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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Carlos Pascual to Andrew Weiss, Jack Segal, Gary Samore et al. Subject: FW: Strategy in Lott-Lieberman. (4 pages)	09/14/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Emails
Exchange-Record (Sept 97-Jan 01) ([Senator Helms])
OA/Box Number: 620000

FOLDER TITLE:

[09/14/1999]

2006-1363-F
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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Exchange Mail

DATE-TIME 9/14/99 1:38:31 PM

FROM Wozniak, Natalie S. (PRESS)

CLASSIFICATION UNCLASSIFIED

SUBJECT September 14 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 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)
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)
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)
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 copies at OOB to Sandy Berger, Joe Lockhart, Mike Hammer, Jake Siewert, Bob Bradtke and Cindy Gire in New Zealand. Thank you.

TRANSLATED_ATTACHMENT

sep14gui.doc
NATIONAL SECURITY AFFAIRS GUIDANCE

September 14, 1999

EUROPE / RUSSIA

Northern Ireland (new)

Russia

Russia/Explosions (new)

Russia/IMF Team in Moscow

Russia/Law Enforcement Contacts

Russia/IMF Loans

U.S. Policy Towards Russia

Kazakhstan

Turkey/Earthquake

ASIA

North Korea

East Timor

China

NEAR EAST/SOUTH ASIA

Iran/Presidential Letter (new)

DEFENSE

NIE on Ballistic Missile Threats (draft contingency)

NMD/ABM

CTBT

ENVIRONMENTAL

Antarctica/Global Environment (new)

NORTHERN IRELAND: MARTIN MCGUINNESS

September 14, 1999

CONTEXT: Amid growing perceptions that the peace process is fundamentally

stalled and Senator Mitchell's review unlikely to produce a breakthrough, the press may view Martin McGuinness' meeting today with Jim Steinberg as an important opportunity to break the logjam. Sinn Fein and the IRA have been on the defensive lately in view of charges that the IRA murdered an alleged informer, threatened to kill teenage "troublemakers," and attempted to smuggle weapons from the U.S. to Ireland.

Why is Jim Steinberg meeting with McGuinness?

* One in series of consultations with parties to Good Friday Accord aimed at achieving full implementation of the Accord. We met with British Minister of State Adam Ingram last week, and with UUP negotiator Dermot Nesbitt in August.

What is your message to Mr. McGuinness?

* Our message is that people of Northern Ireland want parties to implement Accord fully, and that President Clinton wants to assist this process. We see need for new spirit of compromise to give each side confidence that its concerns are being addressed.

What do you mean, specifically?

* Unionists want confidence that "war" is really over; Sinn Fein wants confidence that inclusive government is on offer. We want parties to resolve these issues in Mitchell review.

Will you be pressing McGuinness on the issue of IRA gun-running?

* Deplore violence, threat of violence and preparations for violence, which only undermine Accord and future prospects for Northern Ireland. FBI working closely with British and Irish authorities to investigate these incidents. We have made clear to Sinn Fein and others that we expect all those with influence to exercise that influence to bring violence to an end.

Why don't you insist that McGuinness begin decommissioning now?

* Not up to U.S. to interpret implementation of Good Friday Accord -- parties themselves must implement fully. President Clinton strongly supports the need for decommissioning as part of the peace process.

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.

RUSSIA/EXPLOSIONS

September 14, 1999

BACKGROUND: Yesterday-designated a national day of mourning for victims of previous explosions in Russia-saw the most devastating explosion yet, with 121 people killed (at latest count) in an early-morning blast in a Moscow apartment building. Russian police officials state that previous blasts were bombings, though we have no independent confirmation yet.

Any comment on Moscow explosions?

* Extend our condolences to the families of the victims who suffered terrible losses in recent explosions. President has written a letter to President Yeltsin expressing his condolences and those of the American people. President Clinton and President Yeltsin have repeatedly and resolutely stood against terrorism in all its manifestations.

* Understand Russian authorities are investigating cause of the explosions. These events only serve to strengthen our commitment to work aggressively with Government of Russia to combat these kinds of heinous acts. President extended U.S. offer of assistance to Russian government. U.S. and Russia have a good

record of cooperation in fight against terrorism.

- * Welcome President Yeltsin's call for calm and his statement asking his countrymen not to rush to judgement against people of certain nationalities or religious faiths.

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.

US-RUSSIA LAW ENFORCEMENT CONTACTS

September 3, 1999

Can you confirm that Russia has offered to send law enforcement officials to the U.S. to discuss the Bank of New York case?

- * As part of our broader bilateral relationship with Russia we have extensive contacts with Russian law enforcement.

- * We will continue to have those contacts, here in Washington, in Moscow, and elsewhere as needed to conduct business.

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: Monday'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 Monday'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.

IRAN: PRESIDENTIAL LETTER
September 14, 1999

Did the President send President Khatemi a letter recently?

* Yes. We do communicate with the Iranians from time to time.

Was the letter about Khobar? What was the letter about?

* I'm not going to go into details.

* (If pressed) I'm not going to discuss the details of Presidential correspondence.

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 was in Moscow to discuss the NMD/ABM issue? Is the Administration currently consulting with Allies? What can you tell us about these discussions?

- * The Deputy Secretary was in Moscow last week and discussed 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.

DRAFT Q & A FOR ENVIRONMENT SPEECH, CHRISTCHURCH, NZ,
September 15, 1999

What was the purpose of today's remarks by President Clinton?

* To underscore our close relationship with the people of New Zealand, with a focus on long-standing cooperation to protect the global environment. The President celebrated past successes, such as historic efforts to protect Antarctica and the stratospheric ozone layer, and, building on his remarks to APEC business leaders [on Sunday], he delivered an optimistic message about tackling the challenge of global climate change.

What did President Clinton announce today?

* President Clinton announced two steps to protect the global environment:

* President Clinton announced the release of satellite images of Antarctica that will help scientists understand one of the world's most unique ecosystems. The images are the latest released through an Administration initiative that makes previously classified data available to the scientific community; and,

* The President also announced that New Zealand is joining a U.S.-led program that promotes science and environmental education around the world.

What is the data the President released and why is it significant?

* The President announced that the National Imagery and Mapping Agency is releasing 7 images of the Dry Valleys region of Antarctica. The National Science Foundation, the DCI Environmental Center at the CIA, and the MEDEA program all played an important role in making these previously classified data available. These digital images provide detailed "snapshots" of about 7500 square miles of this rare "cold polar-desert" environment, where precipitation, if it were melted, averages less than 5 centimeters of water per year. They are modified versions of fine-resolution images taken by U.S. spy satellites in the mid-1970's and early 1980s. Together with data gathered on the ground, the newly released images will help scientists better understand ecological dynamics in this extreme environment and their response to climate change.

What is the status of Antarctica and why is it an environmental success story?

* Antarctica belongs to no country. Activities there are governed by the Antarctic Treaty, to which the U.S. and New Zealand are parties. This 1959 treaty, which entered into force in 1961, provides that the continent will be used only for peaceful purposes. The treaty does not recognize, dispute, or establish territorial claims, and it prohibits assertion of new claims. The treaty has provided the basic framework for a series of additional agreements including the 1991 Environmental Protocol that prohibits mining for 50 years and establishes Antarctica as a "natural reserve." The U.S. became a Party to the Protocol in 1997.

What programs does the U.S. maintain in Antarctica?

* The U.S. maintains a substantial research presence here in Christchurch and in Antarctica. The U.S. Antarctic Program involves some 2500 Americans each year and is led by the National Science Foundation. Two thirds of U.S. of the Program's activities are staged out of Christchurch. In Antarctica, the U.S. maintains three year-round research stations, the largest of which is the McMurdo Station, which serves as the research and logistical hub of U.S. activity in Antarctica. The South Pole Station supports activities related to astronomy, glaciology, and atmospheric sciences. The Palmer Station, located on an island off the Antarctic Peninsula, supports mainly marine biology research activities.

If we are optimistic about addressing climate change, why has the U.S. not sent the Kyoto Protocol to the Senate for ratification?

* The Kyoto Protocol is both a major achievement and a work in progress. The President will submit it to the Senate when key developing countries are meaningfully participating in global efforts to address climate change, and when rules related to the market-based mechanisms and other elements of the Protocol have been established.

What is the President doing to address climate change at home?

* The President has an aggressive policy to address climate change at home. Just this summer, he announced two Executive Orders designed in part to address this problem -- one on energy use by the federal government and another on bioenergy. The first E.O. will save taxpayers money while fighting pollution. The second E.O. will help create new markets for American farms, while reducing pollution as well. In addition, the President has proposed a multibillion dollar package of R&D programs and tax incentives that will help fight global warming. The President strongly supports credit for business who take early action to reduce greenhouse gas emissions, as he said in his State of the Union address this year.

Last week, the journal Science ran an article on ozone depletion and ultraviolet radiation in New Zealand. Do you have any comment on this article?

* The article contributes specific new information related to increased levels of UV radiation in New Zealand due to losses in the ozone layer. Its findings are consistent with the findings of the most recent (1998) international scientific assessment, which indicated that:

* Levels of ozone-depleting gases in the lower atmosphere peaked in 1994 and are slowly starting to decline;

* Levels of such gases in the stratosphere lag behind those in the lower atmosphere by about 6 years, so the expected peak should be in about 2000; and,

* Recovery of the ozone layer is, however, expected to be slower than its decline.

* While these findings are clear evidence that the international treaties designed to curb emissions of ozone-depleting chemicals (Montreal Protocol) are an international environmental success story, it will be a long time before the problem goes away. Because ozone depleting chemical levels in the atmosphere will not return to pre-buildup levels until about 2050, the first half of the next century is still likely to see increases in the health and ecological effects of increased UV-B, such as those shown in the Science article.

What has this Administration done to protect the ozone layer?

* This Administration helped to accelerate the international schedule for the phase out of methyl bromide, a leading ozone-depleting chemical, and helped secure the first ever commitment by developing countries to limit use of methyl bromide. The Administration has also worked aggressively to fight the illegal trafficking in chloroflourocarbons. Of course, Vice President Gore has been instrument in efforts to protect the ozone layer dating back to his time in the U.S. Senate.

Scientists have indicated that climate change may be exacerbating ozone depletion. Any comment on that?

* Scientists believe that greenhouse gases trap heat in the lower atmosphere and this causes a slight chilling of the stratosphere where ozone depletion occurs. Cooler temperatures are believed to accelerate the chemical reactions leading to ozone depletion. This interaction may delay the process of closing the ozone hole by a decade or so -- a process we still expect to occur by the middle of the next century. That's a question I would direct to Neal Lane, the President's Science Advisor.

Environmentalists are particularly critical of the WTO and the upcoming round of trade negotiations to be launched in Seattle. Coming on the heels of the APEC Summit focused on trade issues, why didn't the President address environmentalists concerns about the trade negotiations in his speech today?

* Today's remarks were focused on the United States' and New Zealand's long and productive work together to protect the global environment. On Sunday during his remarks to APEC business leaders, the President highlighted the importance of transparency reforms to trade institutions and the need for international cooperation to address climate change. The U.S. has been the most vocal advocate for transparency reforms at the WTO and been a staunch proponent of building in environmental safeguards into international trade agreements.

Environmentalists have focused on the so-called "Free Logging Agreement," which started at APEC and was moved to the WTO. Any comment?

* There is no such agreement. APEC Ministers forwarded on to the WTO for completion a tariff reduction measure in forest products that was one of [nine] sectors targeted for accelerated tariff elimination. The U.S. Trade Representative and the White House Council on Environmental Quality are just completing an environmental analysis of this proposed agreement.

What is the GLOBE program?

* GLOBE is an international science and education program that brings together students, teachers, and scientists from around the world to join in collaborative research on the dynamics of the Earth's environment. Participating students in primary and secondary schools take environmental measurements, analyze their data and report them through the Internet to the GLOBE data archive, and collaborate with scientists and other students around the world. In New Zealand, the program will be led by the Ministry of Education in collaboration with several academic and research organizations. New Zealand is the 85th country to join the GLOBE program.

I understand the President had a live video hook up with a U.S. base in Antarctica this morning. Can you give us details on that conversation?

* The President spoke with U.S. scientists and support staff at McMurdo Station, the largest research facility on Antarctica. He spoke with the NSF Station Manager, Mr. Terry Melton, two additional support staff as well as Dr. Mark Hervig of the University of Wyoming. From the nearby New Zealand Scott Base, Mr. Kevin Rigarlsford, also joined the call. Dr. Hervig and his colleagues are studying the dynamics of the upper (stratospheric) ozone layer, polar stratospheric clouds, and factors that influence the size of the annual ozone hole. Data for their research is gathered through balloon borne instruments.

DRAFT -- DRAFT -- DRAFT

THE WHITE HOUSE

Office of the Press Secretary
(Christchurch, New Zealand)

For Immediate Release September 15, 1999

FACT SHEET

President Clinton:
Protecting Antarctica and the Global Environment

Today, in a visit to the International Antarctic Center in Christchurch, President Clinton announced the declassification and release of satellite images of Antarctica that will help scientists understand one of the world's most unique ecosystems. The images are the latest released through an Administration initiative that makes previously classified data available to the scientific community. In addition, the President announced that New Zealand is joining a U.S.-led program that promotes science and environmental education around the world.

Working Together to Protect the Environment. The United States and New Zealand work closely, and in cooperation with other nations, on a wide range of environmental issues, including climate change, biodiversity, and ocean protection. One of the major successes is the international effort to protect Antarctica. Under the Antarctic Treaty of 1959, spearheaded by the United States, this remote continent is reserved exclusively for peaceful purposes. The International Antarctic Center, supported by the National Science Foundation, is the headquarters of the U.S. and New Zealand Antarctic research programs and the staging ground for much of the scientific research taking place in Antarctica. Major research priorities include monitoring the Antarctic ozone hole and the West Antarctic Ice Sheet.

Declassifying Data to Advance Science. Under an initiative launched in 1991 at the urging of then-Senator Al Gore, U.S. intelligence agencies are working with

the scientific community in the MEDEA program to assess and, in some cases, declassify data so it can be used in scientific research. Last month, Vice President Gore announced the declassification and release of 59 satellite images of the Arctic that will help scientists better understand the interaction between polar ice caps and global warming. Today, the President announced that the National Imagery and Mapping Agency is releasing 7 previously classified images of the Dry Valleys region of Antarctica. The National Science Foundation, the DCI Environmental Center at the CIA, and MEDEA all played an important role in making these data available. These digital images provide detailed "snapshots" of about 7500 square miles of this rare "cold polar-desert" environment, where precipitation, if it were melted, averages less than 5 centimeters of water per year. They are modified versions of fine-resolution images taken by U.S. spy satellites in the mid-1970's and early 1980s. Together with data gathered on the ground, the newly released images will help scientists better understand ecological dynamics in this extreme environment and their response to climate change.

Expanding a Vital Education Partnership. The President also announced that New Zealand has become the 85th country to join GLOBE, a hands-on science and education program that unites students, teachers, and scientists around the world in researching the dynamics of the Earth's environment. Participating students in primary and secondary schools take environmental measurements, analyze their data and report them through the Internet to the GLOBE data archive, and collaborate with scientists and other students around the world. In New Zealand, the program will be led by the Ministry of Education in collaboration with several academic and research organizations.

One of the newly released images of the Antarctic Dry Valleys region can viewed on the Web at [<http://www.nsf.gov/>].

###

Exchange Mail

DATE-TIME 9/14/99 3:22:39 PM
FROM DeRosa, Mary B. (LEGAL)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]
TO Krass, Caroline D. (LEGAL)
Allen, Charles A. (LEGAL)
Baker, James E. (LEGAL)
DeRosa, Mary B. (LEGAL)
Hunerwadel, Joan S. (LEGAL)
Krass, Caroline D. (LEGAL)

CARBON_COPY**TEXT_BODY**

yes. I did.

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

From: Krass, Caroline
D. (LEGAL)
Sent: Tuesday, September 14, 1999 3:16 PM
To: @LEGAL
- Legal Advisor
Subject: FW: Tax Treaties: Denmark and Italy-Pckgs.
6568 and 6569 [UNCLASSIFIED]

Just out of curiosity, did we clear
these packages?

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

From: Kaplan, Dean
M. (RECORDS)
Sent: Tuesday, September 14, 1999 3:12 PM
To: Shapiro,
Daniel B. (LEGIS); Norland, Richard B. (EUR); DeRosa, Mary B.
(LEGAL); Shah, Sonal R.; Hammonds, D. Holly (INTECON)
Cc: @EUROPE
- European Affairs; @EXECSEC - Executive Secretary; @INTECON -
Economic
Affairs; @LEGAL - Legal Advisor; @LEGISLAT - Legislative Affairs;
@RECORDS & ACCESS MGMT; @WWD - West Wing Desk
Subject: RE: Tax Treaties:
Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

FYI

Italy
just went to Stein (Lael signed). Denmark just went to staff secretary.

-----Original

Message-----

From: Shapiro, Daniel B. (LEGIS)

Sent: Tuesday,

September 14, 1999 3:09 PM

To: Shapiro, Daniel B. (LEGIS); Norland,

Richard B. (EUR); DeRosa, Mary B. (LEGAL); Shah, Sonal R.; Hammonds,
D. Holly (INTECON)

Cc: @EUROPE - European Affairs; @EXECSEC - Executive

Secretary; @INTECON - Economic Affairs; @LEGAL - Legal Advisor;

@LEGISLAT

- Legislative Affairs; @RECORDS & ACCESS MGMT; @WWD - West Wing
Desk

Subject: RE:

Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

To

Execsec -- Thanks for all your help so far on these &%*\$#!& treaties.

Can you give us a hand by making sure Staff Sec doesn't hold these
(Germany, Italy, and Denmark) until POTUS returns? Helms' staff
is now giving us a hard deadline of COB tomorrow or these treaties
will be pulled from the hearing and probably be shelved for the year.
Any help you can give is greatly appreciated. -- Dan

P.S.: Intecon

-- I think Italy might be stuck in Lael's office. Can you help get
it unstuck? Thanks.

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

From: Shapiro,

Daniel B. (LEGIS)

Sent: Friday, September 10, 1999 4:49 PM

To: Shapiro,

Daniel B. (LEGIS); Norland, Richard B. (EUR); DeRosa, Mary B.

(LEGAL); Shah, Sonal R.; Hammonds, D. Holly (INTECON)

Cc: @EUROPE

- European Affairs; @EXECSEC - Executive Secretary; @INTECON -
Economic

Affairs; @LEGAL - Legal Advisor; @LEGISLAT - Legislative Affairs;

@RECORDS & ACCESS MGMT; @WWD - West Wing Desk

Subject: RE: Tax Treaties:

Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

To Execsec
and others:

I got another call from Sen. Helms's staff about these two treaties (6568-Denmark and 6569-Italy) and Slovenia (already cleared -- package 6053) and Germany (somewhere in our process, not sure where). They want to hold a hearing on them in late September (which Treasury also wants) but will not do so unless they receive them early next week. Would appreciate efforts by whoever has a hand in moving these through to get them out and up to the Hill quickly. Thanks for your help. -- Dan

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

From: Shapiro,
Daniel B. (LEGIS)
Sent: Tuesday, September 07, 1999 7:09 PM
To: Norland,
Richard B. (EUR); DeRosa, Mary B. (LEGAL); Shah, Sonal R.; Hammonds,
D. Holly (INTECON)
Cc: @EUROPE - European Affairs; @EXECSEC - Executive
Secretary; @INTECON - Economic Affairs; @LEGAL - Legal Advisor;
@LEGISLAT
- Legislative Affairs; @RECORDS & ACCESS MGMT; @WWD - West Wing
Desk
Subject: RE:
Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

Leg.
clears. Thanks for the fast turnaround, Dick.

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

From: Norland,
Richard B. (EUR)
Sent: Tuesday, September 07, 1999 7:05 PM
To: DeRosa,
Mary B. (LEGAL); Shah, Sonal R.; Shapiro, Daniel B. (LEGIS); Hammonds,
D. Holly (INTECON)
Cc: @EUROPE - European Affairs; @EXECSEC - Executive
Secretary; @INTECON - Economic Affairs; @LEGAL - Legal Advisor;
@LEGISLAT
- Legislative Affairs; @RECORDS & ACCESS MGMT; @WWD - West Wing
Desk
Subject: Tax
Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

Attached

are draft cover memos and letters of transmittal for these treaties (German Protocol, #6527, has not surfaced here yet). I am not sure who needs to see the (voluminous) treaties themselves. Please either clear the attached documents, or indicate that you would like the whole package to come to you in hard copy, and we'll move them accordingly. Thanks. Dick Norland.

Denmark:

<< File:
6568-Denmark-Berger.doc >> << File: 6568-Denmark-POTUS memo.doc
>> << File: 6568 DANISH TRANSMITTAL.doc >>

Italy:

<<
File: 6569-Italy-SRB.doc >> << File: 6569-Italy-POTUS .doc >> <<
File: 6569 TRANSMITTAL FOR ITALIAN TREATY.doc >>

Exchange Mail

DATE-TIME 9/14/99 3:36:26 PM
FROM Segal, Jack D. (RUE)
CLASSIFICATION UNCLASSIFIED
SUBJECT Strategy in Lott-Lieberman [UNCLASSIFIED]
TO Weiss, Andrew S. (RUE)
Tavlarides, Mark J. (LEGIS)
Pascual, Carlos E. (RUE)
Samore, Gary S. (NONPRO)
Black, Steven K. (VP)

CARBON_COPY

TEXT_BODY Attached is a draft note to SRB. Comments? JS

TRANSLATED_ATTACHMENT

091499 rev 1 Lott-Lieb note for SRB.doc
Note for SRB
From Gary, Miles and Carlos
(Carlos concurs)

Subject: Lott-Lieberman Iran Proliferation Sanctions Act of 1999

The House version (HR1883) passed with a convincing 419-0 vote. Although it is not yet clear when the Senate will take up the Bill, it is likely to move fast, and with a similar outcome, when it does.

Our one hope for influencing this legislation is to get Senator Helms to agree to put the bill on "hold" as long as possible in this session. We would hope to persuade Helms that the current situation (unanimous House support, but Senate action pending) gives us maximum leverage on the Russians. We would deliver the message that they must seriously go after the Iran proliferation problem and we would need to see unambiguous and comprehensive action against the violators prior to the recess (late October). Absent

that,
the Administration would withdraw its veto threat.

A necessary condition for this strategy to work is to persuade the
Israelis and
AIPAC to support us.

If you agree, we would arrange a meeting for you with Helms, and
phone
conversations with Danny Yatom and AIPAC.

Exchange Mail

DATE-TIME 9/14/99 4:15:02 PM
FROM Shapiro, Daniel B. (LEGIS)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]
TO Crocker, Bathsheba N. (NSA)

CARBON_COPY**TEXT_BODY**

Thanks. Keep me posted.

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

From: Crocker,
Bathsheba N. (NSA)
Sent: Tuesday, September 14, 1999 4:10 PM
To: Shapiro,
Daniel B. (LEGIS)
Subject: RE: Tax Treaties: Denmark and Italy-Pckgs.
6568 and 6569 [UNCLASSIFIED]

It's here now and in with Jim. We
didn't have it until your email exchange started.

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

From: Shapiro, Daniel B. (LEGIS)
Sent: Tuesday,
September 14, 1999 4:00 PM
To: Crocker, Bathsheba N. (NSA)
Subject: RE:
Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

I
believe it's number 6527.

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

From: Crocker,
Bathsheba N. (NSA)
Sent: Tuesday, September 14, 1999 3:55 PM
To: Shapiro,
Daniel B. (LEGIS)
Subject: RE: Tax Treaties: Denmark and Italy-Pckgs.
6568 and 6569 [UNCLASSIFIED]

Dan: I don't think we have the Germany one. Only ones I've seen are Denmark and Italy, which I think he signed out yesterday. A package number would help trying to track this down. Thanks.

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

From: Shapiro,
Daniel B. (LEGIS)
Sent: Tuesday, September 14, 1999 3:54 PM
To: Crocker,
Bathsheba N. (NSA)
Subject: FW: Tax Treaties: Denmark and Italy-Pckgs.
6568 and 6569 [UNCLASSIFIED]

Sheba -- Do you think Jim will get to this Germany tax treaty today? Helms' staff is saying if they don't get these treaties tomorrow, they will not be dealt with this year, which has Treasury in a snit. Thanks for any word. -- Dan

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

From: Kaplan, Dean M. (RECORDS)
Sent: Tuesday, September
14, 1999 3:36 PM
To: Shapiro, Daniel B. (LEGIS); Norland, Richard
B. (EUR); DeRosa, Mary B. (LEGAL); Shah, Sonal R.; Hammonds, D.
Holly (INTECON)
Cc: @EUROPE - European Affairs; @EXECSEC - Executive
Secretary; @INTECON - Economic Affairs; @LEGAL - Legal Advisor;
@LEGISLAT
- Legislative Affairs; @RECORDS & ACCESS MGMT; @WWD - West Wing
Desk
Subject: RE:
Tax Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

Its
with Mr. Steinberg.

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

From: Shapiro,
Daniel B. (LEGIS)
Sent: Tuesday, September 14, 1999 3:34 PM
To: Kaplan,
Dean M. (RECORDS); Norland, Richard B. (EUR); DeRosa, Mary B.
(LEGAL); Shah, Sonal R.; Hammonds, D. Holly (INTECON)
Cc: @EUROPE
- European Affairs; @EXECSEC - Executive Secretary; @INTECON -
Economic
Affairs; @LEGAL - Legal Advisor; @LEGISLAT - Legislative Affairs;
@RECORDS & ACCESS MGMT; @WWD - West Wing Desk

Subject: RE: Tax Treaties:
Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

Thanks.
Any word on Germany?

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Sent: Tuesday, September 14, 1999 3:12 PM
To: Shapiro,
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(LEGAL); Shah, Sonal R.; Hammonds, D. Holly (INTECON)
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- European Affairs; @EXECSEC - Executive Secretary; @INTECON -
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September 14, 1999 3:09 PM
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Richard B. (EUR); DeRosa, Mary B. (LEGAL); Shah, Sonal R.; Hammonds,
D. Holly (INTECON)
Cc: @EUROPE - European Affairs; @EXECSEC - Executive
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Secretary; @INTECON - Economic Affairs; @LEGAL - Legal Advisor;
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Desk
Subject: Tax
Treaties: Denmark and Italy-Pckgs. 6568 and 6569 [UNCLASSIFIED]

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Italy:

<<
File: 6569-Italy-SRB.doc >> << File: 6569-Italy-POTUS .doc >> <<
File: 6569 TRANSMITTAL FOR ITALIAN TREATY.doc >>

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Carlos Pascual to Andrew Weiss, Jack Segal, Gary Samore et al. Subject: FW: Strategy in Lott-Lieberman. (4 pages)	09/14/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Emails
Exchange-Record (Sept 97-Jan 01) ([Senator Helms])
OA/Box Number: 620000

FOLDER TITLE:

[09/14/1999]

2006-1363-F
vz5670

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Exchange Mail

DATE-TIME 9/14/99 8:26:07 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)
Darnes, 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)
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, 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, Josefina (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)
McClean, 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)
Miyaoka, 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.
Wednesday, September 15. Thank you.

TRANSLATED_ATTACHMENT

sep14gui.doc
NATIONAL SECURITY AFFAIRS GUIDANCE

September 14, 1999

EUROPE / RUSSIA

Northern Ireland

Russia

Russia/Explosions

Russia/IMF Team in Moscow

Russia/Law Enforcement Contacts

Russia/IMF Loans

U.S. Policy Towards Russia

Kazakhstan

Turkey/Earthquake

ASIA

North Korea

East Timor

China

NEAR EAST/SOUTH ASIA

Iran/Presidential Letter

DEFENSE

NIE on Ballistic Missile Threats (draft contingency)

NMD/ABM

CTBT

ENVIRONMENTAL

Antarctica/Global Environment

NORTHERN IRELAND: MARTIN MCGUINNESS

September 14, 1999

CONTEXT: Amid growing perceptions that the peace process is fundamentally stalled and Senator Mitchell's review unlikely to produce a breakthrough, the press may view Martin McGuinness' meeting today with Jim Steinberg as an important opportunity to break the logjam. Sinn Fein and the IRA have been on the defensive lately in view of charges that the IRA murdered an alleged informer, threatened to kill teenage "troublemakers," and attempted to smuggle weapons from the U.S. to Ireland.

Why is Jim Steinberg meeting with McGuinness?

* One in series of consultations with parties to Good Friday Accord aimed at achieving full implementation of the Accord. We met with British Minister of State Adam Ingram last week, and with UUP negotiator Dermot Nesbitt in August.

What is your message to Mr. McGuinness?

* Our message is that people of Northern Ireland want parties to implement Accord

fully, and that President Clinton wants to assist this process. We see need for new spirit of compromise to give each side confidence that its concerns are being addressed.

What do you mean, specifically?

* Unionists want confidence that "war" is really over; Sinn Fein wants confidence that inclusive government is on offer. We want parties to resolve these issues in Mitchell review.

Will you be pressing McGuinness on the issue of IRA gun-running?

* Deplore violence, threat of violence and preparations for violence, which only undermine Accord and future prospects for Northern Ireland. FBI working closely with British and Irish authorities to investigate these incidents. We have made clear to Sinn Fein and others that we expect all those with influence to exercise that influence to bring violence to an end.

Why don't you insist that McGuinness begin decommissioning now?

* Not up to U.S. to interpret implementation of Good Friday Accord -- parties themselves must implement fully. President Clinton strongly supports the need for decommissioning as part of the peace process.

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.

RUSSIA/EXPLOSIONS

September 14, 1999

BACKGROUND: Yesterday-designated a national day of mourning for victims of previous explosions in Russia-saw the most devastating explosion yet, with 121 people killed (at latest count) in an early-morning blast in a Moscow apartment building. Russian police officials state that previous blasts were bombings, though we have no independent confirmation yet.

Any comment on Moscow explosions?

* Extend our condolences to the families of the victims who suffered terrible losses in recent explosions. President has written a letter to President Yeltsin expressing his condolences and those of the American people. President Clinton and President Yeltsin have repeatedly and resolutely stood against terrorism in all its manifestations.

* Understand Russian authorities are investigating cause of the explosions. These events only serve to strengthen our commitment to work aggressively with Government of Russia to combat these kinds of heinous acts. President extended U.S. offer of assistance to Russian government. U.S. and Russia have a good record of cooperation in fight against terrorism.

* Welcome President Yeltsin's call for calm and his statement asking his countrymen not to rush to judgement against people of certain nationalities or religious faiths.

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.

US-RUSSIA LAW ENFORCEMENT CONTACTS

September 3, 1999

Can you confirm that Russia has offered to send law enforcement officials to the U.S. to discuss the Bank of New York case?

* As part of our broader bilateral relationship with Russia we have extensive contacts with Russian law enforcement.

* We will continue to have those contacts, here in Washington, in Moscow, and elsewhere as needed to conduct business.

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: Monday'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 Monday'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.

IRAN: PRESIDENTIAL LETTER

September 14, 1999

Did the President send President Khatemi a letter recently?

* Yes. We do communicate with the Iranians from time to time.

Was the letter about Khobar? What was the letter about?

- * I'm not going to go into details.

- * (If pressed) I'm not going to discuss the details of Presidential correspondence.

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 was in Moscow to discuss the NMD/ABM issue? Is the Administration currently consulting with Allies? What can you tell us about these discussions?

- * The Deputy Secretary was in Moscow last week and discussed 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.

DRAFT Q & A FOR ENVIRONMENT SPEECH, CHRISTCHURCH, NZ,
September 15, 1999

What was the purpose of today's remarks by President Clinton?

* To underscore our close relationship with the people of New Zealand, with a focus on long-standing cooperation to protect the global environment. The President celebrated past successes, such as historic efforts to protect Antarctica and the stratospheric ozone layer, and, building on his remarks to APEC business leaders [on Sunday], he delivered an optimistic message about tackling the challenge of global climate change.

What did President Clinton announce today?

* President Clinton announced two steps to protect the global environment:

* President Clinton announced the release of satellite images of Antarctica that will help scientists understand one of the world's most unique ecosystems. The images are the latest released through an Administration initiative that makes previously classified data available to the scientific community; and,

* The President also announced that New Zealand is joining a U.S.-led program that promotes science and environmental education around the world.

What is the data the President released and why is it significant?

* The President announced that the National Imagery and Mapping Agency is releasing 7 images of the Dry Valleys region of Antarctica. The National Science Foundation, the DCI Environmental Center at the CIA, and the MEDEA program all played an important role in making these previously classified data available. These digital images provide detailed "snapshots" of about 7500 square miles of this rare "cold polar-desert" environment, where precipitation, if it were melted, averages less than 5 centimeters of water per year. They are modified versions of fine-resolution images taken by U.S. spy satellites in the mid-1970's and early 1980s. Together with data gathered on the ground, the newly released images will help scientists better understand ecological dynamics in this extreme environment and their response to climate change.

What is the status of Antarctica and why is it an environmental success story?

* Antarctica belongs to no country. Activities there are governed by the Antarctic Treaty, to which the U.S. and New Zealand are parties. This 1959 treaty, which entered into force in 1961, provides that the continent will be used only for peaceful purposes. The treaty does not recognize, dispute, or establish territorial claims, and it prohibits assertion of new claims. The treaty has provided the basic framework for a series of additional agreements including the 1991 Environmental Protocol that prohibits mining for 50 years and establishes Antarctica as a "natural reserve." The U.S. became a Party to the Protocol in 1997.

What programs does the U.S. maintain in Antarctica?

* The U.S. maintains a substantial research presence here in Christchurch and in Antarctica. The U.S. Antarctic Program involves some 2500 Americans each year and is led by the National Science Foundation. Two thirds of U.S. of the

Program's activities are staged out of Christchurch. In Antarctica, the U.S. maintains three year-round research stations, the largest of which is the McMurdo Station, which serves as the research and logistical hub of U.S. activity in Antarctica. The South Pole Station supports activities related to astronomy, glaciology, and atmospheric sciences. The Palmer Station, located on an island off the Antarctic Peninsula, supports mainly marine biology research activities.

If we are optimistic about addressing climate change, why has the U.S. not sent the Kyoto Protocol to the Senate for ratification?

* The Kyoto Protocol is both a major achievement and a work in progress. The President will submit it to the Senate when key developing countries are meaningfully participating in global efforts to address climate change, and when rules related to the market-based mechanisms and other elements of the Protocol have been established.

What is the President doing to address climate change at home?

* The President has an aggressive policy to address climate change at home. Just this summer, he announced two Executive Orders designed in part to address this problem -- one on energy use by the federal government and another on bioenergy. The first E.O. will save taxpayers money while fighting pollution. The second E.O. will help create new markets for American farms, while reducing pollution as well. In addition, the President has proposed a multibillion dollar package of R&D programs and tax incentives that will help fight global warming. The President strongly supports credit for business who take early action to reduce greenhouse gas emissions, as he said in his State of the Union address this year.

Last week, the journal Science ran an article on ozone depletion and ultraviolet radiation in New Zealand. Do you have any comment on this article?

* The article contributes specific new information related to increased levels of UV radiation in New Zealand due to losses in the ozone layer. Its findings are consistent with the findings of the most recent (1998) international scientific

assessment, which indicated that:

- * Levels of ozone-depleting gases in the lower atmosphere peaked in 1994 and are slowly starting to decline;
- * Levels of such gases in the stratosphere lag behind those in the lower atmosphere by about 6 years, so the expected peak should be in about 2000; and,
- * Recovery of the ozone layer is, however, expected to be slower than its decline.
- * While these findings are clear evidence that the international treaties designed to curb emissions of ozone-depleting chemicals (Montreal Protocol) are an international environmental success story, it will be a long time before the problem goes away. Because ozone depleting chemical levels in the atmosphere will not return to pre-buildup levels until about 2050, the first half of the next century is still likely to see increases in the health and ecological effects of increased UV-B, such as those shown in the Science article.

What has this Administration done to protect the ozone layer?

- * This Administration helped to accelerate the international schedule for the phase out of methyl bromide, a leading ozone-depleting chemical, and helped secure the first ever commitment by developing countries to limit use of methyl bromide. The Administration has also worked aggressively to fight the illegal trafficking in chloroflourocarbons. Of course, Vice President Gore has been instrument in efforts to protect the ozone layer dating back to his time in the U.S. Senate.

Scientists have indicated that climate change may be exacerbating ozone depletion. Any comment on that?

- * Scientists believe that greenhouse gases trap heat in the lower atmosphere and this causes a slight chilling of the stratosphere where ozone depletion occurs. Cooler temperatures are believed to accelerate the chemical reactions leading to

ozone depletion. This interaction may delay the process of closing the ozone hole by a decade or so -- a process we still expect to occur by the middle of the next century. That's a question I would direct to Neal Lane, the President's Science Advisor.

Environmentalists are particularly critical of the WTO and the upcoming round of trade negotiations to be launched in Seattle. Coming on the heels of the APEC Summit focused on trade issues, why didn't the President address environmentalists concerns about the trade negotiations in his speech today?

* Today's remarks were focused on the United States' and New Zealand's long and productive work together to protect the global environment. On Sunday during his remarks to APEC business leaders, the President highlighted the importance of transparency reforms to trade institutions and the need for international cooperation to address climate change. The U.S. has been the most vocal advocate for transparency reforms at the WTO and been a staunch proponent of building in environmental safeguards into international trade agreements.

Environmentalists have focused on the so-called "Free Logging Agreement," which started at APEC and was moved to the WTO. Any comment?

* There is no such agreement. APEC Ministers forwarded on to the WTO for completion a tariff reduction measure in forest products that was one of [nine] sectors targeted for accelerated tariff elimination. The U.S. Trade Representative and the White House Council on Environmental Quality are just completing an environmental analysis of this proposed agreement.

What is the GLOBE program?

* GLOBE is an international science and education program that brings together students, teachers, and scientists from around the world to join in collaborative research on the dynamics of the Earth's environment. Participating students in primary and secondary schools take environmental measurements, analyze their data and report them through the Internet to the GLOBE data archive, and collaborate

with scientists and other students around the world. In New Zealand, the program will be led by the Ministry of Education in collaboration with several academic and research organizations. New Zealand is the 85th country to join the GLOBE program.

I understand the President had a live video hook up with a U.S. base in Antarctica this morning. Can you give us details on that conversation?

* The President spoke with U.S. scientists and support staff at McMurdo Station, the largest research facility on Antarctica. He spoke with the NSF Station Manager, Mr. Terry Melton, two additional support staff as well as Dr. Mark Hervig of the University of Wyoming. From the nearby New Zealand Scott Base, Mr. Kevin Rigarsford, also joined the call. Dr. Hervig and his colleagues are studying the dynamics of the upper (stratospheric) ozone layer, polar stratospheric clouds, and factors that influence the size of the annual ozone hole. Data for their research is gathered through balloon borne instruments.

DRAFT -- DRAFT -- DRAFT

THE WHITE HOUSE

Office of the Press Secretary
(Christchurch, New Zealand)

For Immediate Release September 15, 1999

FACT SHEET

President Clinton:
Protecting Antarctica and the Global Environment

Today, in a visit to the International Antarctic Center in Christchurch, President Clinton announced the declassification and release of satellite images of Antarctica that will help scientists understand one of the world's most unique ecosystems. The images are the latest released through an Administration

initiative that makes previously classified data available to the scientific community. In addition, the President announced that New Zealand is joining a U.S.-led program that promotes science and environmental education around the world.

Working Together to Protect the Environment. The United States and New Zealand work closely, and in cooperation with other nations, on a wide range of environmental issues, including climate change, biodiversity, and ocean protection. One of the major successes is the international effort to protect Antarctica. Under the Antarctic Treaty of 1959, spearheaded by the United States, this remote continent is reserved exclusively for peaceful purposes. The International Antarctic Center, supported by the National Science Foundation, is the headquarters of the U.S. and New Zealand Antarctic research programs and the staging ground for much of the scientific research taking place in Antarctica. Major research priorities include monitoring the Antarctic ozone hole and the West Antarctic Ice Sheet.

Declassifying Data to Advance Science. Under an initiative launched in 1991 at the urging of then-Senator Al Gore, U.S. intelligence agencies are working with the scientific community in the MEDEA program to assess and, in some cases, declassify data so it can be used in scientific research. Last month, Vice President Gore announced the declassification and release of 59 satellite images of the Arctic that will help scientists better understand the interaction between polar ice caps and global warming. Today, the President announced that the National Imagery and Mapping Agency is releasing 7 previously classified images of the Dry Valleys region of Antarctica. The National Science Foundation, the DCI Environmental Center at the CIA, and MEDEA all played an important role in making these data available. These digital images provide detailed "snapshots" of about 7500 square miles of this rare "cold polar-desert" environment, where precipitation, if it were melted, averages less than 5 centimeters of water per year. They are modified versions of fine-resolution images taken by U.S. spy satellites in the mid-1970's and early 1980s. Together with data gathered on the ground, the newly released images will help scientists better understand ecological dynamics in this extreme environment and their response to climate change.

Expanding a Vital Education Partnership. The President also announced that New

Zealand has become the 85th country to join GLOBE, a hands-on science and education program that unites students, teachers, and scientists around the world in researching the dynamics of the Earth's environment. Participating students in primary and secondary schools take environmental measurements, analyze their data and report them through the Internet to the GLOBE data archive, and collaborate with scientists and other students around the world. In New Zealand, the program will be led by the Ministry of Education in collaboration with several academic and research organizations.

One of the newly released images of the Antarctic Dry Valleys region can viewed on the Web at [<http://www.nsf.gov/>].

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