

Exchange Mail

DATE-TIME 9/11/99 2:01:37 PM
FROM Sandalow, David B. (ENV)
CLASSIFICATION UNCLASSIFIED
SUBJECT possible NZ environment event deliverable [UNCLASSIFIED]

TO Bradtke, Robert A. (EXSEC)
Crocker, Bathsheba N. (NSA)
Dejban, Donna D. (NSA)
Gomez, Geneva B. (NSA)
Gray, Wendy E. (NSA)
Jacobson, Tracey A. (ADMIN)
Joshi, M. Kay (EXSEC)
Kerrick, Donald L. (NSA)
Millison, Cathy L. (EXSEC)
Moretz, Sheila K. (NSA)
Rudman, Mara E. (NSA)
Sargeant, Stephen T. (EXSEC)
Scott-Perez, Marilyn L. (NSA)
Storey, Sharon V. (NSA)
Sutphen, Mona K. (NSA)

CARBON_COPY Bowles, Ian A. (ENV)
Lackey, Miles M. (LEGIS)
Huso, Ravic R. (ASIA)
Keith, James R. (ASIA)
Lieberthal, Kenneth G. (ASIA)
Matthews, Sonyia (ADMIN)
Pritchard, Charles (Jack) L. (ASIA)
Williams, Mary C. (ADMIN)

TEXT_BODY

Jim:

Attached package is working its way to you. Could likely be ready for announcement at POTUS environment event Wednesday.

On balance, however, not sure this is worth including in POTUS speech.

PROS:

- * more substance for speech;
- * ties in nicely to Kiwi concern

about ozone depletion;
* may help draw somewhat stronger praise
for speech from environmental NGOs.

CONS

- * Amendment technical
in nature and may not seem Presidential;
- * Given current political
climate, may not help prospects for ratifying Amendment to have
POTUS
give it high profile;
- * Could inject domestic political edge into
otherwise non-political event (press would probably seek comment
from Sen. Helms);
- * Political reporters may ask why it took two
years for us to send Amendment to Senate (we have good answer - that
we were putting necessary regulations in place - but question itself
may undercut communications value of announcement).

Other deliverables
for POTUS speech are (1) release of declassified satellite imagery
of Antarctica, and (2) US-NZ GLOBE school agreement.

Let's
discuss if you like. I'm pageable all weekend. David

TRANSLATED_ATTACHMENT montrealamdtstrb.doc

Date

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

FROM: DAVID B. SANDALOW

SUBJECT: Proposed Amendment to the Montreal Protocol

Attached is a memorandum to the President recommending he
transmit an Amendment
to the Montreal Protocol on Substances that Deplete the Ozone Layer

to the Senate
for its advice and consent to ratification.

The NSC received the incoming correspondence on September 10, 1999.

Concurrence by: James Baker, Miles Lackey

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachment
Tab [I or A] [Enter brief description of attachment]
1

TRANSLATED_ATTACHMENT montrealamdtpotus.doc

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK[Optional]

FROM: SAMUEL BERGER
GEORGE FRAMPTON

SUBJECT: Proposed Amendment to the Montreal Protocol on
Substances that Deplete
the Ozone Layer

Purpose

To transmit an Amendment to the Montreal Protocol on Substances
that Deplete the
Ozone Layer to the Senate for its advice and consent to ratification.

Background

The Secretary of State, with the concurrence of all relevant agencies, recommends you transmit an Amendment (the "1997 Amendment") to the Montreal Protocol on Substances that Deplete the Ozone Layer (the "Montreal Protocol") to the Senate for its advice and consent to ratification.

The Montreal Protocol, which the United States ratified in 1988, is the most important international instrument for protection of the stratospheric ozone layer. The gradual loss of the stratospheric ozone layer has been linked to higher incidences of skin cancer and cataracts and abnormalities in the animal kingdom.

The 1997 Amendment expands trade controls under the Montreal Protocol to include methyl bromide (a leading ozone-depleting substance) and add a licensing requirement for trade in certain controlled substances. The main intent of the trade ban with non-Parties is to minimize the possibility that States which are not bound by compliance obligations regarding methyl bromide could gain a competitive advantage over Montreal Protocol Parties (such as the United States) who are bound. The licensing provisions will support law enforcement efforts to diminish illegal trade in controlled substances.

We are not aware of any opposition to the 1997 Amendment, which is largely technical in nature. No additional legislation is necessary to implement U.S. obligations under the Convention.

RECOMMENDATION

That you sign the transmittal message to the Senate at Tab A.

Attachment

Tab [I or A] [Enter brief description of attachment]

2

2

cc: Vice President
Chief of Staff

Exchange Mail

DATE-TIME 9/13/99 1:00:20 PM

FROM Wozniak, Natalie S. (PRESS)

CLASSIFICATION UNCLASSIFIED

SUBJECT September 13 NSC Press Guidance [UNCLASSIFIED]

TO Bayley, Douglas C. (WHSR)
Blackburn, John (WHSR)
Broadwick, Bonnie . (WHSR)
Crowder, Stevan D. (WHSR)
Erdahl, Douglas M. (WHSR)
Fuchs, Joachim D. (WHSR)
Jansen, Christian P. (WHSR)
Laskowski, Gregory J. (WHSR)
McGee, Jenny A. (WHSR)
Porterfield Patrick C. (WHSR)
Rogers, Elizabeth B. (WHSR)
Schrader, Joel M. (WHSR)
Sibley, Matthew W. (WHSR)
Sigler, Ralph H. (WHSR)

CARBON_COPY Fallin, James (PRESS)
Gobush, Matthew N. (PRESS)
Hammer, Michael A. (PRESS)
Huff, Lindsey E. (PRESS)
Leavy, David C. (PRESS)
Williams, Mary C. (ADMIN)
Wozniak, Natalie S. (PRESS)
Bradtke, Robert A. (EXSEC)
Crocker, Bathsheba N. (NSA)
Dejban, Donna D. (NSA)
Gomez, Geneva B. (NSA)

Gray, Wendy E. (NSA)
Jacobson, Tracey A. (ADMIN)
Joshi, M. Kay (EXSEC)
Kerrick, Donald L. (NSA)
Millison, Cathy L. (EXSEC)
Moretz, Sheila K. (NSA)
Rudman, Mara E. (NSA)
Sargeant, Stephen T. (EXSEC)
Scott-Perez, Marilyn L. (NSA)
Storey, Sharon V. (NSA)
Sutphen, Mona K. (NSA)
Bartlett, L. June (EXSEC)
Bradtke, Robert A. (EXSEC)
Dejban, Donna D. (NSA)
Gire, Cynthia L. (EXSEC)
Gray, Wendy E. (NSA)
Hilliard, Brenda I. (EXSEC)
Jacobson, Tracey A. (ADMIN)
Joshi, M. Kay (EXSEC)
Kerrick, Donald L. (NSA)
Millison, Cathy L. (EXSEC)
Powell, Elliott (WHSR/EXSEC)
Rudman, Mara E. (NSA)
Sargeant, Stephen T. (EXSEC)
Wasserman, Elaine P. (EXSEC)
Aragoncillo, Leandro A. (VP)
Babbitt, James F. (VP)
Black, Steven K. (VP)
Bolan, Christopher J. (VP)
Brody, Richard J. (VP)
Davidson, Leslie K. (VP)
Dennett, Todd H.
Fuerth, Leon S. (VP)
Orfini, Michael H. (VP)
Osius, Theodore G. (VP)
Roberts, Michael W. (VP)
Saunders, Richard M. (VP)

Woolston, Ann E. (VP)

TEXT_BODY

TO @COMM: Please pass attached press guidance to Sandy Berger, Joe Lockhart, Mike Hammer, Jake Siewert, Bob Bradtke and Cindy Gire in New Zealand. Thank you.

TRANSLATED_ATTACHMENT

sep13gui_.doc
NATIONAL SECURITY AFFAIRS GUIDANCE

September 13, 1999

EUROPE / RUSSIA

Russia (updated)

Russia/IMF Team in Moscow

Russia/IMF Loans

U.S. Policy Towards Russia

Kazakhstan (new)

Turkey/Earthquake (new)

ASIA

North Korea (new)

East Timor (updated)

China (new)

DEFENSE

NIE on Ballistic Missile Threats (draft contingency)

NMD/ABM

CTBT

RUSSIA

September 13, 1999

Has the administration taken any concrete steps to help Russian law enforcement?

* Presidents Clinton and Yeltsin agreed in Wednesday call that best way to get to bottom of money-laundering allegations is to ensure that law enforcement officials do their work. Russians offered to send team to meet with U.S. counterparts to address questions on current investigations and, more generally, improve law enforcement cooperation.

* Russian team includes representatives from FSB (FBI-equivalent), Ministry of Internal Affairs, Procuracy, and Tax Police. They will meet with Justice, FBI, Treasury and State officials.

What is the significance of the new Russia/U.S. Y2K Center in Colorado?

* Center in Colorado will provide early warning data on ballistic missile launches to Russia and help avoid accidental actions that could result from incorrect or unavailable data should Russia experience Y2K-related data errors.

* Pleased that Russians have resumed plans for Y2K cooperation on defense matters that were frozen during Kosovo crisis.

What is the U.S. response to denials by Mogilevich?

* We do not discuss intelligence as a matter of course. However, it is on the public record that Mogilevich is associated with an ongoing investigation in Philadelphia that I cannot discuss further. There are a number of allegations about Mogilevich's activities that have caused us great concern for years.

* Take credible allegations of organized crime, whether from Russia or elsewhere, seriously, and we have taken extraordinary steps to firm up the links between our intelligence service and law enforcement officials to identify and tackle priority problems.

What is the U.S. response to the blast in Moscow?

* Extend our condolences to the Russian people, particularly the families of those who were killed in the blast.

RUSSIA: IMF TEAM IN MOSCOW September 8, 1999

Background: A technical team headed by IMF experts arrived in Russia September 6 to investigate monitoring compliance and control and management systems. They are scheduled to leave Russia Sept. 17.

Is it true that the IMF has sent a mission to Moscow to investigate Russia's Central Bank?

- * A technical mission headed by IMF monetary experts, and including statistical and Treasury staff, is visiting Moscow from September 6 to September 17. The main focus of the mission is on data reporting to the IMF for monitoring compliance with performance measures under the IMF program and on underlying control and management systems to ensure data integrity.

- * Per standard practices, the mission will meet with officials of Central Bank of Russia, Ministry of Finance, other financial institutions and the Parliamentary audit committee.

RUSSIA: IMF LOANS

September 1, 1999

Background: Title of a USA Today article misconstrues an accurate quote from Larry Summers cited later in the article concerning our policy toward IMF loans to Russia. The headline states: "U.S. seeks a pause in Russia loans." Summers' quote simply states our requirement for adequate safeguards and for adequate accounting for use of previous funds..

Is the U.S. seeking a pause in IMF lending to Russia?

- * No. The United States has a consistent policy.

- * As it normally does, the IMF is doing its review with respect to the second tranche and it would be premature to make any judgement as to whether Russia will meet the conditions for that disbursement.

- * The United States has insisted that there be adequate safeguards in place with respect to the current program and that there be an adequate accounting for the use of past funds.

U.S. POLICY TOWARDS RUSSIA

August 30, 1999

How does the Administration respond to critics who claim that Russia is "lost" and that U.S. policy has helped bring this about? Don't recent developments demonstrate that your approach failed?

* The first principle of U.S. policy toward Russia is to enhance the security of the United States. What happens in Russia has fundamental impact on our security. Our policies and programs have been designed to promote Russia's transition toward democracy and market-based economy while facilitating Russia's integration with international community. Would be irresponsible to do anything else.

* Russia undergoing three revolutionary transformations simultaneously -- building a new state, creating a market economy, and developing new relationship with international community. That's like building an airplane while you're flying it. Must anticipate that there will be tensions and conflicting demands among these three processes (e.g., pace of economic reform directly tied to internal political situation, legislative branch's views on way forward, etc.)

* Second, Russia is not lost. Since 1992, reformers in Russia have been working to disassemble the vestiges of seven decades of Communism and have begun to create the foundations of a modern market democracy. This process is far from complete. The question is whether we continue to support this transition or abandon it at a mid-point.

* When Russia's transformation began, everyone acknowledged that it would take at least a generation, very likely more. We should think twice before we start declaring Russia's transition a success or failure just seven years after it embarked on this unprecedented journey.

* Third, Russia isn't ours to lose or win. Russia will ultimately succeed or fail on the basis of its own efforts and energy, its own creativity and commitment to reform. Fundamentally, Russia is restructuring the foundations of its political and economic life. The outcome affects us. It is in our interest to influence

it, but only Russians can define the nature of their own society.

* Engaging Russia on issues of common interest - reducing nuclear arsenals, nonproliferation, economic prosperity, the rule of law - gives us the best opportunity to achieve solutions that serve long-term American interests.

But let's be honest, isn't Russia a basketcase country hostile toward the U.S. and lurching toward authoritarianism and economic meltdown?

* Should think about what has been accomplished since 1993:

In the political/security sphere:

* Elections now routine across Russia for all levels of government, including presidency, and Russian voter turn-out is much higher than in the U.S. Russian citizens enjoy more basic freedoms (speech, travel, religion) and are more connected to outside world than any time in their history. While there are disturbing signs of political extremism, anti-Semitism and intolerance, Russians for the first time have the opportunity to speak out against it.

* Tremendous positive impact on our national security. U.S. and Russia dismantling thousands of nuclear weapons, other parts of our Cold War era arsenals. Plan to negotiate even deeper cuts in strategic nuclear weapons through START III.

* Russian troops have pulled out from Baltic countries. U.S. has supported independence, sovereignty, and territorial integrity of other NIS. Have encouraged them to develop equitable, predictable relations with Russia and have worked to ensure that NIS are fully integrated into international community.

* U.S. and Russia cooperating on range of important international issues and working constructively to solve problems -- from keeping the peace in Kosovo to bringing Europe closer together. U.S. and Russian troops serving shoulder to shoulder on ground in Kosovo and Bosnia.

In the economic sphere:

* Russian economic situation still precarious. Last summer's events - devaluation, domestic debt default and banking sector collapse -- were traumatic for most Russians. Living standards, including real wages and pensions are down significantly.

* Banking system is in shambles, limiting growth. Risk factors still extremely high, reducing potential foreign investment.

* Still, recent economic performance notable. Inflation running at 2% per month (projected to be 50% for 1999), Ruble devaluation has fostered import substitution, boosting Russian industrial production by 13% over last year and greatly improving Russia's trade balance.

* Results show that market processes do work in Russia. Barter has also been reduced; more competitive firms are choosing to operate in cash. Overall share of barter in economy down to around 45% from 60% last summer, according to official estimates.

* Obviously, there is far more work to be done. Administration pushing ambitious agenda to reduce even further nuclear threat. Committed to supporting economic reforms in Russia in part by encouraging it to stay engaged with the IMF, World Bank, and other international organizations.

* Shouldn't fool ourselves that transition inside Russia or dramatic changes in our relationship will follow straightforward progression. Russia's transition will be measured in decades, if not generations. Important to avoid creating self-fulfilling prophecy that Russia is doomed to fail.

Why did the Administration keep pouring money into Russia and pushing for IMF loans, knowing that it was being siphoned off by a corrupt few?

* First, we need to be clear about purpose of assistance from U.S. and international financial institutions: it was and remains to advance reforms that promote openness, competition, economic prosperity, and the rule of law.

* U.S. assistance was not provided as cash, but as technical assistance and training on issues such tax reform, commercial law, development of an independent judiciary, small business development, private ownership of property. These are difficult issues, there are no "complete" successes, but important foundations have been laid.

* The IMF and World Bank lend to Russia on the basis of specific reforms negotiated between the Russian government and these institutions. These reforms require transitional steps; no society remodels itself overnight.

* When Russian economic reform lagged, IMF withheld support, delayed disbursements or reduced funding.

* While all of us would prefer to see Russia further along in its transition, the international support provided to Russia has been an essential part of helping Russia take difficult internal steps to restructure itself.

* We have consistently insisted on transparency and accountability in our bilateral and multilateral dealings with Russia. When problems have been raised, we have insisted on full and complete investigations. We will continue to insist on such transparency.

If Russia needed help to achieve an historic breakthrough, shouldn't the West have done more?

* International community has contributed over \$120B to Russia in various forms of assistance during the transition period. International commitment to support Russia's transition has been extensive.

* Also need to recognize that the ultimate success of any assistance lies with the policies adopted by its recipient. Russia's difficulties did not stem from insufficient aid, but from difficulties forming an internal consensus around the policies, laws and institutions needed to create a prosperous, open, and competitive economy.

* Progress made in mid1997 toward developing a tax code, new investment

legislation and encouraging small business development was indicative of what can be achieved when there is political consensus inside Russia about the way forward.

* That progress fell off track when internal political struggles, the international financial crisis and a collapse in oil prices overwhelmed the forces for reform. It was a reasonable risk to continue to support Russia's reform agenda even under difficult circumstances, but it also demonstrated that we cannot create success from the outside.

* The solution is not to abandon Russia, but to embrace a realistic program of international support for practical and tangible reforms. This approach has encouraged Russia to pursue stabilizing policies over the past year and create the prospect for deeper reforms, including at grassroots level.

Wasn't "shock therapy" a mistake?

* The term "shock therapy" carries too much baggage to allow a useful discussion of the issues.

* Key point is that any government, whether modeled on Sweden or the United States, has to perform basic functions in order to be viable. Governments must encourage investment, promote macroeconomic stability, collect taxes, meet their commitments.

* The faster a transition economy can stabilize itself and address these functions, the faster it can meet its obligations to its people, create jobs and promote prosperity.

* The early debate with Russia was over what steps would need to be taken to stabilize the situation, encourage economic activity and allow Russia's government to function.

* "Shock therapy" often portrayed as liberalizing prices and trade and cutting subsidies and budget deficits without any additional legal and institutional reforms. That is not the policy we pursued. Nor did we advocate a policy that

ignores social needs.

- * Russia had to make choices about how to deal with the social costs of transition. In retrospect, some of these choices were costly to the Russian people. When Russia chose to continue providing social subsidies through industry, it could not afford to implement an efficient, targeted social safety net. This caused great social pain.

- * Clearly there is a tension between the risks of trying to do too much, too soon and those of doing too little, too late. Shouldn't overlook political turbulence throughout post-Soviet period. That made it harder to fine-tune pace and sequencing of reforms. Russian government acted when it had political windows of opportunity, not by following text-book prescriptions.

How does the Administration respond to critics of privatization who claim that the U.S. sponsored a great rip-off of Russia? Shouldn't we have encouraged Russia to put in place a market and legal infrastructure first?

- * Neither Administration nor international community ignored need to create legal infrastructure for market economy and fair, transparent privatization. That was one of our highest priorities from earliest stage of transition, was key focus of assistance programs.

- * Needed to pursue privatization and development of market infrastructure in parallel.

- * We need to put this in perspective. In 1991, Russia had virtually no private property. The state controlled virtually all means of production and distribution from the corner store to defense monoliths.

- * Under these conditions, a market economy simply could not develop. When reformers first came into power, they simply had no choice but to create private property if they wanted to give Russia a chance to get beyond its communist inheritance and create a market based society.

- * Ideally, all the laws, regulations, and institutions that are needed for a

market economy would have been created before the privatization process began. Given seven decades of Communism, Russia's parliament and most of its people had little understanding of what that meant.

- * It would have been years before the privatization process would have begun if the ideal market infrastructure had been made a precondition for privatization. Despite the risks in moving forward with privatization, Russia's leaders felt it was a greater risk to squander the opportunity before them.

- * Leaving enterprises in the control of corrupt government managers whose incentives were to strip assets and preserve subsidies would not have led to better economic performance.

- * Administration and IFIs put great effort into strengthening market and legal infrastructure beginning in 1992. For example, World Bank loans focused on institutional reforms to improve competitiveness, transparency and openness of markets.

- * Other Bank projects supported development of commercial banking system, restructuring of privatized enterprises, legal reform, and capital markets development.

- * World Bank loans also promoted competition in monopolized sectors, better accounting standards and investor rights, land and mortgage reform, tax reform, and reform of bankruptcy regime to encourage restructuring.

- * US bilateral programs also supported development of market infrastructure. Key priority has been reform of Russian tax system. Also helped install regulatory framework for capital markets, including establishment of Securities and Exchange Commission, national stock registry, Russian stock trading system, and a self-regulatory organization for market participants.

- * Have also assisted development of key commercial laws, post-privatization activities such as enterprise restructuring. All in all, from 1992-96, the US provided over \$185m in assistance for the development of market infrastructure.

- * In short, privatization and infrastructure of market economy have to develop

simultaneously, but it is inevitable that the creation of the latter will take longer than shifting prosperity from the state to the private sector. Such delays inevitably dampened the positive economic effects of Russia's privatization program. Not the case, however, that Western donors ignored importance of such reforms or failed to support them.

Did the Administration support the "loans for shares" scheme?

* We and the IMF were concerned about the loan for shares scheme, including non-transparent structure of the scheme. The loans for shares scheme was not supported by any multilateral assistance program or by our own bilateral assistance. Russia undertook this program on its own.

* The loans for shares scheme also took place after the U.S. and internationally financed aspects of the Russian privatization program were completed.

* The fact that there was no international support for this scheme is indicative of our concerns for transparency. We have consistently made our concerns clear to the Russian government, and we have consistently urged that privatization of large enterprises be completed through open and competitive processes.

Is it true that the Administration has blindly supported Yeltsin and his inner circle at the expense of other goals?

* Our focus has consistently been on policies we want to achieve because they serve U.S. interests: reducing nuclear arsenals, advancing market reform and democracy, promoting the rule of law, encouraging regional stability and cooperation, supporting Russia's integration into the international community.

* To advance these goals, we must engage the Russian government. President Yeltsin is key to this process, as have been the members of his government. Even as Russian governments change, our focus on our key policy objectives will remain.

* Russia's parliament, its regional leadership and the nongovernmental sector

also play key roles. That is why approximately three-quarters of U.S. assistance to Russia goes outside of Moscow, and why we have encouraged the development of Russian civil society.

* Inevitably, political forces outside of the federal government have taken time to find their footing. As they have, we have engaged them and encouraged broad-based democratic trends. Our ability now to engage with a broader spectrum of Russian society reflects both Russia's own evolution and our own determination to encourage a strong civil society.

Isn't the real goal of U.S. policy to keep Russia weak and poor so that we could pursue our own interests abroad?

* A basic premise of our policy is that the more prosperous Russia is the more stable it will be at home and the more cooperative it will be abroad. We will continue to seek ways to enhance our own security by encouraging change that enhances Russia's security.

* Think of the converse: a financially unstable Russia denies us a huge untapped market, promotes regional instability, increases the proliferation threat, and engenders insecurities that complicates arms control negotiations.

If Boris Yeltsin takes unconstitutional measures to remain in power, will the U.S. continue to support him?

* See no basis for speculating about a hypothetical situation. Yeltsin has said publicly that he intends to serve out his term as president, oversee free and fair elections, and transfer power to a popularly elected successor.

* Upcoming elections will be another key test of how far Russia has progressed in assembling the building blocks of more open, democratic state, and the international community will be watching closely.

Is it true that Vice President Gore ignored intelligence reports about corruption

involving Chernomyrdin and other high-level Russian officials? Why has Administration closed its eyes?

- * Do not and will not comment on intelligence reports.

- * Will state unequivocally that there is a problem of crime and corruption in Russia, and we are addressing it seriously with Russia's leadership and law enforcement officials.

- * Vice President Gore has strong and long-standing commitment to reducing this problem and uses our Binational Commission, which he co-chairs, to advance programs that combat crime and corruption. The Vice President took a proactive role encouraging high-level Russian participation in February anti-corruption conference.

- * Have worked closely with Russians to develop programs - with participation of U.S. law enforcement -- that support their efforts to tackle crime and corruption. Have also made clear to Russians steps they can take to join international efforts against money laundering.

- * U.S. and Russian law enforcement officials working together more closely on specific cases. Have also stepped up work with Russia to promote rule of law. Ultimately, rule of law and battle against corruption fundamental to Russia's future as democratic state and market economy and will continue to be top priority in our relationship.

What is the fallout from the NATO bombing of Serbia in Russia? Can the U.S.-Russian relationship recover?

- * Kosovo conflict posed serious test to our relationship with Russia, but as our Presidents agreed, we've passed that test and our relationship is now strengthening.

- * Presidents Yeltsin and Clinton set an ambitious agenda for next phase in U.S.-Russian relations at recent meeting in Cologne. On basis of that agenda, we're moving to advance cooperation in key areas such as non-proliferation,

economics, and arms control.

* Our soldiers are working side by side in Kosovo with Russian military in KFOR, just as they have in Bosnia. Believe that by working together, U.S. and Russia can be important force for peace and reconciliation in Balkans.

Isn't it true that Russia is creating big proliferation headaches for us by transferring WMD and ballistic missile technology to countries like Iran? How can the Administration let Russia get away with it?

* Nonproliferation remains at the top of the U.S. agenda with Russia. Coming to grips with this problem is vital to our national security, the security of Israel and that of other friends in the Middle East.

* In recent weeks, Russians have put in place a tough new nonproliferation policy, created institutional foundations to implement that policy, and passed laws to punish wrongdoers. Key steps include:

* Pushing new export control legislation through the Duma and Federation Council. Legislation tightens Russia's control over sensitive technologies, provides for criminal penalties against violators.

* Directing Russian agencies to implement a work plan designed in cooperation with U.S. and aimed at a number of our most pressing concerns.

* Working with U.S. experts to strengthen export control systems at Russian aerospace companies.

* Challenge now is to build on these foundations to ensure that dangerous technology transfers stop. Russian law enforcement agencies and security services need to show that export control system is working. Administration's activism on this issue will not diminish.

* Have used two key tools: (1) Targeted penalties against specific firms; used these against 10 entities; (2) Withholding increase of commercial space launch quota until we saw progress.

* Administration recently decided, on basis of recent Russian actions, to approve incremental increase of four launches, raising quota from 16 to 20.

* Would sustain commercial space cooperation for several months -- long enough to evaluate effectiveness of renewed Russian nonproliferation effort and determine future of US-Russian commercial space cooperation. Keeps thousands of

high-tech engineers and scientists from selling talents elsewhere.

* Also making clear that future expansion of commercial space cooperation will depend on Russia using these new tools to crack down on missile cooperation with Iran. This maintains leverage on Russians. Also stand ready to apply tough penalties against additional violators.

Shouldn't the U.S. be doing more to help the Russians control their arsenal of WMD materials? Isn't the most important security challenge facing us?

* Administration working hard to build on threat reduction programs known as Nunn-Lugar. In aftermath of Russian economic crisis, President directed a two-thirds increase over five years (\$4.5 billion total through 2004; \$1 billion in FY2000) for threat reduction programs.

* Initiative would help deactivate and store more warheads, secure and dispose of additional fissile material, tighten export controls, assist in the destruction of chemical weapons and the facilities which had produced them, and support civilian research activities for former Soviet weapons scientists.

* We are also actively working with allies and other nations to encourage additional contributions.

* Unfortunately, the House and Senate have, respectively, slashed the President's request for overall NIS assistance programs in State Department's budget by \$252-307 million.

* The cuts in funding from the State budget are particularly serious in FY2000. They preclude us from tightening Russia's control over its technologies, engaging its scientists, and addressing costs associated with Russian troop withdrawals from Georgia and Moldova.

* Congress did not specify how to apply its cuts, its intent clearly being to force the Administration to make unacceptable tradeoffs between support for NIS reforms (e.g. exchanges, civil society, rule of law) and threat reduction activities.

Why is the U.S. pursuing a National Missile Defense and modifications to the ABM Treaty? Won't this undermine Russian confidence in strategic arms control and create fears about their deterrent?

* Administration is committed to addressing danger that rogue nations may develop and field long-range missiles capable of delivering weapons of mass destruction against the United States. NMD is part of the approach to guarding against this emerging threat.

* President has not made any decisions about NMD deployment. Such decision will be made next summer, at earliest, when we review results of flight tests and other developmental efforts, consider cost estimates, and evaluate threat.

* Administration -- and recently passed National Missile Defense Act -- make clear that missile defense policy must take into account our arms control and nuclear nonproliferation objectives. Any decision to deploy an NMD also will be subject to annual authorization and appropriations process.

* Administration keenly aware that NMD issue has importance for U.S.-Russian relationship. We will continue to work closely with Russians to achieve further reductions under START III and to negotiate any amendments to ABM Treaty that may be required to accommodate a possible NMD deployment.

* Would point out that John Holum just completed important discussions with Russians on START III and ABM Treaty. Discussions were follow-up from agreement between Presidents Clinton and Yeltsin in Cologne.

* Discussions in Moscow signal a new determination to make progress on both START III and ABM, which is in both our countries' interest.

* We exchanged views regarding START III, and reaffirmed readiness to begin negotiations on this Treaty immediately following ratification of START II. Both U.S. and Russia also Reaffirmed our desire to make every possible effort toward early ratification of START II and its entry into force. Also exchanged views on ABM Treaty.

DETENTION OF KAZAKHSTANI OPPOSITION POLITICIAN

September 13, 1999

CONTEXT: Former Kazakhstani Prime Minister Akezhan Kazhegeldin (AH-keh-zhan kah-zhe-GEL-din) was detained on Friday by Russian authorities as he arrived at a Moscow airport. Kazakhstani authorities state that Kazhegeldin is suspected of tax evasion and embezzlement, charges which Kazhegeldin and his lawyers vehemently deny; Kazhegeldin is being held prior to possible extradition to Kazakhstan. Additionally, Kazhegeldin is reported to have suffered heart palpitations after his detention, and he is now hospitalized at the Central Clinical Hospital in Moscow. Kazakhstan has parliamentary elections on October 10, and last week Kazhegeldin and certain other members of his political party were barred from participating in those elections. This comes in wake of Kazhegeldin's disqualification from the January 1999 presidential election, on the grounds of a technicality.

What can you tell us about the detention of the former Kazakhstani Prime Minister by Russian authorities?

* We have learned that former Kazakhstani Prime Minister Kazhegeldin was detained by Russian authorities upon arrival at a Moscow airport on Friday evening. His detention is reported to relate to allegations of tax evasion and embezzlement. We have no basis to comment on the validity of these charges, but we note that Kazhegeldin has denied them through his lawyers.

* Kazhegeldin is additionally reported to have suffered from heart palpitations during his detention in the early hours of Saturday, September 11. He remains hospitalized in Moscow, but we do not believe that his condition is life-threatening at this time.

Was Kazhegeldin's detention politically motivated?

* Since his departure from the post of Prime Minister, Kazhegeldin has been a vocal critic of Kazakhstani President Nazarbayev and his government.

* On the basis of a technicality, he was disqualified from participating in last January's presidential election. Last week, the Kazakhstani Central Electoral Commission disqualified Kazhegeldin and one other member of his party from participating in parliamentary elections that will take place on October 10.

* The United States is therefore concerned that Kazhegeldin's detention is part of a broader political effort.

What is the U.S. doing in response?

* We have urged the Governments of the Russian Federation and Kazakhstan to ensure that Kazhegeldin's human rights are respected carefully.

* We have also communicated to both governments - in Almaty, Moscow and Washington -- our very serious concern over the situation. We urge Kazakhstan and Russia to ensure due process.

TURKEY: EARTHQUAKE September 13, 1999

BACKGROUND: Today's earthquake registered 5.8 on the Richter scale. Press reports indicate that 3 people died and 30 people were injured, primarily from jumping out of buildings.

Is the U.S. providing any assistance to Turkey in light of the new earthquake?

* We are providing no assistance in response to today's aftershock in Turkey. At this point, damage was minimal and it does not appear that any external assistance is needed.

* Our response to the earthquake last month, that left over 15,000 dead and tens of thousands homeless, totaled over \$11.5 million. U.S. assistance included the deployment of search and rescue teams, the USS Kearsarge Amphibious Ready Group and a Disaster Assistance Response Team, in addition to the provision of tents, blankets, plastic sheeting, water purification equipment and other relief supplies. The Kearsarge left last week and the last USAID/DART member left today.

U.S.-NORTH KOREA BERLIN TALKS September 13, 1999

What happened in the Berlin talks? Did North Korea agree not to test missiles in exchange for the U.S. lifting sanctions?

* Ambassador Charles Kartman and Vice Minister Kim Gye Gwan held productive talks in Berlin from 7-12 September.

* Both sides agreed to take steps to create a positive context for improving bilateral relations and addressing each other's concerns.

* With respect to missiles, it is our understanding that North Korea will continue to refrain from testing long range missiles of any kind for the duration of our discussions to improve bilateral relations.

* This is an important initial step for addressing our concerns about North Korea's missile program.

* For our part, we are prepared to move forward to begin normalizing economic relations with North Korea.

* We are considering a number of measures to ease economic sanctions against

North Korea and expect to make a recommendation to the President in the near future.

Aren't you just paying blackmail to North Korea again to stop it from misbehaving?

* By engaging North Korea, we are pursuing U.S. strategic interests to contain the proliferation of WMD and ballistic missiles and strengthen security and stability in the Korean peninsula.

How did North the convey its agreement not to test missiles? Is it written? Oral?

* I'm not going to get into the details of our diplomatic exchanges with the North.

* As I said, it is our understanding that the North will refrain from testing long range missiles of any kind during our ongoing discussions to improve relations.

Does the freeze on missile tests include satellite launches, like the North Korean launch last August?

* "Long range missiles of any kind" includes satellite launches.

What kind of sanctions is the U.S. going to lift? Are you going to take North Korea off the terrorist list?

* We are considering several measures in the area of trade in non-sensitive goods and restrictions on investment.

* We expect to make a more detailed announcement in the near future, once we have an opportunity to study the results of the Berlin talks and make a recommendation

to the President.

* With respect to the terrorist list, there a number of legal requirements that must be met before a country can be removed from the terrorist list. We do not believe that North Korea meets these requirements at this time.

Did you agree to give North Korea additional food assistance?

* Additional food assistance was not discussed in the Berlin talks.

Is a high-level North Korean official, like Deputy Foreign Minister Kang Sok Ju, going to visit Washington in October?

* We have no specific agreement at this time. However, as this process moves forward, a visit by a senior North Korean official to Washington is one possibility under consideration.

What if North Korea tests a missile anyway after you lift sanctions?

* We have made it clear to the North that another long range missile test of any kind would have serious consequences for bilateral relations and jeopardize our ability to continue food assistance and support for KEDO.

* Certainly, any sanctions that we may lift in connection with the Berlin talks would be immediately re-imposed. We have made that clear to the North Koreans.

EAST TIMOR
September 13, 1999

CONTEXT: Indonesia has agreed to allow an international peacekeeping force into

East Timor to assist in restoring civil order and to facilitate the completion of the referendum process.

Are you going to step up humanitarian assistance to the East Timorese?

* We are concerned about the wellbeing of the Timorese. Many of them have been forced to flee from the militia violence into the mountain region of the island and others have crossed into West Timor. Because the military was unwilling to provide protection to international and local aid workers, they too had to flee. It is critical that the multinational force be allowed in as soon as possible so that access can be restored for the aid workers. We will do everything we can to ensure that all basic needs are met.

* In addition, access and security for aid workers must be provided immediately by the government of Indonesia to reach the displaced persons in West Timor.

* A crisis response meeting was held in Jakarta with USAID, AUSAID, WFO, WHO and UNICEF on Sunday to prepare for and coordinate the humanitarian response.

CHINA

September 11, 1999

What was accomplished during the President's meeting with Chinese President Jiang Zemin?

* Presidents held a thorough and productive discussion of our bilateral relationship.

* Atmosphere was friendly and free of polemics.

* They decided to resume WTO talks immediately in Auckland. We continue to support China's accession to the WTO this year.

* Significance of the meeting was that it put our bilateral relations back on track.

* Differences continue to exist and will continue to be addressed.

- * President raised human rights issues, Tibet, freedom of belief. Will keep pressing on such issues as our dialogue with the Chinese expands in the months ahead.

- * On Taiwan, President urged peaceful resolution of differences between Taipei and Beijing, underlined constancy of our "one China" policy, and encouraged Beijing to sustain dialogue with Taiwan.

Did the meeting reverse all the activities (mil-mil relations, human rights and non-proliferation dialogues, port calls in Hong Kong, etc.) suspended in the wake of the Belgrade bombing?

- * Presidents agreed to advance our bilateral relations.

- * Senior officials will be following up to flesh out this general commitment.

- * These activities are important not only for our bilateral relations but also for regional and global concerns.

Will there be a WTO agreement with China announced before the end of APEC?

- * WTO talks will begin immediately. We want to see China gain admission this year on a strong commercial basis, but will have to see where the talks lead.

If an agreement is announced, will U.S. grant permanent NTR to China?

- * Premature to judge whether or when an agreement might be reached. If we attain a strong bilateral agreement on China's accession to WTO we will work with Congress to secure China's permanent NTR status.

Can you offer any more detail on Taiwan?

- * Core of our policy is three pillars: one China, peaceful resolution, and

cross-Strait dialogue to help achieve peaceful resolution. These three pillars apply to both sides of the Taiwan Strait.

* President and Jiang discussing this face-to-face helped to clarify perspectives, reduce chance of misunderstanding.

Did Jiang ask that the U.S. reduce arms sales/preclude provision of TMD to Taiwan?

* Can't speak to what Jiang had to say in the meeting, but the President stressed fundamental continuity in our policy.

* Three communiqués and TRA contain clear guidelines for our unofficial relations with Taiwan.

* We will continue to adhere to the long-standing framework for our arms sales to Taiwan.

Any remaining issues from the Belgrade embassy bombing?

* Have made \$4.5 million humanitarian payment in late August. Now discussing potential property payments, both to them and to us. Have made progress in this discussion, and will meet again soon on it.

* Other issues largely resolved, and don't see this as an obstacle to return to a more positive bilateral agenda.

Was there discussion of PRC human rights situation?

* President urged improvement in human rights and urged resumption of our human rights dialogue. Important that we have channels to discuss our differences as well as areas of common ground.

Any prospect of a positive development on Tibet?

* Up to the Chinese to answer that question, but no indication of a breakthrough.

* Establishment of dialogue between Chinese and Dalai Lama and/or his representative remains a high priority for us.

Any likelihood of movement on nonproliferation agenda?

* We would like to advance discussion of arms control and nonproliferation issues. Core aspect of our relations that we seek to advance as a high priority.

CONTINGENCY PRESS GUIDANCE ON NIE ON BALLISTIC MISSILE THREATS (Draft: 9/9/99/3:50 p.m.)

Overview

* We agree that the proliferation of ballistic missiles presents a growing threat to the U.S. and our allies. That is why we are taking steps to stem the spread of ballistic missiles and related technology, and deter and defend against their use.

Nonproliferation policy

* The Administration has placed a high priority on preventing the spread and development of these systems.

* Our nonproliferation efforts include: support for the Missile Technology Control Regime (MTCR); efforts to strengthen missile export controls in Russia and China; support for UNSC limitations on Iraq's missile program (as well as continued U.S. determination to prevent Iraq from reconstituting proscribed missile programs); and negotiations with North Korea to limit its export, testing, development, and deployment of missiles.

* Although we have had a number of successes in slowing - and in some cases - stopping foreign missile programs and strengthening export controls, we recognize that countries such as North Korea, Iran, and Iraq present an ongoing threat.

Missile Defense

* Our national missile defense (NMD) program and policy regarding the ABM Treaty takes full account of the September 1999 National Intelligence Estimate on Foreign Missile Developments and the Ballistic Missile Threat to the United States.

* To counter the threat posed by emerging rogue state missile programs, the Administration is committed to the development of an NMD system, as well as the maintenance of a robust deterrent force.

* The President has said that he will make a decision on NMD deployment next summer. It is now clear that NMD deployment would require changes to the ABM Treaty.

* With this in mind, the President has recently made some decisions that will enable us to begin engaging Russia now on changes to the ABM Treaty that would be necessary if we seek to deploy a limited NMD system.

* We are in the process of beginning discussions with Congress, allies and the Russians on this issue.

* The Administration is also committed to the development and deployment of theater missile defense systems to counter the threat from shorter-range ballistic missiles.

NATIONAL MISSILE DEFENSE AND THE ABM TREATY September 8, 1999

CONTEXT: The Washington Post reported on September 8 that President Clinton has decided to ask Russia to agree initially to relatively modest changes to the ABM Treaty, and that the first set of changes sought by the Administration would place 100 interceptor missiles in Alaska. The article states that as the missile threat is perceived to grow and U.S. technologies improve, the U.S. would seek further treaty amendments to permit more than 200 interceptors, at least two launching sites, advances in radar and the use of space-based sensors. Secretary Cohen is quoted as noting that "we also have to get the concurrence of our allies in order to make an effective anti-missile system," and that "they still look on

the ABM Treaty as being one of the stabilizing factors in the relationship with Russia. It's important for us to proceed in a responsible fashion." Finally, the article quotes Secretary Cohen's insistence that he and the President's top national security aides were unanimous in their support for the phased approach: "This first phase will give us the kind of protection we'll need for the immediate missile threat."

POLICY

- * U.S. is committed to the development of a limited NMD system. The system is designed primarily to counter the threat posed by emerging rogue state missile threats.

- * No decision has been taken on whether to proceed with deployment: a decision on whether to deploy a limited NMD will not be made until the year 2000 or later.

- * The ABM Treaty remains a cornerstone of strategic stability and the U.S. is committed to continued efforts to strengthen the Treaty and to enhance its viability and effectiveness.

(Core Press Points)

- * It is clear there is an emerging ballistic missile threat from rogue states.

- * We are moving forward as quickly as we can with our NMD research and development program, and will make a decision on deployment consistent with considerations of feasibility, threat, cost and arms control.

- * The President has said that he will make a decision on NMD deployment next summer. It is now clear that NMD deployment would require changes to the ABM Treaty.

- * With this in mind, the President has made some decisions that will enable us to begin engaging Russia now on changes to the ABM Treaty that would be necessary if we seek to deploy a limited NMD system.

* We are in the process of beginning discussions with Congress, allies and the Russians on this issue.

(If asked questions and answers)

Can you explain the Administration's "two-phase" approach to negotiations on ABM? What is in the "first phase?" What is in the "second phase?" What is the rationale?

* Underscore that no decision has been taken on deployment: that decision will be taken next summer, taking into account feasibility, the threat, cost and arms control.

* While we have not made a decision on whether or not to proceed with deployment of a limited NMD system, we believe NMD deployment would require changes to the ABM Treaty.

* The U.S. is currently discussing with Congress, our allies and Russia how this might be done.

* The approach the Administration is taking will give us the level of protection we will need for the immediate missile threat, and proceed in a responsible fashion with our allies and Russia. Beyond that, not going to get into specifics.

Have you made a decision that the NMD would be initially based in Alaska, and not Grand Forks, if deployed?

* Again, we have not made a decision to proceed with deployment; not going to discuss specifics of a possible deployment architecture.

[If pressed on Alaska basing]

* We anticipate that any initial NMD deployment would be Alaska-based.

[If pressed on whether Grand Forks could be the location of a subsequent deployment]

* We have made no decisions regarding the location of a second site.

What can you tell us now about our "long-term" goal for NMD?

* Not going to get into specifics; however, our long-term goal includes a second site, along with additional interceptors and radars, and will address future threats as we project them now.

Why doesn't the Administration simply deploy this architecture from the start and negotiate these changes now with Russia?

* The approach the Administration is taking with respect to NMD will give us the kind of protection we will need for the immediate missile threat.

* With respect to the ABM Treaty, we are proceeding in a responsible fashion with Russia and our allies.

Aren't you placing American security at risk by not simply scrapping the ABM Treaty and proceeding with NMD?

* The approach the Administration is taking with respect to NMD will give us the kind of protection we will need for the immediate missile threat.

* This approach will enhance our overall security, and takes into account the diverse nature of potential threats to our security, including the emerging ballistic missile threat from rogue states.

Is it true that the Administration's approach to the issue of NMD deployment and/or negotiations was less than the Pentagon wanted?

* The President's principal advisors have been fully engaged on these issues and were unanimous in their support for the approach we are taking.

Is it true that Strobe Talbott is in Moscow today to discuss the NMD/ABM issue? Is the Administration currently consulting with Allies? What can you tell us about these discussions?

* The Deputy Secretary is in Moscow this week and is discussing issues associated with NMD, ABM and START among other matters on the U.S.-Russia agenda.

* We are also consulting with allies.

* Don't have any details to share with you from these discussions.

Will more money be needed in the President's budget to support this approach?

* That issue will be addressed in putting together the President's Fiscal Year 2001 budget for presentation to Congress next year.

What is the relationship between the ABM issue and START III? Is the Administration proposing to make concessions in START III to get a deal on ABM, and if so, what are these concessions? What are Russia's incentives to agree to a deal on ABM, in particular, if they know there is a "second phase" on the horizon?

* At Cologne, Presidents Clinton and Yeltsin agreed that discussions on both START III and the ABM Treaty would begin later this summer.

* That said, we believe that both the START III Treaty, and an agreement on ABM, can and must stand on their own merits.

* Believe the U.S. and Russia have a shared and continuing interest in strategic stability, the ABM Treaty and the START process; this is the basic context for an agreement on both START III and ABM.

[If pressed on a lower START III ceiling]

* Believe that the understanding on warhead numbers agreed at Helsinki should be the basis for our negotiations.

COMPEHENSIVE NUCLEAR TEST BAN TREATY

September 1, 1999

CONTEXT: On July 20, President Clinton made a statement calling for the Senate to give its advice and consent to the Comprehensive Nuclear Test Ban (CTBT) Treaty. A bipartisan group of nine Senators is scheduled to hold a press conference this afternoon in support of Senate action on CTBT. President Clinton was the first world leader to sign the CTBT in September, 1996; 152 nations have now signed, and 41 have ratified. The Treaty was sent to the Senate for approval in September, 1997 - almost two years ago - but is still pending a hearing in the Senate Foreign Relations Committee. Chairman Helms has said he will not schedule hearings on the CTBT until the Administration submits the Kyoto Protocol and 1997 agreements on the ABM Treaty to his committee for advice and consent. The Treaty will only enter into force 180 days after it has been ratified by the 44 states listed in an annex to the Treaty. The U.S. is one of those 44 states.

POLICY

* U.S. is committed to the early entry into force of the CTBT.

* In his July 20 statement, the President said that "at a minimum, the Senate Foreign Relations Committee should hold hearings this fall" to allow each side to make its case and allow the Senate to decide this matter on the merits.

Why is the Administration making a big push on this treaty now?

* The President said again last Wednesday that ending nuclear testing was one of his top foreign policy goals, since the beginning of his administration. The President signed the Treaty in September '96 and listed it in the State of the Union as important to our national security interests.

* Treaty's importance has recently been highlighted by fighting in Kashmir, where tensions between two states with nuclear weapons capabilities rose, threatening our interests.

* Concerns over nuclear espionage have led many to draw the right conclusion that this Treaty can constrain states from developing advanced nuclear weapons capabilities.

* A conference of states that have ratified the Treaty will take place this October if the Treaty has not entered into force; for the United States to be a full participant at that conference, we need to ratify ourselves.

* Finally, the American public overwhelmingly supports ratification.

What about Senator Helms' demand that you first submit the Kyoto Treaty and certain ABM and START-related accords?

* We have made our position on Kyoto clear: we will not submit that Treaty until developing nations have agreed to meaningful participation in this important environmental regime.

* With respect to the ABM agreements, the President has made clear that he will submit that package as soon as the Russian Duma ratifies the START II Treaty, a goal to which President Yeltsin recommitted himself earlier this month.

* The Senate should consider CTBT on its own and on its merits.

What will happen if the Treaty remains stalled in the Foreign Relations Committee?

* The U.S. leadership role in the world on arms control and nonproliferation issues will be weakened, and we will miss an opportunity to enhance our own national security.

Are you confident we can maintain a reliable nuclear deterrent absent actual nuclear tests?

* Yes.

* The Secretaries of Defense and Energy - supported by the Directors of the National Weapons Laboratories, the Commander in Chief, United States Strategic Command, and the Nuclear Weapons Council - have certified for the past three years that nuclear tests are not required, and that our program of stockpile stewardship is working to maintain our deterrent in the absence of nuclear testing.

Some say that the Cox report shows that you should actually be developing new nuclear weapons to stay ahead of proliferators.

* Believe the concerns over nuclear espionage discussed in the Cox report have led many to draw the right conclusion that the CTBT can constrain states such as China and others from developing more advanced nuclear weapons capabilities.

* The report itself notes that testing in violation of the CTBT could further accelerate China's nuclear development. Thus, it is in our interest to bring CTBT, which China has signed, but not ratified, into force.

* More broadly, the United States today maintains a nuclear deterrent second to none; CTBT, combined with our stockpile stewardship program, will preserve, not preclude, our maintaining this position.

STATE DEPARTMENT PRESS GUIDANCE
ON COMPREHENSIVE NUCLEAR TEST BAN TREATY RATIFICATION
August 30, 1999

CONTEXT: President Clinton signed the CTBT in September 1996 and transmitted it for the Senate's advice and consent in September 1997, but Senate Foreign Relations Committee hearings have not been scheduled yet. The New York Times article focused on strategies to break this impasse, including generating public pressure to consider the Treaty, blocking other Senate business until an agreement is reached to hold hearings and a vote, and making enough progress on START and ABM issues to move the CTBT forward. The article included criticisms of Administration passivity and promises that senior officials will push the Treaty more publicly in the coming weeks.

Why is prompt Senate approval of the CTBT important? How does the Administration plan to address conditions by Senate Republicans and Russia on CTBT? What is our view of Senator helms' position of dealing with global warming and START/ABM-related agreements first? In what way will the Secretary "push" the Treaty more publicly? What's the status of START III and meetings scheduled in Washington with Dep Sec Talbott on September 17?

* CTBT ratification is a top priority for this Administration, as President Clinton underscored in his July 20 Rose Garden Address. As the President has said, it is the longest-sought, hardest-fought prize in arms control history. It is the unanimous judgment of our national security team that the CTBT will further reduce the nuclear threat to the United States, and to our friends and allies.

* The CTBT has been signed by 152 states and ratified by 43, including France, Britain and many other close allies. But the Treaty cannot take effect until it has been ratified by 44 specific states, including the U.S. and the other nuclear weapon states.

* At the Cologne Summit in June, Presidents Clinton and Yeltsin agreed to begin discussions on START III and the ABM Treaty and the Russians gave assurances that they will seek START II ratification this fall. At the first such discussion, held in Moscow on August 17-19, both sides reaffirmed their desire to speed START II ratification and to begin START III negotiations immediately thereafter. They discussed general approaches to ensuring the viability and effectiveness of the ABM Treaty. We look forward to future meetings on these issues.

IF ASKED:

* We fully respect the prerogatives of the Chairman of the Foreign Relations Committee and in no way question the sincerity of his convictions. But the national security is best served by a free and open debate on the merits of the CTBT, for which SFRC hearings are essential.

Exchange Mail

DATE-TIME 9/13/99 8:52:07 PM

FROM Wozniak, Natalie S. (PRESS)

CLASSIFICATION UNCLASSIFIED

SUBJECT DAILY GUIDANCE UPDATE [UNCLASSIFIED]

TO

Abercrombie-Winstanley, Gina K. (NESA)
Ahmed, Sarah (RECORDS)
Akers, Dale W. (STP)
Allen, Charles A. (LEGAL)
Andreasen, Steven P. (DEFENSE)
Armstrong, Fulton T. (INTERAM)
Avery, Dale R. (INTERAM)
Baker, James E. (LEGAL)
Barnett, Cheryl E. (RUE)
Bartlett, L. June (EXSEC)
Bartsch, Bryan W. (STP)
Battenfield, Pat A. (AF)
Bayley, Douglas C. (WHSR)
Bell, Robert G. (DEFENSE)
Bellamy, Ralph C. (RECORDS)
Benjamin, Daniel (TNT)
Bernard, Kenneth W. (HEALTH)
Binnendijk, Johannes A. (Hans) (DEFENSE)
Blackburn, John (WHSR)
Blinken, Antony J. (EUR)
Bolinski, Charlene C. (RECORDS)
Bouchard, Joseph F. (DEFENSE)
Bowles, Ian A. (ENV)
Brackman, Stella S. (DEFENSE)
Bradtke, Robert A. (EXSEC)
Bremner, Sue L. (EUR)

Bresnahan, Gary E. (WHSR/STP)
Broadwick, Bonnie . (WHSR)
Bryan, Dave L. (STP)
Burrell, Christina L. (LEGIS)
Busby, Scott W. (MULTI)
Byrne, Catherine E. (AF)
Camp, Donald A. (NESA)
Carteret, Charles L. (STP)
Carty, John J. (STP)
Cheramie, Don E. (WHSR)
Clark, Bronya (ADMIN)
Clarke, Richard A. (TNT)
Cooper, Kathleen H. (NESA)
Crocker, Bathsheba N. (NSA)
Crowder, Stevan D. (WHSR)
Curts, Brenda E. (INTEL)
Dames, Victoria J. (RECORDS)
Dejban, Donna D. (NSA)
Dempsey, Nora B. (AF)
Depaepe, Michael B. (STP)
DeRosa, Mary B. (LEGAL)
Dimel, Marsha L. (ADMIN)
Duncan, John D. (INTECON/DOS)
Dunn, John A. (RUE/INTERN)
Dupuy, Shawn L. (STP)
Edwards, Joan K. (NONPRO)
Ehrendreich, Joel (WHSR)
Elkind, Jonathan H. (RUE)
Epstein, Gerald L. (OSTP)
Erdahl, Douglas M. (WHSR)
Fallin, James (PRESS)
Feldman, Daniel F. (MULTI)
Fendley, Edward J. (ADMIN)
Ficklin, John W. (RECORDS)
Figueredo, Orlando (STP)
Flanagan, Stephen J. (CEE)
Ford, Robert G. (WHSR)

Frazer, Jendayi E. (AF)
Fuchs, Joachim D. (WHSR)
George, Christopher L. (RECORDS)
Gire, Cynthia L. (EXSEC)
Gladura, Timothy L. (INTEL)
Gobush, Matthew N. (PRESS)
Goldberg, David B. (INTECON/INTERN)
Gomez, Geneva B. (NSA)
Good, Travis C. (RECORDS)
Gordon, Philip H. (EUR)
Gordon-Hagerty, Lisa E. (TNT)
Gray, Wendy E. (NSA)
Green, Charles A. (TNT)
Guarnieri, Valerie N. (MULTI)
Halperin, David E. (SPCHW)
Hammer, Michael A. (PRESS)
Hammonds, D. Holly (INTECON)
Hane, Gerald J. (OSTP)
Harris, Cody S. (RUE/INTERN)
Harris, Elisa D. (NONPRO)
Hendricks, Lori A. (INTECON)
Hill, Christopher R. (SEE)
Hill, Roseanne M. (MULTI)
Hilliard, Brenda I. (EXSEC)
Hillman, Thomas W. (STP)
Holtzapple, Richard A.
Howerton, Barbara E. (INTEL)
Huff, Lindsey E. (PRESS)
Hunerwadel, Joan S. (LEGAL)
Hunker, Jeffrey A. (TNT)
Huso, Ravic R. (ASIA)
Jacobson, Tracey A. (ADMIN)
Jansen, Christian P. (WHSR)
Jarosinski, Frank J. (WHSR)
Jones, Felicia A. (NESA)
Jordan, Kristine A. (STP)
Joshi, M. Kay (EXSEC)

Kaidanow, Tina S. (SEE)
Kale, Dora A. (MULTI)
Kalka, Jean-Francois (JF) (STP)
Kaplan, Dean M. (RECORDS)
Kass, Nicholas S. (EUR)
Katulis, Brian M. (NESA/INTERN)
Kaufman, Stuart J. (RUE)
Keenan, Josefine (Chris) (HEALTH)
Keith, James R. (ASIA)
Kelly, Sandra L. (DEFENSE)
Kerrick, Donald L. (NSA)
Knepper, Charlotte (INTEL)
Konrad, Elizabeth M. (RECORDS)
Krass, Caroline D. (LEGAL)
Lackey, Miles M. (LEGIS)
Lane, Francis X. C. (TNT)
Laskowski, Gregory J. (WHSR)
Leary, William H. (RECORDS)
Leavy, David C. (PRESS)
Lee, Malcolm R.
Lieberson, Donna P. (TNT)
Lieberthal, Kenneth G. (ASIA)
Locke, Dwayne L. (STP)
Lowden, Michael R. (STP)
MacDonald, Bruce W. (OSTP)
Malinowski, Tomasz P. (SPCHW)
Malley, Robert (NESA)
Manning, Michael T. (WHSR)
Marsh, Thomas S (RECORDS)
Matthews, Sonyia (ADMIN)
Maxfield, Nancy H. (EUR)
McCarthy, Mary O. (INTEL)
McGee, Jenny A. (WHSR)
McIntyre, Stuart H. (RECORDS)
Mclean, Matthew K. (MULTI)
Merchant, Brian T. (RECORDS/INTEL)
Millison, Cathy L. (EXSEC)

Mitchell, Donald A. (INTEL)
Mitchell, Rebecca (Julie) J. (NSA)
Mitsler, Elaine M. (INTECON)
Miyaoaka, Lester H. (STP)
Montgomery, Mark C. (TNT)
Moretz, Sheila K. (NSA)
Murphy, Allison M. (ADMIN)
Naplan, Steven J. (MULTI)
Norland, Richard B. (EUR)
Noss, Heather L. (TNT/INTERN)
Orzulak, Paul K. (SPCHW)
Pascual, Carlos E. (RUE)
Payne, Raymond H. (WHSR/STP)
Peterman, David (Brian) (DEFENSE)
Pimentel, Betsy J. (DEFENSE)
Pollack, Kenneth M. (NESA)
Porter, Pete (RECORDS)
Porterfield Patrick C. (WHSR)
Powell, Elliott (WHSR/EXSEC)
Prise, Edith M. (RECORDS)
Pritchard, Charles (Jack) L. (ASIA)
Quinn, Mary E. (EUR)
Rickard, Robin S. (WHSR)
Riedel, Bruce O. (NESA)
Rinaldi, Steven M. (OSTP)
Roach, Darren S. (STP)
Robinson, Jack A. (TNT)
Rogers, Elizabeth B. (WHSR)
Rosa, Frederick M. (TNT)
Roundtree, Beverly (TNT)
Rudman, Mara E. (NSA)
Russ, Judith P. (SEE)
Salvetti, Lisa M. (RECORDS)
Samore, Gary S. (NONPRO)
Sanborn, Daniel R. K. (Records)
Sandalow, David B. (ENV)
Sapiro, Miriam E. (SEE)

Sargeant, Stephen T. (EXSEC)
Saunders, Richard M. (VP)
Schaefer, Matthew P. (INTECON)
Schrader, Joel M. (WHSR)
Schwartz, Eric P. (MULTI)
Scott-Perez, Marilyn L. (NSA)
Segal, Jack D. (RUE)
Shah, Sonal R.
Shannon, Thomas A. (INTERAM)
Shapiro, Daniel B. (LEGIS)
Sibley, Matthew W. (WHSR)
Sigler, Ralph H. (WHSR)
Silva, Mary Ann T. (RUE)
Simon, Steven N. (TNT)
Simons, James R. (STP)
Smith, Gayle E. (AF)
Smith, James A. (WHSR)
Smith, Michael P. (RECORDS)
Snowden, Deniz (INTERAM)
Snyder, Julie A. (STP)
Soubers, Richard R. (RECORDS)
Starks, Tali T. (RECORDS)
Storey, Sharon V. (NSA)
Stromseth, Jane E. (MULTI)
Sutliff, Deana R. (WHSR)
Sutphen, Mona K. (NSA)
Swarm, Amy L. (WHSR)
Tarver, J. Sean (WHSR)
Tavlarides, Mark J. (LEGIS)
Tedstrom, John E. (RUE)
Tucker, Maureen E. (NONPRO)
Vaccaro, Jonathan M. (Matt) (MULTI)
Valenzuela, Arturo A. (INTERAM)
vonLipsey, Roderick K. (SEE)
Ward, JoAnn (OSTP)
Wasserman, Elaine P. (EXSEC)
Weber, Anthony D. (STP)

Wechsler, William F. (TNT)
Weiss, Andrew S. (RUE)
Widmer, Edward L. (Ted) (SPCHW)
Williams, Mary C. (ADMIN)
Williams, Robert S. (WHSR)
Witkowsky, Anne A. (DEFENSE)
Wozniak, Natalie S. (PRESS)

CARBON_COPY

Aragoncillo, Leandro A. (VP)
Babbitt, James F. (VP)
Black, Steven K. (VP)
Bolan, Christopher J. (VP)
Brody, Richard J. (VP)
Davidson, Leslie K. (VP)
Dennett, Todd H.
Fuerth, Leon S. (VP)
Orfini, Michael H. (VP)
Osius, Theodore G. (VP)
Roberts, Michael W. (VP)
Saunders, Richard M. (VP)
Woolston, Ann E. (VP)

TEXT_BODY

Please review and forward your updates to @PRESS by 10:00 a.m.
Tuesday, September 14. Thank you.

TRANSLATED_ATTACHMENT

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NATIONAL SECURITY AFFAIRS GUIDANCE

September 13, 1999

EUROPE / RUSSIA

Russia

Russia/IMF Team in Moscow

Russia/IMF Loans

U.S. Policy Towards Russia

Kazakhstan

Turkey/Earthquake

ASIA

North Korea

East Timor

China

DEFENSE

NIE on Ballistic Missile Threats (draft contingency)

NMD/ABM

CTBT

RUSSIA

September 13, 1999

Has the administration taken any concrete steps to help Russian law enforcement?

* Presidents Clinton and Yeltsin agreed in Wednesday call that best way to get to bottom of money-laundering allegations is to ensure that law enforcement officials do their work. Russians offered to send team to meet with U.S. counterparts to address questions on current investigations and, more generally, improve law enforcement cooperation.

* Russian team includes representatives from FSB (FBI-equivalent), Ministry of Internal Affairs, Procuracy, and Tax Police. They will meet with Justice, FBI, Treasury and State officials.

What is the significance of the new Russia/U.S. Y2K Center in Colorado?

* Center in Colorado will provide early warning data on ballistic missile launches to Russia and help avoid accidental actions that could result from incorrect or unavailable data should Russia experience Y2K-related data errors.

* Pleased that Russians have resumed plans for Y2K cooperation on defense matters that were frozen during Kosovo crisis.

What is the U.S. response to denials by Mogilevich?

* We do not discuss intelligence as a matter of course. However, it is on the public record that Mogilevich is associated with an ongoing investigation in Philadelphia that I cannot discuss further. There are a number of allegations about Mogilevich's activities that have caused us great concern for years.

* Take credible allegations of organized crime, whether from Russia or elsewhere, seriously, and we have taken extraordinary steps to firm up the links between our intelligence service and law enforcement officials to identify and tackle priority problems.

What is the U.S. response to the blast in Moscow?

- * Extend our condolences to the Russian people, particularly the families of those who were killed in the blast.

RUSSIA: IMF TEAM IN MOSCOW September 8, 1999

Background: A technical team headed by IMF experts arrived in Russia September 6 to investigate monitoring compliance and control and management systems. They are scheduled to leave Russia Sept. 17.

Is it true that the IMF has sent a mission to Moscow to investigate Russia's Central Bank?

- * A technical mission headed by IMF monetary experts, and including statistical and Treasury staff, is visiting Moscow from September 6 to September 17. The main focus of the mission is on data reporting to the IMF for monitoring compliance with performance measures under the IMF program and on underlying control and management systems to ensure data integrity.

- * Per standard practices, the mission will meet with officials of Central Bank of Russia, Ministry of Finance, other financial institutions and the Parliamentary audit committee.

RUSSIA: IMF LOANS September 1, 1999

Background: Title of a USA Today article misconstrues an accurate quote from Larry Summers cited later in the article concerning our policy toward IMF loans to Russia. The headline states: "U.S. seeks a pause in Russia loans." Summers' quote simply states our requirement for adequate safeguards and for adequate accounting for use of previous funds..

Is the U.S. seeking a pause in IMF lending to Russia?

* No. The United States has a consistent policy.

* As it normally does, the IMF is doing its review with respect to the second tranche and it would be premature to make any judgement as to whether Russia will meet the conditions for that disbursement.

* The United States has insisted that there be adequate safeguards in place with respect to the current program and that there be an adequate accounting for the use of past funds.

U.S. POLICY TOWARDS RUSSIA

August 30, 1999

How does the Administration respond to critics who claim that Russia is "lost" and that U.S. policy has helped bring this about? Don't recent developments demonstrate that your approach failed?

* The first principle of U.S. policy toward Russia is to enhance the security of the United States. What happens in Russia has fundamental impact on our security. Our policies and programs have been designed to promote Russia's transition toward democracy and market-based economy while facilitating Russia's integration with international community. Would be irresponsible to do anything else.

* Russia undergoing three revolutionary transformations simultaneously -- building a new state, creating a market economy, and developing new relationship

with international community. That's like building an airplane while you're flying it. Must anticipate that there will be tensions and conflicting demands among these three processes (e.g., pace of economic reform directly tied to internal political situation, legislative branch's views on way forward, etc.)

* Second, Russia is not lost. Since 1992, reformers in Russia have been working to disassemble the vestiges of seven decades of Communism and have begun to create the foundations of a modern market democracy. This process is far from complete. The question is whether we continue to support this transition or abandon it at a mid-point.

* When Russia's transformation began, everyone acknowledged that it would take at least a generation, very likely more. We should think twice before we start declaring Russia's transition a success or failure just seven years after it embarked on this unprecedented journey.

* Third, Russia isn't ours to lose or win. Russia will ultimately succeed or fail on the basis of its own efforts and energy, its own creativity and commitment to reform. Fundamentally, Russia is restructuring the foundations of its political and economic life. The outcome affects us. It is in our interest to influence it, but only Russians can define the nature of their own society.

* Engaging Russia on issues of common interest - reducing nuclear arsenals, nonproliferation, economic prosperity, the rule of law - gives us the best opportunity to achieve solutions that serve long-term American interests.

But let's be honest, isn't Russia a basketcase country hostile toward the U.S. and lurching toward authoritarianism and economic meltdown?

* Should think about what has been accomplished since 1993:

In the political/security sphere:

* Elections now routine across Russia for all levels of government, including presidency, and Russian voter turn-out is much higher than in the U.S. Russian citizens enjoy more basic freedoms (speech, travel, religion) and are more

connected to outside world than any time in their history. While there are disturbing signs of political extremism, anti-Semitism and intolerance, Russians for the first time have the opportunity to speak out against it.

- * Tremendous positive impact on our national security. U.S. and Russia dismantling thousands of nuclear weapons, other parts of our Cold War era arsenals. Plan to negotiate even deeper cuts in strategic nuclear weapons through START III.

- * Russian troops have pulled out from Baltic countries. U.S. has supported independence, sovereignty, and territorial integrity of other NIS. Have encouraged them to develop equitable, predictable relations with Russia and have worked to ensure that NIS are fully integrated into international community.

- * U.S. and Russia cooperating on range of important international issues and working constructively to solve problems -- from keeping the peace in Kosovo to bringing Europe closer together. U.S. and Russian troops serving shoulder to shoulder on ground in Kosovo and Bosnia.

In the economic sphere:

- * Russian economic situation still precarious. Last summer's events - devaluation, domestic debt default and banking sector collapse -- were traumatic for most Russians. Living standards, including real wages and pensions are down significantly.

- * Banking system is in shambles, limiting growth. Risk factors still extremely high, reducing potential foreign investment.

- * Still, recent economic performance notable. Inflation running at 2% per month (projected to be 50% for 1999), Ruble devaluation has fostered import substitution, boosting Russian industrial production by 13% over last year and greatly improving Russia's trade balance.

- * Results show that market processes do work in Russia. Barter has also been reduced; more competitive firms are choosing to operate in cash. Overall share of barter in economy down to around 45% from 60% last summer, according to

official estimates.

* Obviously, there is far more work to be done. Administration pushing ambitious agenda to reduce even further nuclear threat. Committed to supporting economic reforms in Russia in part by encouraging it to stay engaged with the IMF, World Bank, and other international organizations.

* Shouldn't fool ourselves that transition inside Russia or dramatic changes in our relationship will follow straightforward progression. Russia's transition will be measured in decades, if not generations. Important to avoid creating self-fulfilling prophecy that Russia is doomed to fail.

Why did the Administration keep pouring money into Russia and pushing for IMF loans, knowing that it was being siphoned off by a corrupt few?

* First, we need to be clear about purpose of assistance from U.S. and international financial institutions: it was and remains to advance reforms that promote openness, competition, economic prosperity, and the rule of law.

* U.S. assistance was not provided as cash, but as technical assistance and training on issues such tax reform, commercial law, development of an independent judiciary, small business development, private ownership of property. These are difficult issues, there are no "complete" successes, but important foundations have been laid.

* The IMF and World Bank lend to Russia on the basis of specific reforms negotiated between the Russian government and these institutions. These reforms require transitional steps; no society remodels itself overnight.

* When Russian economic reform lagged, IMF withheld support, delayed disbursements or reduced funding.

* While all of us would prefer to see Russia further along in its transition, the international support provided to Russia has been an essential part of helping Russia take difficult internal steps to restructure itself.

* We have consistently insisted on transparency and accountability in our bilateral and multilateral dealings with Russia. When problems have been raised, we have insisted on full and complete investigations. We will continue to insist on such transparency.

If Russia needed help to achieve an historic breakthrough, shouldn't the West have done more?

* International community has contributed over \$120B to Russia in various forms of assistance during the transition period. International commitment to support Russia's transition has been extensive.

* Also need to recognize that the ultimate success of any assistance lies with the policies adopted by its recipient. Russia's difficulties did not stem from insufficient aid, but from difficulties forming an internal consensus around the policies, laws and institutions needed to create a prosperous, open, and competitive economy.

* Progress made in mid1997 toward developing a tax code, new investment legislation and encouraging small business development was indicative of what can be achieved when there is political consensus inside Russia about the way forward.

* That progress fell off track when internal political struggles, the international financial crisis and a collapse in oil prices overwhelmed the forces for reform. It was a reasonable risk to continue to support Russia's reform agenda even under difficult circumstances, but it also demonstrated that we cannot create success from the outside.

* The solution is not to abandon Russia, but to embrace a realistic program of international support for practical and tangible reforms. This approach has encouraged Russia to pursue stabilizing policies over the past year and create the prospect for deeper reforms, including at grassroots level.

Wasn't "shock therapy" a mistake?

* The term "shock therapy" carries too much baggage to allow a useful discussion of the issues.

* Key point is that any government, whether modeled on Sweden or the United States, has to perform basic functions in order to be viable. Governments must encourage investment, promote macroeconomic stability, collect taxes, meet their commitments.

* The faster a transition economy can stabilize itself and address these functions, the faster it can meet its obligations to its people, create jobs and promote prosperity.

* The early debate with Russia was over what steps would need to be taken to stabilize the situation, encourage economic activity and allow Russia's government to function.

* "Shock therapy" often portrayed as liberalizing prices and trade and cutting subsidies and budget deficits without any additional legal and institutional reforms. That is not the policy we pursued. Nor did we advocate a policy that ignores social needs.

* Russia had to make choices about how to deal with the social costs of transition. In retrospect, some of these choices were costly to the Russian people. When Russia chose to continue providing social subsidies through industry, it could not afford to implement an efficient, targeted social safety net. This caused great social pain.

* Clearly there is a tension between the risks of trying to do too much, too soon and those of doing too little, too late. Shouldn't overlook political turbulence throughout post-Soviet period. That made it harder to fine-tune pace and sequencing of reforms. Russian government acted when it had political windows of opportunity, not by following text-book prescriptions.

How does the Administration respond to critics of privatization who claim that the U.S. sponsored a great rip-off of Russia? Shouldn't we have encouraged

Russia to put in place a market and legal infrastructure first?

* Neither Administration nor international community ignored need to create legal infrastructure for market economy and fair, transparent privatization. That was one of our highest priorities from earliest stage of transition, was key focus of assistance programs.

* Needed to pursue privatization and development of market infrastructure in parallel.

* We need to put this in perspective. In 1991, Russia had virtually no private property. The state controlled virtually all means of production and distribution from the corner store to defense monoliths.

* Under these conditions, a market economy simply could not develop. When reformers first came into power, they simply had no choice but to create private property if they wanted to give Russia a chance to get beyond its communist inheritance and create a market based society.

* Ideally, all the laws, regulations, and institutions that are needed for a market economy would have been created before the privatization process began. Given seven decades of Communism, Russia's parliament and most of its people had little understanding of what that meant.

* It would have been years before the privatization process would have begun if the ideal market infrastructure had been made a precondition for privatization. Despite the risks in moving forward with privatization, Russia's leaders felt it was a greater risk to squander the opportunity before them.

* Leaving enterprises in the control of corrupt government managers whose incentives were to strip assets and preserve subsidies would not have led to better economic performance.

* Administration and IFIs put great effort into strengthening market and legal infrastructure beginning in 1992. For example, World Bank loans focused on institutional reforms to improve competitiveness, transparency and openness of markets.

- * Other Bank projects supported development of commercial banking system, restructuring of privatized enterprises, legal reform, and capital markets development.
- * World Bank loans also promoted competition in monopolized sectors, better accounting standards and investor rights, land and mortgage reform, tax reform, and reform of bankruptcy regime to encourage restructuring.
- * US bilateral programs also supported development of market infrastructure. Key priority has been reform of Russian tax system. Also helped install regulatory framework for capital markets, including establishment of Securities and Exchange Commission, national stock registry, Russian stock trading system, and a self-regulatory organization for market participants.
- * Have also assisted development of key commercial laws, post-privatization activities such as enterprise restructuring. All in all, from 1992-96, the US provided over \$185m in assistance for the development of market infrastructure.
- * In short, privatization and infrastructure of market economy have to develop simultaneously, but it is inevitable that the creation of the latter will take longer than shifting prosperity from the state to the private sector. Such delays inevitably dampened the positive economic effects of Russia's privatization program. Not the case, however, that Western donors ignored importance of such reforms or failed to support them.

Did the Administration support the "loans for shares" scheme?

- * We and the IMF were concerned about the loan for shares scheme, including non-transparent structure of the scheme. The loans for shares scheme was not supported by any multilateral assistance program or by our own bilateral assistance. Russia undertook this program on its own.
- * The loans for shares scheme also took place after the U.S. and internationally financed aspects of the Russian privatization program were completed.

* The fact that there was no international support for this scheme is indicative of our concerns for transparency. We have consistently made our concerns clear to the Russian government, and we have consistently urged that privatization of large enterprises be completed through open and competitive processes.

Is it true that the Administration has blindly supported Yeltsin and his inner circle at the expense of other goals?

* Our focus has consistently been on policies we want to achieve because they serve U.S. interests: reducing nuclear arsenals, advancing market reform and democracy, promoting the rule of law, encouraging regional stability and cooperation, supporting Russia's integration into the international community.

* To advance these goals, we must engage the Russian government. President Yeltsin is key to this process, as have been the members of his government. Even as Russian governments change, our focus on our key policy objectives will remain.

* Russia's parliament, its regional leadership and the nongovernmental sector also play key roles. That is why approximately three-quarters of U.S. assistance to Russia goes outside of Moscow, and why we have encouraged the development of Russian civil society.

* Inevitably, political forces outside of the federal government have taken time to find their footing. As they have, we have engaged them and encouraged broad-based democratic trends. Our ability now to engage with a broader spectrum of Russian society reflects both Russia's own evolution and our own determination to encourage a strong civil society.

Isn't the real goal of U.S. policy to keep Russia weak and poor so that we could pursue our own interests abroad?

* A basic premise of our policy is that the more prosperous Russia is the more stable it will be at home and the more cooperative it will be abroad. We will continue to seek ways to enhance our own security by encouraging change that

enhances Russia's security.

- * Think of the converse: a financially unstable Russia denies us a huge untapped market, promotes regional instability, increases the proliferation threat, and engenders insecurities that complicates arms control negotiations.

If Boris Yeltsin takes unconstitutional measures to remain in power, will the U.S. continue to support him?

- * See no basis for speculating about a hypothetical situation. Yeltsin has said publicly that he intends to serve out his term as president, oversee free and fair elections, and transfer power to a popularly elected successor.

- * Upcoming elections will be another key test of how far Russia has progressed in assembling the building blocks of more open, democratic state, and the international community will be watching closely.

Is it true that Vice President Gore ignored intelligence reports about corruption involving Chernomyrdin and other high-level Russian officials? Why has Administration closed its eyes?

- * Do not and will not comment on intelligence reports.

- * Will state unequivocally that there is a problem of crime and corruption in Russia, and we are addressing it seriously with Russia's leadership and law enforcement officials.

- * Vice President Gore has strong and long-standing commitment to reducing this problem and uses our Binational Commission, which he co-chairs, to advance programs that combat crime and corruption. The Vice President took a proactive role encouraging high-level Russian participation in February anti-corruption conference.

- * Have worked closely with Russians to develop programs - with participation of U.S. law enforcement -- that support their efforts to tackle crime and

corruption. Have also made clear to Russians steps they can take to join international efforts against money laundering.

* U.S. and Russian law enforcement officials working together more closely on specific cases. Have also stepped up work with Russia to promote rule of law. Ultimately, rule of law and battle against corruption fundamental to Russia's future as democratic state and market economy and will continue to be top priority in our relationship.

What is the fallout from the NATO bombing of Serbia in Russia? Can the U.S.-Russian relationship recover?

* Kosovo conflict posed serious test to our relationship with Russia, but as our Presidents agreed, we've passed that test and our relationship is now strengthening.

* Presidents Yeltsin and Clinton set an ambitious agenda for next phase in U.S.-Russian relations at recent meeting in Cologne. On basis of that agenda, we're moving to advance cooperation in key areas such as non-proliferation, economics, and arms control.

* Our soldiers are working side by side in Kosovo with Russian military in KFOR, just as they have in Bosnia. Believe that by working together, U.S. and Russia can be important force for peace and reconciliation in Balkans.

Isn't it true that Russia is creating big proliferation headaches for us by transferring WMD and ballistic missile technology to countries like Iran? How can the Administration let Russia get away with it?

* Nonproliferation remains at the top of the U.S. agenda with Russia. Coming to grips with this problem is vital to our national security, the security of Israel and that of other friends in the Middle East.

* In recent weeks, Russians have put in place a tough new nonproliferation policy, created institutional foundations to implement that policy, and passed

laws to punish wrongdoers. Key steps include:

- * Pushing new export control legislation through the Duma and Federation Council. Legislation tightens Russia's control over sensitive technologies, provides for criminal penalties against violators.
- * Directing Russian agencies to implement a work plan designed in cooperation with U.S. and aimed at a number of our most pressing concerns.
- * Working with U.S. experts to strengthen export control systems at Russian aerospace companies.
- * Challenge now is to build on these foundations to ensure that dangerous technology transfers stop. Russian law enforcement agencies and security services need to show that export control system is working. Administration's activism on this issue will not diminish.
- * Have used two key tools: (1) Targeted penalties against specific firms; used these against 10 entities; (2) Withholding increase of commercial space launch quota until we saw progress.
- * Administration recently decided, on basis of recent Russian actions, to approve incremental increase of four launches, raising quota from 16 to 20.
- * Would sustain commercial space cooperation for several months -- long enough to evaluate effectiveness of renewed Russian nonproliferation effort and determine future of US-Russian commercial space cooperation. Keeps thousands of high-tech engineers and scientists from selling talents elsewhere.
- * Also making clear that future expansion of commercial space cooperation will depend on Russia using these new tools to crack down on missile cooperation with Iran. This maintains leverage on Russians. Also stand ready to apply tough penalties against additional violators.

Shouldn't the U.S. be doing more to help the Russians control their arsenal of WMD materials? Isn't the most important security challenge facing us?

* Administration working hard to build on threat reduction programs known as Nunn-Lugar. In aftermath of Russian economic crisis, President directed a two-thirds increase over five years (\$4.5 billion total through 2004; \$1 billion in FY2000) for threat reduction programs.

* Initiative would help deactivate and store more warheads, secure and dispose of additional fissile material, tighten export controls, assist in the destruction of chemical weapons and the facilities which had produced them, and support

civilian research activities for former Soviet weapons scientists.

- * We are also actively working with allies and other nations to encourage additional contributions.

- * Unfortunately, the House and Senate have, respectively, slashed the President's request for overall NIS assistance programs in State Department's budget by \$252-307 million.

- * The cuts in funding from the State budget are particularly serious in FY2000. They preclude us from tightening Russia's control over its technologies, engaging its scientists, and addressing costs associated with Russian troop withdrawals from Georgia and Moldova.

- * Congress did not specify how to apply its cuts, its intent clearly being to force the Administration to make unacceptable tradeoffs between support for NIS reforms (e.g. exchanges, civil society, rule of law) and threat reduction activities.

Why is the U.S. pursuing a National Missile Defense and modifications to the ABM Treaty? Won't this undermine Russian confidence in strategic arms control and create fears about their deterrent?

- * Administration is committed to addressing danger that rogue nations may develop and field long-range missiles capable of delivering weapons of mass destruction against the United States. NMD is part of the approach to guarding against this emerging threat.

- * President has not made any decisions about NMD deployment. Such decision will be made next summer, at earliest, when we review results of flight tests and other developmental efforts, consider cost estimates, and evaluate threat.

- * Administration -- and recently passed National Missile Defense Act -- make clear that missile defense policy must take into account our arms control and nuclear nonproliferation objectives. Any decision to deploy an NMD also will be subject to annual authorization and appropriations process.

* Administration keenly aware that NMD issue has importance for U.S.-Russian relationship. We will continue to work closely with Russians to achieve further reductions under START III and to negotiate any amendments to ABM Treaty that may be required to accommodate a possible NMD deployment.

* Would point out that John Holum just completed important discussions with Russians on START III and ABM Treaty. Discussions were follow-up from agreement between Presidents Clinton and Yeltsin in Cologne.

* Discussions in Moscow signal a new determination to make progress on both START III and ABM, which is in both our countries' interest.

* We exchanged views regarding START III, and reaffirmed readiness to begin negotiations on this Treaty immediately following ratification of START II. Both U.S. and Russia also Reaffirmed our desire to make every possible effort toward early ratification of START II and its entry into force. Also exchanged views on ABM Treaty.

DETENTION OF KAZAKHSTANI OPPOSITION POLITICIAN September 13, 1999

CONTEXT: Former Kazakhstani Prime Minister Akezhan Kazhegeldin (AH-keh-zhan kah-zhe-GEL-din) was detained on Friday by Russian authorities as he arrived at a Moscow airport. Kazakhstani authorities state that Kazhegeldin is suspected of tax evasion and embezzlement, charges which Kazhegeldin and his lawyers vehemently deny; Kazhegeldin is being held prior to possible extradition to Kazakhstan. Additionally, Kazhegeldin is reported to have suffered heart palpitations after his detention, and he is now hospitalized at the Central Clinical Hospital in Moscow. Kazakhstan has parliamentary elections on October 10, and last week Kazhegeldin and certain other members of his political party were barred from participating in those elections. This comes in wake of Kazhegeldin's disqualification from the January 1999 presidential election, on the grounds of a technicality.

What can you tell us about the detention of the former Kazakhstani Prime Minister by Russian authorities?

* We have learned that former Kazakhstani Prime Minister Kazhegeldin was detained by Russian authorities upon arrival at a Moscow airport on Friday evening. His detention is reported to relate to allegations of tax evasion and embezzlement. We have no basis to comment on the validity of these charges, but we note that Kazhegeldin has denied them through his lawyers.

* Kazhegeldin is additionally reported to have suffered from heart palpitations during his detention in the early hours of Saturday, September 11. He remains hospitalized in Moscow, but we do not believe that his condition is life-threatening at this time.

Was Kazhegeldin's detention politically motivated?

* Since his departure from the post of Prime Minister, Kazhegeldin has been a vocal critic of Kazakhstani President Nazarbayev and his government.

* On the basis of a technicality, he was disqualified from participating in last January's presidential election. Last week, the Kazakhstani Central Electoral Commission disqualified Kazhegeldin and one other member of his party from participating in parliamentary elections that will take place on October 10.

* The United States is therefore concerned that Kazhegeldin's detention is part of a broader political effort.

What is the U.S. doing in response?

* We have urged the Governments of the Russian Federation and Kazakhstan to ensure that Kazhegeldin's human rights are respected carefully.

* We have also communicated to both governments - in Almaty, Moscow and Washington -- our very serious concern over the situation. We urge Kazakhstan and Russia to ensure due process.

TURKEY: EARTHQUAKE

September 13, 1999

BACKGROUND: Today's earthquake registered 5.8 on the Richter scale. Press reports indicate that 3 people died and 30 people were injured, primarily from jumping out of buildings.

Is the U.S. providing any assistance to Turkey in light of the new earthquake?

* We are providing no assistance in response to today's aftershock in Turkey. At this point, damage was minimal and it does not appear that any external assistance is needed.

* Our response to the earthquake last month, that left over 15,000 dead and tens of thousands homeless, totaled over \$11.5 million. U.S. assistance included the deployment of search and rescue teams, the USS Kearsarge Amphibious Ready Group and a Disaster Assistance Response Team, in addition to the provision of tents, blankets, plastic sheeting, water purification equipment and other relief supplies. The Kearsarge left last week and the last USAID/DART member left today.

U.S.-NORTH KOREA BERLIN TALKS

September 13, 1999

What happened in the Berlin talks? Did North Korea agree not to test missiles in exchange for the U.S. lifting sanctions?

* Ambassador Charles Kartman and Vice Minister Kim Gye Gwan held productive talks in Berlin from 7-12 September.

* Both sides agreed to take steps to create a positive context for improving bilateral relations and addressing each other's concerns.

* With respect to missiles, it is our understanding that North Korea will continue to refrain from testing long range missiles of any kind for the duration of our discussions to improve bilateral relations.

* This is an important initial step for addressing our concerns about North Korea's missile program.

* For our part, we are prepared to move forward to begin normalizing economic relations with North Korea.

* We are considering a number of measures to ease economic sanctions against North Korea and expect to make a recommendation to the President in the near future.

Aren't you just paying blackmail to North Korea again to stop it from misbehaving?

* By engaging North Korea, we are pursuing U.S. strategic interests to contain the proliferation of WMD and ballistic missiles and strengthen security and stability in the Korean peninsula.

How did North the convey its agreement not to test missiles? Is it written? Oral?

* I'm not going to get into the details of our diplomatic exchanges with the North.

* As I said, it is our understanding that the North will refrain from testing long range missiles of any kind during our ongoing discussions to improve relations.

Does the freeze on missile tests include satellite launches, like the North Korean launch last August?

* "Long range missiles of any kind" includes satellite launches.

What kind of sanctions is the U.S. going to lift? Are you going to take North Korea off the terrorist list?

* We are considering several measures in the area of trade in non-sensitive goods and restrictions on investment.

* We expect to make a more detailed announcement in the near future, once we have an opportunity to study the results of the Berlin talks and make a recommendation to the President.

* With respect to the terrorist list, there a number of legal requirements that must be met before a country can be removed from the terrorist list. We do not believe that North Korea meets these requirements at this time.

Did you agree to give North Korea additional food assistance?

* Additional food assistance was not discussed in the Berlin talks.

Is a high-level North Korean official, like Deputy Foreign Minister Kang Sok Ju, going to visit Washington in October?

* We have no specific agreement at this time. However, as this process moves forward, a visit by a senior North Korean official to Washington is one

possibility under consideration.

What if North Korea tests a missile anyway after you lift sanctions?

* We have made it clear to the North that another long range missile test of any kind would have serious consequences for bilateral relations and jeopardize our ability to continue food assistance and support for KEDO.

* Certainly, any sanctions that we may lift in connection with the Berlin talks would be immediately re-imposed. We have made that clear to the North Koreans.

EAST TIMOR

September 13, 1999

CONTEXT: Indonesia has agreed to allow an international peacekeeping force into East Timor to assist in restoring civil order and to facilitate the completion of the referendum process.

Are you going to step up humanitarian assistance to the East Timorese?

* We are concerned about the wellbeing of the Timorese. Many of them have been forced to flee from the militia violence into the mountain region of the island and others have crossed into West Timor. Because the military was unwilling to provide protection to international and local aid workers, they too had to flee. It is critical that the multinational force be allowed in as soon as possible so that access can be restored for the aid workers. We will do everything we can to ensure that all basic needs are met.

* In addition, access and security for aid workers must be provided immediately by the government of Indonesia to reach the displaced persons in West Timor.

* A crisis response meeting was held in Jakarta with USAID, AUSAID, WFO, WHO and UNICEF on Sunday to prepare for and coordinate the humanitarian response.

CHINA

September 11, 1999

What was accomplished during the President's meeting with Chinese President Jiang Zemin?

- * Presidents held a thorough and productive discussion of our bilateral relationship.
- * Atmosphere was friendly and free of polemics.
- * They decided to resume WTO talks immediately in Auckland. We continue to support China's accession to the WTO this year.
- * Significance of the meeting was that it put our bilateral relations back on track.
- * Differences continue to exist and will continue to be addressed.
- * President raised human rights issues, Tibet, freedom of belief. Will keep pressing on such issues as our dialogue with the Chinese expands in the months ahead.
- * On Taiwan, President urged peaceful resolution of differences between Taipei and Beijing, underlined constancy of our "one China" policy, and encouraged Beijing to sustain dialogue with Taiwan.

Did the meeting reverse all the activities (mil-mil relations, human rights and non-proliferation dialogues, port calls in Hong Kong, etc.) suspended in the wake of the Belgrade bombing?

- * Presidents agreed to advance our bilateral relations.
- * Senior officials will be following up to flesh out this general commitment.
- * These activities are important not only for our bilateral relations but also for regional and global concerns.

Will there be a WTO agreement with China announced before the end of APEC?

* WTO talks will begin immediately. We want to see China gain admission this year on a strong commercial basis, but will have to see where the talks lead.

If an agreement is announced, will U.S. grant permanent NTR to China?

* Premature to judge whether or when an agreement might be reached. If we attain a strong bilateral agreement on China's accession to WTO we will work with Congress to secure China's permanent NTR status.

Can you offer any more detail on Taiwan?

* Core of our policy is three pillars: one China, peaceful resolution, and cross-Strait dialogue to help achieve peaceful resolution. These three pillars apply to both sides of the Taiwan Strait.

* President and Jiang discussing this face-to-face helped to clarify perspectives, reduce chance of misunderstanding.

Did Jiang ask that the U.S. reduce arms sales/preclude provision of TMD to Taiwan?

* Can't speak to what Jiang had to say in the meeting, but the President stressed fundamental continuity in our policy.

* Three communiqués and TRA contain clear guidelines for our unofficial relations with Taiwan.

* We will continue to adhere to the long-standing framework for our arms sales to Taiwan.

Any remaining issues from the Belgrade embassy bombing?

- * Have made \$4.5 million humanitarian payment in late August. Now discussing potential property payments, both to them and to us. Have made progress in this discussion, and will meet again soon on it.
- * Other issues largely resolved, and don't see this as an obstacle to return to a more positive bilateral agenda.

Was there discussion of PRC human rights situation?

- * President urged improvement in human rights and urged resumption of our human rights dialogue. Important that we have channels to discuss our differences as well as areas of common ground.

Any prospect of a positive development on Tibet?

- * Up to the Chinese to answer that question, but no indication of a breakthrough.
- * Establishment of dialogue between Chinese and Dalai Lama and/or his representative remains a high priority for us.

Any likelihood of movement on nonproliferation agenda?

- * We would like to advance discussion of arms control and nonproliferation issues. Core aspect of our relations that we seek to advance as a high priority.

CONTINGENCY PRESS GUIDANCE ON NIE ON BALLISTIC MISSILE THREATS (Draft: 9/9/99/3:50 p.m.)

Overview

- * We agree that the proliferation of ballistic missiles presents a growing threat to the U.S. and our allies. That is why we are taking steps to stem the spread of ballistic missiles and related technology, and deter and defend against their

use.

Nonproliferation policy

- * The Administration has placed a high priority on preventing the spread and development of these systems.

- * Our nonproliferation efforts include: support for the Missile Technology Control Regime (MTCR); efforts to strengthen missile export controls in Russia and China; support for UNSC limitations on Iraq's missile program (as well as continued U.S. determination to prevent Iraq from reconstituting proscribed missile programs); and negotiations with North Korea to limit its export, testing, development, and deployment of missiles.

- * Although we have had a number of successes in slowing - and in some cases - stopping foreign missile programs and strengthening export controls, we recognize that countries such as North Korea, Iran, and Iraq present an ongoing threat.

Missile Defense

- * Our national missile defense (NMD) program and policy regarding the ABM Treaty takes full account of the September 1999 National Intelligence Estimate on Foreign Missile Developments and the Ballistic Missile Threat to the United States.

- * To counter the threat posed by emerging rogue state missile programs, the Administration is committed to the development of an NMD system, as well as the maintenance of a robust deterrent force.

- * The President has said that he will make a decision on NMD deployment next summer. It is now clear that NMD deployment would require changes to the ABM Treaty.

- * With this in mind, the President has recently made some decisions that will enable us to begin engaging Russia now on changes to the ABM Treaty that would be necessary if we seek to deploy a limited NMD system.

- * We are in the process of beginning discussions with Congress, allies and the Russians on this issue.

- * The Administration is also committed to the development and deployment of theater missile defense systems to counter the threat from shorter-range ballistic missiles.

NATIONAL MISSILE DEFENSE AND THE ABM TREATY

September 8, 1999

CONTEXT: The Washington Post reported on September 8 that President Clinton has decided to ask Russia to agree initially to relatively modest changes to the ABM Treaty, and that the first set of changes sought by the Administration would place 100 interceptor missiles in Alaska. The article states that as the missile threat is perceived to grow and U.S. technologies improve, the U.S. would seek further treaty amendments to permit more than 200 interceptors, at least two launching sites, advances in radar and the use of space-based sensors. Secretary Cohen is quoted as noting that "we also have to get the concurrence of our allies in order to make an effective anti-missile system," and that "they still look on the ABM Treaty as being one of the stabilizing factors in the relationship with Russia. It's important for us to proceed in a responsible fashion." Finally, the article quotes Secretary Cohen's insistence that he and the President's top national security aides were unanimous in their support for the phased approach: "This first phase will give us the kind of protection we'll need for the immediate missile threat."

POLICY

- * U.S. is committed to the development of a limited NMD system. The system is designed primarily to counter the threat posed by emerging rogue state missile threats.

- * No decision has been taken on whether to proceed with deployment: a decision on whether to deploy a limited NMD will not be made until the year 2000 or later.

- * The ABM Treaty remains a cornerstone of strategic stability and the U.S. is committed to continued efforts to strengthen the Treaty and to enhance its viability and effectiveness.

(Core Press Points)

- * It is clear there is an emerging ballistic missile threat from rogue states.

- * We are moving forward as quickly as we can with our NMD research and development program, and will make a decision on deployment consistent with considerations of feasibility, threat, cost and arms control.

- * The President has said that he will make a decision on NMD deployment next summer. It is now clear that NMD deployment would require changes to the ABM Treaty.

- * With this in mind, the President has made some decisions that will enable us to begin engaging Russia now on changes to the ABM Treaty that would be necessary if we seek to deploy a limited NMD system.

- * We are in the process of beginning discussions with Congress, allies and the Russians on this issue.

(If asked questions and answers)

Can you explain the Administration's "two-phase" approach to negotiations on ABM? What is in the "first phase?" What is in the "second phase?" What is the rationale?

- * Underscore that no decision has been taken on deployment: that decision will be taken next summer, taking into account feasibility, the threat, cost and arms control.

- * While we have not made a decision on whether or not to proceed with deployment of a limited NMD system, we believe NMD deployment would require changes to the ABM Treaty.

- * The U.S. is currently discussing with Congress, our allies and Russia how this might be done.

- * The approach the Administration is taking will give us the level of protection we will need for the immediate missile threat, and proceed in a responsible fashion with our allies and Russia. Beyond that, not going to get into specifics.

Have you made a decision that the NMD would be initially based in Alaska, and not Grand Forks, if deployed?

- * Again, we have not made a decision to proceed with deployment; not going to discuss specifics of a possible deployment architecture.

[If pressed on Alaska basing]

- * We anticipate that any initial NMD deployment would be Alaska-based.

[If pressed on whether Grand Forks could be the location of a subsequent deployment]

- * We have made no decisions regarding the location of a second site.

What can you tell us now about our "long-term" goal for NMD?

- * Not going to get into specifics; however, our long-term goal includes a second site, along with additional interceptors and radars, and will address future threats as we project them now.

Why doesn't the Administration simply deploy this architecture from the start and

negotiate these changes now with Russia?

- * The approach the Administration is taking with respect to NMD will give us the kind of protection we will need for the immediate missile threat.

- * With respect to the ABM Treaty, we are proceeding in a responsible fashion with Russia and our allies.

Aren't you placing American security at risk by not simply scrapping the ABM Treaty and proceeding with NMD?

- * The approach the Administration is taking with respect to NMD will give us the kind of protection we will need for the immediate missile threat.

- * This approach will enhance our overall security, and takes into account the diverse nature of potential threats to our security, including the emerging ballistic missile threat from rogue states.

Is it true that the Administration's approach to the issue of NMD deployment and/or negotiations was less than the Pentagon wanted?

- * The President's principal advisors have been fully engaged on these issues and were unanimous in their support for the approach we are taking.

Is it true that Strobe Talbott is in Moscow today to discuss the NMD/ABM issue?
Is the Administration currently consulting with Allies? What can you tell us about these discussions?

- * The Deputy Secretary is in Moscow this week and is discussing issues associated with NMD, ABM and START among other matters on the U.S.-Russia agenda.

- * We are also consulting with allies.

- * Don't have any details to share with you from these discussions.

Will more money be needed in the President's budget to support this approach?

* That issue will be addressed in putting together the President's Fiscal Year 2001 budget for presentation to Congress next year.

What is the relationship between the ABM issue and START III? Is the Administration proposing to make concessions in START III to get a deal on ABM, and if so, what are these concessions? What are Russia's incentives to agree to a deal on ABM, in particular, if they know there is a "second phase" on the horizon?

* At Cologne, Presidents Clinton and Yeltsin agreed that discussions on both START III and the ABM Treaty would begin later this summer.

* That said, we believe that both the START III Treaty, and an agreement on ABM, can and must stand on their own merits.

* Believe the U.S. and Russia have a shared and continuing interest in strategic stability, the ABM Treaty and the START process; this is the basic context for an agreement on both START III and ABM.

[If pressed on a lower START III ceiling]

* Believe that the understanding on warhead numbers agreed at Helsinki should be the basis for our negotiations.

COMPREHENSIVE NUCLEAR TEST BAN TREATY
September 1, 1999

CONTEXT: On July 20, President Clinton made a statement calling for the Senate

to give its advice and consent to the Comprehensive Nuclear Test Ban (CTBT) Treaty. A bipartisan group of nine Senators is scheduled to hold a press conference this afternoon in support of Senate action on CTBT. President Clinton was the first world leader to sign the CTBT in September, 1996; 152 nations have now signed, and 41 have ratified. The Treaty was sent to the Senate for approval in September, 1997 - almost two years ago - but is still pending a hearing in the Senate Foreign Relations Committee. Chairman Helms has said he will not schedule hearings on the CTBT until the Administration submits the Kyoto Protocol and 1997 agreements on the ABM Treaty to his committee for advice and consent. The Treaty will only enter into force 180 days after it has been ratified by the 44 states listed in an annex to the Treaty. The U.S. is one of those 44 states.

POLICY

- * U.S. is committed to the early entry into force of the CTBT.

- * In his July 20 statement, the President said that "at a minimum, the Senate Foreign Relations Committee should hold hearings this fall" to allow each side to make its case and allow the Senate to decide this matter on the merits.

Why is the Administration making a big push on this treaty now?

- * The President said again last Wednesday that ending nuclear testing was one of his top foreign policy goals, since the beginning of his administration. The President signed the Treaty in September '96 and listed it in the State of the Union as important to our national security interests.

- * Treaty's importance has recently been highlighted by fighting in Kashmir, where tensions between two states with nuclear weapons capabilities rose, threatening our interests.

- * Concerns over nuclear espionage have led many to draw the right conclusion that this Treaty can constrain states from developing advanced nuclear weapons capabilities.

- * A conference of states that have ratified the Treaty will take place this October if the Treaty has not entered into force; for the United States to be a full participant at that conference, we need to ratify ourselves.

- * Finally, the American public overwhelmingly supports ratification.

What about Senator Helms' demand that you first submit the Kyoto Treaty and certain ABM and START-related accords?

- * We have made our position on Kyoto clear: we will not submit that Treaty until developing nations have agreed to meaningful participation in this important environmental regime.

- * With respect to the ABM agreements, the President has made clear that he will submit that package as soon as the Russian Duma ratifies the START II Treaty, a goal to which President Yeltsin recommitted himself earlier this month.

- * The Senate should consider CTBT on its own and on its merits.

What will happen if the Treaty remains stalled in the Foreign Relations Committee?

- * The U.S. leadership role in the world on arms control and nonproliferation issues will be weakened, and we will miss an opportunity to enhance our own national security.

Are you confident we can maintain a reliable nuclear deterrent absent actual nuclear tests?

- * Yes.

- * The Secretaries of Defense and Energy - supported by the Directors of the National Weapons Laboratories, the Commander in Chief, United States Strategic Command, and the Nuclear Weapons Council - have certified for the past three

years that nuclear tests are not required, and that our program of stockpile stewardship is working to maintain our deterrent in the absence of nuclear testing.

Some say that the Cox report shows that you should actually be developing new nuclear weapons to stay ahead of proliferators.

- * Believe the concerns over nuclear espionage discussed in the Cox report have led many to draw the right conclusion that the CTBT can constrain states such as China and others from developing more advanced nuclear weapons capabilities.

- * The report itself notes that testing in violation of the CTBT could further accelerate China's nuclear development. Thus, it is in our interest to bring CTBT, which China has signed, but not ratified, into force.

- * More broadly, the United States today maintains a nuclear deterrent second to none; CTBT, combined with our stockpile stewardship program, will preserve, not preclude, our maintaining this position.

STATE DEPARTMENT PRESS GUIDANCE
ON COMPREHENSIVE NUCLEAR TEST BAN TREATY RATIFICATION
August 30, 1999

CONTEXT: President Clinton signed the CTBT in September 1996 and transmitted it for the Senate's advice and consent in September 1997, but Senate Foreign Relations Committee hearings have not been scheduled yet. The New York Times article focused on strategies to break this impasse, including generating public pressure to consider the Treaty, blocking other Senate business until an agreement is reached to hold hearings and a vote, and making enough progress on START and ABM issues to move the CTBT forward. The article included criticisms of Administration passivity and promises that senior officials will push the Treaty more publicly in the coming weeks.

Why is prompt Senate approval of the CTBT important? How does the Administration plan to address conditions by Senate Republicans and Russia on CTBT? What is our view of Senator Helms' position of dealing with global warming and START/ABM-related agreements first? In what way will the Secretary "push" the Treaty more publicly? What's the status of START III and meetings scheduled in Washington with Dep Sec Talbott on September 17?

* CTBT ratification is a top priority for this Administration, as President Clinton underscored in his July 20 Rose Garden Address. As the President has said, it is the longest-sought, hardest-fought prize in arms control history. It is the unanimous judgment of our national security team that the CTBT will further reduce the nuclear threat to the United States, and to our friends and allies.

* The CTBT has been signed by 152 states and ratified by 43, including France, Britain and many other close allies. But the Treaty cannot take effect until it has been ratified by 44 specific states, including the U.S. and the other nuclear weapon states.

* At the Cologne Summit in June, Presidents Clinton and Yeltsin agreed to begin discussions on START III and the ABM Treaty and the Russians gave assurances that they will seek START II ratification this fall. At the first such discussion, held in Moscow on August 17-19, both sides reaffirmed their desire to speed START II ratification and to begin START III negotiations immediately thereafter. They discussed general approaches to ensuring the viability and effectiveness of the ABM Treaty. We look forward to future meetings on these issues.

IF ASKED:

* We fully respect the prerogatives of the Chairman of the Foreign Relations Committee and in no way question the sincerity of his convictions. But the national security is best served by a free and open debate on the merits of the CTBT, for which SFRC hearings are essential.

