the talks in Colombo between the India and Pakistani Prime Ministers, characterized by the Pakistani PM as a "zero"?

* We urge India and Pakistan to work for real progress on lowering tensions and resolving differences.

* We are pleased the two Prime Ministers met, and that they said they intend to meet again.

* The governments of both countries have said they are committed to a dialogue and, following their meeting, the Prime Ministers instructed their foreign secretaries to establish a framework for the resumption of regular senior-level talks, suspended since last Fall.

* We realize that this will be a difficult process but hope that it can proceed as expeditiously as possible.

* It is clear to us that direct talks between the two countries are essential to restoring regional stability and resolving tensions, including the 50 year old Kashmir dispute.

What is the status of the President's trip to India and Pakistan?

(The President's trip to South Asia remains under review.

(Although the Indian and Pakistani nuclear tests have raised questions as to the utility of such a trip, no final decision has yet been made.

RWANDA - UPDATE ON VIOLENCE
August 3, 1998

Any update on the violence in northwest Rwanda?

* Northwest Rwanda has been plagued by ethnic violence and massacres since Hutu soldiers and militiamen of the former government involved in the 1994 genocide returned to Rwanda in late 1996, early 1997. Since their return they have engaged in insurgent activity against the Rwandan government.

* As far as we know, these insurgents have no articulated political agenda and no clear command and control structure. The majority of attacks have been against Tutsi and moderate Hutu civilians in Northwest Rwanda.

* The Rwandan Patriotic Army (RPA) has been successful in defeating the insurgents when engaged in direct battle. However, the Government of Rwanda has not been able to prevent the continuing ambushes such as the one which occurred over the weekend, where insurgents hacked to death over 100 persons.

* The United States deplores the continuing violence in Northwest Rwanda and the killing of innocent civilians. We call for these and other acts of terrorism to cease. We look to all parties to respect human rights and the lives of non-combatants.

DEMOCRATIC REPUBLIC OF THE CONGO-CLASHES IN KINSHASA August 3, 1998

Do you have any more details about the situation in the Democratic Republic of the Congo (DROC)?

* The situation in DROC remains unclear. There are further reports this morning regarding continued fighting in the Eastern Congo by various military groups claiming that they no longer recognize the Kabila government. Details of the situation in Eastern Congo, however, remain sketchy. There was scattered shooting in Kinshasa overnight, but less than the previous night. It appears that

Congolese military operations continue in Kinshasa against rebels in camp Tshatshi (cha-CHEE).

* We understand that President Kabila plans to respond militarily to the rebellion in the North. We urge all sides to show restraint and to seek a non-violent resolution of their differences. We believe that it is important that the territorial integrity of the DROC remains intact. We are closely monitoring the situation.

* We have no reports that any American citizens have been hurt in any of the clashes. Our Embassy in Kinshasa has issued a warden message urging Americans to remain at home during this period.

If Asked:

Do you have any information about Rwandan involvement in the events in the DROC?

* No. The Rwandan Government has issued a statement saying that it is not involved nor has it encouraged in any way the events currently taking place in Eastern Congo or Kinshasa.

SUDAN

August 4, 1998

Does the announcement by the Government of Sudan of a ceasefire in the south affect famine relief efforts?

* The Government and rebel SPLA had already agreed to a ceasefire in famine zones of southern Sudan. This announcement, though welcome, will have no additional value in relief to those areas. The most important next step is for the Government and the SPLA to agree to ceasefire monitoring modalities during the peace talks that are being held in Addis this week.

What is the U.S. view of the peace talks?

* We strongly support the peace initiative sponsored by the Inter-Governmental Authority on Development (IGAD), led by the Kenyan Government. We have provided resources to help underwrite the talks, and have sent Ambassador Richard Bogosian to attend the latest round of talks that are occurring this week.

Is the U.S. providing covert aid to overthrow the Government of Sudan?

* No. We are providing a small amount of non-lethal, defensive military equipment to neighboring states of Sudan that are victims of Sudanese-supported terrorist organizations. For example, we provide backpacks and radios to the Government of Uganda to better defend civilian populations from the atrocities of the Lord's Resistance Army.

If the U.S. policy of isolating the Sudan Government has not worked, will you pursue expanded dialogue and engagement with Khartoum?

* We are committed to our policy of isolating the Sudan regime and containing the threat it poses to the international community through its support for terrorism and to its own people through its massive human rights abuses. We believe the policy is doing what it intended to do: deny hard currency and aid to the Government to pursue its war strategy, restrict arms sales to the regime, maintain the spotlight on the actions of the Government that have led to this famine, and force Khartoum into making concessions at the peace talks currently underway. We continue to have regular dialogue with the Government through bi-weekly visits to Khartoum by our Chief of Mission credentialled to Sudan.

Do you support the idea of sending a high-profile American negotiator to help make the cease-fire permanent and to broker a peace accord?

* We are working closely with the British and other countries to extend the cease-fire. We also are increasing our support for the African-led peace process under the auspices of the Inter-Governmental Authority on Development (IGAD).

The IGAD Peace Initiative has made more progress at the negotiating table during the last few months of talks than any other initiative has made during the previous fifteen years of war. We are considering a number of options of how to bring greater support and attention to the Sudanese crisis, but sending a high level negotiator now would only undermine the current talks and provide Khartoum with a way to sidestep the international consensus that has built up in support of the IGAD Peace Initiative and the fundamental issues of the conflict on which this Initiative has focused the warring parties' attention.

ANGOLA

July 31, 1998

- * The US is committed to remaining engaged in the peace process in Angola and is encouraging UNITA to fulfill its obligations under the Lusaka Protocol, in particular, the extension of government control to key remaining towns.
- * We are concerned that the current peace process is stalled and are doing everything possible, along with our Troika partners, to get the peace process back on track.
- * We have seen reports about the increase in military movements on the ground by both sides and have continually told both parties that peace and stability are in the best interest of the Angolan people and that we would not accept a return to war.
- * We are discussing within our government and with our Troika partners (Portuguese, and Russians) and the United Nations additional steps we can take to ensure that Angola continues on the path to peace and that UNITA meets its obligations under the Lusaka Protocol.
- * We welcome the naming by Secretary General Annan of a Special Envoy for Angola, Lakhdar Brahimi. Brahimi will be traveling to the region soon to engage both parties and to underscore the UN's determination to work to resolve the current impasse and move toward peace.

If asked (reports on recent massacre):

* We have seen these reports that approximately 105 people have been killed in Angola's remote mining area in the North, but we have no confirmation as to who actually committed the killings.

* We note a Radio Portugal statement that in a preliminary report from the Joint Commission (the independent body monitoring the peace process) that there is no evidence at present that suggests that UNITA perpetrated these attacks.

MILITARY READINESS: PERSONNEL ISSUES AND BUDGET

August 4, 1998

We are hearing lots of bad news on readiness. Is there a readiness crisis in our Armed Forces?

* No. Our military is fully capable of carrying out our national military strategy and meeting America's defense commitments around the world.

* Today, more than at any time in our past, it is essential that we remain engaged with our friends and allies around the world. By doing so, we continue to safeguard for America the benefits of peace and prosperity. Under the awesome burden of these responsibilities, we have worked diligently within the parameters established by the Balanced Budget Agreement to preserve and provide for the readiness of our armed forces while meeting priority military challenges established in the 1996 Quadrennial Defense Review (QDR).

* In the QDR, we struck a fine balance between near-term readiness, long-term modernization and quality of life improvements for our men and women in uniform. A key element of this balance was our decision that, a half decade after the end of the Cold War, we could design the force so that "first-to-fight" forces would be maintained at high readiness levels while follow-on forces would be kept at

lower, but still acceptable, levels. Anecdotal references to a readiness crisis are, quite broadly, based on reports of the challenges faced within these follow-on forces.

* But again, I can assure you that our military is fully capable of carrying out our national military strategy.

So, you're saying there are no readiness problems?

* We are facing challenges in several areas. For example, the continued robust U.S. economy, which is clearly a great benefit for our country, increases the challenge of recruiting and retaining the top-notch personnel we need.

* However, we have made readiness a top priority. We have done much to support readiness: in both this fiscal year and the next, we have reallocated roughly one billion dollars to high-priority readiness accounts.

Why does this seem to be a recurring issue?

* The President and our military leadership have a process in place that constantly reevaluating the readiness of our forces and attacking problems in individual readiness areas as they arise.

* Although we are doing much to support readiness, we can't do it alone. We need Congress' help in several areas:

* Recently, during commissioning ceremonies for our newest aircraft carrier, the USS HARRY S TRUMAN, the President called upon Congress to approve, before going on vacation, an important reprogramming package that sends nearly a billion dollars to readiness-related accounts.

* By passing FY99 non-offset emergency funding legislation for Bosnia, Congress will ensure that key readiness and training accounts do not have to be used to offset the costs of this critical deployment.

* By approving our FY99 budget request without adding unrequested procurement or research and development programs, Congress will allow the Defense Department to maintain the necessary balance between readiness and modernization essential to achieving QDR goals.

* Congress must also act to authorize two additional rounds of base closure. Without this authority, we remain burdened with the task of maintaining excess military infrastructure at a cost that invariably comes at the expense of

readiness.

GERMANY: VISIT BY MR. SCHROEDER
July 29, 1998

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1998

STATEMENT BY THE PRESS SECRETARY

President to Meet with Gerhard Schroeder

Gerhard Schroeder, Minister President of the German state of Lower Saxony, has accepted the President's invitation to come to Washington. The President will receive Mr. Schroeder at the White House on August 5. The two plan to continue the exchange begun at their May 13 meeting in Berlin during the President's visit to Germany.

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RUMSFELD REPORT: NORTH KOREAN UNDERGROUND FACILITIES
July 29, 1998

What is your reaction to the July 29th Washington Post article quoting claims by Rumsfeld Commission members that North Korea has built extensive underground factories for the production and testing of ballistic missiles?

(We have been aware for some time that several nations, including North Korea and Iran, use underground facilities for purposes related to weapons of mass destruction. The Rumsfeld Commission was briefed on this issue by the Intelligence Community.

(This is a matter of concern to us, and there is no doubt that underground facilities pose a challenge to intelligence collection and analysis. Our intelligence agencies have a focused effort aimed at obtaining information about them.

(By their very nature, underground facilities are of limited size and are used for specific purposes. Obviously, I cannot comment on what intelligence we may or may not have about individual installations.

(As the DCI noted earlier this month, monitoring foreign attempts to develop ballistic missile systems continues to be a top priority for our intelligence agencies. We are committed to ensuring that the Intelligence Community has robust capabilities for tracking this threat.

SAUDI ARABIA -- KING'S HEALTH August 3, 1998

What can you tell us about reports that King Fahd is in the hospital?

* We have seen these press reports, but are not in a position to comment on King Fahd's health. We wish King Fahd well.

ISRAEL: VOTE ON DISSOLUTION OF KNESSET July 30, 1998

Any comment on the Knesset vote to dissolve itself?

* This issue is entirely one of Israeli domestic politics. We understand that this vote is preliminary in nature and that additional votes would be required to actually dissolve the Knesset.

MEPP: UPDATE/PRISONER RELEASE
August 4, 1998

Palestinians are saying there is little reason to have another round of meetings with the Israelis -- is this phase of the peace process over?

* No. There has been direct engagement between the parties. We are now in touch with both sides to see if it is possible to reach an agreement.

So are you going to continue with this set of talks?

* We are in touch with both sides. We will make a judgment about whether it is possible to reach an agreement.

What about the possibility of a prisoner release by the Israelis?

* We understand there has been no decision on this issue yet.

* We support any measure which increases trust and confidence between the two sides. We would welcome this humanitarian gesture. It would help create a more positive atmosphere for the negotiations.

IRAQ/UNSCOM

August 4, 1998

What is your comment about the collapse of the talks between Butler and the Iraqis?

* Chairman Butler was in Baghdad seeking Iraqi cooperation regarding Iraq's weapons programs. Iraq's action to break off talks is disturbing.

* It should be recalled that Butler traveled to Baghdad to follow up on an accelerated work plan he agreed on with the Iraqis two months ago, which in turn followed a series of technical meetings held over the last eight months. As Butler said from Bahrain today, "If we did that work program for the next four or five weeks and experienced full Iraqi cooperation, I could have been in a position to report to the UNSC the end of or very near the end of the missile and chemical weapons files."

* The Iraqi decision to break off talks is thus inexplicable on its face, since it only puts off the day when UNSCOM can verify Iraqi compliance with the WMD parts of the UNSCR's.

* Iraq's responsibility remains what it has been for seven years: Fully disclose its weapons programs. The standard of discussion is not debatable, nor changeable. Iraq knows that.

What are the next steps?

* Chairman Butler plans to brief the UNSC on Thursday morning. The Council will then consult and take appropriate action.

What is going on the ground now? Are inspections taking place?

* UNSCOM's work in Iraq continued today.

RUSSIAN FINANCIAL SITUATION

July 29, 1998

(Russia has embarked on a major reform effort supported by the IFIs. It's a strong and ambitious program.

(Major thrust of the reform is getting Russia's fiscal house in order. This will create the foundation for a return to growth.

(Markets looking carefully at program and Russia's ability to implement it. Understandable that there is market uncertainty given international market volatility.

(As Russia itself has noted, performance is key to building investor confidence. Prime Minister Kiriyenko affirmed his government's commitment to enact and implement its reform program during Vice President Gore's visit. This is the right next step for Russia.

If Asked -- Given all the promises the Russians have broken in the past on economic reform, why should we believe that this time will be any different?

(Need to put Russian reform process in context. Over the past seven years, Russia's economy has undergone a major transformation. Process of change always a difficult one.

(Program Russia is now pursuing is one devised for Russian purposes and they are acting on it because they believe it is good for Russia.

INTERNATIONAL CRIMINAL COURT

July 24, 1998

What is your reaction to the comments by Senator Helms during a hearing that the United States should withdraw from all foreign peacekeeping activities and reopen our Status of Forces Agreements with other countries given the final text of the ICC treaty?

(We do need to assess the implications for U.S. policy of adoption of the ICC treaty and have begun the process of doing so. At the same time, we note that the treaty will not enter into force until 60 countries have ratified it. This will take some time. We need to make judgments in this area judiciously and will do so in the weeks and months ahead.

What is the U.S. reaction to the final text of the treaty relating to the International Criminal Court?

(We are disappointed with the final text of the treaty. While we have always supported the establishment of a permanent court and continue to support the concept of such a court, we are concerned that this treaty's provisions could make persons, including U.S. citizens, who are involved in critical international activities -- like peacekeeping operation, humanitarian relief and enforcement of sanctions -- vulnerable to unwarranted prosecution before the court.

(In particular, we do not support the way in which the court's jurisdiction may be extended to the citizens of States that are not parties to the treaty. Under the treaty as drafted, the court may assert jurisdiction over a person if it has only the consent of the state where an alleged offense occurred. This means that U.S. citizens and others involved in international activities even though their countries may not be parties to this treaty -- could be hauled before the court without the agreement of their country of nationality. This violates basic principles of treaty law and could greatly inhibit the ability of the United States and others to participate in these sorts of operations.

(We find this jurisdictional provision particularly troubling because, in essence, it provides a shield to those who abuse human rights inside their own

borders while making vulnerable others who are engaged in overseas activities.

(We have several other problems with the treaty, including the inclusion within the court's jurisdiction of the crime of aggression.

(We will be digesting the treaty over the next several days to determine what our response will be.

Will the U.S. actively oppose the establishment of the court?

(We are not prepared to answer that question at this time. We are studying the treaty to determine how to respond.

Why would the U.S. vote against this treaty while all of our chief allies supported it?

(The United States plays a unique role in maintaining international peace and security and we wish to ensure that we can continue to play such a role without undue interference. We are concerned that the treaty as drafted could jeopardize activities associated with this role.

CAMBODIA - ELECTIONS

August 3, 1998

What is your reaction to alleged irregularities in the Cambodian elections?

(Although the "official" preliminary election results are not scheduled to be released for several days, Prince Ranariddh and Sam Rainsy, on the basis of preliminary returns, have charged that there were significant irregularities and fraud in both polling and tabulation of the vote.

(It is too early to reach any definitive conclusions on the results of the elections. International observers were encouraged by the large turnout and the obvious desire of the Cambodian people to exercise their right to vote.

(Election observers have praised the competence of the polling officials and the way they accomplished their responsibilities.

(The charges of fraud and irregularities leveled by Prince Ranariddh and Sam Rainsy are serious allegations. We urge the Cambodian election authorities to investigate them thoroughly to ensure that the results of the election reflect the will of the Cambodian people.