

# MR MARKER

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**Folder Title:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [1]

**Staff Office-Individual:**

Records Management

**Original OA/ID Number:**

810

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# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Anthony Lake to President William J. Clinton re: Your Meeting with Russian President Boris Yeltsin (2 pages)	04/01/1993	P1/b(1)
	<i>Partial release - KBH 9/8/2017</i>		
<del>002. paper</del>	<del>Anthony Lake to President William J. Clinton re: Meeting with President Boris Yeltsin (7 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>003. memo</del>	<del>Warren Christopher to President William J. Clinton re: Meeting with President Boris Yeltsin of the Russian Federation (4 pages)</del>	<del>03/31/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>004. memo</del>	<del>Secretary of Defense to President William J. Clinton re: Defense Relationship with the Russian Armed Forces (3 pages)</del>	<del>03/31/1993</del>	<del>P1/b(1) KBH 9/8/2017</del>
<del>005. talking points</del>	<del>Points to be Made for Summit Meeting with Russian President Yeltsin (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>006. paper</del>	<del>Meeting with Canadian Prime Minister Brian Mulroney, April 3, 1993 (4 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>007. talking points</del>	<del>Talking Points to be Made for Meeting with Prime Minister Brian Mulroney (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>008. paper</del>	<del>Trilateral Lunch with President Yeltsin and Prime Minister Mulroney, April 3, 1993 (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>009. talking points</del>	<del>Points to be Made for Trilateral Lunch with President Yeltsin and Prime Minister Mulroney (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>010. paper</del>	<del>One-On-One Meeting with President Boris Yeltsin, April 3, 1993 (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>011. talking points</del>	<del>Points to be Made for One-On-One Meeting with President Yeltsin (6 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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Clinton Presidential Records  
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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [1]

2016-0132-M

kh1769

**RESTRICTION CODES**

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

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

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

RR. Document will be reviewed upon request.

# Withdrawal/Redaction Sheet

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<del>012. paper</del>	<del>Working Dinner with President Boris Yeltsin, April 3, 1993 (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>013. talking points</del>	<del>Points to be Made for Working Dinner with President Yeltsin (8 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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THE PRESIDENT HAS SEEN 4/2/93



**The President's Trip  
to  
Vancouver, Canada  
April 3 - 4, 1993  
Briefing Book**

**The President**

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ATTACHMENTS

Initials: KEH Date: 1/12/2020

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**The President's Visit to Vancouver, Canada**  
**April 3 - 4, 1993**  
**Briefing Book**

THE PRESIDENT HAS SEEN 4/3/93

THE WHITE HOUSE  
WASHINGTON

April 1, 1993

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE *AL*

SUBJECT; Your Meeting with Russian President Boris Yeltsin

Your summit meeting with President Yeltsin will include a bilateral meeting with Prime Minister Mulroney, a trilateral lunch, a one-on-one meeting with President Yeltsin, a working dinner, a bilateral meeting on Sunday, and a joint press conference. This briefing package contains:

MUST READ ITEMS:

**Scenesetters**

- NSC Scope Paper
- Memorandum from Secretary Christopher
- Memorandum from Secretary Aspin
- Summary of Key Points for Summit

**Summit Schedule**

- Contingency Arrival Statement

**Bilateral Meeting with Prime Minister Mulroney**

- Scope Paper
- Talking Points

**Trilateral Lunch**

- Scope Paper
- Talking Points

**One-on-One Meeting with President Yeltsin (Bilateral Issues)**

- Scope Paper
- Talking Points

DECLASSIFIED IN PART PER E. O. 13526
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2016-0132-M (1.01)  
2/27/2017 KBH

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**Working Dinner (Economic Issues)**

- Scope Paper
- Assistance Package Background
- Talking Points
- Dinner Toast

**Sunday Bilateral Meeting (Security Issues and Foreign Policy)**

- Scope Paper
- Talking Points

**Press Background**

- Press Statement for Sunday
- Joint Statement (Vancouver Declaration)

**Press Q's and A's**

**ADDITIONAL BACKGROUND MATERIALS:**

**Congressional Letters**

**Background Papers**

- Bilateral Issues
- Economic Issues
- Security Issues
- Foreign Policy Issues
- Canadian Views on Summit Issues and Bilateral Issues
- Fact Sheets to be Released to the Press

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**SCENESETTERS**



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THE WHITE HOUSE  
WASHINGTON

DECLASSIFIED  
PER E.O. 13526

2016-0132-m (1.02)  
KBH 1/10/2020

MEETING WITH  
PRESIDENT BORIS YELTSIN  
DATE: April 3-4, 1993  
LOCATION: Vancouver, Canada

FROM: ANTHONY LAKE 

I. PURPOSE

- 1) To develop your personal relationship with Yeltsin and to discuss a wide variety of economic, security and foreign policy issues that concern our two countries.
- 2) To hear from President Yeltsin how the Russian political crisis has affected his plans for reform at home and for a foreign policy based on partnership and dialogue.
- 3) To convey, in constructive ways, U.S. and Western commitment to the process of reform in ways that will strengthen Yeltsin and that process.

KEY POINTS:

- Review Yeltsin's vision of his country's future, including plans for the April 25 referendum and the continuation of economic reform.
- Present a two-phased strategy for support of Russian reform based on our \$1.6 billion core bilateral economic assistance package (humanitarian support, concessional food sales, technical assistance, encouragement of greater U.S. trade and investment and nuclear dismantlement assistance) and a longer-term program of expanded bilateral support.
- Review our support for concerted G-7 development of a substantial multilateral package for Russia, and goals for the April 14-15 meeting of Foreign and Finance ministers in Tokyo.
- Encourage an acceleration in implementation of START I, and ratification of START II, and discuss problems associated with these treaties, particularly as they affect the three other states with nuclear weapons.
- Present an agenda for expanded cooperation on defense and security issues, with an emphasis on nonproliferation, defense cooperation and cooperative peacekeeping.

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- Express concern about the role of the Russian military still stationed outside the Russian Federation, particularly those troops in the Baltics, Moldova, Georgia and Tadzhikstan.
- Underscore your determination to treat Russia as an equal partner in the discussion of foreign policy issues such as Bosnia, the Middle East Peace Process, Somalia, Iraq and Iran.
- Respond positively to Russian concerns about the fate of the 25 million Russians living in the other republics of the Former Soviet Union, but stress the importance of dealing with this problem peacefully.

## II. BACKGROUND

### Yeltsin's Interests

Yeltsin meets with you in Vancouver after two of the most tumultuous weeks in Russian political life since August 1991, when he first came to power as the leader of Russia's fledgling democracy atop a tank outside the Russian parliament building. He has survived an effort to impeach him and several attempts by the Parliament to strip him of his powers. He has faced numerous challengers -- many of whom would like to be Russia's next president but none of whom have as much personal stature and popular support that Yeltsin retains with the Russian people.

Yeltsin is a survivor of the Communist political system and a consummate politician in Russian terms. He knows what he needs from you in order for the Russian people to regard this summit as a success. As he prepares for the April 25 referendum, he will at all times have at least one eye on how his meeting with you is perceived at home.

The Vancouver summit helps Yeltsin in many ways:

- A trip abroad at this times shows his people and the world that things have settled down at home and he has weathered the crisis.
- He gains in stature from being treated as an equal by the American President -- a perception underscored by the fact that your first meeting abroad with a foreign leader is with the leader of Russia.
- He can blunt the criticism of his foreign policy as being too pro-Western if he can bring home tangible assistance under the mantle of mutual advantage and partnership.

The Context and Content of the Summit

This summit differs from all others in past decades by its emphasis on economic issues. This symbolizes the dramatic turn in U.S.-Russian relations during the past year. No longer adversaries, we now find ourselves as one of the strongest supporters of Russian reforms.

Yeltsin knows that you spoke out strongly in support of expanded aid to Russia one year ago (the precise anniversary of your Annapolis speech on April 1). He is deeply appreciative that during this most recent crisis you never wavered in your support of Russian reform and of his personal role as the leader of the reform process. He will be grateful, but not obligated to you for this. Kozyrev has undoubtedly told him that you are a serious partner who is prepared to offer more than just words in support of reform. But he also is aware that you were elected primarily to be a "domestic issues" president, not to give Russia billions of dollars in new aid.

Yeltsin will wonder how your thinking has evolved on aid to Russia, what you intend to propose to Congress, and whether or not you can bring the G-7 along for a realistic multi-billion dollar multilateral financial assistance package.

Yeltsin must prove to an increasingly skeptical public that reform is the solution to, not the cause of, their economic pain. He will want to know what the United States intends to do to make the pain more bearable and whether you understand how profound the political backlash will be both domestically and in foreign policy if his opponents convince the Russian public that he came to Vancouver with a tin cup or that you failed to take him seriously or to treat Russia as an equal. Nationalism is not only a disease of the Balkans.

If there are any "surprises" at the summit, they most likely will be in the economic area. Yeltsin's advisers have spoken of the need for a "social safety net" costing billions of dollars and Yeltsin may ask you to take charge of the campaign to corral the G-7 (and others) into putting up the money for this as well as for a ruble stabilization fund. As you know, we are considering this idea and you can discuss it in general terms with Yeltsin without making any firm commitments. He may ask for large sums of money for conversion, thus hoping to dismantle the military industrial complex and soften the opposition of the large plant managers and factory workers to his reforms. He not only may want more, but he may want it sooner and without the conditionality which we have always attached.

Security and foreign policy issues will also be an important part of the Vancouver agenda. The security agenda will focus primarily on implementing the deep START reductions negotiated earlier and preventing proliferation of nuclear

and high technology weapon systems of all kinds. Vancouver provides an opportunity to stress to Yeltsin the importance of cooperation and partnership in achieving these important policy goals and to stress the priority of convincing Ukraine to ratify START and the NPT.

You will want to stress that we would like to work with Yeltsin rather than against him in resolving problems in proliferation and that such an approach can be profitable for both sides. Your meetings should emphasize our wish to work together with the Russian defense and military-industrial establishments to develop mutually beneficial contacts.

The only "surprise" in this area may be that we are unable to conclude, as expected, a deal which would give substance to this new cooperative security relationship. This involves the \$9 billion deal to buy highly enriched uranium from the Russians. It is still under active discussion by the American and Russian negotiating teams and might -- but only might -- still come to closure by Saturday.

Another agreement that will not be negotiated by Saturday, but which you can raise with Yeltsin in outline, involves granting Russia access to the commercial space launch market. Thus "space trade agreement," worth at least \$280 million in business to the Russians, is one that they have sought for a long time. It is an important symbol of our acceptance of their high-technology industries on world markets. There are many obstacles, some on our side such as possible job losses, to arriving at a satisfactory agreement.

Our cooperation on foreign policy has been quite good, but we may now be entering a more rocky period. We are pressing for tougher economic sanctions and a no-fly zone in former Yugoslavia and are expecting the Russians to stick with the UN resolutions on Iran and Iraq. The cost of these sanctions to the Russian economy runs in the billions. We will press the Russians to move in tandem with us, but with the April 25 referendum only three weeks away, Yeltsin's priorities will be on shoring up his domestic support.

We should let Yeltsin know we recognize that human rights violations against ethnic Russians have occurred in the states of the former Soviet Union and that the situation of the Russian diaspora warrants close attention. But the corollary -- a unilateral Russian assertion that Russia will act as regional peacekeeper for conflicts on the periphery of the Former Soviet Union -- is one neither we nor the other FSU republics can accept. You should stress the requirement for peaceful resolution of these conflicts and for Yeltsin to gain greater control over the Russian armies located in the new states.

It is important for Yeltsin to understand that we are developing our own relations with all the newly independent states on the basis of mutual interest, but that these will not be at the expense of Russian interests. Our military is eager to expand low-level defense cooperation with the Baltic states and with the other countries. This is a particularly sensitive topic for the Russians and we can tell them we are prepared to go slowly in this area. This is especially true for Ukraine, with which Russian has many disputes over debt, military assets, and the control and possession of nuclear weapons.

#### Your Agenda

You are the first Democratic President to meet with a Russian leader since President Carter met Leonid Brezhnev in June 1979 in Vienna. The Russians will want to know what will be different now that the Republicans are gone -- both in content and in tone. And they will wonder whether it will be good or bad for them. Yeltsin admired George Bush and trusted him. He was clearly anxious after your election that the U.S. might take its eye off Russia due to our economic challenges here at home. He clearly should be buoyed by your support for him during the last two weeks. Still, Yeltsin is an instinctive and emotional politician. What you say to him and how you say it will set the tone of your relationship with him for however long he remains in power.

Despite the problems Russia faces, its need for Western assistance, and the psychological trauma it has suffered in losing both its empire and its national identity, the first point you should be stressing is that this is very much a meeting of equals.

- Russia needs our assistance, but we need Russian reforms to succeed in order to have the resources and the time to reshape our own economy and cut the defense budget.
- Russia needs to strengthen its partnership with us on foreign policy issues because its military can no longer defend Russian interests by threat and brute force. But Russian cooperation is essential to all our efforts at the UN on Yugoslavia, Iraq, North Korea or Somalia. The opportunities for peace in the Middle East, for isolating Qadhafi or Saddam Hussein, for building a broader European security community, are significantly reduced if Russia turns away from us.

-- Russia can no longer threaten us militarily as it once did, but we cannot curb the spread of nuclear technologies or advanced weaponry if Russia decides it is in its national interest to sell rather than to scrap its enormous stockpile of weapons.

You will be able to stress that you have structured your economic program so as to have an immediate, visible impact on those Russians whose support is crucial to the success of reform. Likewise, with the security package, you will be able to emphasize that you are reaching out to the armed forces and to the defense industrial establishment with programs that acknowledge their influence on economic change as well as on political developments in Russia. Finally, you will be able to say that you have energized the G-7 nations to take a more comprehensive, fast-track approach to assistance. You clearly are in this for the long haul and are committed to asking the Congress for additional funds to implement many of the programs developed in the expanded options paper you requested.

You thus will be in a position to suggest to President Yeltsin the importance of working in a "mutually reinforcing way" -- the words of his Foreign Minister when he was in Washington last week. Yeltsin needs to deliver on the changes he promised when he declared presidential rule -- he needs to get the Central Bank under control so that the issuance of credits is checked and the money supply is stabilized. High inflation is killing the Russian economy and no amount of assistance will help if Yeltsin does not meet this challenge. You should tell Yeltsin that you are prepared to help him with technical assistance, with programs that will encourage American trade and investment if he takes the politically difficult steps required to get Russia's finances under control.

The fact that you have energized the G-7 process makes it possible to be responsive to Yeltsin's needs without devoting the whole summit to an explanation of why the U.S. alone cannot meet them. Instead, you will be able to focus the meeting on what we can deliver now and what we hope to deliver in the next few months, alone and in concert with our allies and friends. Yeltsin is likely to appreciate the fact that everything offered in the core package is for real -- no smoke and mirrors and no empty promises. In this case at least, less is more. Your package will directly help the daily lives of the Russian people.

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III. SEQUENCE

You will have four separate meetings with Yeltsin. The first meeting is a lunch with President Yeltsin and Prime Minister Mulroney and a very small group of aides. The afternoon session on Saturday is a one-on-one with notetakers. The third is a working dinner on Saturday evening devoted to economic issues. The fourth is an expanded meeting on Sunday morning dedicated to security and foreign policy issues.

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**MEMORANDUM FROM SECRETARY  
CHRISTOPHER**

**THE SECRETARY OF STATE  
WASHINGTON**

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DECL: OADR

March 31, 1993

**DECLASSIFIED  
PER E.O. 13526**  
2016-0132-M (1.03)  
KBH 1/10/2020

TO: THE PRESIDENT

FROM: Warren Christopher *WC*

SUBJECT: Meeting with President Boris Yeltsin of the Russian Federation

I. SETTING

At Vancouver, you will engage Boris Yeltsin directly on the toughest and most important foreign policy problem of your Presidency -- the ongoing transformation of Russia and its implications for the national security of the United States. Your Annapolis speech will set the stage by signalling your personal commitment to a broad and sustained American commitment to the support of democracy and market economic reform in Russia, despite the budgetary stringencies that we confront. When you meet Yeltsin, the phased approach we have developed will allow you to put a credible and innovative program on the table immediately. But it will also hold out to Yeltsin the prospect of even more substantial support, on both the bilateral and multilateral (G-7) tracks over the next few months. By phasing our support in this fashion, we are also signalling that we expect the Russians to take the economic stabilization steps that will be essential if our support is to be effective.

While economics will hold center stage at Vancouver, you will also need to engage Yeltsin on security and international issues. The Russian political crisis is certain to limit Yeltsin's ability to reach new agreements, even when they would clearly be to Russia's benefit. It will be important to probe the limits of Yeltsin's ability to cooperate with us on politically sensitive issues such as Bosnia and export of missile technology. We also need to open a frank dialogue with the Russians on the behavior of their military forces in some of the other new independent states of the former Soviet Union. These and a host of other questions will not be resolved at Vancouver. With the Russians and in our public

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comment, we need to underscore that Vancouver represents only the beginning of the Clinton Administration's engagement with Russia, and that we are in this for the long haul.

### Yeltsin at Vancouver

Yeltsin has seized the initiative in Russia's gravest political crisis since the collapse of the Soviet Union. His courageous and thus far successful confrontation with the Congress has buoyed supporters and rallied many ordinary Russians.

However, despite the Congress' failure to impeach Yeltsin, the political crisis in Russia is far from over. All eyes will now focus on the April 25 referendum which the Congress has been forced to accept but which it is trying to control by setting the ground rules and the wording of the referendum questions. Yeltsin will ignore these actions of the Congress, setting the stage for a further heating-up of the political atmosphere as the vote approaches. Moreover, it is still not clear whether all of Russia's regions will participate in the plebiscite.

Behind the wrangling over the means of conducting the referendum lie even more intractable disagreements over Russia's future constitution, federal arrangements, and the nature and pace of economic reform. Until now, these issues have been fought out within the confines of the Kremlin and the parliament. This will now change dramatically. The April 25 referendum is supposed to take place in every city, town, and village across the country. The key governing instruments will be Russia's eighty-nine republics and regions which, by law, are responsible for conducting the referendum. It is to these entities -- many of whose governing organs are strongholds of the old guard -- that the battle for Russia's future will turn.

With April 25 looming in the background, the Vancouver summit has assumed extraordinary importance for Yeltsin. Foreign Minister Kozyrev expressed to you Yeltsin's gratitude for the support given him over the past week. Yeltsin will seek to reinforce this support by establishing a personal rapport with you based on a frank and open discussion of the internal situation in Russia. For this reason, the Russians have asked that the meetings be kept small.

Yeltsin will repeat the warning sounded by Kozyrev that Russian economic reform is in a race against time and that, if we and our partners wish to influence the outcome, we must act now to improve Russian economic prospects. He will stress that he and the reformers will not be helped by general promises with the specifics to be defined later. The perception that the West has failed to honor past promises of aid has figured heavily in the Russian political debate -- at one point last week, Yeltsin felt constrained to acknowledge to the Congress that it had been a mistake to rely on U.S. assistance. You can

therefore expect the Russian president to repeat Kozyrev's message that the time has come to pass from intentions to decisions on concrete measures.

You will want to explain to Yeltsin the specifics of our bilateral economic package and our view of prospects for the G-7 process. We expect him to press for an early G-7 summit. We have informed the Russians that this possibility will be on the agenda of the April 13-14 meeting of G-7 foreign and finance ministers in Tokyo. At the same time, it will be important to stress to Yeltsin that a summit that failed to deliver concrete results would do more harm than good to the cause of Russian reform.

In foreign affairs, Russian policy has taken on a more "nationalist" coloration as Yeltsin's hardline critics have pounded him, and Foreign Minister Kozyrev, for being too accommodating to the United States. The deepening domestic crisis has limited Yeltsin's freedom of maneuver even further, especially on issues such as Bosnia and START II that have sparked criticism from the parliament.

On Bosnia, Yeltsin will seek to avoid decisions that could add to his domestic travails. On START II, he will argue that parliament is in no mood now to give the treaty objective consideration and that the ratification debate should be deferred until later this spring or summer -- or, if his April 25 plebiscite succeeds, until there is a new parliament. Yeltsin is likely to note in this connection the strong opposition in parliament to ratifying START II before Ukraine has ratified START I and adhered to the NPT. Even on lesser agreements -- involving highly enriched uranium (HEU) and the safe and secure dismantlement of nuclear weapons (SSD) -- the Russians may be reluctant to come to closure now lest these accords become caught up in domestic political controversy.

Given Yeltsin's commitment to reform and to cooperation with us, it will be in our interest to find ways to work with him in the management of these domestically hot issues. There are certain sensitive matters, however, on which you will need to lay down firm markers.

You will need to urge that Yeltsin agree to our proposal on missile technology control in return for access to the space launch market. Unless this deal is concluded, U.S. law requires sanctions on the Russian enterprises that are selling missile technology to India. This in turn would, absent presidential waiver, lead to a cutoff of funds available under the FREEDOM Support Act.

The second sensitive issue involves the growing involvement of Russian military forces in conflicts in the new independent states of the former Soviet Union. While this involvement has often been undertaken by local commanders without apparent sanction from Moscow, there have been a number of cases where

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- 4 -

it has had Moscow's tacit approval. Yeltsin should understand that Russian failure to respect the independence and territorial integrity of the new states would jeopardize public and Congressional support for him and Russian reform.

In our judgment, both of these issues could best be raised in your initial one-on-one meeting with Yeltsin. The intimacy of this meeting will allow for a freer discussion and greater candor.

## II. TOPICS

- o Stress our strong support for building democracy and market economic reform in Russia and President Yeltsin's leadership in that effort.
- o Stress the importance of an active and effective U.S.-Russian partnership that benefits both sides.
- o Emphasize the importance we attach to the economic agenda and outline a package of bilateral assistance measures, explaining to Yeltsin that, while we believe this package is substantial, we are prepared to go to Congress and the American people to seek additional funding.
- o Stress the importance of GOR cooperation with the G-7 to put a package of macroeconomic assistance in place and to adopt economic policies to make it effective. The ability of the G-7 to provide support is linked to the GOR's ability to stabilize its economy.
- o Express appreciation for Russia's willingness to work closely with us, bilaterally and at the UN, in seeking a negotiated settlement to end a number of regional conflicts, including those in the Middle East and ex-Yugoslavia.
- o Seek Yeltsin's cooperation on a number of arms control issues, including the sharing of HEU proceeds and draft security assurances for Ukraine.
- o  Propose that, as soon as Ukraine ratifies START, the U.S. and Russia call a "Lisbon II" foreign ministers meeting to exchange instruments of ratification, provide security assurances, and discuss implementation of the treaty. The forum would continue to meet periodically.
- o Stress the importance of non-proliferation and press for Russian agreement to our proposal on the control of missile technology.
- o Express concern regarding certain Russian military actions in the new independent states of the former Soviet Union.

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MEMORANDUM FROM  
SECRETARY ASPIN

~~CONFIDENTIAL~~



THE SECRETARY OF DEFENSE  
WASHINGTON, THE DISTRICT OF COLUMBIA

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M (1.80)  
2/27/2017 KBH

MEMORANDUM FOR THE PRESIDENT

31 MAR 1993

SUBJECT: Thickening Our Defense Relationship With The Russian Armed Forces

At our meeting earlier today, you asked for more information on our effort to intensify defense cooperation with Russia. As you observed, the Russian military is the single most important hinge on which the future of Russian reform will swing. If the military leadership there had supported the 1991 coup attempt, we would be dealing now with a very different Russia, with all that would mean for your efforts to concentrate on our domestic economy, reduce the defense budget, and bring down the deficit. As I said in my budget presentation to the Congress, the future of Russia represents the dominant variable in defining US defense requirements for the this decade and beyond. Russia's military is the institution whose acquiescence in reform is a necessary condition for continuation, whose skepticism about alternatives is the most powerful deterrent.

This memorandum begins by trying to give you a sense of the state of mind of the senior leadership of the Russian Armed Forces. It then describes the general strategy we at DOD are pursuing to engage this critical constituency; outlines the specific activities we now have underway in this regard; and suggests further steps we might take. I have attached talking points on this subject that you might use with President Yeltsin.

1. Where is the Russian Army today? Russian officers are very unhappy campers. They spent nearly all of their professional lives in the communist system which in their eyes gave them the noble mission of defending the motherland; offered them prestige within the society; and provided a comfortable standard of living for them and their families. That world has collapsed. Their empire was lost. Their country was dismembered. Their old political and economic systems were condemned and transformed. Their military profession became reviled. And now they are forced to struggle to keep their families fed, clothed, and housed.

At the same time, it has become a major challenge for them to practice their military craft. Massive downsizing is occurring with little planning and less thought. Political support for the Armed Forces is low. Conscription is failing. Readiness has disintegrated. Tens of thousands of Russian officers are without housing. Many local commanders have trouble feeding the troops. Discipline in the ranks is breaking down. Command and control is weakening. Corruption within the military is endemic. Inflation has made their pensions worthless. (At the official exchange rate, a US Colonel's salary exceeds that of the cumulative salaries of a Russian motorized rifle battalion). Ukraine threatens to become a nuclear weapons state. Civil wars rage on Russia's borders. And America crows that it won

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the Cold War. Little wonder that Yeltsin worries that these officers will become so fed up that they will put an end to Russia's fledgling democratic experiment.

2. What is our strategy? Engaging senior Russian military leadership in ways that create for them real stakes in a cooperative US-Russian relationship is a principal strategic objective of your Pentagon. We seek to build on the military-to-military contacts of recent years towards a real partnership between our two defense establishments at all levels. We want to win their hearts, minds, and guts. Central truths we want them to feel in their bones: (1) the US recognizes and respects Russia as a great nation and great power (we are anti-Communist but pro-Russian); (2) we do not regard them as our enemy and don't want them to think of us as an enemy; (3) we genuinely want them to succeed and are eager to cooperate with them to that end; and (4) cooperation with the US offers their best/only hope for reconstruction of a Russia of which they can be proud patriots.

As you would expect, the Cold War habits of the Russian Armed Services are not easy to break and the process will be a long one. On January 21, I sent a letter to Grachev reiterating an invitation for him to visit the US. His Commander in Chief, Russian Ground Forces, spent a week with Army Chief of Staff Sullivan in February. At the end of his visit General Semynov summarized his impressions in a phrase: "We want to be like you." At the professional-to-professional level Russia's military see their American counterparts as the model of success. These are examples of a strategy of "bonding." We want a thick substantive relationship in which we really get to know the top two dozen Russian general officers, then the top hundred, then the top thousand up and comers. We want to extend from intense personal engagement to ongoing joint activity like joint exercises in peacekeeping and other "new-world missions" as Chairman Powell says. This activity can both help them define rewarding roles for themselves and create continuing equities in cooperation. And we want to complement high-level relationships with much larger numbers of mid-level officers of all Russian services, who represent the future of the Russian military and whose orientations are also of great importance to our future defense relationship.

We had hoped to sign a Memorandum of Understanding that you and President Yeltsin could announce at Vancouver authorizing more than a dozen areas of cooperation between our two Defense Departments and militaries. On Monday in Brussels Grachev told Bill Perry he would not be attending the Summit because he and Yeltsin could not be out of the country at the same time. He proposed that the MOU should therefore be signed when Grachev makes an official visit to the United States in June. Nevertheless, we are pressing ahead with attempts to arrange joint peacekeeping exercises, search and rescue exercises, visits here by senior Russian generals, joint staff talks, staff talks between the respective services, and a variety of officer exchanges, including young cadets from the service academies. And I am trying to arrange an informal meeting with Grachev in the next six weeks to see if I can forge a personal relationship with him in order to

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make all these steps easier on the Russian side.

As for the future, we need to do more -- a lot more. We have \$9 million this fiscal year in Nunn-Lugar funds to use for this purpose and plan to send two or three times that much next year in order to thicken the defense-defense relationship between the US and Russia. In addition to increasing the frequency and intensity of the initiatives listed above, subjects we need to pursue with the Russian military leadership in a systematic way include problems in force structure downsizing; trade-offs between procurement and readiness; military doctrine; defense conversion; nuclear dismantlement and the future of nuclear weapons; dealing with violent ethnic disputes; UN peacekeeping; the future of European security institutions and especially NATO; the proliferation of weapons of mass destruction; and the dangers of Islamic extremism. The vehicles for this would be regular and frequent conversations between the Defense Ministers, Chairmen, Service Chiefs, senior OSD officials, as well as the staff talks mentioned above.

In addition, we could help much more substantially than is now planned for the Vancouver summit to assist with construction of housing for Russian officers; take part in training their personnel who are leaving the military including those who wish to become farmers; and provide loans especially directed at Russian officers who seek to get a start in the private sector. Finally, we need to get more US non-governmental organizations such as universities and think tanks to mount their own programs to increase interaction with the Russian military.

One caution concerns how we package our efforts at cooperation. The Russian military is a proud organization with a long history. They will not accept charity -- or what they perceive as charity -- from the United States. We need to present our proposals in ways that do not insult or damage the tenuous ego and self-esteem of the Russian officer corps. We want to emphasize joint programs, joint activities, and a true cooperative partnership.

None of this will be easy. The Russian military leadership is living through Hurricane Andrew every day. It is very hard to get their attention and keep it long enough to accomplish anything. They have many misperceptions about the United States that have to be overcome. But we must try to engage them with purpose, focus, energy and stamina. For if we do not, we will increase the chances that one day, they will go over to the other side in the ongoing Russian revolution.

Attachment  
as stated

LA

**SUMMARY OF KEY POINTS  
FOR SUMMIT**

POINTS TO BE MADE FOR SUMMIT MEETING WITH  
RUSSIAN PRESIDENT YELTSIN

KEY POINTS FOR DISCUSSION

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M(1.05)  
KBH 1/10/2020

BILATERAL MEETING WITH PRIME MINISTER MULRONEY

- Discuss objectives for the Yeltsin meeting, particularly the next steps in the G-7 process.
- Assure Mulroney of your determination to secure Congressional approval of the NAFTA package -- the agreement and the supplementary agreements.

TRILATERAL LUNCH

- Discuss U.S. and Canadian support for Yeltsin's reform program.
- Ensure Yeltsin's expectations for bilateral and G-7 assistance match realistic expectations.

ONE-ON-ONE MEETING (BILATERAL ISSUES)

- Discuss importance of close U.S.-Russian relations.
- Review U.S. economic support efforts for Russia.
- Agree on the summit agenda of issues.
- Discuss privately five sensitive issues for Yeltsin, Georgia, troop withdrawals from the Baltics, a strategic dialogue, relations with his military and Russian protection of minorities in the "near abroad."
- Discuss with Yeltsin the political crisis in Russia.
- Discuss three areas of special interest to American people, Congressional exchange (and Gephardt trip), American POWs/MIAs in Russia, issues of concern to Jewish community.

WORKING DINNER (ECONOMIC ISSUES)

- Express our strong desire to expand economic ties, bilateral and multilateral.
- Present our two-phase bilateral assistance program.
- Discuss G-7 efforts to support reform.

SUNDAY BILATERAL MEETING (SECURITY AND FOREIGN POLICY ISSUES)

Security Issues.

- Discuss the defense and security goals we have in common: deep reductions in nuclear weapons, success of nonproliferation efforts, enhanced stability of Europe and Asia, and conversion of military assets to civilian uses.
- Strongly reiterate that achieving the denuclearization of Ukraine, Belarus, and Kazakhstan is our first priority.
- Underscore our commitment to counter proliferation of nuclear, chemical, biological weapons and their delivery systems.
- Emphasize our eagerness to work in partnership, especially on defense cooperation projects that will create opportunities for our military establishments to work in tandem.

Foreign Policy Issues.

- Highlight particular crises (Bosnia, Iraq, Iran, Middle East), express appreciation for Russian cooperation, and discuss Russian relations with the newly independent states where we see the potential for differences.
- Discuss foreign policy issues of concern, including Cuba and Armenia.

SUMMIT SCHEDULE

Summit Schedule

To Be Provided

**CONTINGENCY ARRIVAL  
STATEMENT**

# **STATEMENT OF PRESIDENT WILLIAM J. CLINTON MEETING WITH RUSSIAN PRESIDENT BORIS YELTSIN**

## **ARRIVAL STATEMENT**

[Contingency only: none planned]

[Note: -- Mulroney will be present for presidential arrival; Yeltsin will not]

Mr. Prime Minister, it is a great honor and pleasure for me to be here in Canada for my first visit outside the United States since taking office. It was fitting that my first visit with a head of state after taking office was with the Canadian Prime Minister, and it is equally fitting that my first presidential trip abroad is to Canadian soil.

The United States and Canada have a special relationship that goes beyond our bonds of geography, history, and culture. We have the world's longest undefended common border. We are two of the world's largest democracies. Our long history of peaceful relations is a testament to the benefits that democracy bestows, not only on its own people, but on its neighbors as well.

I want to thank the Prime Minister for welcoming us to Canada's shores. Canada has hosted historic summits in the past. I think, in particular, of meetings between President Franklin Roosevelt and Prime Minister Winston Churchill. This is an historic summit as well, for it is the first time Canada will host a meeting between an American president and a freely elected leader of the Russian people.

For President Yeltsin is the first democratically elected ruler in Russia's thousand-year history. He stood against five rival candidates in June 1991 and was chosen by the Russian people in a landslide. None of us will ever forget the courageous image of Boris Yeltsin standing atop that tank in August 1991 to lead the Russian people against an attempted coup. None of us can overlook the courageous leadership he has shown since then in helping to move Russia toward democracy and a market economy.

President Yeltsin's leadership for change has been founded on a bedrock faith that we in the United States and Canada share: a faith that the authority and energy for governance and change must be derived from the people. Today, we stand by President Yeltsin and all reformers in Russia and the other newly independent states who are committed to democracy, market economies, respect for human rights, and peaceful co-existence with their neighbors and the global community.

The success of those reforms is a first-order concern to the United States, and must be for all other industrialized nations as well. For there are enormous opportunities for all of us if Russia and her neighbors successfully move toward democracy and market economies. It could dramatically improve our security. It could strengthen our ability to make progress against a range of common security concerns, from weapons proliferation to the degradation of the global environment. And over time those reforms could make a substantial contribution to global prosperity, as Russia and her neighbors translate their vast natural and human resources into renewed economic growth and vitality. In short, if we can help

Russia's reformers succeed, we will have built the foundation for lasting security into the 21st century.

President Yeltsin and I have an ambitious agenda for the next two days. We will discuss the broad range of topics in the U.S.-Russia relationship. We will review the arms control and other security agreements between our countries and discuss key regional issues such as the ongoing crisis in Bosnia. We will also talk about specific ways the U.S. and other nations can foster democracy and a market economy in Russia. In particular, we will discuss how we can work together to ensure the success of the current G-7 effort to support Russian reform.

Mr. Prime Minister -- I want to thank you personally for offering to host this summit meeting in Canada's spectacular city of Vancouver. This west coast setting reminds us that easternmost Russia is only a few miles from our continent. Our three countries are close neighbors, and as neighbors we must cooperate.

I look forward to meeting with President Yeltsin in about an hour from now. I also look forward to seeing this scenic part of Canada and meeting its people over the next two days. Thank you.

**BILATERAL WITH PM MULRONEY**

# SCOPE PAPER

THE WHITE HOUSE  
WASHINGTON

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M(1.06)  
KBM 1/10/2020

MEETING WITH  
CANADIAN PRIME MINISTER BRIAN MULRONEY

DATE: April 3, 1993  
LOCATION: University President's Residence  
TIME: 11:10 a.m. - 11:30 a.m.

I. PURPOSE

To consult on a common approach to Russia, and to review briefly key bilateral and international issues.

KEY POINTS

- Discuss the objectives for the Yeltsin meeting, including next steps in the G-7 process.
- Outline steps you will consider taking to implement a Vance/Owen settlement in Bosnia.
- Stress your determination to secure Congressional approval of the NAFTA package including supplementary agreements.
- Tell Mulroney that U.S. law provides little discretion on the softwood lumber countervailing duty case.
- Deflect Mulroney's request for a farewell White House meeting in May.
- Reiterate your concern about the Windy Craggy Copper Mine project and the need to resolve the Victoria municipal sewage issue.

II. BACKGROUND

Brian Mulroney is pleased that his role in hosting the Vancouver summit extends beyond greeting you and President Yeltsin and includes bilateral meetings and a trilateral lunch. (In addition to these events, Secretary Christopher will meet with Mulroney on Friday evening.) This visibility not only allows him to project himself as "elder statesman" in his waning days as Prime Minister, but it resonates well with a Canadian public which has long memories: during World War II Canada hosted -- but played no role -- in a series of historic meetings between President Roosevelt and Prime Minister Churchill.

Next to the summit, you will find Canadians seized by electoral politics. With a new Prime Minister set to take office in June, and federal elections which must be held no

later than December 12, the country has turned its attention away from its ever-present and increasingly insoluble unity question. Even the economy has receded as an issue, due to the arrival of the long awaited recovery. (The growth rate for 1993 is projected at 3.5 percent -- fueled in part by an increase in exports to the U.S. -- and unemployment levels are finally declining, standing at 10.8 percent.) Although Mulroney carefully stage-managed his resignation, even he has been surprised by the rapid onset of lame duck status. His successor will be chosen in a Conservative Party leadership conference in June, in which many of the party stalwarts refuse to run. The field is thus wide open to 48-year old Defense Minister (and former Justice Minister) Kim Campbell. She is expected to be selected for leadership of the party in June and to be voted in by the Parliament's Conservative majority. You can fully expect that within two months, you will be dealing with Canada's first female Prime Minister. Since Mulroney's announced resignation, the Conservative Party has surged in the polls to a lead of 18 points over the liberals. If the polling numbers hold, a Conservative win in the fall will secure for Campbell a five-year term in her own right.

#### Russia

Given time constraints, the meeting will be devoted almost exclusively to Russia. Having hosted Yeltsin twice before and having met him at the G-7 Summit in Munich last year, Mulroney has taken a measure of the man and the herculean tasks he faces. Mulroney claimed recently that Canada was second only to the FRG in providing assistance -- although most of the aid (\$2 billion) came in the form of agricultural credits.

Like your Administration and the British Government, Mulroney is anxious to help Russia on a micro-level, while leaving macro-economic assistance to the G-7 process. In his March 29 letter to you, he outlined several bilateral initiatives he intends to announce following his meeting with Yeltsin. His proposals include the release of 477,000 tons of wheat out of the one million tons agreed to during Yeltsin's June 1992 visit to Ottawa (held up because of repayment problems) and \$150 million in technical and humanitarian assistance. Mulroney also suggested several steps to strengthen G-7 efforts to help Russia: an interim process (e.g., outside mediation) to help resolve the Russo-Japanese islands dispute, gradually bringing Russia into the G-7, and holding twice yearly G-7 ministers meetings with Russia and the heads of the key international financial institutions.

On the Northern Territories, Japan has told us it does not desire mediation. We believe Japan is ready to step up to the assistance plate if we pay attention to its sensitivities as the G-7 Chair. It would be wise to resist for now any attempt to make Russia into a permanent eighth member of the G-7. Mulroney does have a good idea, however, in holding twice-yearly consultations.

Although an advocate of an extraordinary G-7 Heads of Government Summit, Mulroney understands the need to bring the Japanese along, as well as the danger of heightened expectations which such a summit would carry. A Summit which failed to match these expectations would strengthen Yeltsin's critics in accusing him of acquiescing in the transformation of Russia from superpower to superpauper.

We recommend you reiterate the importance of making substantive progress in the G-7 leading up to the April meeting of foreign and finance ministers, and that you would consider a special G-7 Heads of State Summit if that would be an appropriate follow-on to the Tokyo Ministerial.

#### Bosnia

With 2,400 Canadian peacekeepers in the Former Yugoslavia (divided evenly between Croatia and Bosnia) Mulroney will want to know your thinking on implementation of Vance/Owen, including what steps you are considering in the event the Bosnian Serbs do not sign the agreement. He will also be interested in hearing how you intend to pursue cooperation with Yeltsin in implementing an agreement. Many allies are hesitant to begin implementation until they see whether the Serbs mean to comply. We share their concern and our own view has not yet solidified. On the other hand SACEUR believes that success or failure of implementation would be determined during the first day and weeks and that rapid deployment of the implementation force was therefore critical.

To date, our public position has been to reiterate the February 10 formulation (that we are prepared to join with the UN, NATO and others to help implement and enforce and agreement, including possible military participation). Planning has been underway in NATO that could involve a Division or more of U.S. troops - but in view of the fact that we have not yet publicly committed to U.S. ground forces, we recommend you deflect his pressure to say at this point what we will do. On Russian cooperation, we recommend you stress the need to balance Russian support -- including pressure on the Serbs -- against the political challenges to Yeltsin at home.

#### NAFTA

Time permitting, Mulroney may ask you for your game plan on NAFTA. The Canadian government presented the agreement to their parliament on February 25, and Mulroney wants it passed so that it does not become an election issue in the fall. (The polls show two-thirds of the Canadian public are opposed.) While the Canadians have been working with us and the Mexicans on environment, labor and import surge issues, they worry that you will not take an aggressive stand in getting the Congress to ratify the agreement. We recommend you tell Mulroney that you will remain fully engaged in pressing for ratification of NAFTA once the package

(implementing legislation and supplemental agreements) is completed and submitted to the Congress.

#### SOFTWOOD LUMBER

Since the summit is being held in British Columbia, Mulroney may feel compelled to raise our long-standing trade dispute over softwood lumber. The softwood lumber industry has strong domestic constituencies in both countries. Following Canadian abrogation of our Memorandum of Understanding in September 1991, the U.S. initiated a countervailing duty case against Canadian under-pricing of timber. Canadian companies resented this action, although the industry is improving due to skyrocketing lumber prices. Canada appealed our action to FTA panels, which will rule in May or June. Without getting into detail, we recommend you stress that U.S. law provides little discretion on this issue.

#### FAREWELL VISIT TO WASHINGTON

Mulroney's office has asked whether it would be possible for him to pay a farewell call on you at the White House (May 23 or 24) as part of his farewell tour to key Western capitals. Canadian preference is for a small, personal lunch and a tour d'horizon. Given the fact that you will have met twice with Mulroney in three months, we recommend that you give Mulroney a non-committal answer for the present.

#### ENVIRONMENT: WINDY CRAGGY COPPER MINE AND VICTORIA MUNICIPAL SEWAGE ISSUE

Given the setting for your summit, two environmental issues may come up: the Windy Craggy Copper Mine project and the Victoria municipal sewage issue. Windy Craggy came up in your February 5 luncheon with Mulroney. The Vice President is on record as opposing the mine as it borders on North America's premier wilderness area (including Glacier Bay park), and British Columbia has suspended the mine permit process until it decides whether mining is an appropriate activity in the Windy Craggy area. You may want to tell Mulroney that the U.S. will continue to make the case against the project, and may take it to the International Joint Commission (a bi-national, semi-autonomous body established by the U.S.-Canada Boundary Waters Treaty of 1909).

On the Victoria Municipal sewage issue, Victoria discharges untreated municipal sewage into the strait of Juan de Fuca opposite Washington State -- while, at the same time, Washington State municipalities on Puget Sound have built primary and secondary sewage treatment plants. The Canadian government is trying to force Victoria to meet national sewage standards. We recommend you tell Mulroney that this is a big issue in the northwest, particularly given the burden on local American taxpayers who are doing their fair share to keep the Sound clean.

## TALKING POINTS

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TALKING POINTS TO BE MADE FOR MEETING WITH  
PRIME MINISTER BRIAN MULRONEY

DECLASSIFIED  
FER E.O. 13526  
2016-0132-M (1.07)  
KBM 1/10/2020

RUSSIA

- Your bilateral initiatives should help Yeltsin.
- On the G-7, I appreciate your close cooperation. We need to explore ways to strengthen G-7 efforts. Keeping Japan on board is essential.
- I actually think that Japan will contribute to the G-7 package without mediation on the Northern Territories. We understand Japan does not favor mediation.
- We should wait until the foreign and finance ministers meet in Tokyo before deciding on an early summit. If we hold an early summit, we should be prepared to offer concrete assistance.
- We should wait until the foreign and finance ministers meet in Tokyo before deciding on an early summit. If we hold an early summit, we should be prepared to offer concrete assistance.
- As for your ideas on integrating Russia into the G-7, I think it would be wise to wait before making any decision. That would be a big step, and we cannot be sure now that Russia is ready for it.

BOSNIA

- I do agree with you, however, that we should hold twice-yearly review meetings on Russia with Russian participation. That would be an excellent way to assure the G-7 stays firmly focussed on Russia.
- The important thing now is to get the Serbs to come to an agreement in New York.
- NATO planning continues on Vance/Owen implementation. We want to balance effective implementation with safety for the forces.

(IF RAISED)

- We have made no final decisions on what our contributions will be.
- I also hope to obtain Russian involvement, which may prove difficult given Yeltsin's problems at home.

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NAFTA

- We will submit the NAFTA implementing legislation to Congress when we complete the supplemental agreements. These side agreements are necessary to ensure passage in Congress.
- I will be fully engaged in pressing for NAFTA ratification when the package is complete and submitted to Congress.

SOFTWOOD LUMBER (If Raised)

- Our laws provide me little discretion. Let's see what the FTA panels decide in the spring.

WASHINGTON VISIT (If Raised)

- It may be difficult with my schedule prior to the G-7 summit in July but I will get back to you.

WINDY CRAGGY COPPER MINE

- We have serious concerns about the possible impact of the mine on the environment in the state of Alaska.
- If the Government of British Columbia decides to approve the mining, we may ask you to join us in referring the issue to the International Joint Commission for review.

VICTORIA MUNICIPAL SEWAGE ISSUE

- Washington residents are doing their fair share to pay for sewage treatment on Puget Sound. We hope that you can persuade the Victoria Municipality to do the same.

**TRILATERAL LUNCH**

# SCOPE PAPER

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED  
FER E.O. 13526

2016-0132-M (1.08)  
KBM 1/10/2020

TRILATERAL LUNCH WITH  
PRESIDENT YELTSIN AND PRIME MINISTER MULRONEY

DATE: April 3, 1993  
LOCATION: University President's Residence  
TIME: 11:55 a.m. - 1:00 p.m.

I. PURPOSE

To review the internal Russian political situation with President Yeltsin and to express, with Prime Minister Mulroney, western support Russia.

KEY POINTS (In suggested order of discussion)

- Review the the internal political situation in Russia.
- Discuss U.S. and Canadian support for Russia's reforms.
- Ensure that Yeltsin's expectations for G-7 assistance match realistic prospects.

II. BACKGROUND

The lunch is an opportunity to discuss informally the internal political situation in Russia. Prime Minister Mulroney had a short meeting with Yeltsin earlier in the day and probably will have discussed some aspects of the political crisis at that time.

Prime Minister Mulroney's participation in the lunch provides a good occasion to discuss G-7 assistance to Russia. Mulroney is concerned that Yelting's expectations for G-7 assistance may be unrealistic. He will most likely strive to ensure that Russian expectations are in line with what we will be able to deliver. Mulroney puts a premium on consulting with Russia on this matter. You may want to outline your own thoughts on the scope and focus of G-7 assistance and how this meshes with Yeltsin's thoughts.

## TALKING POINTS

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POINTS TO BE MADE FOR TRILATERAL LUNCH WITH  
PRESIDENT YELTSIN AND PRIME MINISTER MULRONEY

-- We have a lot to discuss this weekend, and I'm pleased we are beginning by sitting down together to talk about Russian reform and what we can do to help.

G-7 Assistance

-- Prime Minister Mulroney and I have consulted together and with Kohl, Major, and Mitterrand on how we can best help you and Russia stay the course of reform.

-- As you know, we have called for a Foreign/Finance Ministers meeting in Tokyo on April 14-15. We are working to have an economic support package ready to announce at that time.

-- Our goal is a substantial package which will have some immediate impact on the progress of Russian reform.

-- We are sensitive to the problems created by the Russian peoples' disappointment over last year's \$24 billion package. I am determined to meet the commitments we make this year.

-- What are your thoughts on the most important things we can do for you?

-- I know you realize this is a two-way street: you are working for progress on reforms and introducing a strong stabilization program to address your economic problems; we are working to support you if these reforms are made.

-- But we won't be able to generate effective support for you and your program without a sustained stabilization program.

-- We know this is a critically important time for you. We support your reforms.

-- It will be imperative to have your government work closely with the G-7 countries and the IFIs in the weeks ahead as we develop the economic support package.

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2016-0132-M (1.09)  
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**ONE-ON-ONE MEETING  
WITH PRESIDENT YELTSIN**

# SCOPE PAPER

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THE WHITE HOUSE  
WASHINGTON

DECLASSIFIED  
FER E.O. 13526  
2016-0132-M (1.10)  
KBM 1/10/2020

ONE-ON-ONE MEETING WITH PRESIDENT BORIS YELTSIN

DATE: April 3, 1993  
LOCATION: University President's Residence  
TIME: 1:20 p.m. - 3:00 p.m.

PURPOSE

To discuss with Yeltsin your desire for a close U.S.-Russia partnership and to review the most important and sensitive issues on our agenda.

**KEY POINTS** (In suggested order of discussion)

**Express your hope for the closest possible U.S.-Russia relationship.**

- Russia is the top U.S. foreign policy priority; you intend to keep in close personal contact with Yeltsin.
- Appointments of Tom Pickering and Strobe Talbott demonstrate our keen interest in stronger ties.

**Review U.S. economic support efforts for Russia.**

- You should stress your determination to stay engaged in support for Russia.
- You might review briefly the core package -- \$1.6 billion -- and say you can provide more details at the working dinner.
- You should also tell Yeltsin about your intention to call for a much larger supplemental package at the Sunday press conference and to work with the G-7 on a multilateral package.

**Review the summit agenda of issues to be discussed.**

- Suggest the working dinner focus on economic issues, and the Sunday session on security and foreign policy issues.

**Discuss privately five sensitive issues for Yeltsin, Georgia, troop withdrawals from the Baltics, a strategic dialogue, relations with his military and Russian protection of minorities in the "near abroad."**

- On foreign policy, warn Yeltsin about Russian military involvement in Georgia and necessity to complete troop withdrawals in the Baltic countries.

CONFIDENTIAL

Declassify on: OADR

- Propose a strategic dialogue with Russia through a high-level group chaired on the U.S. side by Strobe Talbott.
- Offer U.S. support for Russian military, including increased exchanges between our militaries, both to build confidence and to underscore need for civilian control of the military.
- Recognize Russian interest in protecting Russian minorities in other republics but let Yeltsin know we cannot accept Russia's right of intervention in the region.

**Discuss with Yeltsin the political crisis in Russia.**

- Draw him out on the future of reform and the referendum.

**Discuss three areas of special interest to American people, Congressional exchange (and Gephardt trip), American POWs/MIAs in Russia, issues of concern to Jewish community.**

- Mention the Gephardt Congressional delegation that will be in Moscow upon Yeltsin's return and emphasize how closely you will work with Congress. Offer to expand Congressional exchanges.
- Press Yeltsin to intervene into military intelligence bureaucracy to provide any information on American MIA/POW's in Russia.
- Raise continuing incidents of antisemitism, need to resolve outstanding refuseable cases, and request of Lubavitcher community for return of their historical book collections in Moscow.

## TALKING POINTS

~~SECRET~~

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M (1.11)  
KBH 1/10/2020

POINTS TO BE MADE FOR  
ONE-ON-ONE MEETING WITH PRESIDENT YELTSIN

TO PRESS YOUR HOPE FOR THE CLOSEST POSSIBLE U.S.-RUSSIA RELATIONS

- I am delighted to meet with you, especially since I know how difficult it must have been to leave Moscow at this time.
- It is no coincidence that my first foreign trip as President is to a U.S.-Russia summit. Russia is the top foreign policy issue for the United States and will remain so for many years.
- And I want very much to develop the closest possible relations with you:
  - I hope we can remain in close personal contact. I will let you know when I think there is something important to discuss.
  - I have appointed Tom Pickering to be our next Ambassador and he will arrive as soon as he can be confirmed by the Senate. It is a pleasure to introduce you to him.
    - He is our finest career diplomat and, although not a Russia specialist, the best person we could send at this critical time.
    - I hope you will be able to form with Pickering a very close working relationship.
  - I have also appointed Strobe Talbott, a close friend and one of America's most accomplished Russia experts, to be my top policy advisor in Washington on Russia and the other newly independent states.

U.S. ECONOMIC SUPPORT FOR RUSSIA

- I know that some in Russia were worried that the change of governments in Washington would lead to a downgrading of our attention and our ability to help your reforms.
- Let me assure you, I am fully committed to ensuring the success of reforms. This is not a partisan issue, but rather one that is vital to the American people.

~~SECRET~~

Declassify on: OADR

- We are paying close attention to events in Russia, and I will continue to speak out in support of your reform effort. On Thursday, I gave a major speech on this subject which I hope you have seen. We had the speech translated and broadcast in Russian.
- I am building a case with the Congress and the public that the United States and our allies must do much more to support your market reforms and democracy.
  - How much support we are able to provide, and how much the G-7 countries will be able to provide will depend on how rapidly your reforms proceed. We are particularly concerned about the high inflation rate, and the way it leads to capital flight which renders our aid ineffective.
  - We are working to insure that as soon as you are able to put the growth of credit under control, the international financial institutions will be able to provide billions of dollars in cash assistance.
  - As you know, we will discuss tonight the U.S. economic package we have developed to support you.
  - It is a good package -- \$1.6 billion in total -- focussed on some of your most important priorities such as privatization, small business creation, technical training, and \$700 million in concessional loans for food sales.
  - I am pleased to say the food sales will start this month, a step I hope will be very helpful.
- But I am convinced that the U.S. can and should do more. I will thus announce at our press conference tomorrow my intention to develop a second, larger package of support, in addition to the \$1.6 billion.
  - I will begin consultations with the Congress on additional programs for Russia and the other countries of the former USSR for this fiscal year (1993).
  - This will be difficult for me politically, and will not be easy to attain.
  - But I'm convinced we are doing the right thing for the U.S. and for Russia and that the American people will support this important effort.

AGENDA FOR THE SUMMIT MEETING

- I'm hopeful we can cover three important issues during the next two days:
- We would like to discuss economic issues at the Working Dinner tonight -- I'll spend more time filling you in on our economic package and soliciting your views on further aid.
  - And I want to discuss with you ways of assuring that all the aid that is available is effectively used and reaches the Russian people.
  - We should also discuss the G-7's efforts to assist Russia if you can sustain your financial stabilization program.
- On Sunday I propose discussing security including START ratification, denuclearization and non-proliferation, and foreign policy issues, including the former Yugoslavia, Iraq, the Middle East, Armenia and Cuba.

Discuss Privately Five Sensitive Issues for Yeltsin: Georgia, Baltic Troop Withdrawal, a Strategic Dialogue, U.S. Support for the Military and the Russian Role in Protection of Russian Minorities in the Nations of the CIS.

Georgia

- We are concerned that the Russian military's activities in Georgia threaten to de-stabilize the Shevardnadze government.
- We believe Shevardnadze is doing his best to stabilize the situation in Georgia and ask you to do all you can to keep the Russian military there from any military activities that could heighten tensions between Georgia and Russia.

Russian Troops in the Baltics

- We are also very hopeful that your troop withdrawals from the Baltic countries will continue and be completed as soon as possible.
- This issue is of great concern to our Congress. Any setbacks on troop withdrawals could have a negative impact on my attempt to seek more assistance for Russia.

Strategic Dialogue

- Our people have discussed the creation of a high-level group to conduct a continuous dialogue on all these issues.
- I would suggest we get this group started soon to discuss some of these sensitive issues, and assure there is good communication between us.

-- Strobe Talbott will chair the U.S. side.

U.S. Support for the Russian Military

-- Both our countries face reductions in our military forces and must work to ensure that the needs of those departing the military are met.

-- The Russian army has distinguished itself by its commitment to stay out of politics. I know that the conditions under which they live are very difficult and that they are having a hard time finding new jobs and living arrangements as the withdrawals from the new independent states continues.

-- We are already providing some assistance in housing. But are there additional ways for us to help improve the economic conditions of the soldiers and officers. Should our future assistance be targeted more on improving their living conditions and, if so, how?

-- There is another avenue for cooperation as well -- to expand our military-to-military exchanges. Admiral Crowe has been very helpful to me. As you know, he was one of the first to meet with your military. Our Defense Department is working on ways to expand contacts and to work together in such areas as peacekeeping and disaster relief. These new missions are very important, as are discussions on military doctrine and, possibly, some joint training. How will your military respond to these ideas?

Russia's role in the Protection of Russian Minorities in "near abroad."

-- I understand one of your greatest challenges is your relations with the new states of the former USSR, your "near abroad." On the whole, we believe Russia has acted responsibly in very difficult conditions.

-- We recognize that Russia has important interests in this region, including the well-being of Russian minorities.

-- We want to work to protect their rights through international organizations such as the UN and the CSCE. But we cannot accept a Russian right of unilateral intervention in the region.

POLITICAL CRISIS IN RUSSIA

-- I am greatly interested in events in Russia. I know this is a difficult time for you but I would appreciate your view of the situation.

-- We will remain supportive of you and the reform movement.

- It was very important for international opinion that you specified the continuation of civil liberties and of a cooperative foreign policy.
- It is also a good sign that the military remained outside of politics.
- We do not want to interfere, and will continue to avoid public judgments about the ups and downs of Russian politics.
- But I do think it is most appropriate that you have decided to take your case to the Russian people. In a democracy, it is the people who must decide their fate.
- I would welcome your views on how you see events unfolding now after the conclusion of the Congress. Will the referendum provide a way out of the crisis? Will there be new elections sometime soon?
- In the meantime, will you be able to move ahead with the economic reforms Minister Fedorov outlined at the G-7 meeting?

#### **Issues of Special concern to the American People**

##### MIA/POW's

- I strongly support the work of the joint commission looking into the future of American MIA/POW's who may have disappeared in Russia.
- We have had good cooperation from General Volkogonov, but I am told by the Russian side that the military intelligence bureaucracy is not giving your commission all the information it needs.
- I hope you can personally intervene to help get the information released.
- I also want to let you know that we are doing what we can to help learn about the fate of Russian POW's in Afghanistan and help secure their release. This is a painful issue for both of us.

##### Gephardt Trip, Congressional Exchanges

- Our Congress is interested in expanding contacts with your Parliament.
- Indeed, a delegation led by Dick Gephardt will be in Moscow next week. I think an expansion in contacts could serve a useful purpose, particularly if it were to strengthen those deputies who believe in reform and in a workable balance of power between the legislature and the Executive. I hope you

will have the time to meet with the delegation led by Congressman Gephardt.

- More generally, do you have any suggestions for our Members of Congress as to what is the best way to go about establishing these kinds of exchanges?
- Would it be useful to have some of our Senators come over to Russia to discuss specific issues with you, such as ratification of the START II treaty? We have a great deal of experience and expertise to share, if you think your Parliamentarians would be interested.

Jewish Community Concerns

- We have noted with satisfaction the efforts of the Russian government to curb anti-semitism and allow emigration of its citizens, and particularly of its Jewish population.
- Unfortunately, one of the consequences of greater openness is a rise in highly nationalist, often anti-semitic groups. Your continuing efforts to speak out on this is important, both to me personally and to members of the U.S. Congress.
- I know you have made progress in your emigration laws to ensure freedom of emigration. Jackson-Vanik continues to be linked to the remaining restrictions on emigration which affect hundreds of people. I hope you can move to eliminate the continuing restrictions, especially those due to secrecy and relatives who refuse to provide permission to family members to travel.
- One of the most difficult issues is how to secure the release from the Russian State Library of the Lubavitcher collection of books seized just after the Russian Revolution.
- You promised your support for this effort to Presidents Reagan and Bush, and I very much appreciate this policy. But there appears to be no cooperation on lower levels.
- I would like to ask you to personally intervene in this matter once again. As you may know, when Vice President Gore was in the Senate, he wrote a letter to you on this issue which all 100 Senators signed.

**WORKING DINNER  
(ECONOMIC ISSUES)**

# SCOPE PAPER

THE WHITE HOUSE

WASHINGTON

WORKING DINNER WITH PRESIDENT BORIS YELTSIN

DATE: April 3, 1993  
LOCATION: Seasons Restaurant  
TIME: 6:15 p.m. - 9:00 p.m.

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M (1.12)  
KBH 1/10/2020

PURPOSE

To convey U.S. support for Yeltsin's economic reforms and discuss measures the U.S. and the G-7 will take to assist the reform program.

**KEY POINTS** (In suggested order of discussion)

**Express our strong desire to expand our economic ties, bilaterally and through the G-7.**

- Specifically, you should pick up on Kozyrev's suggestion to create a high-level bilateral commission to advance economic cooperation. You might suggest its focus be energy and commercial space launch.
- You can suggest Vice President Gore as Prime Minister Chernomyrdin's counterpart. We could call it the U.S.-Russian Joint Commission on Technological Cooperation.
- You can suggest that we both appoint full-time investment ombudsmen to help in this effort.

**Discuss with Yeltsin our emphasis on expanding trade and investment with Russia, especially in the oil and gas sectors.**

- You should push Yeltsin to conclude the \$2 billion Exim oil and gas credit facility by the Tokyo Foreign/Finance Ministers conference.

**Present to Yeltsin our two-phase bilateral assistance program to be announced:**

- The \$1.6 billion core package, which includes the \$700 million in Food for Progress concessional loans; the \$690.9 million in additional grant food aid initiatives like the Enterprise and Privatization funds to support Yeltsin's major reform priorities and denuclearization efforts under Nunn-Lugar. These are programs that are fully funded and ready to you.
- I also want to discuss with you options for a greatly expanded U.S. aid program in energy, the environment, medicines, exchanges and other areas. These would be available, once we secure funding for them from

Congress which I will seek on an urgent basis. I intend to use all my energies to meet the commitments I make to you.

**Discuss G-7 efforts to support Russian reform:**

- He should know that the U.S. is pushing hard to mobilize the G-7 and that we are hopeful a substantial package can be produced by the mid-April conference in Tokyo.

## TALKING POINTS

~~SECRET~~

POINTS TO BE MADE  
WORKING DINNER WITH PRESIDENT YELTSIN

**ECONOMIC AND ASSISTANCE ISSUES**

DECLASSIFIED  
PER E.O. 13526  
2016-0132-M (1.13)  
KRM 1/10/2020

INTRODUCTORY POINTS

- The integration of our two economies is, in many ways, the heart of our relationship in the 1990s just as arms issues were paramount during the Cold War.
- This summit is thus different than all U.S.-Russian summits before it -- we are highlighting to both our peoples the importance of trade and investment, and the necessity to work together to promote strengthened economic ties.
- I want you to know how serious I am about making progress in these areas.
- We have been watching your economic reforms with great interest. We are encouraged by the progress Minister Chubays has made in privatizing tens of thousands of enterprises, and by the easing of price controls over the last year. We believe, as do you, that the continuation of economic reform is essential. That is why we continue to be gravely concerned about your difficulty in controlling credit.
- I propose that we discuss three specific issues: (1) trade and investment; (2) our bilateral assistance package; and (3) the G-7's ability to help Russian reform.

EXPANDING U.S.-RUSSIAN TRADE AND INVESTMENT

- In the long-run, western private trade and investment is the best way to help fuel economic reform in Russia.
- Only the private sector -- not governments -- can provide the huge amount of capital and technology that you will need throughout this decade to transform your economy.
- I want to make this one of the central features of our relationship.
- But we need to do much better. Our trade last year was only \$3.4 billion; and U.S. investment in Russia only \$400 million -- and we were the largest investor in Russia.
- I would like to suggest that you and I work hard together to create the conditions under which we can triple American investment within a year.

~~SECRET~~

Declassify on: OADR

- Let me propose some basic steps to improve our performance in this critical area:
  - First, picking up on a suggestion from Foreign Minister Kozyrev, I suggest we form a U.S.-Russian Joint Commission on Technological Cooperation to stimulate our economic partnership in the areas of energy and space launch.
  - I have asked Vice President Gore to co-chair the Commission with Prime Minister Chernomyrdin.
  - I will also ask my assistant for Science and Technology Affairs, Dr. John Gibbons, to meet with his Russian counterpart to discuss expanding S&T cooperation.
  - I have also asked my Secretary of Commerce, Ron Brown, to work with Deputy Prime Minister Shokhin on a separate business development committee to break down barriers to trade in other areas.
  - I also think it is necessary for us to appoint full-time investment ombudsmen to help us expand trade and investment opportunities, and break through the governmental barriers that exist today.
  - Second, a top priority for our two governments should be to expand trade and investment in oil and gas.
    - If Prime Minister Chernomyrdin can use his influence to create a hospitable environment for foreign investment in oil and gas, our businesses will invest substantial sums to modernize your energy sector, and boost energy production.
    - Our companies are encountering serious obstacles in doing business in Russia, including punitive taxes and rules and regulations that are constantly changing. Many are ready to go if the regulatory and organizational environment is clarified.
    - We need your help, and Chernomyrdin's, to remove these obstacles. This will be in the interests of both nations. I will work to make our side responsive.
    - We are close to agreement on a U.S. Exim Bank credit framework agreement that would finance up to \$2 billion in oil and gas equipment exports to Russia. Let's ask our negotiators to conclude that deal by the Tokyo meeting in ten days.
    - The World Bank is immediately ready to provide you with \$1 billion as soon as you start to reduce the burdens you place on your oil sector. And, this \$1 billion would lever far more money.

- These projects would help to modernize your industry and generate increased hard currency revenues for you. Some experts estimate that investments in pipeline repair can pay themselves back in less than two years.
  
- Third, we need to take further steps to let our bureaucracies and our businesses know that this is a first-order priority for both nations:
  - We will support your membership in the GATT. Russia needs access to western markets, and we will work with you to help bring you into compliance with GATT rules.
  
  - We are also ready to ask Congress to extend preferential tariff treatment to Russian exports to the U.S. under the Generalized System of Preferences (GSP). This program would have reduced tariffs on \$46 million in Russian exports to the U.S. in 1992.
  
  - We should also push for early ratification of major treaties to promote trade: your Supreme Soviet must ratify the Bilateral Investment Treaty, and our U.S. Senate must ratify the Tax treaty.

BILATERAL ECONOMIC ASSISTANCE

- I would like to review with you the major outlines of the package of U.S. bilateral assistance that we will announce tomorrow. Let me emphasize that I am very sensitive to the imperative that we must do what we say we will do.
  
- Our program is based on three operating principles: We must do more to help reform in Russia; we must fulfill our commitments; and we must work with great speed to implement projects this year.
  
- I will announce at our press conference a two-phased program to support reform in Russia:
  - Phase One: We have prepared a \$1.6 billion package of projects that can be started immediately and are funded now.
    - We tried to focus on your reform priorities and areas where results can be visible to the average Russian.
  
    - Let me take a moment to describe the package (You can give him the Russian-language paper summarizing the core package).
  
    - The major elements of this package are:
      - (1) Food Sales: I have decided to resume our major grain deliveries to Russia through \$700 million in concessional loans (this will give you a seven-

year grace period on principal, and very low interest rates).

- This will help you meet essential food import needs until your next harvest. We can start deliveries this month.

(If Yeltsin asks to resume grain trade on normal commercial terms:

- Once there is a debt rescheduling deal, and Russia makes up its arrears to us (now over \$600 million) from the CCC program, we can consider resuming the program.
- But we think the concessional program is the best way forward now, and the easiest for Russia's debt burden.)

(2) Technical Assistance: We will provide this year \$690.9 million in grant assistance to fund continued humanitarian food and medical shipments, and initiatives to support private sector development, democratization, and energy and the environment. This also includes funds for denuclearization under Nunn-Lugar. The most important of these initiatives include the establishment of three projects which will continue beyond this year:

- an Enterprise Fund chaired by Gerry Corrigan to help create small businesses (\$300 million over four years);
- a Privatization Fund to help your privatization effort (\$225 million over three years);
- and a Housing Initiative to construct homes for 2000 of your military officers returning from the Baltics and other areas (\$30 million over two years).

-- Phase Two: I am also planning to announce my support for an increased U.S. assistance effort for Russia in the next few weeks. This will involve grant aid for economic support in several areas and denuclearization projects.

-- This would be in addition to the \$1.6 billion I just described for you.

-- This will be difficult for me politically since we have our own economic problems at home. But I will work hard to convince our Congress to give me the money.

-- I have already begun the dialogue with Congressional leaders and the response is encouraging.

- We will want to consult closely with you during the next few weeks on the development of this program.
- Let me give you some examples of what we could do with this additional funding:
  - I would like to expand our direct grant support to you in energy and the environment -- to finance nuclear plant safety, energy efficiency, energy production and a variety of environmental projects.
  - I want to broaden our assistance in housing, delivery of medicines, help in food processing and distribution, and in exchanges where I would like to bring 50,000 Russians to the U.S. over the next few years for education and training.
  - I will also call for establishment of a Democracy Corps to enlist thousands of Americans to support democratization in Russia by hosting Russians in the U.S. and volunteering to assist reform in Russia.
- I would welcome your thoughts on the most important priorities for such a program. We want to work with you in developing this program.

#### G-7 SUPPORT FOR RUSSIA

##### U.S. Support for New G-7 Effort on Russia

- As you know, I have been pushing very hard for a substantial G-7 economic support package for Russia.
- I have discussed this with Kohl, Major, Mitterrand, Mulroney and the others. We all agree that the G-7 must develop an effective and early way to support economic reforms.
- I know you had hoped we would arrange a Heads of State meeting with you in April.
  - Frankly, we thought it preferable to develop a credible package of support for you first.
  - For that reason, we have called for a Foreign/Finance Ministers meeting in Tokyo ten days from now. We hope that Kozyrev and Federov will attend.
  - We hope to announce the G-7 package at this meeting. We also hope that some of the allies will announce bilateral programs of support for you at that time.
  - I am open to the possibility of a Heads of State meeting in May or June if it is absolutely necessary.
  - In any case, I am delighted you will be with us in Tokyo for the Heads of State meeting in July.

[-- I was pleased to hear that you have concluded a debt rescheduling agreement with your creditors. This will help to sustain the flow of western government credits to Russia.]

ELEMENTS OF A G-7 PACKAGE

- We recognize that you have an urgent need for direct financial assistance especially in light of your budget problems and high rate of inflation.
- I want the G-7 to develop a package that will be of real help to you this year. We must avoid the disappointment and confusion of last year's \$24 billion package.
  - We are willing to put together a substantial program through the IMF, World Bank and other institutions.
  - However, you must keep reform moving in Russia, and introduce a strong stabilization program to deal with your inflation problems.
  - We are deeply concerned about the problem of rapid inflation which could turn into hyperinflation -- the most serious threat to your reforms and to western assistance.
  - We are encouraged by your intention to rein in the Central Bank's credit expansion to bring down inflation. We believe that this must be your highest priority, and your success in it will have a lot to do with how much financial assistance can be provided.
  - If you are able to make initial progress towards stabilization, we are confident that financial support would be forthcoming in a short number of weeks. Let me give you some examples of possible steps we could support:
    - We would work with the IMF to provide initial funding that would not require a full economic program. Five-hundred million dollars could be delivered almost immediately and several billion dollars could follow as soon as you put the stabilization measures into place.
    - The World Bank could accelerate its payments to you under its import rehabilitation loan. This could be worth several hundred million dollars in a matter of weeks.
    - {-- The U.S. could also consider a Bridge loan to you to help with balance of payments problems, if that were necessary.}

- If the stabilization measures begin to bear fruit, we could then try to mobilize larger-scale funding from the IMF/World Bank.
- For example, we could press the IMF to negotiate a standby arrangement focussed on economic stabilization. This could make several billions of dollars in credits available.
- {-- We could also think about helping you to finance an increase in Russian pensions. Our financial experts will discuss this with Federov.}
- And it might well be possible to activate the \$6 billion stabilization fund that was discussed last year.
- Frankly, for these programs to work, your government will need to be more receptive to the IMF and World Bank in general. For example, I understand that senior World Bank staff have problems in getting in to see your senior officials.
- Stabilization is not the only area where the G-7 and the international financial institutions can help you, if you are able to use the assistance. Substantial support from the World Bank and the EBRD, as well as from bilateral sources, is available to support your privatization effort, and to support your agricultural and energy sectors as soon as reform programs are put in place.
- If you would welcome some U.S. advice, we could ask Gerry Corrigan to consider helping in any way you deem appropriate.
- In sum, I am confident that the G-7 will support you if you can demonstrate a sustained commitment to financial stabilization, and to reform.
- But I do want to be clear that activating these programs will require movement on stabilization measures.

#### PROSPECTS FOR RUSSIAN ECONOMIC REFORM

- I would appreciate hearing more from you or Deputy Prime Minister Federov about your reform plans.
- I understand that financial stabilization will be difficult to achieve without the full cooperation of the Central Bank.
- How do you plan to control the money supply?
- Will a favorable vote on April 25 help you to continue economic reform?

- What posture should I take toward these events that will be most helpful to you and to the reform process?

[IF RAISED] THE URANIUM ANTI-DUMPING ISSUE

NOTE: In the last days of the Soviet Union, the Soviets dumped large quantities of uranium on the U.S. market, suppressing the price. The U.S. uranium mining industry filed a dumping suit with Commerce, and the preliminary finding was to impose tariffs on the order of 100%. To preclude this outcome, Commerce negotiated an agreement which grants Russia a quota for Uranium products once the price rises above \$13 per pound. (HEU sold to the U.S. government is exempt from the agreement.) On April 1, Commerce determined that the current price for uranium is less than \$12 per pound, which means that the quota for Russia is zero for the time being.

Uranium products are one of the few areas where Russia is competitive, and Russia resents being excluded from the U.S. market. Yeltsin may raise this with you.

- Our trade laws are designed to protect U.S. industries from products dumped below market prices. The suit and the resulting agreement are a reaction to practices of your uranium industry in the past.
- The agreement Russia reached with Commerce is sound, and we should make it work. It grants access to the U.S. market once the price recovers. If Russia expresses public support for the agreement, it would help boost prices.
- There is a promising, significant upward trend in the market price from last October. If the rate of increase continues, a price-tied quota will be available by October 1993.
- More important, we should complete the HEU transaction, which is not affected by the dumping agreement and which will guarantee billions of dollars for Russia over the next 20 years.

## **DINNER TOAST**

**REMARKS OF PRESIDENT WILLIAM J. CLINTON  
MEETING WITH RUSSIAN PRESIDENT BORIS YELTSIN**

**PRESIDENTIAL DINNER TOAST**

Mr. President: I can't think of a more appropriate setting for our summit dinner than here atop this beautiful park, with the lights of all Vancouver twinkling below. It is a vision of peace for a summit of peace.

Mr. President, when the leaders of our two nations met at summits in decades past, they confronted each other not only across conference tables, but also across gulfs of suspicion and ideology. Today, the spirit of our summit is not one of confrontation but cooperation. We no longer hold each other's motives suspect, because now we are both motivated by our interest in the success of reform. We no longer engage in ideological sparring, because we are both democrats.

It is worth reflecting how far we have come in U.S.-Russia relations. We have reached historic agreements to reduce sharply the nuclear arsenals that threatened our common existence. We have relieved the threat of a superpower conflict in Europe, and now both our nations can direct the energies and resources of our people toward more productive work. We have replaced U.S.-Russian standoffs in other parts of the globe with cooperative efforts to address mutual challenges and to help resolve conflicts in the Middle East, the Balkans, and elsewhere.

Largely because of your leadership and the courage of your people, today Russia is no longer our adversary in foreign policy, but our partner in global problem solving. May she always remain so.

Mr. President, I believe I speak for all Americans when I express my admiration for your personal courage when you stood atop a tank to face down an attempted coup in August 1991. That courage has continued through your historic efforts to build democracy and a market economy in Russia. Your courage is joined with that of the Russian people who manned the barricades with you in August 1991, and who today face the challenge of Russia's profound political and economic changes. The American people also understand how difficult it can be to bring about genuine change, and we salute you and your people.

I firmly believe the Russian people themselves will ensure that Russia remains a country committed to democracy and moving toward a market economy.

It is not in America's nature to stay on the sidelines when the spirit of democracy stirs in the world. We have a monumental stake in helping the Russian people succeed in building a free society and a market economy. My primary goal here in Vancouver is to work with you, Mr. President, to find ways to increase and accelerate U.S. cooperation in Russia's reform process. While the ultimate success of Russian reform rests with you and the Russian people, we Americans are prepared to do our part and do it fully. We are also making every effort to enlist the support of our key allies.

Neither of us can see the future. Both of us know that it requires effort and vigilance to make progress along the path toward democracy's ideals, in our country as in yours. Yet I believe we both see those ideals as rooted deeply in the human spirit. I think of the words of one of the great bards of democracy in our own country, Walt Whitman. In a poem about crossing the East River in New York where the Brooklyn Bridge now stands, he commands: "Flow on, river, flow on." Of course, that river hardly requires his permission; it has flowed on for centuries and will continue to, whether old Walt Whitman decrees it or not. Yet he bellows his enthusiastic support for its timeless journey.

Your support for democracy and mine is much the same. We know that the attraction to freedom that animates democracy flows powerfully through the human spirit like a river. Our words do not cause that river to flow. And history has now proven that in the long run no tyrant can cause that river to stop. Yet we bellow our support: because it is right, and because democracy's river can carry both our nations toward a better future.

Tonight, as we look West across the Pacific to the shores of Eastern Russia, let's raise our glasses and toast the success of Russian reform, the courage of Russia's reformers, and your bold and brave leadership of that process, Mr. President.

# MR MARKER

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# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
<del>001. paper</del>	<del>Meeting with Russian President Boris Yeltsin: Security Issues (3 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>002. talking points</del>	<del>Points to be Made for Meeting with President Boris Yeltsin on Security Issues (9 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>003. talking points</del>	<del>Talking Points: Foreign Policy Issues (6 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>004. paper</del>	<del>Russian Cooperation on POWS/MIAS (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>005. paper</del>	<del>The Lubavitcher Library (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>006. paper</del>	<del>New Consulates (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>007. paper</del>	<del>Recent Developments on KAL 007 (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>008. paper</del>	<del>Grain Initiative (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>009. paper</del>	<del>U.S. Russian Oil and Gas Initiative (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>010. paper</del>	<del>Russia and GATT (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>011. paper</del>	<del>Russia: The Conclusion of the Debt Rescheduling (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>012. paper</del>	<del>The Russian Economic Situation (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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**RESTRICTION CODES**

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

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- P1 National Security Classified Information [(a)(1) of the PRA]
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- 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(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

**SUNDAY BILATERAL MEETING  
(SECURITY & FOREIGN POLICY)**

# SCOPE PAPER

THE WHITE HOUSE

WASHINGTON

MEETING WITH  
RUSSIAN PRESIDENT BORIS YELTSIN

DATE: April 4, 1993  
LOCATION: Pan Pacific Hotel  
TIME: 10:45am - 1:00pm

DECLASSIFIED  
FER E.O. 13526

2016-0132-M(1.14)  
KRM 1/10/2020

SECURITY ISSUES

I. PURPOSE

To review with President Yeltsin the key security issues that will shape our U.S.-Russian relationship, including both unfinished business such as START ratification and implementation, and new initiatives in the areas of nonproliferation, defense cooperation and peacekeeping. An important aspect of these initiatives will be policies that will directly engage the military and defense industry sectors in their implementation.

KEY POINTS (In suggested order of discussion)

- Assure Yeltsin that we are not trying to weaken Russia, but would like to work with Russia in partnership.
- Enumerate the many defense and security goals in common: deep reductions in nuclear weapons, success of the Nonproliferation Treaty regime, enhanced stability and security in Europe and Asia, and conversion of military assets to civilian uses.

Denuclearization

- Strongly reiterate that achieving the denuclearization of Ukraine, Belarus and Kazakhstan is our first priority.
- Highlight areas, such as security assurances and HEU sharing, where active U.S. participation might help Russia to reach agreement with the other three.
- Stress our willingness to cooperate closely with Russia and to fund the implementation of START reductions.

Nonproliferation

- Underscore your commitment to counter proliferation of nuclear, chemical and biological weapons and their delivery systems.

- Express concern at the difficulty of achieving progress in resolving the potentially sanctionable sale of Russia rocket technology to India.
- Emphasize our willingness to ensure Russian access to high-technology markets, such as space launch, and to engage the Russian space sector in broad cooperation, especially in the redesigned Space Station.

#### Defense and Peacekeeping Cooperation

- Acknowledge the importance of support by the military and the defense industry to the stability and security of the Russian Federation.
- Discuss our willingness to pursue cooperation that will enable broader defense industry involvement in weapon dismantlement projects funded by the United States.
- Emphasize our interest in reinvigorating defense conversion cooperation.
- Review U.S. and Russian plans to expand defense cooperation and military-to-military contacts, on a reciprocal basis.
- Pledge to work with Russia to address our mutual concerns about financing and management of peacekeeping, and to develop joint programs of peacekeeping training.

#### Arms Control

- Propose to resume joint discussions of the ABM Treaty and strategic defense issues at a meeting of the Standing Consultative Commission (SCC) in June.
- Note our readiness to commence multilateral negotiation of a Comprehensive Test Ban (CTB) at an early date, and to consult with Russia on modalities.
- Highlight the importance of completing the bilateral chemical weapons destruction agreement and Wyoming Memorandum of Understanding (on data exchange), and note our readiness to move toward ratification of the Chemical Weapons Convention.
- Stress the importance that we attach to Yeltsin's commitment to address the questions surrounding the Russian biological weapons program, and to close down remaining aspects of it.

FOREIGN POLICYI. PURPOSE

To express appreciation for Russian cooperation on foreign policy issues; to highlight particular crises (Bosnia, Iraq, Iran, the Middle East and Russian relations with the newly independent states) where we acknowledge the potential for differences.

Former Yugoslavia

- Discuss how we can work with the Russians to achieve Serbian participation in and commitment to the Vance/Owen Agreement on **Bosnia and Herzegovina**. Thank them for their support of enforcement of the no-fly zone.

Middle East

- Urge the Russians to press for a continuation of **Iraqi and Libyan** compliance with UN Security Council resolutions.
- Emphasize that continued sales to **Iran** of arms and nuclear reactors are destabilizing, strengthening a state which sponsors terrorism.
- Express appreciation for cooperation on the **Middle East peace negotiations** to date and stress how important it is for the Russians to urge that the Palestinians return to the table.

New Independent States of the Former Soviet Union

- Stress the importance of continued Russian troop withdrawals from the **Baltic states**.
- Emphasize that cooperative relations between Russia and **Ukraine** are critical for stability and reform.
- Express concern about the involvement of some Russian military forces on behalf of Abkhazia in its conflict with **Georgia**.
- Encourage continued Russian support of and participation in the CSCE-sponsored Minsk Group negotiations on the **Nagorno-Karabakh** conflict in **Azerbaijan**.
- Urge Russia to fulfill its pledge to support **Moldova's** status as a unified state and to remove the 14th Army from the Trans-Dnestr region.

## TALKING POINTS

POINTS TO BE MADE FOR MEETING WITH  
PRESIDENT BORIS YELTSIN ON SECURITY ISSUES

- Russia and America have many security goals in common: deep reductions in nuclear weapons, success of the Nonproliferation Treaty regime, and enhanced stability in Europe and Asia, for example.
- We have opportunities to work together, rather than at cross purposes, on these important goals.
- I particularly wanted to stress to you how much I want cooperation that takes advantage of the best that our two countries have to offer.
- I understand that we will not always agree, but I think it is important to recognize now that there is much we can accomplish when we work together.
- I'd like to assure you that we are not trying to weaken Russia, but would like to work with you in partnership.
- Perhaps we should start with some major unfinished business, and then turn to areas where we have cause for satisfaction.

START I/Lisbon Protocol

- First of all, I'd like to reiterate our main priority: achieving the denuclearization of Ukraine, Belarus and Kazakhstan through implementation of their Lisbon Protocol commitments.
- I know that you are actively discussing these issues. There are some issues, however, such as sharing of HEU proceeds, where U.S. participation in your discussions might help you to reach agreement with them, especially Ukraine. Do you think such a U.S. role would be worthwhile?
- I'd also like to suggest that, as soon as Ukraine ratifies START I and agrees to accede to the NPT, we call a "Lisbon II" foreign ministers' meeting to exchange instruments of ratification, provide security assurances, and discuss implementation of the treaty.
- This forum could continue to meet periodically to discuss other issues that arise among the five states which signed the Lisbon Accords.

START II

- I strongly endorse the START II Treaty and will ask the Senate to move forward on it.
- I recognize the complexity of the situation in Moscow right now, but I hope you too will be able to move forward on ratification.

- We stand ready to work with you on START II ratification; I know that your Parliamentarians are planning to come to Washington, and our Senators to Moscow. Let me know if there are other steps that you think we should be taking together to speed up ratification.

#### Accelerated Deactivation

- Before we leave the topic of START, I wanted to stress my personal interest in deactivating the nuclear forces we are committed to destroying long before the seven-year treaty reduction schedule called for in the START I Treaty.
- Both sides have already taken unilateral steps to withdraw some strategic weapon systems from alert status and have unilaterally withdrawn from deployment many types of tactical weapons systems.
- If we could speed up deactivation, it would demonstrate that Russia and the U.S. are serious about reducing the threat of nuclear weapons.

(If comment made about the high cost of achieving acceleration:)

- We would be prepared to work with you and assist you with such an acceleration in the timetable.

#### Safety, Security and Dismantlement (SSD)

- We should congratulate ourselves on the completion of three agreements last month in Moscow on the destruction of strategic nuclear launchers under START, storage of nuclear material, and accountability for it.
- There are few places where the change in U.S.-Russian relations is as clear as in our cooperative effort to ensure the safe and secure dismantlement of weapons of mass destruction.
- I wanted to assure you that we are looking for ways to involve Russian firms and specialists more frequently in the implementation of these SSD projects.
- We are also looking for ways to streamline the programs. Execution of projects should use the maximum flexibility available under current U.S. laws and regulations.

#### Highly Enriched Uranium (HEU)

- We want to complete the HEU sales contract as quickly as possible.
- That contract should implement the agreements concluded between our two countries, and reflect the understandings already reached between our delegations.

- This is a partnership, with major benefits for both sides. The United States will not make a profit on this transaction.

Uranium Anti-Dumping Issue [If Raised]

NOTE: In the last days of the Soviet Union, the Soviets dumped large quantities of uranium on the U.S. market, suppressing the price. The U.S. uranium mining industry filed a dumping suit with Commerce, and the preliminary finding was to impose tariffs on the order of 100%. To preclude this outcome, Commerce negotiated an agreement which grants Russia a quota for uranium products once the price rises above \$13 per pound. (HEU sold to the U.S. government is exempt from the agreement.) On April 1, Commerce determined that the current price for uranium is less than \$12 per pound, which means that the quota for Russia is zero for the time being.

Uranium products are one of the few areas where Russia is competitive, and Russia resents being excluded from the U.S. market. Yeltsin may raise this with you.

- Our trade laws are designed to protect U.S. industries from products dumped below market prices. The suit and the resulting agreement are a reaction to irresponsible practices of your uranium industry in the past.
- The agreement Russia reached with Commerce is sound, and we should make it work. It grants access to the U.S. market once the price recovers. If Russia expresses public support for the agreement, it would help boost prices.
- There is a promising, significant upward trend in the market price from last October. If the rate of increase continues, a price-tied quota will be available by October 1993.
- More important, we should complete the HEU transaction, which is not affected by the dumping agreement and will guarantee billions of dollars for Russia over the next 20 years.

Nonproliferation

- Both our countries share a common interest in stopping the spread of weapons of mass destruction and advanced conventional weapons. We need to continue our close relationship in working to solve critical nonproliferation problems.
- I am grateful for your country's efforts to stop North Korea's withdrawal from the Nuclear Non-Proliferation Treaty and to promote its acceptance of inspections by the

International Atomic Energy Agency (IAEA). We need to work closely on this issue and especially to secure China's support.

- As the North Korean issue moves to the Security Council, it will be even more important for us to consult closely.
- The international community must make clear it will respond seriously to any breach of nonproliferation commitments.
- The U.S. is not looking for a confrontation with North Korea. If North Korea honors its nonproliferation obligations, we are ready to improve relations.
- I understand your need for hard currency. But I am concerned that Russia's sale of technologies and materials abroad, including rocket technology to India, will be destabilizing.
- I know we have our differences over the India rocket deal. I want to assure you of our intention to seek to resolve this issue in a manner which takes into account your commercial interests as well as our nonproliferation concerns.
- I would like to stress the importance I place on ensuring that Russian high-technology products have access to legitimate world markets.
- For that reason, I wanted to pass along to you today the outline of a U.S.-Russian agreement on commercial space launch. (Outline agreement to be available.)
- Our teams will be meeting to discuss it in one month's time, and I will urge our side to move quickly to conclude the agreement.
- As we prepare for these negotiations, I can confirm our readiness to:
  - Reaffirm the launch of the INMARSAT-3 by Russia. We will move rapidly to address the remaining problems on our side.
  - Grant approval to the three Russian launches associated with the low-earth orbit system known as Iridium, pending completion of the launch agreement and FCC licensing.
  - Complete the seven-year U.S.-Russian trade agreement on commercial launches, covering both geosynchronous and low-altitude satellites.

(If asked about the quota that the United States is willing to offer:)

- Specific numbers are a matter for the negotiations, but we are approaching the table with the idea of offering you the most flexible terms possible.

#### Conventional Arms Sales

- I understand why you need to sell arms, and we don't have a problem with your efforts to earn money through conventional military exports.
- But some of your biggest sales are going to countries, like Iran, that threaten their neighbors and support terrorism.
- This is counter to our common goal of bringing stability to global hotspots, especially the Middle East.
- As we develop our overall cooperation on nonproliferation issues, we need to talk to each other more regularly about sales to questionable customers.
- We've suggested discussions to try and come up with some agreed "rules of the road." Our experts need to start working together to deal with this problem.

#### Defense Cooperation

- I put a very high priority on increasing the interaction between our two defense establishments.
- Our nations have many of the same security goals and face some of the same security challenges. By working closely together, with our friends and allies and the international community, we can make a difference in many of today's conflicts.
- We will not achieve a workable partnership overnight, for both sides have many habits from the Cold War. You and I should get behind this effort to give it a push.
- Joint peacekeeping training is an idea General Grachev has raised; it strikes me as a good one. As he suggested, let's work on getting together the elements of a U.S. and a Russian division for this activity.
- We should think about more practical steps of this kind. They will help us to shape our future relationship and link it to the real security problems facing us all.
- I'm please you've agreed to accept our invitation to conduct U.S.-Russian staff talks between our Joint Staff and your General Staff in May. That will be an opportunity to work on our practical agenda.

- I know you're concerned about the hard times that confront military men and their families when the armed forces face change. These problems concern me, too: base closures, displaced families, difficulty finding jobs in civilian life. Maybe there are ways that we can pool our experiences to find better solutions.
- Secretary Aspin and Minister Grachev and their staffs have been working on a Memorandum of Understanding on Defense and Military Relations.
- I believe we should endorse this work and give it our full support.

### Peacekeeping

- We know that your continued support for UN peacekeeping has placed a severe financial burden on you. We, too, are concerned about spiraling costs. We would like to start working on a solution together with you:
  - We have proposed that together we approach the Secretary General and other permanent members to gain their endorsement of a Committee of 21 -- made up of the largest financial and troop-contributing countries plus China.
  - This group could meet in late April to explore ways to improve the financing and management of UN peacekeeping.
  - We are also proposing that a late-May ministerial meeting of the Security Council be used to unveil key UN peacekeeping initiatives, in order to begin implementation of the "Agenda for Peace" report Secretary-General Boutros-Ghali released over a year ago.
  - Here again, we hope that you will play a key role, especially since you will be presiding over the Security Council in May.
- We are ready to cooperate with you on more practical proposals for joint peacekeeping training and exercises, including simulations at Fort Leavenworth and training activities involving operational units on each side.

### Defense Conversion

- I see defense conversion as a centerpiece of our efforts to work with you, in partnership, to enhance the capability of your industry to provide goods to your domestic market as well as products for export. I know that much of your production capacity is in large defense sector plants, so I recognize that the problem is not an easy one.

- We anticipate that some of the \$50 million Freedom Support Act funds we propose to allocate to the Russian Enterprise Fund in 1993 will be used for conversion projects.
- Our governments have established a Defense Conversion Subcommittee. The Subcommittee has briefed U.S. companies on opportunities for investment and has conducted extensive discussions with Russian government officials.
- We are considering asking Congress for new legislation that will allow the Department of Defense to transfer "Nunn-Lugar" funds to a Defense Conversion Enterprise Fund focused exclusively on conversion projects.
- Deputy Secretary of Defense Perry will be an important participant in efforts to help with defense conversion and he will work closely with the Defense Conversion Subcommittee.

ABM Treaty and Ballistic Missile Defense

- We also believe it is time to resume our dialogue on the ABM Treaty and associated issues through a meeting of the Standing Consultative Commission.
- I suggest the SCC reconvene in Geneva in June.
- We have begun a comprehensive examination of our ballistic missile defense policy, focusing on what objectives we will pursue and how we will work with Russia as well as with our other friends and allies.
- I think the broad questions of policy concerning our cooperation in the area of defenses, including reviewing the status of our countries' past discussions on a Global Protection System (GPS), should be dealt with under the umbrella of the broad strategic dialogue that we have agreed to establish.

(If asked about participation by the other states of the former Soviet Union:)

- We would welcome the participation of the other states of the former Soviet Union that signed the Bishkek agreement, but we do this without prejudice to final decisions we might make on state succession and other issues related to the Treaty.

**NOTE: Under the Bishkek agreement, some states of the former Soviet Union agreed to abide by international agreements reached before the Soviet breakup. It applied, among others, to the ABM Treaty.**

Nuclear Testing and a Comprehensive Test Ban

- Our countries agree that an effective, verifiable comprehensive test ban (CTB) is an important goal, one which would support our nonproliferation objectives.
- I support pursuing a phased CTB, and I hope we will be able to begin negotiations on such a multilateral treaty at an early date.
- The U.S. Government is currently studying relevant questions such as where and how best to negotiate.
- Our governments will need to be in touch on these issues after I have reviewed this study.

(If asked whether the United States will resume testing):

- I have not made any decisions. Our recent legislation allows nuclear tests for three more years -- but strictly limits the number and purpose of those tests.

Chemical Weapons

- It is important that we move quickly to implement the remaining issues under our bilateral chemical weapons agreements [the 1989 Wyoming Memorandum of Understanding and the 1990 bilateral Chemical Weapons Agreement].
- Completion of these agreements will help to expedite issues concerning the multilateral Chemical Weapons Convention (CWC).
- We fully appreciate the magnitude of Russia's financial obligations under the bilateral agreements and the CWC.
- But the bilateral agreements will cut back verification costs under the CWC.
- We are dedicated to helping you launch your CW destruction program with \$25 million in Nunn-Lugar funds.
- Failure to complete the work on our bilateral agreements could jeopardize this U.S. support.

Biological Weapons

- I want to let you know that I share the view of Prime Minister Major and my predecessor that you have taken courageous and principled steps in admitting the illegal biological weapons program inherited from the Soviet Union, and in taking steps to begin its total dismantlement.
- We both appreciate that this is an issue we must effectively get behind us or it could undermine so much progress our countries have made and will continue to make.

- I will ensure that the U.S. works with you and the British constructively to resolve all questions related to this issue. I hope you will continue to keep the pressure on your people to do the same.

CFE Flank Issues [If Raised]

- I am concerned to learn that Russia is prepared to reopen a key provision of the CFE Treaty -- the equipment limits for the flank region. I understand your concern about developments in the Black Sea region. But I don't see how long-term Russian security or general European security would be enhanced by military deployments above the levels specified in CFE.
- Our experts are prepared to discuss your concerns about the southern flank either bilaterally or multilaterally.
- I urge you, though, not to place at risk the many benefits of CFE by calling into question its central provisions.

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TALKING POINTS  
FOREIGN POLICY ISSUES

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2016-0132-M (1-16)  
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Bosnia

- Although our views sometimes have differed, I am pleased at our close cooperation on this issue.
- I know this issue is controversial for you domestically and I do not want to cause you problems. That is one reason I have not taken some of the more forceful steps I suggested during our election campaign.
- But now that the Bosnian government has signed the Vance/Owen plan, making all the compromises the international community has asked of it, we cannot stand by while it continues to be the victim of aggression and ethnic cleansing.
- I appreciate your support in passing a Security Council resolution authorizing enforcement of the no-fly zone.
- We must begin thinking about what to do if our pressures do not produce Serbian agreement. We already have told your UN mission that if Serbia did not negotiate seriously and reach agreement soon after the Bosnian government signed the Vance/Owen plan, we would favor easing the arms embargo so the Bosnian government at least could do a better job of defending itself.
- I urge you to use all your influence with Belgrade and the Bosnian Serbs, so that this step will not prove necessary.
- I know that some of your enemies at home are exploiting historic Russian ties with Serbia. But if ethnic cleansing is seen to succeed, in time, ethnic Russians in other former Soviet republics could be at risk or you could face similar pressures within the Russian Federation.
- Perceived indifference to the fate of Bosnia's Muslim's also can exacerbate Islamic fundamentalism within Russia and on its borders.
- I would value your views on what can be done to bring this tragic war to an end.
- I also hope very much that if there is an agreement signed by all three parties Russia will join with the United States and others in helping implement and enforce it. This can be important for its own sake, and a major step toward a new security partnership between our two countries.
- In the meantime, I still hope that Russian planes soon can join the air drops over Eastern Bosnia. The image of US and Russians flying together in humanitarian relief would be a powerful signal of our new relationship.

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**Middle East**

**Iraq and Libya**

- Iraqi and Libyan refusals to comply with UN Security Council resolutions present a serious challenge to the international community. It is important that the United States and Russia, as permanent members of the UNSC, insist on full compliance with UN resolutions. We must be prepared to act firmly together if Iraq challenges the UN again.
- I realize that sanctions have been costly to Russia and that both Iraq and Libya have offered to pay their debts to you in return for sanctions relief. They have made similar offers to others, hoping to split the coalition.
- We are committed to making them pay their debts, but we must not allow them to use this issue to undermine UN resolutions.

**Middle East Peace Process**

- In the Middle East we, as co-sponsors, have succeeded in moving the Middle East peace process forward. We welcomed your representative's participation in our recent meeting with the Palestinians.
- I am convinced after my talks with Prime Minister Rabin and Secretary Christopher's consultations in the region that there is a real moment of opportunity that should not be lost. Now we should redouble our efforts.
- In this respect, it is essential that we do all we reasonably can to encourage the parties to get back to the negotiations.
- A great deal has been achieved which addresses Palestinian concerns on the deportation issue. If Palestinians commit to returning to the negotiations, Israel will do more in this area.
- Now, we need your help to keep the Palestinians committed to the peace process. They should understand that we have put together a significant package of actions, statements and gestures. They will not get a better deal by holding out for more.

**New Independent States of the Former Soviet Union**

- We understand the reasons for Russia's special interest in countries of the former Soviet Union. Geography, history, economic ties, and the presence of ethnic Russians give you an obvious interest in these areas.
- We share your concern about ethnic conflict in these regions and are prepared to work with you and others in the international community to find peaceful solutions to these disputes.

- We will support Russia's efforts to address this question within the UN, the CSCE, or other institutions. But we cannot support the concept of "zones of priority interest for Russia" if this is meant to imply a right to intervention in these states or a limitation on their sovereignty and independence.

**The Baltic States**

- We welcome Russia's continued troop withdrawals from the Baltic states and your pledge to complete that process in 1994.
- We recognize the practical problems of relocating returning troops and have considered ways that we and others might facilitate some resettlement without delaying their withdrawal. My economic package offers some help in addressing this problem and I know other countries are committed to providing housing as well.
- We also understand your concern for the treatment of ethnic Russian communities in the three Baltic states.
- We have encouraged the Baltic governments to take steps to ensure that this issue does not become a source of instability or political tension.
- I encourage you to withdraw the troops as fast as possible.
- We were concerned to see Defense Minister Grachev's comments that the troops withdrawals would be suspended. We hope the Russian government will adhere to the timetables for withdrawal agreed upon earlier.

**U.S Military-to-Military Contacts in Baltics (If Raised)**

- We are aware of the sensitivity of your security concerns in the Baltic region. For that reason, we are engaged only in low-level and non-lethal military-to-military contacts with the Baltic countries. These are not intended to, and do not, threaten Russian security in any way.

**Ukraine**

- We are concerned by the growing number of unresolved problems between Russia and Ukraine. A cooperative relationship between your two countries is critical for the future of reform in both countries and for stability in the region.
- We are willing to facilitate the resolution of differences if you and the Ukrainian government think this might be helpful.
- How are your relations with Kravchuk? Do you believe Ukraine and Russia can cooperate only bilaterally, or can there be any cooperation within the CIS?

**Central Asia (If Raised)**

- We welcome your offer to cooperate in promoting respect for human rights in Central Asia. Both of our countries should raise specific cases with the local governments.
- At the same time, we should work together in Central Asia to see that international organizations -- such as the UN and CSCE -- provide long-term support for building up the democratic process.
- Are you concerned about the influence of outside powers, such as Iran, or about the rise of Islamic fundamentalism?

**Somalia**

- We have welcomed close collaboration with you on the humanitarian relief operation in Somalia and appreciate your support for the resolution passed March 26 authorizing UNOSOM II.
- We share your concern over the burgeoning costs associated with the rapid expansion of peacekeeping operations worldwide and are prepared to work with you to get costs down.
- We are also prepared to address a number of other peacekeeping issues you have raised.
- None of these issues should be linked to UNOSOM II. Prompt adoption of UNOSOM II is necessary to maintain momentum in assembling the necessary forces.
- Many countries are waiting to see the resolution before they confirm their participation. We are counting on your support for prompt passage of the resolution.

**China**

- I understand you had a successful trip to China in December.
- We regard an improvement in relations between China and Russia as a stabilizing factor in world politics. You share a long border with China and that border should be open to trade and exchanges between our peoples.
- As you know, we have concerns about human rights violations and about certain Chinese policies, such as arms sales, the recent increase in defense spending, and China's expanding military reach throughout Asia.
- How do you see your relations developing with China?

**Northern Territories**

- We welcome greater Russian participation in the Asia-Pacific region. Expanding economic ties between Russia and Asia can help to build a more prosperous and stable region.
- The territorial dispute with Japan will inevitably impede greater Russian economic interaction with East Asia. A solution is in Russia's interest.
- As you know, we support Japan's claim to the Northern Territories. We realize that this is a difficult domestic issue, but I urge you to continue contacts with the Japanese on this issue.
- We have advised the Japanese not to allow this issue to block their economic aid to Russia.

**Armenia**

- Armenia and Azerbaijan have been fighting in Nagorno-Karabakh for over four years and, just this week, I have received reports that forces from Armenia launched an offensive into parts of Azerbaijan.
  - Such an offensive would represent a major escalation in the conflict.
- We will be expressing our concern about the fighting.
- Both our countries participate in the Minsk group negotiations on Nagorno-Karabakh, but little progress has been made. We are prepared to work with you on a peaceful resolution of this crisis and to consider new ways of energizing the CSCE negotiations. Do you see any signs of progress on this issue?
- I want to work with you to resolve the Nagorno-Karabakh issue and to bring peace to Armenia and Azerbaijan. It would be a major setback if, as a result of this new fighting, the negotiation process was derailed.
- The American people are also very concerned by the humanitarian tragedy in Armenia. We have sent large quantities of aid, but Armenia's neighbors have not always cooperated to ensure delivery of the aid. Can you use your influence with Georgia, Turkey, and others to help relieve the suffering of the Armenian people? What can the Russian government do to help?

**Cuba (If Raised)**

- Russia's continued support for Cuba remains a problem for the U.S.
- Many in Congress oppose aid to countries that assist Cuba either with aid or subsidies. For example, the Cuban Democracy Act provides for possible sanctions, including termination of economic assistance, against countries that provide assistance to Cuba. I am a supporter of that bill.

- Continued subsidization of trade with Cuba by your government would raise questions in the Congress about whether U.S. aid was justified when Russia was diverting scarce resources to Cuba.
- We oppose, on safety and proliferation grounds, continuation of work on the Russian-built nuclear power plant in Cuba.
- I understand that construction was halted last year for financial reasons, but that now construction has resumed on the basis of concessional credits.
- As is the case with subsidized trade, concessional credits to help finance this project would also raise questions in Congress about the final destination of U.S. aid to Russia.
- I hope you can move to end this program.

**PRESS BACKGROUND**

**PRESS STATEMENT FOR  
SUNDAY**

**JOINT DECLARATION**

## Vancouver Declaration

(Version given to Russian side March 31)

Having met in Vancouver, Canada on April 3-4, President Bill Clinton of the United States of America and President Boris Yeltsin of the Russian Federation declared that the success of democracy and market economic reform in Russia is a defining imperative of our time. The Presidents expressed their firm belief that a dynamic and effective U.S.-Russian partnership is vital to Russia's historic transformation. At this first summit meeting between the two Presidents, they approved a comprehensive strategy of cooperation to promote democracy, security, and peace. President Yeltsin stressed his firm commitment to fostering democratization, the rule of law, and a market economy in Russia. As the United States moves to reinvigorate its own economy, President Clinton assured President Yeltsin of active American engagement and support for reform in Russia.

The Presidents agreed that Russia's rapid integration into the community of democratic nations and the world economy is essential. They therefore called for accelerated G-7 development of substantial and effective new economic initiatives to support political and economic reform in Russia. In this connection, the Presidents welcomed the extraordinary meeting of the foreign and finance ministers of

the G-7 countries and the Russian Federation scheduled for April 13-14 in Tokyo. Presidents Clinton and Yeltsin strongly supported the earliest possible conclusion of negotiations with international creditors, beginning with the Paris Club, on rescheduling of the international debt of the former USSR. They agreed that the terms of that re-scheduling should encourage market economic reforms in Russia and the other independent states of the former USSR. The United States announced its support for Russia's intention to become a full member of GATT and to begin, in the near future, official talks on the conditions of Russia's accession to GATT.

The two Presidents agreed on a new package of bilateral economic programs and measures to help meet Russia's immediate humanitarian needs and help build the necessary structures for successful transition to a market economy. The two Presidents expressed their determination to promote access to each other's markets, remove impediments to trade and investment, and resume U.S. food exports to Russia on a stable long-term basis.

The Presidents agreed to give fresh impetus to development of the U.S.-Russian relationship in all its dimensions. To coordinate and direct this effort, as well as to improve the mechanism for mutual consultations, they established a broad and intensive dialogue involving high-level officials of both governments.

The leaders of the United States and Russia attached great importance to the prevention of the proliferation of weapons of mass destruction and their delivery systems. They reaffirmed their determination to strengthen and extend the Nuclear Non-Proliferation treaty (NPT) and make it global. Both the United States and Russian sides stressed their expectation that all countries of the former USSR which are not already NPT members will accede to the treaty as non-nuclear states. They urged the DPRK to retract its announcement of withdrawal from the NPT and to comply fully with its IAEA safeguards obligations, which remain in force. The Presidents agreed that efforts of the United States and Russia will be directed toward the ratification of the START II Treaty and the entry into force of START I as soon as possible. The sides have agreed that the United States will assume some of the costs of environmentally safe and secure elimination of nuclear systems in Russia pursuant to arms control agreements, of secure storage of fissile materials derived from the destruction of nuclear weapons, and of a system for controlling and accounting for civilian nuclear material.

[The Presidents expressed their determination to accelerate deactivation of the nuclear weapons scheduled for elimination in START I. Both sides pledged to use the monies allocated for this purpose as rapidly as possible. The Presidents propose creation of a new forum of the Foreign Ministers of Russia, the United States, Ukraine, Belarus, and Kazakhstan, which would

meet regularly once each of these states has ratified START I and joined the NPT. This forum would provide an ongoing mechanism for exchanges among the participants on the full implementation of the provisions of the START I agreement, as well as questions arising under the security assurances provided by the U.S. and Russia.]\*

[The Presidents stressed their determination to enhance defense and security cooperation between the United States and Russia. With this in mind, they announced a memorandum of understanding agreed by their Defense Ministers to develop more fully military and defense cooperation.]\*

The Presidents agreed on the need to reach a prompt solution to the question of missile technology exports that would address certain current cases as well as provide guidelines for the future. They also agreed to work together to resolve the issues impeding Russia's access to the global market in high technology and services. The Presidents agreed that negotiations on a multilateral nuclear test ban should commence at an early date, and that their governments would consult with each other.

The Presidents affirmed that U.S.-Russian cooperation is essential to the peaceful resolution of international conflicts and the promotion of democratic values, the protection of human rights, and the solution of global problems, such as environmental pollution, terrorism, and narcotics trafficking. The United States and the Russian Federation

stressed their determination to improve the effectiveness of peacemaking and peacekeeping capabilities of the United Nations, CSCE, and NATO. They also noted the potential of other institutions and mechanisms, including the Commonwealth of Independent States, in support of security and peace in the world. Recognizing that the problem of mistreatment of minorities and ethnic communities is increasingly a source of international instability, the sides stressed the critical importance of full protection for individual human rights, including those of ethnic Russian and all other minorities on the territory of the former Soviet Union. The two Presidents affirmed their commitment to the peaceful resolution of conflicts in that region on the basis of respect for the independence, territorial integrity, and security of all member states of the UN and the CSCE.

Russia and the United States announced their intention to expand and improve their joint work in the area of environmental protection. They agreed to coordinate on joint ecological measures to be taken and research to be done, and on technical, expert, and financial implementation of agreed programs.

The joint efforts of both countries have succeeded in establishing a new character for Russian-American bilateral relations. The Presidents reaffirmed the principles and provisions of the Camp David Declaration of February 1, 1992 and the Charter of U.S.-Russian Partnership and Friendship of

June 17, 1992 as fundamental for relations between the two countries. They agreed that the level of mutual openness achieved makes it possible to proceed with accelerated cooperation in science and technology, including programs in the field of outer space. The sides further agreed to expand significantly their contacts, exchanges, and cooperation in the areas of culture, education, the humanities, and the mass media.

Presidents Clinton and Yeltsin expressed their deep appreciation to Prime Minister Mulroney and the people of Canada for hosting their meeting in Vancouver. With a view to accelerating the development of U.S.-Russian partnership, the Presidents agreed to meet regularly at the summit level. President Yeltsin invited President Clinton to visit Russia. President Clinton accepted the invitation.

\*Denotes language bracketed by the Russian side

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 17, 1992

A CHARTER FOR  
AMERICAN-RUSSIAN PARTNERSHIP AND FRIENDSHIP

The United States of America and the Russian Federation,

Striving to provide a solid and enduring basis for American-Russian relations of partnership and friendship;

Believing that the advancement of the well-being, prosperity, and security of a democratic Russian Federation and the United States of America are vitally interrelated;

Declaring their determination to observe strictly democratic principles and practices, including the rule of law and respect for human rights and fundamental freedoms, including the rights of persons belonging to minorities;

Recognizing the importance of the rights of the individual in building a just and prosperous society;

Reaffirming their commitment to the purposes and principles of the United Nations charter, the Helsinki Final Act, and subsequent CSCE documents;

Desiring to build a democratic peace that unites the entire community of democratic nations;

Noting their special responsibility as permanent members of the United Nations Security Council for maintaining international peace and security;

Wishing to promote the development of free markets, economic recovery and growth, and closer economic cooperation, trade, and investment;

Have established the following Charter for American-Russian Partnership and Friendship:

DEMOCRACY AND PARTNERSHIP

The United States of America and the Russian Federation reaffirm their commitment to the ideals of democracy, to the primacy of the rule of law, and to respect for human rights and fundamental freedoms. The United States of America fully supports the Russian Federation's efforts to build a democratic state and society founded on the rule of law and respect for fundamental human rights. Beginning with mutual trust and respect as the basis for their relations, they are developing relations of partnership and friendship.

The United States of America and the Russian Federation will cooperate closely in the international arena in the interest of advancing and defending common democratic values and human rights and fundamental freedoms.

The United States of America and the Russian Federation intend to expand and intensify a comprehensive dialogue at various levels on both bilateral and international issues.

Given the crucial importance of contacts between the President of the United States of America and the President of the Russian Federation for defining the basic directions of bilateral relations and also in terms of global cooperation and stability, Summit meetings will be held on a regular basis.

The United States of America and the Russian Federation express their determination to promote confidence and enhance understanding between their peoples. They proceed on the assumption that an expansion of contacts between citizens will help ensure the irreversibility of the new quality of American-Russian relations.

For this purpose, they intend to facilitate the establishment of direct contacts between citizens and political, social, labor, religious, and other organizations.

The United States of America and the Russian Federation are prepared to facilitate the work of each other's diplomats, journalists, businessmen, scientists, and other citizens by reaching agreement in opening their lands to travel, by lifting other travel restrictions, and by expanding their consulates.

The United States of America and the Russian Federation place particular emphasis on developing appropriate contacts between all levels of government -- federal, regional, and local -- and between private sector and voluntary organizations.

The United States of America intends to continue cooperation toward strengthening democratic institutions and a rule of law state in Russia, including developing an independent judiciary and institutionalizing guarantees for respect of individual rights.

#### INTERNATIONAL PEACE AND SECURITY

The United States of America and the Russian Federation reiterate their determination to build a democratic peace, one founded on the twin pillars of political and economic freedom. The United States of America and the Russian Federation recognize the critical importance that democracy's success in Russia and the other former Soviet republics can have on international peace and security.

The United States of America and the Russian Federation, proceeding from the basis of mutual trust and respect and a common commitment to democracy and economic freedom and reaffirming the Camp David Declaration of February 1992, the November 1990 Charter of Paris, the December 1991, March 1992,

and June 1992 communiques of the North Atlantic Cooperation Council, and the April 1992 communique of the Defense Ministers' Meeting, once again declare that they do not regard each other as adversaries and are developing relations of partnership and friendship.

Consistent with the United Nations Charter and other treaty obligations, the United States of America and the Russian Federation confirm their commitments to settle disputes between them by peaceful means and to refrain from the threat or use of force against the territorial integrity and political independence of each other.

Beginning on the basis of their shared democratic values, the United States of America and the Russian Federation will unite in their efforts toward strengthening international peace and security, preventing and settling regional conflicts, and solving global problems.

While working toward a democratic peace, the United States of America and the Russian Federation realize that the end of the Cold War has not meant the end of insecurity and conflict in Europe. Ethnic tensions, territorial disputes, and international rivalries already threaten to turn an opportunity for peace into yet another phase of European turmoil.

The United States of America and the Russian Federation reaffirm their respect for the independence and sovereignty and the existing borders of the CSCE-participating states, including the new independent states, and recognize that border changes can be made only by peaceful and consensual means, in accordance with the rules of international law and the principles of CSCE.

Like the other nations of the Euro-Atlantic Community, the United States of America and the Russian Federation cannot accept another phase of European instability. They therefore intend to lend both support and leadership to the effort to spare this community further tragedies like that which has befallen the peoples of Yugoslavia. The need is clear: International means of collective engagement must be devised and strengthened to help prevent conflicts by addressing their root causes, to help resolve disputes before they become violent, to help mediate an end to conflicts wherever they occur, and to help keep the peace once it is established.

Therefore, mechanisms for conflict prevention, management, and settlement and European peacekeeping capabilities must be strengthened if we are to adequately cope with future conflicts. To this end, the United States of America and the Russian Federation support the following initiatives:

The creation of a CSCE special representative to help strengthen efforts to address ethnic antagonisms and the treatment of minorities.

The strengthening of means within CSCE to provide for more effective international dispute prevention, management, and settlement.

The creation of a credible Euro-Atlantic peacekeeping capability, based on CSCE political authority, which allows for the use of the capacities of NACC, NATO, and WEU to prepare, support, and manage operations for CSCE as well as allows for the contribution of forces and resources from any and all CSCE states.

With the security of North America and Europe inseparable, the United States of America and the Russian Federation support the strengthening of the Euro-Atlantic Community, believing that security is indivisible from Vancouver to Vladivostok. The parties share a vision of such a Euro-Atlantic Community as being open to cooperation with all democratic societies. A prominent role for institutions like NACC, NATO, and WEU along with CSCE contributes uniquely to Euro-Atlantic security. The potential of other institutions and mechanisms, including the Commonwealth of Independent States, in support of security and peace in the area is also noted.

The United States of America and the Russian Federation believe that strengthening confidence and stability in Asia and the Pacific region in cooperation with other states will also promote global security. The parties are prepared to cooperate on these goals. They aim at a fuller utilization of the potential of economic-commercial cooperation in this region of the world, particularly in view of the geographic positions of the United States of America and Russia.

Noting the progress in the resolution of long-standing conflicts, promotion of democracy and human rights, and advancement of economic freedom and prosperity in vast areas of Latin America, Africa, and Asia, the United States of America and the Russian Federation stress the necessity to continue this process. Both sides are ready to contribute to tapping the new potential for peace, to putting an end to conflicts, to bolstering mutual confidence and trust, and to enhancing democracy -- which forms the basis of an enduring peace in all parts of the world.

With the aim of coordinating crisis prevention activities, the United States of America and the Russian Federation recognize the critical importance of maintaining open lines of communication and exchange. The United States of America and the Russian Federation recognize the importance of the United Nations Security Council and intend to maintain communications with other members of the Security Council to prevent, manage, and resolve crises. The United States and the Russian Federation recognize the prominent role of the United Nations in solving major international problems. They welcome in particular the contribution of the United Nations to peace and security, including the strengthening of UN peace-keeping.

The United States of America and the Russian Federation are prepared to work together toward further arms control and disarmament with the aim of promoting stability through implementation with all countries involved of the treaties on conventional forces in Europe and on the reduction and limitation of strategic offensive arms and by carrying out respective U.S.

and Russian unilateral and complementary nuclear initiatives. They are committed to discuss further steps which might improve stability and result in further reductions of nuclear and conventional weapons, the global elimination of chemical weapons, and the promotion of confidence-building and crisis prevention measures.

The United States of America and the Russian Federation are prepared to cooperate in the matter of eliminating nuclear warheads and chemical weapons subject to destruction within the framework of treaty obligations and unilateral and complementary initiatives.

The United States of America and the Russian Federation believe that non-proliferation of weapons of mass destruction is a critical priority. Both parties will work towards strengthening and improving the non-proliferation regimes of weapons of mass destruction, including nuclear, biological, and chemical weapons; of missiles and missile technology; as well as of destabilizing conventional weapons in accordance with international rules and agreements.

In this regard, the United States of America and the Russian Federation, in a separate statement, have expressed their determination to cooperate in exploring the potential to create a Ballistic Missile Early Warning Center and to cooperate in the development of ballistic missile defense capabilities and technologies.

In view of the potential for building a strategic partnership between the United States of America and the Russian Federation, the parties intend to accelerate defense cooperation between their military establishments including: intensifying contacts at all levels; expanding activities that encourage doctrinal and operational openness; establishing expanded exchange and liaison programs; exchanging ideas on fostering proper civil-military relations in a democratic society. The parties will also pursue cooperation in peacekeeping, counter-terrorism, and counter-narcotics missions.

#### ECONOMICS

The United States of America and the Russian Federation believe that the surest path to Russia's long-term prosperity and integration into the global economy is the continuation of the present path of free market reform.

In order to achieve this goal, the Russian Federation intends to speed up the processes of privatization and demonopolization, the introduction of structural and sectoral reform, and the creation of policies directed at furthering competition and effective property and contract rights. Of special importance will be the introduction of land reform and reforms in the energy sector.

The United States of America, realizing the importance of these processes for the world economy as a whole and for democracy's success, recognizes the courageous path of reform the Russian Government has chosen and is determined to continue its support

for the reform course chosen by the Russian government on a bilateral and multilateral basis, including through the G-7, the international financial institutions, and the Coordinating Conference process on humanitarian and technical assistance. The United States of America recognizes the critical importance cooperative technical assistance can play in support of reform and the importance of continuing to expand its efforts in this area.

The United States of America and the Russian Federation recognize the critical role the private sector will play in Russia's economic revival and integration into the global economy. The United States of America and the Russian Federation intend to encourage mutually beneficial Russian-American cooperation in trade, investment, and business promotion and science and technology.

The Russian Federation assumes that it is absolutely necessary to create a favorable investment climate in Russia. For this purpose, in accordance with its constitutional procedures, it intends to improve its laws in the fields of taxation, property, and contract law and those relating to intellectual property rights.

In the interest of promoting trade and investment and facilitating the work of their businessmen in each other's countries, the United States and the Russian Federation intend to lower barriers to their businesses and corporations operating in each other's countries and to remove Cold War-era restrictions on business.

The United States of America and the Russian Federation note the importance they attach to widespread private sector involvement in the interest of promoting economic reform and cooperation in all sectors, in particular agriculture and food distribution; energy, including oil, gas, and peaceful and safe uses of nuclear power; peaceful exploration of space, consistent with international obligations; telecommunication; environment; and defense conversion.

The United States of America and the Russian Federation are determined to continue their cooperation, both on a bilateral basis and within the framework of appropriate multilateral mechanisms, for the purpose of increasing the effectiveness and universality of existing international export control regimes. The parties will also continue the exchange of experience in the field of national export control systems.

Desiring to expand opportunities for trade and investment in high-technologies with Russia and the other new independent states while also acutely aware of the responsibility to establish and maintain strict controls to prevent proliferation of weapons of mass destruction, the United States of America and Russia intend to work toward these objectives bilaterally and in appropriate multilateral fora, particularly COCOM through the new COCOM Cooperation Forum.

The United States of America and the Russian Federation confirm that they will encourage exchanges in the fields of science, technology, education, culture and other areas.

The United States of America and the Russian Federation intend to accelerate joint work on the conversion of defense industries to civilian production.

DONE at Washington, in duplicate, this seventeenth day of June, 1992, in the English and Russian languages, each text being equally authentic.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 17, 1992

FACT SHEET ON THE  
CHARTER FOR AMERICAN-RUSSIAN PARTNERSHIP AND FRIENDSHIP

Building on the Camp David Declaration of February 1992, the Washington Charter signed today by President Bush and President Yeltsin begins from the new foundation of U.S.-Russian relations -- democracy -- to provide a solid and enduring basis for American-Russian partnership. The Charter describes the new agenda for U.S.-Russian relations:

DEMOCRACY AND PARTNERSHIP

- The United States fully supports the Russian Federation's efforts to build a democratic state and society founded on the rule of law and respect for fundamental human rights, including the rights of minorities.
- Beginning with mutual trust and respect as the basis for their relations, the U.S. and Russia do not regard each other as opponents and are developing relations of partnership and friendship.
- The parties reaffirm their respect for the independence, sovereignty and the existing borders of the CSCE-participating states, including the new independent states, and recognize that border changes can be made only by peaceful and consensual means, in accordance with the rules of international law and the principles of CSCE.

INTERNATIONAL PEACE AND SECURITY

- The United States and Russia reiterate their determination to build a democratic peace, one founded on the twin pillars of political and economic freedom. They recognize the critical importance that democracy's success in Russia and the other former Soviet republics can have on international peace and security.
- Consistent with the UN Charter and other treaty obligations, the parties confirm their commitment to settle disputes between them by peaceful means and to refrain from the threat or use of force against the territorial integrity and political independence of each other.
- The parties share a vision of a Euro-Atlantic Community from Vancouver to Vladivostok open to cooperation with all democratic societies. A prominent role for institutions like the NACC, NATO, and WEU, along with CSCE contributes uniquely to the security of this community.

- Realizing the implications of the conflict in Yugoslavia, the parties have proposed a series of initiatives to strengthen European conflict prevention, management, and settlement mechanisms and to create a credible Euro-Atlantic peacekeeping capability.
- The United States and Russia recognize that proliferation is the new strategic challenge of the post-Cold War world. Both parties will work towards strengthening and improving non-proliferation regimes. The U.S. and Russia have expressed their determination in a separate statement to cooperate in exploring the potential to create a Ballistic Missile Early Warning Center and to cooperate in the development of ballistic missile defense capabilities and technologies. They will also move rapidly to implement the START and CFE Treaties and to conclude a treaty on further strategic arms reductions and a global ban on chemical weapons.
- With the potential to build a strategic partnership, the parties intend to accelerate defense cooperation between their military establishments. This will include: intensifying contacts at all levels; expanding activities that encourage doctrinal and operational openness; establishing expanded exchange and liaison programs; and exchanging ideas on fostering proper civil-military relations in a democratic society. The parties will also pursue cooperation in peacekeeping, counter-terrorism, and counter-narcotics missions.

#### ECONOMIC FREEDOM

- The U.S. and Russia believe that the surest path to Russia's long-term prosperity and integration into the global economy is the continuation of the present path of free market reform.
- The U.S. recognizes the courageous path of reform the Russian government has chosen and is determined to continue its support for reform.
- Russia intends to speed up privatization and demonopolization, the introduction of structural and sectoral reform, and the creation of policies directed at furthering competition and effective property and contract rights. Of special importance will be the introduction of land reform and reforms in the energy sector.
- The Russian Federation intends to improve its laws in the fields of taxation, property, and contract law and those relating to intellectual property rights.
- The parties recognize the critical role the private sector will play and intend to encourage mutually beneficial Russian-American cooperation in trade and investment.

-- The parties intend to lower constraints to trade and investment and to remove Cold War-era restrictions on business. The parties will also work to strengthen national export control systems and prevent proliferation, and to promote high technology trade and investment while combatting proliferation. The U.S. and Russia intend to work together bilaterally and multilaterally, particularly through the new COCOM Cooperation Forum.

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CAMP DAVID DECLARATION ON NEW RELATIONS  
BY  
PRESIDENT BUSH AND PRESIDENT YELTSIN

February 1, 1992

At the conclusion of this historic meeting between an American President and the President of a new and democratic Russia, we -- the leaders of two great peoples and nations -- are agreed that a number of principles should guide relations between Russia and America:

First, that Russia and the United States do not regard each other as potential adversaries. From now on, their relationship will be characterized by friendship and partnership, founded on mutual trust and respect and a common commitment to democracy and economic freedom.

Second, that we will work to remove any remnants of Cold War hostility, including taking steps to reduce our strategic arsenals.

Third, that we will do all we can to promote the mutual well-being of our peoples and to expand as widely as possible the ties that now bind our peoples. Openness and tolerance should be the hallmark of relations between our peoples and governments.

Fourth, that we will actively promote free trade, investment, and economic cooperation between our two countries.

Fifth, that we will make every effort to support the promotion of our shared values of democracy; the rule of law; respect for human rights, including minority rights; respect for borders; and peaceful change around the globe.

Sixth, that we will work actively together to:

- prevent the proliferation of weapons of mass destruction and associated technologies and curb the spread of advanced conventional arms on the basis of principles to be agreed upon.
- settle regional conflicts peacefully; and
- counter terrorism, halt drug trafficking, and forestall environmental degradation.

In adopting these principles, the United States and Russia today launch a new era in our relations. In this new era, we seek a peace, an enduring peace that rests on lasting common values. This can be an era of peace and friendship that offers hope not only to our peoples, but to the peoples of the world. For while our conflict helped divide the world for a generation, now, working with others and with each other, we can help unite the globe through our friendship -- a new alliance of partners working against the common dangers we face.

**PRESS Q's and A's**

Press Q's and A's

To Be Provided

CONGRESSIONAL LETTERS

Correspondence with Congress on Russia  
and New Independent States

Leadership

You sent letters on March 3, 1993 to Senators Mitchell and Dole expressing strong support for START II and inviting the Senate Arms Control Observer Group to visit Moscow to discuss START II with the leadership of the Supreme Soviet.

Joint Senate/House

Senator Kassebaum and Representative Hoyer wrote on February 22, 1993 asking you to consider the resources and experience of the citizens Democracy Corps (CDC) when formulating U.S. assistance programs for Central and Eastern Europe and the new independent states.

Senate

Senator Nunn wrote on March 11, 1993 suggesting mechanisms for consulting with the Senate and House on Russian aid programs and also recommending a meeting with business leaders. You wrote back on March 31 that the Vice President met with business leaders and that meetings were held with House and Senate leaders.

Senator Leahy has written several times since mid March requesting a meeting to discuss helping Russia, stating his proposal to seek \$1 billion in aid next year for Russia and other independent states, and, outlining his specific recommendations for this assistance. You responded on March 31 that you have been following Leahy's statements and suggestions closely and appreciate his support.

Senator Lieberman forwarded on March 18 a copy of a letter signed by 17 Senators, including Mitchell and Dole, to Boris Yeltsin asking that he fulfill his commitment to then-Secretary of State Baker to return the Schneerson-Agudas Chabad Library Collection to its rightful owners.

Senator Exon wrote on March 24 encouraging you to explore with Yeltsin new ways to facilitate agricultural trade with Russia.

House of Representatives

House Agriculture Committee Chairman de la Garza wrote on March 5 offering his assistance in coordinating and facilitating agricultural trade with the former Soviet Union.

Republican Representatives Pat Roberts, Bill Emerson, Bob Smith and Wayne Allard wrote on March 19 urging you to revive stalled agricultural trade with Russia by lifting the suspension on export credit guarantees.

Representatives Hall and Sensenbrenner wrote on March 26 opposing additional U.S. commercial space launches by Russia at present because of negative impact on the U.S. launch industry and the lack of a launch services trade agreement with Russia (which is currently being negotiated).

Representative Michael Andrews wrote on March 25 asking your support for a telemedical satellite link between Texas Children's Hospital and Western Siberia, which could piggyback on a NASA telemedicine demonstration project already planned between the U.S. and Moscow.

Representative James Saxton wrote on March 23 asking you to "re-think" cuts in defense spending in view of disturbing recent events in Russia, especially if Yeltsin falls.

Representative Dan Glickman wrote to Sandy Berger on March 11 describing a bill he introduced, H.R. 1221, allowing the U.S. to forgive debt Russia owes to the U.S. if Russia reduces its nuclear weapons stockpile and military facilities or if it facilitates commercial joint ventures between U.S. businesses and state-owned enterprises.

Representative Jim Leach forwarded his thoughts on March 26, following the dinner meeting with you, expressing support for massive food assistance and enterprise development initiatives as well as funding for exchange programs, but also cautioning against singular U.S. financial responsibility for supporting the reform process in Russia, calling instead upon the international financial institutions to carry the burden of what could be seen as outside interference in fundamental economic reforms.

**BACKGROUND PAPERS**

## **BILATERAL ISSUES**

**BACKGROUND PAPERS: BILATERAL ISSUES**

Russian Cooperation on POWs/MIAs  
The Lubavitcher Library  
New Consulates  
Recent Developments on KAL 007

RUSSIAN COOPERATION ON POWS/MIAS

The U.S.-Russian Joint Commission on POWs/MIAs, working since March 1992, seeks to determine the fate of any U.S. soldier who may have been brought to the former Soviet Union since World War II, and to ensure that none are still held against their will. The Joint Commission has fostered unprecedented cooperation with the Russian Government on this issue. President Yeltsin has ordered extensive searches of Russian archives which have uncovered no data indicating that U.S. POWs/MIAs are still being held in the former USSR. We have no reason to dispute this claim.

Ambassador Malcolm Toon chairs the U.S. delegation to the Commission, which includes Senators John Kerry and Bob Smith, Congressmen Pete Peterson and Sam Johnson, as well as senior officials from the State and Defense Departments and the National Archives. The Russian delegation is headed by Colonel-General Dmitriy Volkogonov (one of President Yeltsin's top advisors), and includes representatives of the Russian Ministries of Defense, Foreign Affairs, Security, Internal Affairs, the Foreign Intelligence Service, and the Russian Parliament.

President Yeltsin has declared his full support for the Commission, and ordered all relevant Russian ministries to cooperate fully with the Commission's investigation. Similarly, General Volkogonov has remained committed to the Commission's success, despite political crises and his own struggle with terminal cancer.

While we are pleased with cooperation at the highest levels, lower-ranking officials, especially within the Russian security services, have obstructed the Commission's efforts. In particular, we believe more progress should be made on determining the fate of aircrews shot down by the Soviets during the 1950s and 60s as well as several hundred U.S. POWs who may have been transferred to the USSR during the Korean War. Ambassador Toon will be pressing for more information in these areas when the Joint Commission meets next week in Moscow.

In order to encourage further Russian cooperation, we have pledged to do all that we can to assist Russia's efforts to account for their Afghan War POWs/MIAs. Although our leverage with Mujahidin commanders is extremely limited, we continue to raise this issue in our meetings with Afghan government officials, and are working with the governments of Saudi Arabia, Pakistan, Uzbekistan and Tajikistan. We have provided data to the Russian government on Soviet POWs from the Afghan War who are currently living in the West. In addition, we have provided the Russians information on Soviet sailors whose bodies were recovered by the U.S. after their submarine sank in 1968.

THE LUBAVITCHER LIBRARY

The U.S. continues to assist the U.S. Lubavitcher community to win the return of approximately 12,000 books and manuscripts belonging to Lubavitcher Rabbi Manachem Schneerson. The collection was seized by the communists during the Russian revolution and is currently housed in the Russian State Library in Moscow (formerly the Lenin Library).

We have been applying consistent pressure at senior levels of the Soviet and now Russian government over the past several years -- including personal demarches by President Bush and Secretary Baker -- to return the collection to the Lubavitchers, a Hasidic Jewish sect headquartered in Brooklyn, New York. We have offered to return the important archives of the Smolensk Communist Party to the Russians, but only if the Lubavitchers regain the Schneerson manuscripts.

Congress has exerted considerable pressure on this issue, including an amendment to the Freedom Support Act that prohibits U.S. assistance to the Russian State Library until the Lubavitchers regain their collection. Under then-Senator Gore's leadership, all 100 U.S. Senators signed a letter to Yeltsin last year urging that the books be returned. During the campaign, you and Senator Gore signed a letter to the Rabbi leading the effort calling for the return of the books.

President Yeltsin pledged both to Secretary Baker and President Bush to resolve the issue quickly. But Yeltsin's efforts have been stymied by nationalist members of the Russian Supreme Soviet, who allege the Lubavitcher case is another example of Yeltsin succumbing to Western pressure to the detriment of Russian national interests. Russian State Library officials also have been uncooperative, and members of the Lubavitcher community have been subjected to ethnic slurs when trying to gain access to the collection. The Lubavitcher's Moscow synagogue was firebombed last spring.

NEW CONSULATES

Presidents Bush and Yeltsin exchanged diplomatic notes, during their June 17, 1992 summit meeting, authorizing the opening of consulates in Seattle and Vladivostok. We opened the Consulate General in Vladivostok last September and the Russians opened their Consulate General in Seattle in December.

State Department also approved a plan to open a consulate in Yekaterinburg (formerly Sverdlovsk) in 1993. We have not yet obtained Russian approval for the plan. We anticipate that the Russians may wish to announce their consent at the Vancouver summit meeting.

We plan to send two officers to Yekaterinburg this summer. A permanent site has been selected for the consulate and the State Department is working on a building renovation plan.

When we open in Yekaterinburg, we will have three consulates in the Russian Federation (in St. Petersburg, Vladivostok, and Yekaterinburg), and the Russians will have three in the United States (in New York, San Francisco, and Seattle). We would like to bring an end to the policy of parity for the number of consulates on each side. In the future, we may wish to open additional consulates to broaden our contact throughout the Russian Federation. Russia's financial constraints, on the other hand, limit their ability to open more consulates.

RECENT DEVELOPMENTS ON KAL 007

The U.S. has strived to help American families of KAL 007 victims discover the fate of their loved ones and recover their remains and personal effects. We also are pressing the Russians to offer compensation to the families.

At the request of the Russian, U.S., Japanese, and Korean governments, the International Civil Aviation Organization (ICAO) will complete the fact-finding investigation which it initiated in 1983, following the KAL 007 tragedy. In the reopened investigation ICAO is considering new information now available from the Russian government, in particular, the KAL 007 "black box" recordings which the Russians handed over to ICAO representatives in January.

Yeltsin's personal commitment to openness was instrumental in overcoming bureaucratic resistance to turning over the documents on KAL 007 and the "black box" recorder tapes to the ICAO. The U.S., Korea, and Japan are cooperating fully with the ICAO investigation. ICAO expects to complete its report in the next two months.

Russian, U.S., Korean, and Japanese officials met with representatives of victims' families in Moscow on March 10-11. Families had the opportunity to meet and question Russians who had participated in the incident or the subsequent search and rescue efforts. Government representatives presented information on precedents for compensation or ex gratia payments in similar situations, and requested that Russia discuss this issue bilaterally with the affected governments. Russian authorities indicated unwillingness to discuss compensation until after the ICAO report is issued. The Russians also presented proposals on a memorial and memorial services, which the families are considering.

## **ECONOMIC ISSUES**

**BACKGROUND PAPERS: ECONOMIC ISSUES**

Grain Initiative

U.S.-Russia Oil and Gas Initiative

Russia and Generalized System of Preferences

Russia and GATT

Jackson-Vanik

Russia: The Conclusion of the Debt Rescheduling

The Russian Economic Situation

Table: U.S. Grant Assistance to the NIS by Republic

Table: \$24 Billion Financial Support Package

U.S. Commercial Projects with Russia

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2016-0132-M(1.21)  
KBH 1/10/2020

GRAIN INITIATIVE

Since the Commodity Credit Corporation (CCC) loan guarantee program was first made available to the Soviet Union (and its successor states) two years ago, we have provided \$5.1 billion in loan guarantees, enabling the export of 32 million tons of U.S. agricultural products -- mostly grain -- first to the Soviet Union and later to Russia and Ukraine. In December 1992, USDA suspended CCC credit guarantees to Russia in response to a Russian default on CCC payments. Payment arrears have continued to build and now amount to over \$600 million. Most of these arrears concern CCC-guaranteed debt contracted with the former Soviet Union and would be rescheduled if Russia and its official creditors reach agreement in the Paris Club on the rescheduling of the \$16 billion in Soviet debt (out of a total of \$30 billion owed to official creditors). CCC credits to Ukraine have also been suspended as a result of arrears on payments of CCC credit guarantees contracted with the former Soviet Union for which Ukraine is jointly liable.

In order to quickly resume grain deliveries to meet Russia's critical food needs, and to preserve the U.S. market share in Russia, we are proposing a \$700 million package of concessional grain and other agriculture commodity sales for Russia under the Food for Progress Program. The concessional element of this package would seek to offset the higher costs of using U.S.-flag vessels and purchasing the grain in the U.S. market without export subsidies. Both are requirements under Food for Progress.

This concessional grain package is intended as a short-term bridge to help the Russians cover essential food imports this fiscal year until their own harvest is ready, and until we determine the best long-term mechanism for resuming commercial grain trade.

This initiative will require Congressional action to remove the \$30 million "freight cap" on Food for Progress donations or other source freight funds, since USDA has already fully committed its FY 1993 allocation for freight and administrative expenditures.

The Russians would prefer to resume grain sales on commercial terms, preferably with a longer repayment period than the three-year terms we have been offering them. USDA has told them that it cannot consider resuming CCC-guaranteed credits until the question of payment arrears is resolved and Russia's credit worthiness is determined after a debt rescheduling is concluded.

U.S.-RUSSIA OIL AND GAS INITIATIVE

In spite of enormous potential for U.S. investment in Russia's oil and gas industry -- which would offer huge bilateral economic and environmental benefits -- U.S. companies are hesitant to move beyond current limited ventures to large-scale participation in Russia due to formidable political and economic obstacles. These obstacles include: an unsettled system of political authority and responsibility; an inadequate legal structure; perceptions of unfair, anti-foreign bias in awarding development contracts; a burdensome and unpredictable tax structure; insufficient return on investment; difficulty in repatriating profits; bribery and corruption; and uncertainty over environmental liability.

The U.S. government is proposing a major bilateral initiative aimed at breaking through these obstacles, based on a new high-level political commitment that would galvanize existing U.S. business and government efforts. We recommend creation of a high-level commission focussed on energy and space chaired by Vice President Gore and Prime Minister Chernomyrdin. We are seeking the Russian government's commitment to work to remove the legal and tax barriers to foreign direct investment in their energy sector. Under this initiative, the two Presidents would also designate full-time investment ombudsmen who would develop and implement an action plan designed to meet a specific timetable for tangible progress.

The \$10 billion Sakhalin Project is just the sort of investment project we want the ombudsmen to focus on. This is the largest pending energy project in Russia. The MMMMS consortium, including U.S.-based Marathon Oil and McDermott, has produced a feasibility study now under review for developing this concession. Rejection of this proposal will be seen by western investors as a signal that Russia is not serious about foreign participation in energy development.

EXIM Bank has been working since the June 1992 Summit to conclude an oil and gas framework agreement that could finance up to \$2 billion in U.S. equipment sale and services to the Russian energy sector. We should seek President Yeltsin's support for concluding and signing the EXIM Bank agreement as soon as possible. We will also be announcing in connection with the Summit details of several Trade and Development Agency (TDA) grants for feasibility studies and Overseas Private Investment Corporation (OPIC) loan guarantees and investment insurance coverage for projects in Russia. These are illustrative of the types of support which the U.S. government can provide private investors.

If we receive a Russian government commitment in support of foreign investment and if we see progress in the work of the negotiators to remove barriers to energy investment, we could seriously consider announcing at a future date a Presidential Trade Mission to Russia on oil and gas development.

## RUSSIA AND GENERALIZED SYSTEM OF PREFERENCES

### Initiative

In your meeting with President Yeltsin, you can commit the Administration to submit legislation to remove the legal impediment to Russia's GSP eligibility. In the meantime, USTR will begin an expedited eligibility review for Russia as required under U.S. GSP law. This will allow us to grant Russia GSP as soon as the law is amended.

### Background

The United States Generalized System of Preferences (GSP) program provides duty free access for nearly 4,400 manufactured, semi-manufactured, and agricultural items to eligible countries. The aim of GSP is to encourage increased trade (as opposed to aid) as a way of promoting economic development. At present, legislation governing GSP explicitly prohibits Russia and the other newly independent states from being designated as GSP eligible. An amendment to the GSP law that would have removed the legislative prohibition was passed by the Congress last fall as part of a tax bill that was vetoed by President Bush. Informal consultations with the Congress have indicated no opposition to the substance of such an amendment.

Before actually designating a new country as a GSP beneficiary, the Administration must conduct a review to confirm that the country complies with the statutory requirements for GSP eligibility. Such a review can be completed in an expedited case in six weeks. The most important eligibility requirements concern worker rights and intellectual property protection. There is also a prohibition on granting reverse preferences to other developed countries.

In 1992, Russia shipped about \$46 million worth of GSP-eligible items to the United States. About one-third of this figure is vodka, which carries an 11 percent duty. This figure does not indicate potential GSP shipments that Russia might be able to make if duty-free access were granted.

You should be aware that the entire GSP program expires in July of 1993, unless renewed by legislation. The Administration is working toward a renewal of the program beyond that date, which includes the resolution of certain budgetary issues. It is possible that the entire GSP program may lapse for a period in 1993 for all new countries.

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RUSSIA AND GATT

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FER E.O. 13526

2016-0132-M (1.23)

KBH 1/10/2020

Initiative

In your meeting with President Yeltsin, you can convey U.S. support for Russia's GATT accession on terms determined by the GATT Contracting Parties. You can also offer for USTR to initiate informal technical discussions with Russian representatives on GATT issues, as well as U.S. cooperation in conducting the negotiations once Russia applies, while stressing that a request for GATT accession begins a lengthy process of negotiation with a goal of bring Russia's trade and economic regimes into conformity with GATT norms.

Background

Russia has GATT observer status, acquired by the former Soviet Union in May 1990. While enjoying most of the benefits of full participation in the General Agreement, GATT observers are not bound by GATT provisions and do not participate in decision-making. Accession to the GATT as a full contracting party, however, requires commitment to apply the provisions of the General Agreement in trade policy and practice.

Eventual accession to the GATT has been an important goal for Russia. It now appears that Russia will soon formally request initiation of negotiations for accession to GATT. This will initiate a lengthy period of discussion and negotiation with GATT members to establish the terms under which Russia will operate within the GATT system. A working party will be established to conduct the negotiations, and Russia must produce a description of its current trade regime and respond to written questions on the document submitted by GATT CPs. After these preliminary exchanges, which normally take six months to a year, actual negotiations will commence between Russia and the contracting parties, both in the working party and bilaterally. Economies in transition from non-market economic systems to market-oriented methods of economic regulation pose special challenges in a GATT accession. Traditionally, the United States is a major participant in accession negotiations.

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## JACKSON-VANIK

In preparation for the summit, we held consultations with the Senate Finance and House Ways and Means Committees as well as with several Jewish groups concerned with Russian emigration policies to determine whether we would encounter significant opposition if the Administration were to issue a finding of Russia's full compliance with Jackson-Vanik or were to attempt to seek legislation to graduate Russia from Title IV of the Trade Act of 1974.

All groups were unanimous in their opposition to Russia's graduation from Jackson-Vanik. And almost all were also firmly opposed to any finding of Russia's full compliance. The National Conference on Soviet Jewry, an umbrella organization with 49 national organizations (including the AIPAC) and 300 local organizations in its membership, after a complete poll of its members has indicated that it is prepared to lobby strenuously against any movement on this issue at this time. The Helsinki Commission is also opposed to any movement. Opposition stems from concerns over the number of refusnik cases that are still unresolved by the Russians, as well as the fact that Russia does not currently have an operating emigration law. Congressman Gibbons has also indicated his opposition to any movement on this issue as have Senators Packwood and D'Amato. Senator Moynihan has indicated that he would leave the determination to you. [Note: All groups have indicated their willingness to reexamine the issue if the concerns over refusniks and the emigration law are addressed by the Russians.]

Title IV of the Trade Act of 1974 conditions MFN treatment for certain [formerly] "communist" countries on free emigration practices and conclusion of a Congressionally-approved trade agreement. A country can be eligible for MFN under Title IV in two ways. First, the President can determine that the country is in compliance with the statute's free emigration requirements. Alternatively, the President can waive the requirement for full compliance if he determines that the country is making progress toward free emigration and such a waiver would help promote the objectives of the statute.

Russia currently receives MFN tariff treatment under a waiver of the Jackson-Vanik Amendment to Title IV of the Trade Act of 1974. The waiver must be issued each year and is subject to Congressional disapproval. The Jackson-Vanik Amendment also contains a provision for "permanent" MFN by which a country is found to be in full compliance with the requirements of Jackson-Vanik. The President is then required to submit a report outlining the country's compliance every six months. This report is also subject to Congressional disapproval when the report is first issued and once a year thereafter. A determination of full compliance is generally considered a step forward from a waiver. Both Hungary and Czechoslovakia were elevated to "permanent" MFN before being graduated completely from Title IV of the Trade Act. Graduation from Jackson-Vanik requires legislation removing a country from Title IV of the Trade Act.

RUSSIA: THE CONCLUSION OF THE DEBT RESCHEDULING

Following several months of stalemate in the debt negotiations between Russia and its official creditors, the USG pushed G-7 creditors to propose more generous rescheduling terms and to overcome the legal issues blocking the deal. In response, G-7 creditors have accepted a Russian offer to pay \$3.5 billion in payments in 1993. As a result, a formal rescheduling will probably be signed at a meeting in Paris on Thursday and Friday, April 1-2.<sup>1</sup>

Despite the pressure exerted by the USG and the concessions made by the G-7 creditors, this deal has an important shortcoming. The \$3.5 billion in payments being asked of Russia could undermine a stabilization effort, by adding appreciably to budget expenditures and foreign exchange requirements at a difficult time. The deal is likely to hold for several months, because payments would be very low at the outset. However, Russia may reopen this subject when higher payments begin to fall due later in the year.

Presuming that the deal is signed on Friday, the USG should take the opportunity of the Vancouver Summit to welcome the completion of this rescheduling. The deal formally relieves Russia of \$15 billion in debt service obligations, is supportive of the Russian stabilization and reform efforts, and paves the way for a resumption of bilateral lending programs that had been suspended because of Russian arrears. Of course, Russia's actual debt service payments have been low (about \$100 million per month) and compliance with the deal requires an increase in payments.

There remains some small chance that the Government of Russia may choose not to sign the deal on Friday. Some senior Russian officials have recently made public statements suggesting that a temporary, unilateral standstill might be declared. The USG should be prepared to urge the G-7 to respond in a flexible way, that does not jeopardize the ongoing efforts to assemble a western assistance package.

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<sup>1</sup>When the debt negotiations at the Paris Club bogged down last year, the U.S. advocated that the G-7 creditors take over the process. The Paris Club, which is the forum in which debts owed to governments are usually rescheduled, operates by consensus, so smaller creditors wield considerable influence in that forum. The G-7 have negotiated a set of repayment terms and plan to present them later to smaller creditors.

THE RUSSIAN ECONOMIC SITUATION

The Russian economy is experiencing a deep depression marked by a sharp drop in production and a fall in foreign trade, particularly trade with other states of the former Soviet Union. Much of that drop is desirable as it was caused by cuts in defense spending and by the end of the command system of resource allocation. Despite the fall in production, unemployment has been kept at a low 2 percent, in part through cheap credits to state enterprises. As a result of these subsidies, inflation persists at 30 percent a month and a false move by the government, parliament or Central Bank could push the economy over the brink to hyperinflation. This would undermine the achievements of Russian reformers over the past fourteen months, reduce the economy to barter trade, discourage investment and exacerbate regional and social tensions.

So far, government attempts at macroeconomic stabilization have been hampered. The Central Bank, supported by the Supreme Soviet, has placed a higher priority on maintaining production and employment than on stabilizing the money supply. The government is itself not without blame for the current situation. State subsidies and a budget deficit of 12 percent of GDP by year-end 1992 have contributed to the high inflation. Without renewed commitment to control the budget deficit, better management of ruble zone and restraint over Central Bank credit emissions, the government will not be in a position to assume the macroeconomic commitments associated with an IMF program. Under the stabilization plan now proposed by Deputy Prime Minister Fedorov, the Russian government is advocating a tradeoff between a more manageable inflation rate and an acceptable level of unemployment, rather than Polish-style austerity and shock treatment.

Despite the lack of monetary and fiscal discipline, structural reforms have continued. Privatization of small businesses has been relatively successful, if slower than planned. The government is poised to begin the privatization of large state industries through public auctions this year. That effort could be a key to ensuring the continuation of Russian reforms, if the parliament does not act to slow the process or introduce additional privatization options that could dilute private control. A bankruptcy law has been enacted, but real restructuring of industry cannot begin until subsidies are ended and the government imposes strict budget constraints.

Prospects for economic reform are tied to the outcome of the present constitutional struggle between Yeltsin and the legislature. Hyperinflation is not inevitable; enterprise managers and the general public understand the danger it poses.

U.S. GRANT ASSISTANCE TO THE NIS BY REPUBLIC  
(\$ Millions)

	Food Assistance:		Medical Assistance:		Technical Assistance:		Nunn-Lugar :		Total:		Total
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	
Armenia	\$26.2	\$109.3	\$0.0	\$0.0	\$12.8	\$39.7	\$0.0	\$0.0	\$39.0	\$149.0	\$188.0
Azerbaijan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1
Belarus	\$32.1	\$68.5	\$0.0	\$0.0	\$1.0	\$7.4	\$0.0	\$9.5	\$33.1	\$85.4	\$118.5
Georgia	\$14.2	\$65.5	\$0.0	\$0.0	\$1.3	\$25.5	\$0.0	\$0.0	\$15.5	\$91.0	\$106.5
Kazakhstan	\$8.0	\$22.5	\$0.0	\$0.0	\$5.1	\$32.3	\$0.0	\$14.5	\$13.1	\$69.3	\$82.4
Kyrgyzstan	\$8.3	\$66.1	\$0.0	\$0.0	\$2.2	\$19.3	\$0.0	\$0.0	\$10.5	\$85.4	\$95.9
Moldova	\$7.0	\$40.1	\$0.0	\$0.0	\$0.4	\$7.4	\$0.0	\$0.0	\$7.4	\$47.5	\$54.9
Russia	\$157.0	\$479.0	\$82.0	\$40.0	\$60.0	\$281.0	\$4.0	\$345.0	\$303.0	\$1,145.0	\$1,448.0
Tajikistan	\$8.2	\$2.5	\$0.0	\$0.0	\$0.7	\$4.5	\$0.0	\$0.0	\$8.9	\$7.0	\$15.9
Turkmenistan	\$9.7	\$40.2	\$0.0	\$0.0	\$0.7	\$4.0	\$0.0	\$0.0	\$10.4	\$44.2	\$54.6
Ukraine	\$0.0	\$27.9	\$0.0	\$0.0	\$22.5	\$86.8	\$0.0	\$0.0	\$22.5	\$114.7	\$137.2
Uzbekistan	\$0.0	\$0.3	\$0.0	\$0.0	\$1.3	\$14.7	\$0.0	\$0.0	\$1.3	\$15.0	\$16.3
Regional	\$0.0	\$0.0	\$93.0	\$25.0	\$38.9	\$44.4	\$0.0	\$0.0	\$131.9	\$69.4	\$201.3
Total	\$270.7	\$921.9	\$175.0	\$65.0	\$147.0	\$567.0	\$4.0	\$369.0	\$596.7	\$1,922.9	\$2,519.6

Notes:

- (1) Food aid figures do not include planned \$700 million in concessional food sales
- (2) Information on medical assistance outside Russia not attributed by republic
- (3) Portion of technical assistance obligations for regional projects not attributed by republic

## \$24 Billion Financial Support Package for Russia in 1992

The \$24 billion multilateral assistance package for Russia in 1992 was announced in April, 1992 and consisted of four elements:

- \$11 billion in bilateral assistance
- \$4.5 billion from the World Bank, IMF and European Bank
- \$2.5 billion in deferred debt payments
- \$6 billion in a ruble stabilization fund

The package assumed solid reform progress. Russia's unsatisfactory pace of reform in 1992 hindered full disbursement of the planned assistance. During 1992, a total of \$13.26 was disbursed.

	<u>Announced</u>	<u>Provided</u>
<b>Bilateral Financing</b>	<b>\$11.0 billion</b>	<b>\$12.2 billion</b>
<ul style="list-style-type: none"> <li>o \$12.2 billion disbursed, most in loans with one to three year maturities and market interest rates.</li> <li>o U.S. disbursed \$2.1 billion, including \$1.54 billion in CCC credits, \$280 million in humanitarian assistance, \$245 in Exim and OPIC financing and \$60 million in technical assistance.</li> </ul>		
<b>International Financial Institutions</b>	<b>\$4.5 billion</b>	<b>\$1.067 billion</b>
IMF	\$3.0 billion	\$1.0 billion
World Bank	1.3 billion	0.05 billion
EBRD	0.2 billion	0.017 billion

- o Planned loan amounts assumed strong Russian reform. Lack of reform prevented full disbursement.

<b>Debt Deferral</b>	<b>\$2.5 billion</b>	<b>\$0 billion</b>
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- o Proposal was for deferral of 1992 interest payments on all government and commercial bank debt contracted before 1/1/91.
- o No formal deferment of interest payments because was wrapped up in the Paris Club rescheduling.
- o No budgetary cost to the U.S.

**Currency**

<b>Stabilization Fund</b>	<b>\$6.0 billion</b>	<b>\$0 billion</b>
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- o Russia and the IMF agreed that the Currency Stabilization Fund will not go into effect until after Russia gains IMF approval on a strict set of macroeconomic policies.
- o Since Russia has failed to do so, the stabilization fund has not been activated.

<b>TOTAL</b>	<b>\$24 billion</b>	<b>\$13.26 billion</b>
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# **RUSSIAN 1992 GDP IN DOLLARS**

**\$59.36 billion**

## **AVERAGE MONTHLY WAGE**

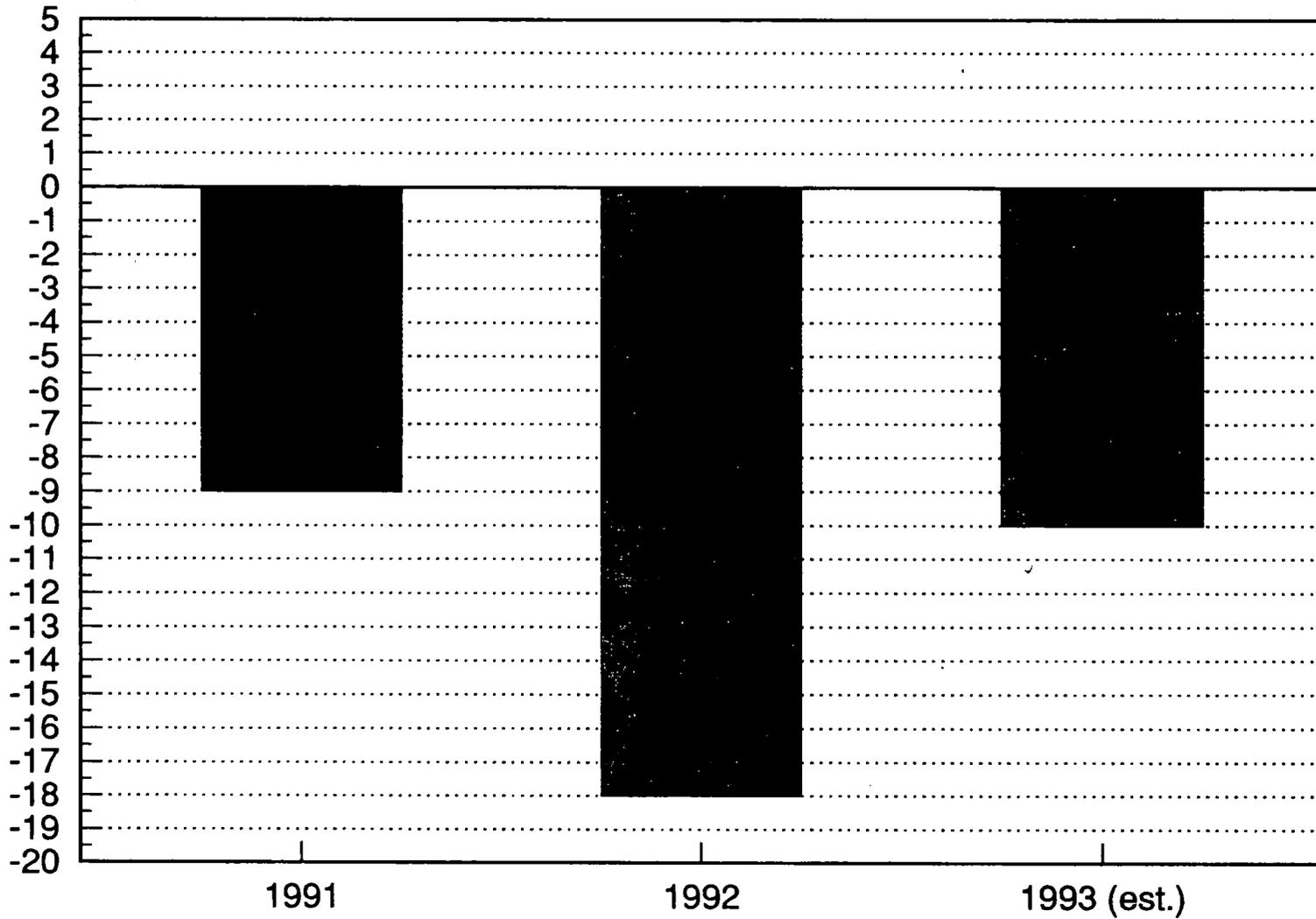
**(October 1992 Wage)**

**\$22.65**

- At R393 = \$1 (Average Q4 Exchange Rate)
- October Average Wage

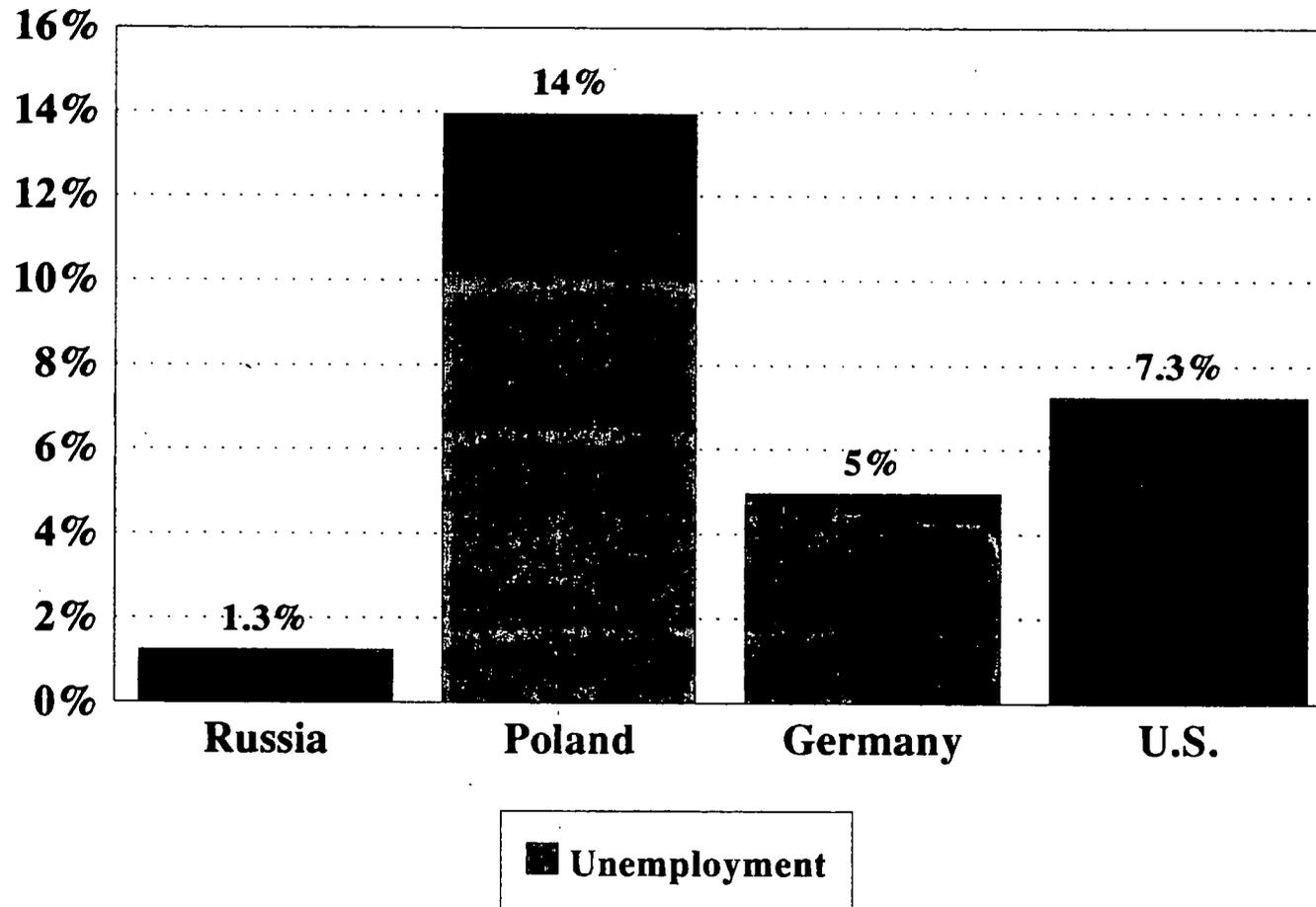
# Russia - GDP Growth

Percent



# Unemployment in Russia versus Selected Countries

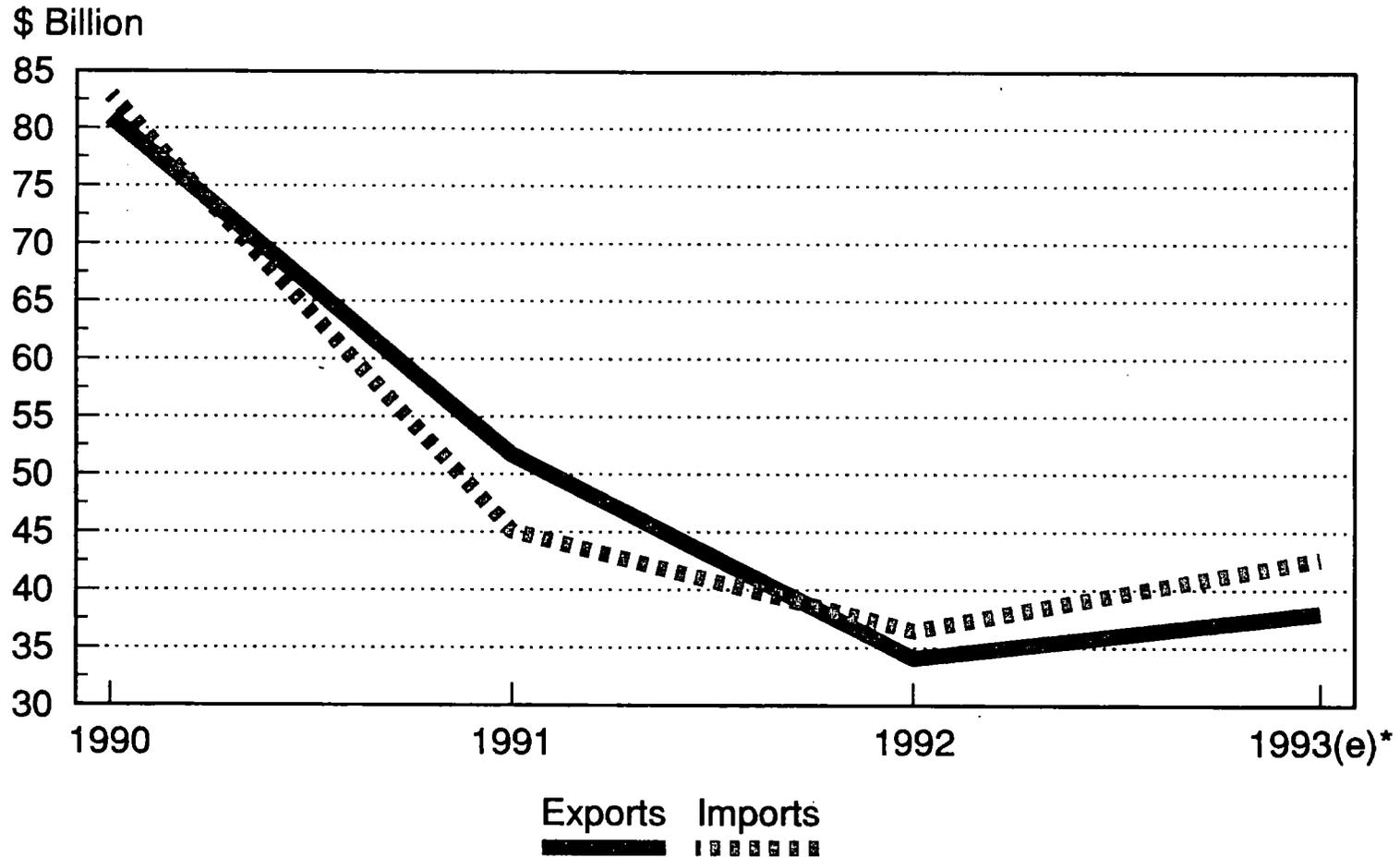
November, 1992



For Russia, "Job Seekers" as a percentage of total work force used, rather than "Official Unemployment" which only counts officially registered unemployed.

# Russian Foreign Trade

(\$ Billion)

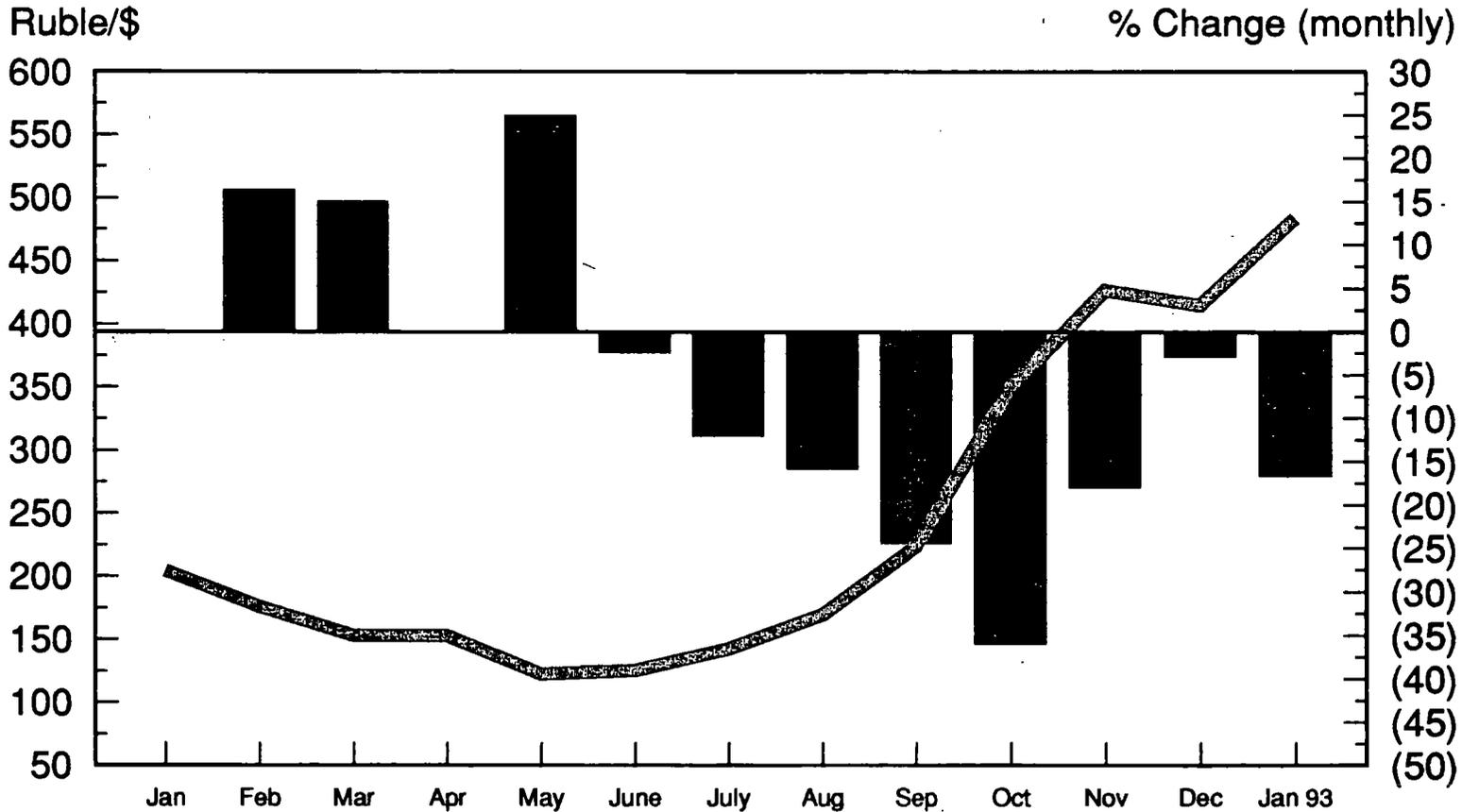


\* 1993 figures are IMF estimates assuming that strong reform policies are implemented

# Ruble/\$ Exchange Rate

## Moscow Interbank Foreign Currency Exchange

### 1992

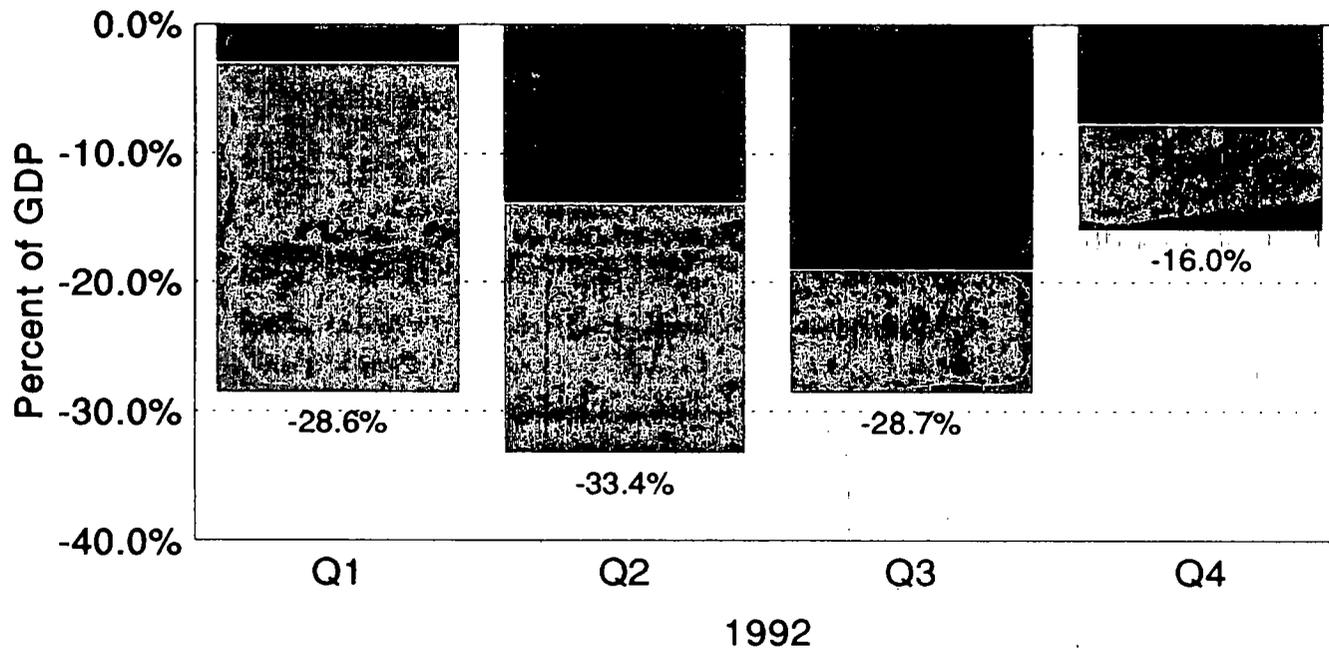


Rub/\$ Exchange Rate    % Change

# Fiscal Deficit in Russia

## Including Subsidies for Imports

Percent GDP

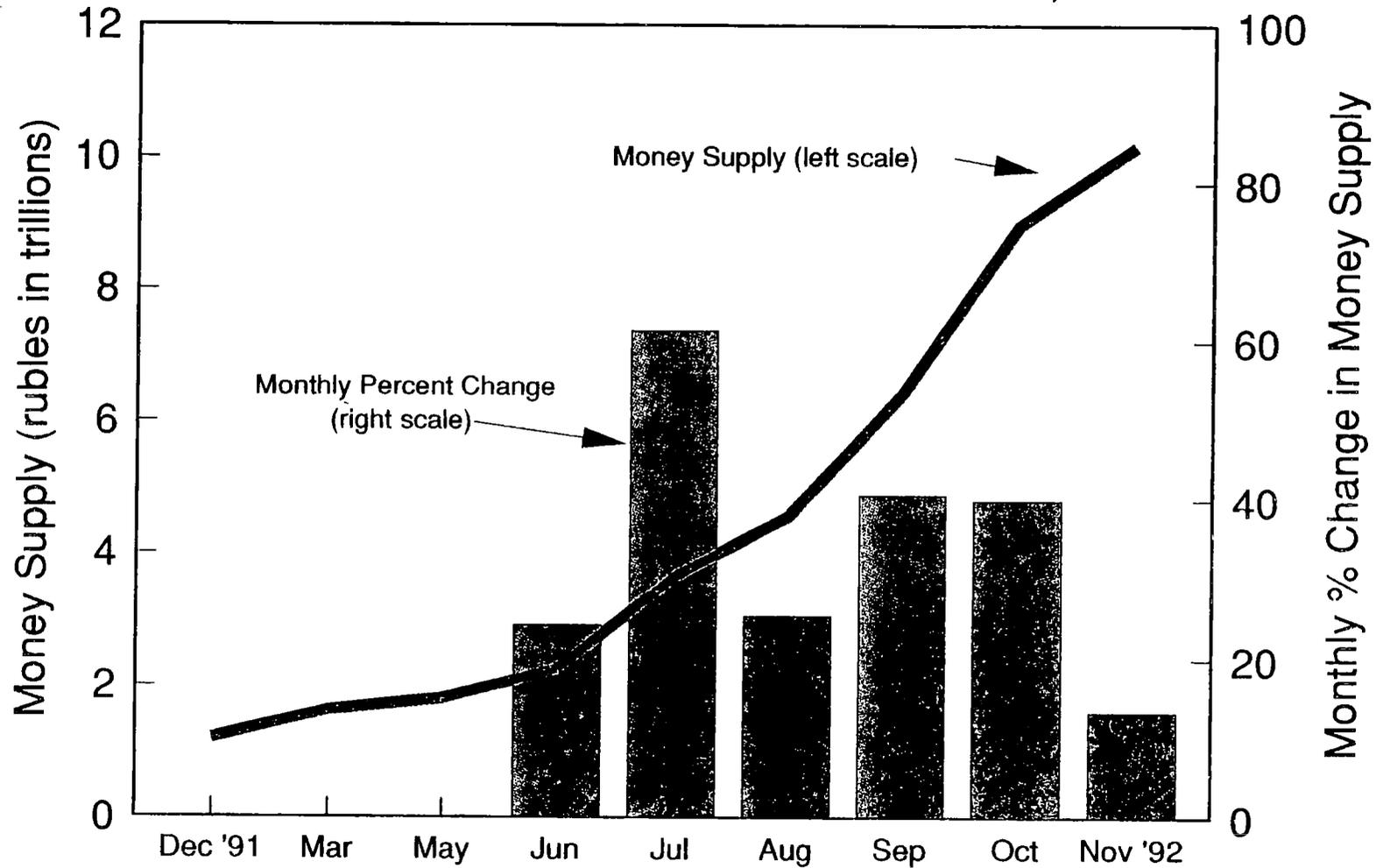


■ Budget Deficit (% GDP) ■ E.R. subsidies (% GDP)

General Government Deficit as Share of GDP (commitment basis).  
Enlarged government budget deficit, including exchange rate (E.R.) subsidies.  
Source: IMF

# Russia - Money Growth\*

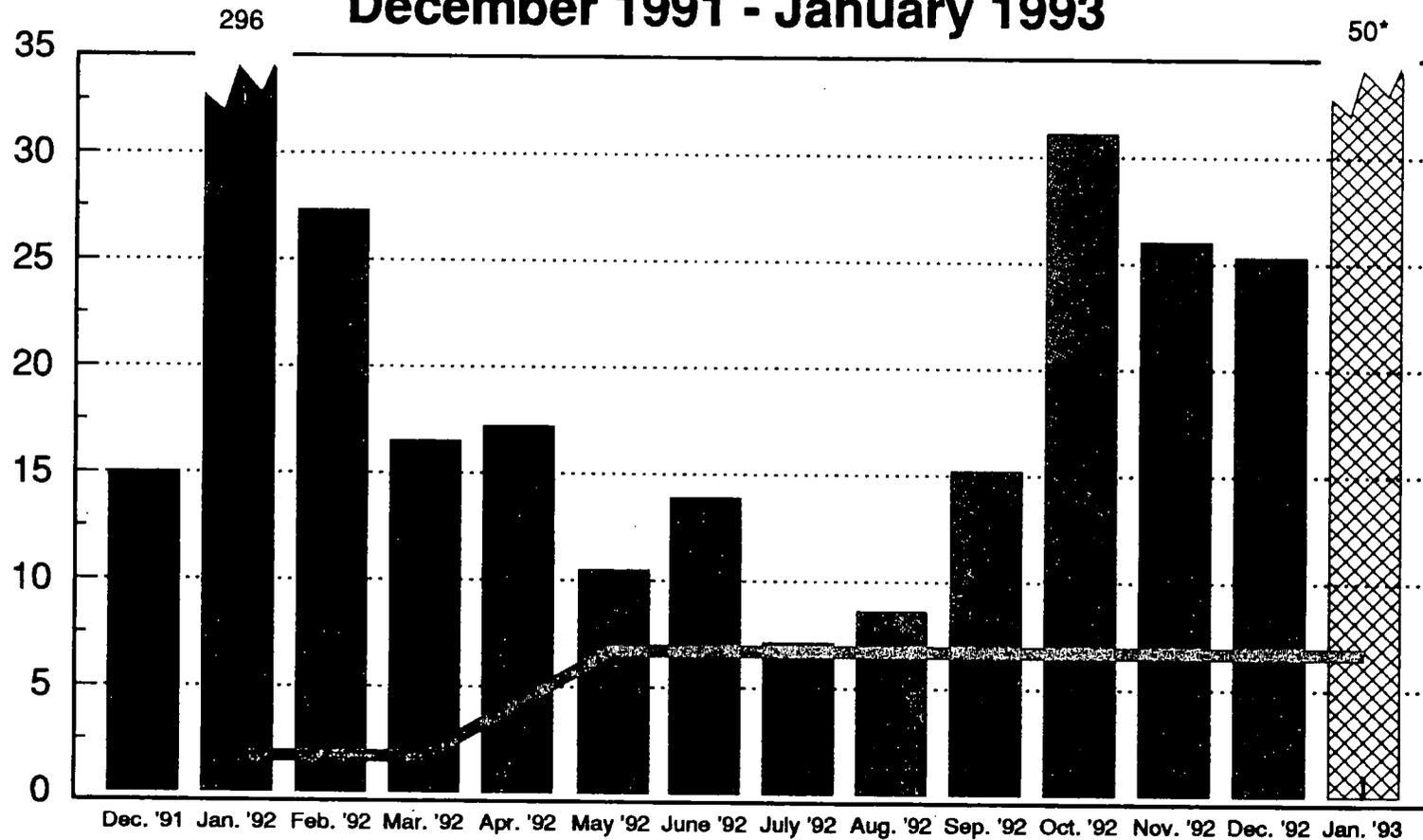
(Dec. 1991-Nov. 1992; trillions of rubles)



\* Consolidated balance sheet of Central Bank of Russia and banking system, including savings banks, ruble deposits, and foreign exchange deposits.

# Russia - Monthly Consumer Price Index

Percentage Monthly Increase  
December 1991 - January 1993



Red line = CBR finance rate (monthly)

\* According to Russian officials

## U.S. COMMERCIAL PROJECTS WITH RUSSIA

### Projects Illustrating Progress

American companies are looking for ways to do business in Russia despite the existence of formidable obstacles. A number of recent U.S.-Russian commercial projects provide examples of progress to which the President can point.

- Ilyushin IL-96: United Technologies and 15 other companies are working with the Ilyushin design bureau to build and market an upgraded plane to Russian and other NIS airlines. The airframe is Russian, and the engines and much of the avionics are American. The initial phase of 30 aircraft has a U.S. export value of more than \$1 billion, while potential export value through 2005 is \$8-10 billion. United Technologies alone has already invested \$70 million of its own funds. U.S. suppliers have begun talks with Eximbank regarding export financing and EBRD regarding investment to upgrade Russian manufacturing facilities. The project is on track, and the rollout took place March 30th. For the Russians, the project will generate hard currency, investment and market opportunities, and also will upgrade manufacturing. The Russians have told United Technologies that President Yeltsin will present President Clinton with a model plane and discuss the Russian interest for Eximbank and EBRD participation.
  
- Sakhalin Project: Marathon Oil and McDermott Corporation are partners with Mitsui, Mitsubishi and Royal Dutch/Shell in the "MMMMS" consortium to develop the \$10 billion Sakhalin offshore oil and gas project. The project would generate billions of dollars in hard currency for Russia as well as jobs, fuel deliveries, and an energy infrastructure for the Russian Far East. On March 19th, the Russian State Expertise Committee recommended approval of the consortium's \$75 million feasibility study. According to Russian officials and the American partners, the project is at a critical decision stage in Russia, and an expression of support from the President could ensure project approval and implementation.
  - The Sakhalin oil and gas project can provide billions of dollars of revenue for Russia as well as jobs and increased energy deliveries. The Russian government should expedite negotiation of the production sharing agreement and then ensure that approvals are promptly issued by Prime Minister Chernomyrdin, the Supreme Soviet and President Yeltsin himself.
  
- Polar Lights Oil Project: Conoco has joined with GP Arkhangelskgeologia to form the Polar Lights Company, which has obtained the rights to develop the Ardalin Field in the north of Russia next to the Barents Sea. Arkhangelskgeologia will provide the oil field and some infrastructure. Conoco will drill wells and provide additional infrastructure to develop the field. To date,

Conoco has invested \$50 million into the project for infrastructure (pipe laying, etc.) development, and expects to complete the remainder of the \$330 million projected investment by summer 1993. The U.S. government Overseas Private Investment Corporation (OPIC) is considering financial support.

- IBM/American Airlines Cooperation with Russian Airlines: IBM and American Airlines are working with a consortium of former Aeroflot carriers on a \$150 million project to provide commercial and operational systems for the Russian air transport system, including computerized reservations, cargo systems, scheduling, departure control systems, and fare automation. The project would help modernize Russia's air transport sector, contributing to economic growth and expansion of Western trade and investment. IBM/American Airlines have purchased minority shares in the newly formed joint stock company, ITC-S. They are also arranging financing with EBRD and Export-Import Bank and have secured a Russian government guarantee enabling them to proceed.
- Boeing's Moscow Research Center: Boeing has named a director and selected a location and expects to open its doors in Moscow in the summer. Drawing on the strengths of Russia's aircraft industry, approximately 20 Russian scientists will work under contract on projects such as developing formulas for computational fluid dynamics and researching alloys of aluminum and titanium offering greater strength for weight. The center will help Russia integrate its aviation industry into the global aerospace community.

#### Projects Illustrating Problems

Unfortunately, many U.S.-Russian commercial projects, including some in operation as well as under negotiation, are significantly hindered by delays or problems on the Russian side. President Clinton could tell President Yeltsin that, while there are many projects which could benefit Russia, the Russians first have to expedite action to overcome problems in areas such as those below.

- "Trained" High Stress Graded Lumber Factory: Allstate Venture Capital, a part of Sears, has a \$5 million investment in a joint venture in Karelia, Russia. The joint venture built a manufacturing plant from scratch in the middle of a Karelian forest, and now employs a substantial number of local people to make a product never before produced in Russia and to export it for hard currency. The product is high-stress graded lumber, used in roof trusses for houses. However, the investment is hindered by problems in receiving deliveries to the joint venture as well as by lack of support from local management and Karelian government officials. The company is extremely frustrated by the unwillingness or inability of its local partner and local officials to cooperate in reasonable management practices, and by local efforts to undercut the venture.

- Allstate wants to expand its operations in Russia but cannot do so unless the joint venture receives increased support from local management and government officials. Being permitted to make this a 100% U.S.-owned company could be one solution.
  
- Sutormin and Arkhangelsk Oil Projects: Texaco has invested \$20 million in a project to rework the Sutormin oil field in Western Siberia. They have also negotiated for over two years and spent several million dollars to develop oil production capabilities in Arkhangelsk. Delays in granting necessary approvals caused Texaco to miss the deadline for arranging a summer 1993 sea shipment into Arkhangelsk of equipment. The next opportunity for shipment will be summer 1994, a delay of a full year. The project would provide U.S. equipment and techniques, speed development of Russia's oil production capabilities, and generate significant hard currency export revenues. Texaco's investment in the project could reach up to \$2.5 billion.
  
- Through years of negotiations and substantial financial expenditures, Texaco has shown its long-term commitment to the Russian market, but has been hindered by bureaucratic roadblocks. Texaco is willing to invest up to \$2.5 billion to develop Russia's oil resources, if the Russian government were to expedite necessary approvals.
  
- "Sterch" Process Controls Joint Venture: Several years ago Honeywell established one of the first successful manufacturing joint venture investments in Russia, which still serves as an example to other investors. "Sterch," a joint venture with Agrokhim, supplies process controls which increase the output and efficiency of fertilizer plants and petrochemical factories. However, Sterch's hard currency account, which holds \$4.5 million in payments by Russian plants for deliveries of process controls, has been frozen by the Foreign Economic Bank (VEB). As a result, the operations of the joint venture are hindered and further Honeywell investment in Russia is stymied.
  - Unfreezing the joint venture's funds in the VEB would enable the venture to expand production and allow Honeywell to increase its investment in Russia.
  
- Carlisle Syntec Systems: Carlisle Syntec manufactures a unique roofing material useful in an unusually wide range of temperatures. Because of their similar climatic ranges, the U.S. and Russian markets provide ideal markets for this product. In 1989 Carlisle Syntec entered a joint venture, "Krovtext," to manufacture and install roofing materials. For the past three years the JV has operated under Russian and U.S. management and was very successful financially. Carlisle Syntec has invested over \$4 million in Krovtext. Its hard currency funds have been frozen by the Russian VEB, threatening the JV.

-- Funds frozen by the VEB must be released before the company can expand the joint venture's operations or increase its investment in Russia.

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# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
<del>001. paper</del>	<del>START I/NPT (Lisbon Protocol) (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>002. paper</del>	<del>START II Ratification (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>003. paper</del>	<del>Safety Security Dismantlement (SSD) Initiatives (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>004. paper</del>	<del>HEU [Highly Enriched Uranium] Negotiations (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>005. paper</del>	<del>Weapons Non-Proliferation Treaty (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>006. paper</del>	<del>Russian-Indian Missile Cooperation (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>007. paper</del>	<del>North Korea (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>008. paper</del>	<del>Commercial Space Launch Agreement (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>009. paper</del>	<del>Joint U.S. Russia Peacekeeping (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>010. paper</del>	<del>ABM Treaty (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>011. paper</del>	<del>Chemical Weapons (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>012. paper</del>	<del>Biological Weapons (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>013. paper</del>	<del>Defense Conversion (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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<del>014. paper</del>	<del>Defense Cooperation Initiative and Military-to-Military Contacts (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>015. paper</del>	<del>Science and Technology Initiatives (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>016. paper</del>	<del>Bilateral Science and Technology Meetings (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>017. paper</del>	<del>CFE [Conventional Armed Forces in Europe] Treaty (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>018. paper</del>	<del>U.S.-Russian Cooperation on Bosnia (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>019. paper</del>	<del>U.S.-Russian Cooperation on Iran, Iraq, Libya (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>020. paper</del>	<del>U.S.-Russian Cooperation on Middle East Peace Process (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>021. paper</del>	<del>Russian Troop Withdrawals from the Baltic States (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>022. paper</del>	<del>Russian-Ukrainian Relations (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>023. paper</del>	<del>Russia's Position on Regional Conflicts within the Former Soviet Union (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>024. paper</del>	<del>Russian Relations with Cuba (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>025. paper</del>	<del>Russia and the Commonwealth of Independent States (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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<del>027. paper</del>	<del>Russian Policy on the Northern Territories (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>028. paper</del>	<del>China (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>029. paper</del>	<del>India (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>030. paper</del>	<del>Proposed New Canadian Assistance Package (2 pages)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>031. paper</del>	<del>North American Free Trade Agreement and Canada (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>032. paper</del>	<del>Canadian Interests in the Former Soviet Union (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>
<del>033. paper</del>	<del>Windy Craggy Copper Mine (1 page)</del>	<del>04/01/1993</del>	<del>P1/b(1) KBH 4/30/2020</del>

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## **BACKGROUND PAPERS: SECURITY ISSUES**

START I/NPT (Lisbon Protocol)  
START II Ratification  
Safety Security Dismantlement (SSD) Initiatives  
Highly Enriched Uranium (HEU) Negotiations  
Weapons Non-Proliferation Treaty  
Russian - Indian Missile Cooperation  
Comprehensive Test Ban  
The North Korean Nuclear Threat  
Commercial Space Launch Agreement  
Joint U.S.-Russian Peacekeeping  
ABM Treaty  
Chemical Weapons  
Biological Weapons  
Defense Conversion  
Defense Cooperation Initiative and  
Military-to-Military Contacts  
Science and Technology Initiatives  
Bilateral Science and Technology Meetings  
CFE Treaty: Russian Desire to Amend Flank Ceiling

START I/NPT (Lisbon Protocol)

The Lisbon Protocol, signed last May, makes Russia, Belarus, Kazakhstan, and Ukraine parties to the START Treaty in place of the former Soviet Union. Belarus, Kazakhstan, and Ukraine also committed to adhere to the Non-Proliferation Treaty (NPT) as non-nuclear-weapon states "in the shortest possible time." These three states also provided legally binding side letters which commit each of them to eliminate all nuclear weapons and all strategic offensive arms from their territories within START's seven-year reductions period.

Belarus has voted both to ratify START and to accede to the NPT. The Ukrainian legislature has begun debate on the two Treaties, but might attach conditions to START and/or defer action on the NPT. Kazakhstan ratified START last July, and plans to take up the NPT this spring. Russia has also ratified START, but said that it could not enter into force until the other three FSU states all ratify START, agree on implementation procedures, and accede to the NPT as non-nuclear-weapon states.

There is a real risk the Treaty could unravel. The root of the problem lies in the friction and mutual distrust between Ukraine and Russia, reflected in, and fueled by, ongoing disputes over nuclear weapons and other issues. Kiev's fears stem partly from the uncertainty over Russia's future course. The Russians, in turn, are exercised about Ukrainian efforts to assert ownership, administrative control, and ultimately (they believe) operational control over the strategic nuclear weapons there.

A majority in Ukraine appear to support de-nuclearization, provided that Ukraine receives adequate security assurances, dismantlement aid, and a share of the proceeds from selling the Highly Enriched Uranium (HEU) removed from dismantled nuclear weapons. But some political leaders seem to be having second thoughts. The U.S. has sought to address each of Ukraine's concerns, but we and our allies have also made it clear to Ukraine that the delays in acting on the Treaties are souring relations and that a non-nuclear Ukraine is the best guarantee of Ukraine's security.

Our policy, as directed by a recent Presidential Decision Directive, is to continue emphasizing positive incentives, and to refrain from brandishing sticks unless it becomes clear that Ukraine's delays reflect government policy or that the parliament is likely to reverse Ukraine's Lisbon pledges. If all parties agree, we intend to announce at the Summit a proposal to establish a regular forum for discussing security issues among the START Parties. As an inducement and a reassurance that we will continue a high-level dialogue with the non-Russian states, the first meeting would take place after all Lisbon commitments are fulfilled (though a separate initiative to meet sooner to discuss implementation issues would not be precluded). Our goal at the Summit is to press Russia to be as flexible as possible in its START-related dealings with Ukraine while assuring Moscow that we will also keep up the pressure on Kiev.

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2016-0132-M (1.27)  
KBH 7/10/2020

START II RATIFICATION

START II will cut the strategic forces of the U.S. and Russia to 3,000-3,500 warheads, about one-third of current levels, by January 1, 2003. More importantly, the Treaty will lead to the elimination of all deployed land-based ICBMs with multiple warheads (MIRVed ICBMs). Both the reductions and the MIRVed ICBM ban can be accelerated to December 31, 2000 if the U.S. and Russia can agree on a program of assistance to Russia in reducing strategic forces.

START II was submitted to the U.S. Senate by President Bush on January 19. Hearings will begin in late April or early May; Senate approval is expected by August. We will work with the Senate to delay the vote until after Russian ratification since the expected overwhelming Senate approval could support Russian hard-line claims that the Treaty favors the U.S.

The Russian government submitted the START II Treaty to the Supreme Soviet in February. Hearings are now in progress. We anticipate the Supreme Soviet will act during May or June although it could be delayed by the current crisis.

There is significant Supreme Soviet opposition to the cost of implementing START II. In addition, Russian hard-liners incorrectly claim the Treaty is unequal because it eliminates Russian SS-18 ICBMs while allowing retention of U.S. Trident SLBMs. Finally, some in the Supreme Soviet want to delay final approval until Belarus, Kazakhstan, and especially Ukraine have all ratified START I and acceded to the NPT. (Belarus has taken both steps, Kazakhstan has ratified START I, Ukraine has acted on neither treaty.) We oppose such delay. Prompt approval of START II could send a useful signal to the other states, and Russian interests are protected since, by its own terms, START II cannot enter into force until START I does.

The United States has offered to support Russian ratification by encouraging reciprocal visits by the Senate Arms Control Observer Group and Russian Parliamentarians and by providing fact sheets and speakers to Moscow. If asked, we will provide mid-level witnesses to testify before the Supreme Soviet.

Yeltsin is strongly committed to START II and spoke emotionally of its importance during the signing ceremony. We are uncertain of how the current crisis will effect his attitude, the prospects for Supreme Soviet approval, or the desirability of American help. Survival of Yeltsin and his reforms is our priority. Therefore, if political changes in Russia cause Yeltsin to seek to delay ratification briefly, we should not object, although we must be careful such a modest delay does not slide into indefinite deferment.

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SAFETY SECURITY DISMANTLEMENT (SSD) INITIATIVES

We have pledged at least \$400 million in Nunn-Lugar assistance to Russia. We have signed 8 SSD agreements with Russia totaling \$150 million in Nunn-Lugar funds:

- an umbrella agreement providing the international legal framework for assistance;
- armored blankets to enhance the safety and security of weapons and fissile material during transport;
- safety and security enhancements for railcars used in transporting nuclear weapons and fissile material;
- emergency response equipment to upgrade capabilities to respond in case of a nuclear accident;
- transportation and storage containers for fissile material removed from dismantled nuclear weapons;
- assistance in the design of a storage facility for fissile material;
- assistance in chemical weapons destruction; and
- establishment of a science center to employ former weapons scientists.

The SSD Delegation completed three additional agreements in Moscow last week on strategic nuclear delivery vehicle (SNDV) dismantlement (\$130 million), construction and operating equipment for the fissile material storage facility (\$75 million), and the establishment of a national system for material control and accountability of civil nuclear material (\$10 million). These agreements are being reviewed by relevant ministers in Moscow. Hopefully, in time for signing before or during the summit. The SSD Delegation also signed an amendment increasing the amount allocated for accident response (\$5 million). These agreements would bring the total amount of assistance for Russia to \$370 million.

We have received some Congressional criticism because only \$20 million in Nunn-Lugar funds have actually been spent. This is largely because the legislation requires us to follow cumbersome DOD procurement regulations. However, deliveries of equipment and training will pick up significantly this year. We are also looking hard at legislative relief that will allow us to speed up the delivery process.

SNDV dismantlement is currently our highest priority and will consume a good portion of the \$800 million in Nunn-Lugar funds. We will need additional funds if we are to conclude a separate agreement with Moscow to expedite START II eliminations.

The Umbrella agreement's provisions on privileges and immunities are under attack by right-wing Russian parliamentarians as legalizing U.S. espionage. This, and Yeltsin's precarious situation, have led Russian officials to move somewhat more cautiously on SSD issues. We need to convince them it is still in our mutual interest to press ahead.

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2016-0132-7(1.29)  
KSH 1/10/2020

HEU NEGOTIATIONS

The U.S. and Russia signed a government-to-government agreement February 18 committing the two sides to the sale of 500 tons of highly enriched uranium (HEU) extracted from former Soviet nuclear weapons. We were very close to agreement on a contract specifying price and delivery schedules, but negotiations broke down March 11 when Russian Minister of Atomic Energy Mikhailov demanded a higher price. Negotiations resumed in Moscow March 29. The U.S. delegation offered an enhanced proposal, but Mikhailov again increased his demand. At this point, it is not clear that the Russians want to conclude an agreement in the present political climate.

There is yet another outstanding issue -- the lack of agreement between Russia and Ukraine, Belarus, and Kazakhstan on the sharing of proceeds from HEU sales. We have repeatedly told the Russians that the U.S. cannot proceed with the HEU contract signing until such arrangements have been concluded. Working out these arrangements will need to be accomplished at a high political level. We are engaged with senior officials in all four countries to encourage this.

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2014-0132-M (1.30)  
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WEAPONS NON-PROLIFERATION TREATY

Russia and the United States share an interest in stemming the proliferation of weapons of mass destruction, an area of U.S.-Soviet cooperation even at the height of the Cold War. Today, we have a cooperative agenda covering nuclear and chemical/biological weapons, missiles, and conventional arms. The Russians actively participate in UN inspections in Iraq. We have worked closely to reverse North Korea's NPT withdrawal and in promoting its acceptance of International Atomic Energy Agency (IAEA) inspections. Russia co-sponsors the Middle East peace process and its arms control working group. It has supported our proposal for multilateral non-proliferation talks in South Asia and works with us to promote indefinite extension of the NPT at the 1995 review conference. We have even begun to share non-proliferation intelligence in a way that was unthinkable years ago.

Our relationship is threatened, however, by Russian government-authorized exports reflecting economic pressures to sell arms and sensitive technologies to troublesome clients. Unless the most urgent of these cases is resolved, U.S. law may soon require us to impose sanctions against additional Russian firms involved in transferring missile-related items to India and China. Additional sanctions would damage U.S.-Russian relations at a critical juncture. We made a proposal to Foreign Minister Kozyrev last month aimed at resolving this issue, but the two sides remain far apart.

The other major export issue has been Russia's plan to export nuclear reactors. Foreign Minister Kozyrev told Secretary Christopher that President Yeltsin, apparently responding to U.S. concerns, has decided not to transfer heavy water reactors -- the most dangerous, from a proliferation standpoint -- to Iran and Pakistan. Nonetheless, Kozyrev announced on Monday that Russia is prepared to sell Iran even more nuclear power plants -- a type which would pose a less serious proliferation threat. Similarly, selling any kind of reactor to Pakistan would undercut the Nuclear Suppliers Group agreement against nuclear transfers to countries such as Pakistan without IAEA safeguards on all their nuclear facilities.

Despite many positive steps and good intentions, Russia's ability to respond to our call for export restraint may be constrained by domestic criticism that Yeltsin is too susceptible to U.S. influence on these questions. Continuing economic problems will also make it difficult for Russia to refuse potentially lucrative technology sales, even to risky customers.

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## RUSSIAN-INDIAN MISSILE COOPERATION

In May 1992, the United States imposed sanctions against the Russian firm Glavkosmos for contracting to supply the Indian Space Research Organization (ISRO) with cryogenic rocket engines covered by the Missile Technology Control Regime (MTCR). Evidence acquired since that time implicates other Russian firms in the ISRO deal and possibly in the transfer of MTCR-limited items to China.

During his February 25 meeting with Russian Foreign Minister Kozyrev, Secretary of State Christopher offered to waive additional sanctions against these firms in exchange for a Russian commitment to limit the ISRO contract to rocket engines only (i.e. no production technology) and to abide by the MTCR guidelines. Christopher emphasized that U.S.-Russian space cooperation would provide a better way for Russia to gain a foothold in the international space market than sanctionable activity like the ISRO deal.

Little progress was made on this issue during bilateral talks in Moscow on March 29-30. The Russians showed no willingness to scale back their ISRO contract or to adhere to key aspects of the MTCR -- such as its ban on the transfer of major production facilities. The Russians also appeared to back away from an earlier agreement in principle to disclose and work together to resolve other potentially sanctionable cases.

The Russians were provided a nonpaper outlining proposed areas of U.S.-Russian space cooperation, including Russian access to the international satellite launch market. Russian Deputy Foreign Minister Berdennikov suggested that both issues -- Russian missile-related exports and future U.S.-Russian space cooperation -- be taken up again after the summit.

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## COMPREHENSIVE TEST BAN (CTB)

- The Summit Joint Statement contains a sentence noting "agreement to commence multilateral negotiations on a CTB at the earliest possible date."
- This is an important milestone in moving toward this long-standing U.S. arms control goal. It also represents a significant departure from U.S. policy on this issue during the last 12 years. Finally it follows through on the legislation on nuclear testing enacted last year (the Hatfield-Exon-Mitchell Amendment), which requires the President to submit a plan to Congress for achieving a CTB by September 30, 1996.
- It is important, though, that we avoid any detailed discussion or negotiation on nuclear testing at the summit.
- There are really two parts to the nuclear testing issue:
  - o First, how and where to negotiate the CTB (five-party, CD, or some combination of the two); and
  - o Second, does the U.S. resume testing in the interim, while we are negotiating the CTB, as permitted by and envisioned in the Hatfield-Exon-Mitchell Amendment?
- For the past several weeks, the NSC has been chairing an interagency working group that is conducting a Presidential Review on both these questions.
- We have made good progress, but we are still at least several weeks from having recommendations and options ready for decisions at senior levels.
- As a result, the United States should not accept any proposal at the summit by President Yeltsin that would either: (a) specify a negotiating forum (they seem to prefer energizing the CD) or (b) extend the current moratorium on U.S. or Russian testing further into 1993.
- In both cases, we need to preserve our options pending our final decisions, and pending careful consultations with the British and the French on those decisions.

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NORTH KOREA

North Korea has refused to allow the IAEA to inspect two sites at its Yongbyon nuclear facility which may contain evidence of undeclared plutonium production. Following a formal IAEA demand for a special inspection, North Korea announced its intention to withdraw from the NPT. At a March 31 meeting, the IAEA Board of Governors adopted a resolution finding North Korea in non-compliance with its safeguards agreement, and referring the issue to the UN Security Council.

Russia supported vigorous IAEA actions to verify North Korea's compliance with safeguards obligations. Russia is a staunch supporter of the NPT, and moved quickly to consult with us following North Korea's announcement that it wished to withdraw from the treaty. The Russians initiated the issuance of a joint statement on the North Korean issue with the UK and the U.S.

While the Russians have firmly opposed North Korea's actions, they have privately urged us not to back the DPRK into a corner, and have urged the international community to give North Korea time to back down from its position.

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COMMERCIAL SPACE LAUNCH AGREEMENT

For the past year, the United States has been exploring with Russia the possibility of an agreement that would govern Russian entry into the international market for commercial space launch services. Talks with the Russians have advanced to the point where the outline of an agreement will be ready to share with Yeltsin at Vancouver.

Like a similar agreement reached with China in 1988, this one would permit Russian firms, essentially non-market entities, to offer space launch services to international customers. As with the agreement with China, the U.S. foresees that this agreement with Russia will have a number of negotiated safeguards to prevent disruption of the international market for commercial launch. Without such safeguards, which include quotas and a clear, enforceable pricing obligation, Russia, like China before it, could severely underbid its market competitors. The Chinese typically offered launches at approximately 50 percent of the normal market price.

The market for commercial launches is currently made up of no more than 10-15 launches per year of large, geosynchronous telecommunication satellites. U.S. launch manufacturers account for about 40 percent of that amount, with the European consortium Arianespace accounting for 50-60 percent. A market is emerging in low-earth orbit or LEO satellites, which are launched in clusters of 6 or 7 at a time to form constellations, also for telecommunications. One proposed LEO system, Motorola's Iridium, would involve about 66 satellites. The LEO launches will thus account for some expansion in the commercial market, but it is highly unpredictable at this time.

Unconstrained market entry by Russian launch organizations is strongly opposed by U.S. launch vehicle manufacturers, who fear that arbitrarily low non-market prices will undermine their position in the world market. Their position in that market has already been undercut by heavily subsidized European competition. General Dynamics, a key U.S. firm, has argued that it will exit the commercial launch business should a quota of two to three launches per year--precisely the number mentioned by the Russians--be given to the non-market economies, Russia and China together. According to a reading of a study sponsored by General Dynamics, roughly 5000 job opportunities will be lost to the U.S. economy as a result of three non-market launches per year. Although the methodology behind this figure can be called into question, it does give an order of magnitude to the problem.

U.S. industry is not opposed to some market penetration by the Russians. With respect to larger U.S. objectives, allowing even modest Russian market participation could encourage conversion of military space technology to civilian uses. Moreover, a flexible U.S. position on Russian involvement in low-earth orbit (LEO) satellite systems could actually facilitate implementation of

these systems, thus expanding commercial space markets for all suppliers.

This rationale, among others, supported the decision to give a nod to Russian participation in Iridium launches, pending the conclusion of the space launch agreement and FCC licensing for the system overall. It came about in the context of constructing a package of "sweetners" to use in our bilateral negotiations with the Russians over their sale of rocket engines to the Indian Space Research Organization. This is an activity sanctionable under U.S. law. (See accompanying fact sheet.)

If Russia agrees to cancel a portion of the sale to India, the loss would likely total more than half of a deal worth \$240 million. By comparison, the value of the access to the market that the United States is likely to offer will include:

- Launch of the INMARSAT-3 satellite, as planned (about \$36 million);
- Access to launch a portion of Motorola's prospective low-altitude system Iridium (about 3 Russian launches worth about \$120 million);
- Commitment to seek a seven-year U.S.-Russian trade agreement on commercial launches of both low-altitude and geosynchronous satellites. If, under this agreement, the Russians were allowed no more than one launch per year, the agreement would nevertheless be worth about \$280 million over the seven-year period.

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JOINT U.S.-RUSSIAN PEACEKEEPING

Working with the Russians on peacekeeping issues advances our key post-Cold War objectives of keeping the peace not only in Eurasia but around the world, as well as integrating Russia into the West. This issue is at the center of one of Russia's principal foreign policy concerns -- resolving regional and ethnic tensions, particularly involving Russian minorities, on the peripheries of the Russian Federation. The Russians have been helpful on the CSCE Nagorno-Karabakh negotiations, which may soon involve peacekeeping, and have coordinated their peacekeepers in the Ossetia region of Georgia with the CSCE. However, the actions and motives of Russian troops in other areas of conflict, notably Moldova and the Abkhazia region of Georgia, are open to serious question. Russian troops in Croatia under UNPROFOR have been accused of favoritism toward Serb nationalists.

We encourage the Russians to accept multinational approaches to and participation in peacekeeping, ranging from small conflict prevention missions to full-blown peace enforcement deployments. But adherence to CSCE and UN principles and agreements by the parties involved must be a sine qua non of all peacekeeping operations the Russians undertake. They should accept that international endorsement of their own or CIS peacekeeping is contingent upon effective CSCE or UN political oversight. We support multinational involvement as in the case of the CSCE activity in monitoring the status of the ethnic Russian minorities in Moldova and Estonia. But we do not endorse a Russian "Monroe Doctrine."

We have stressed the above principles in our discussions with the Russians on both general peacekeeping policy and concrete peacekeeping initiatives. We have suggested jointly initiating a UN working group to propose means to reform peacekeeping financing and budget management. This "Group of 21" would consist of the Perm-5 and the other largest financial and troop-contributing countries. In addition, we are exploring practical doctrinal and training initiatives for bilateral military-to-military peacekeeping cooperation. We are also pursuing these issues with the Russians and others in NATO's North Atlantic Cooperation Council (NACC), which the Russians consider the most appropriate forum for such cooperation with us. We stress the criticality of Russian support for UN peacekeeping globally and for the CSCE peacekeeping and preventive diplomacy missions now underway in the former Soviet Union, including Nagorno-Karabakh, Georgia, Estonia and Moldova.

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ABM TREATY

In February and again in March, the Russians formally proposed that the Standing Consultative Commission (SCC) meet without delay. (The SCC is the body charged with implementing the provisions of the ABM Treaty and is required to meet twice annually. Every five years the Treaty is required to be reviewed. The fourth five-year review should be held prior to October 3, 1993.) The Russians proposed the meeting to address ABM Treaty implementation issues including Global Protection System questions, Treaty clarifications, and legal succession. The Russians provided the United States a draft Protocol to resolve ABM Treaty succession and told us they coordinated the Protocol with the other states of the former Soviet Union. Several of the other states, including Ukraine, Belarus, and Kazakhstan, have informed us that they also consider themselves as ABM Treaty successor Parties. The U.S. told Russia that it has not taken a position on succession but looks forward to resuming our dialogue on the ABM Treaty and associated issues at an early date in the SCC. However, we could not agree to the Russian request to meet in March due to the ongoing review of issues related to the ABM Treaty and ballistic missile defenses.

During the previous Administration, the United States and Russia engaged in high-level discussions to develop a concept for a Global Protection System (GPS) against limited ballistic missile attack. However, the ABM Treaty presented impediments to the GPS Concept as previously proposed by the U.S. In particular, the U.S. proposed, both in GPS discussions and SCC negotiations, five Treaty initiatives: (1) discussing the distinction between ATBM and ABM systems; (2) eliminating restrictions on sensors; (3) permitting additional deployment of fixed ground-based ABM defenses; (4) eliminating restrictions on the development and testing of ABM systems; and (5) permitting the transfer to GPS participants of ABM systems, ABM components, and technical information. Coming to agreement on the first two issues -- agreeing on the distinction between ATBM and ABM systems and eliminating restrictions on sensors -- above would allow for a fully capable Theater Defense System, which would not be possible under the current ABM Treaty. Discussions relating to the first issue (ABM/ATBM distinction) were more technical and detailed in both GPS and SCC negotiations last year.

There are a number of ABM implementation and compliance matters stemming from the breakup of the former Soviet Union that need to be addressed. The Russians want to continue discussions with the United States on GPS and they recognize the need to update the ABM Treaty in some respects to meet changed political circumstances. However, their firm position, expressed in GPS discussions and the SCC, is to retain the ABM Treaty without amendment.

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CHEMICAL WEAPONS

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Bilateral U.S.-Russian Talks

The U.S. and the Soviet Union concluded two general agreements under the Bush administration related to the destruction of the two countries' CW stockpiles. Russia has assumed responsibility for the agreements. The first is the 1989 Wyoming Memorandum of Understanding which contains confidence building activities such as a detailed data exchange and joint inspections of CW stocks. The second is an agreement signed in 1990 calling for the destruction of the vast majority of the declared CW stocks and a cessation of production by both states.

The dissolution of the Soviet Union, and Russia's internal difficulties, have delayed reaching agreement on necessary, detailed protocols updating and implementing the agreements. Delegations from both sides recently reached agreement in Geneva on the protocols, but the political climate in Moscow precludes their ability to review and approve them by the Vancouver summit. Also, we have evidence that the Soviets and now Russians may be engaged in developing new CW, which would be contrary to their assurances. If true, we will need corrective action before we complete new agreements with them.

U.S. Assistance to Russian CW Destruction

Although committed by the Chemical Weapons Convention (CWC) and the bilateral U.S.-Russian Destruction Agreement to destroy their stockpile of chemical weapons, the Russians face extremely tough obstacles to doing so. There is strong political and environmental opposition in the areas where destruction is contemplated, and the Russian parliament has refused to approve an overall destruction plan or provide adequate funding. It also appears some elements of the Russian government, such as the defense and chemical industry agencies, are loath to spend scarce budget resources on destroying CW now, and at least want to defer the problem to the indefinite future. Finally, the Russians have not been able to demonstrate that they have the technology to address the problem in a safe or effective fashion.

The Russians have indicated that they will not be able to ratify or implement the CWC or the bilateral agreement without significant financial assistance from the U.S. and others. We signed an agreement with them in 1992 to provide \$25 million to have a U.S. contractor draw up a comprehensive destruction plan, but implementation of that agreement has been fitful due to disorganization and changing objectives in Moscow and cumbersome U.S. contraction procedures. We recently committed to providing an additional \$30 million to fund a laboratory dedicated to CW destruction and clean-up efforts. Other countries have provided little or no help, but it is likely that enhanced international assistance, including from the U.S., may be essential to Russia's meeting its obligations to destroying its huge CW stockpile.

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BIOLOGICAL WEAPONS

Boris Yeltsin admitted privately and publicly in early 1992 that the former Soviet Union had engaged in illegal offensive biological weapons activities, which continued even then. This confirmed voluminous evidence available to the U.S. and the UK that the Soviets had been violating the Biological Weapons Convention (BWC) on a massive scale for years. Yeltsin promised Russia would completely dismantle the illegal program it had inherited. In April 1992, he issued a decree directing steps to implement his promise and he created a committee to oversee the work.

In spite of Yeltsin's statements, there continues to be ambiguous evidence indicating the Russians may have continued their illegal work, perhaps without Yeltsin's knowledge. In close coordination with the British, we have sought Russian agreement to a number of steps that would provide enhanced confidence that the Russians were in fact bringing their biological programs into line with the defensive activities permitted by the BWC. The most important step would be unfettered access by British and American experts to suspect biological sites. We and the British reached agreement with the Russians in September 1992 on a program centered on site visits to restore confidence, and a useful though inconclusive visit occurred to a suspect site in St. Petersburg in November.

We are working with the Russians to develop procedures for follow-on visits, data exchanges, and similar activities. In spite of Yeltsin's statements and commitments, however, strong elements in the Russian bureaucracy appear determined to obscure facts and obstruct progress. As a result, we have been unable to develop a reasonable degree of confidence that Russia is in fact getting out of the offensive BW business.

Lack of confidence in this area damages our relationship with Russia, and makes it far more difficult to provide them assistance in related areas. For example, questions about ongoing illegal BW efforts could imperil ratification of the Chemical Weapons Convention this fall, or preclude extensive new financial assistance for the destruction of weapons of mass destruction.

It is imperative that we continue to impress on Yeltsin, and all levels of the concerned Russian bureaucracy, that this is a most serious issue which, if not satisfactorily resolved in a reasonable amount of time, could threaten to undermine major portions of our otherwise positive relationship.

The marker that is laid down should acknowledge Yeltsin's courageous steps so far, and reaffirm the importance to the U.S. and Russia in making progress on the issue.

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## DEFENSE CONVERSION

Defense conversion is important to reducing Russia's large weapons production capability that could be used for destabilizing arms exports and that potentially could threaten the U.S. if reforms fail. It also helps build support for democratic reforms by industrial managers and workers if nondefense employment is generated.

The U.S. and Russia have established a U.S.-Russian Defense Conversion Subcommittee (DCS) to foster U.S. private-sector investment in conversion projects. The subcommittee, which will meet in Moscow later this spring, has undertaken several initiatives, including publishing directories of Russian defense industry enterprises that might interest U.S. investors and open discussions with high-level Russian government officials on defense conversion issues. The U.S. Government also has placed retired business executives in selected cities in Russia, Ukraine, and Kazakhstan as resident defense conversion advisors.

On 25 February 1993, Secretary Christopher told Russian Foreign Minister Kozyrev that Deputy Secretary of Defense Perry could be an important participant in efforts to help defense conversion. U.S. efforts to date have been funded with money appropriated to the Department of State. State has been considering using some of the \$417 million appropriated under the Freedom Support Act for Enterprise Funds to promote defense conversion. During FY93, \$65 million has been set aside for Enterprise Funds for Russia and Ukraine. While these Funds will not focus solely on defense conversion, we anticipate that they will make some investments in defense conversion projects.

State and DoD also have discussed using some of the funds authorized for defense conversion by the "Nunn-Lugar" legislation. Under this legislation, DoD may make available from other DoD appropriations up to \$40 million for defense conversion activities. State and DoD have discussed using some of the \$40 million to provide capital for defense conversion projects of the Enterprise Funds. The main obstacle to this approach is that DoD does not have grant authority to transfer DoD appropriations to State or AID to augment the Funds.

DoD is considering asking for new legislation in FY94 that would authorize the transfer of about \$40 million in funds to a Defense Conversion Enterprise Venture Capital Fund that would be established to help Russian and other NIS defense firms convert to civilian production quickly and efficiently.

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DEFENSE COOPERATION INITIATIVE AND  
MILITARY-TO-MILITARY CONTACTS

Our long-term defense goals with regard to Russia are to promote a military responsible to democratically-elected civilian authorities; a demilitarized market economy; a smaller military with defense-oriented forces; close relations between the U.S. and Russia; and a relationship that could be used to help influence movement toward reform, and, if necessary, manage a turn for the worse.

To achieve these goals, we are working to develop an active and positive relationship with the Russian military in order to: encourage and assist the restructuring and downsizing of their defense establishment; encourage their support for democratic reforms; help the military to better understand Western society, and especially civil-military relations; address, as far as possible, social issues such as housing; and increase our understanding of what is happening in Russia.

Our goal is to establish a network of professional exchanges that gives Russian defense and military establishments a stake in continued good relations with the U.S., and helps to defuse the "enemy" images of the West. Such exchanges also demonstrate that a democratic society can support the military. Our strategy is to expand and deepen defense and military contacts with Russia, especially among senior and mid-level officers and officials.

DOD recently obtained Congressional approval to use the \$15 million in Nunn-Lugar funds for expanded contacts with the FSU. We plan to use \$9.2 million of these funds for both official exchanges and support for privately sponsored exchanges when appropriate. Taking into account Russian sensitivities, we would pay for transportation and other expenses for Russians visiting the U.S. and our expenses when visiting Russia. We could also fund U.S. private contractor support on such issues as officer transition and housing. Since the initial BWG meeting, the Russians have indefinitely postponed military staff talks. There have also been indications of a lack of Russian resources to support exchanges.

In order to give new impetus to expanded relations, DoD is working on agreement with the Russian MOD on a Memorandum of Understanding on Defense and Military Relations. The purpose of the MOU is to ensure a high-level commitment on the part of the Russians to expand defense and military cooperation and establish a regular review process through the BWG process and meetings between the Secretary of Defense and the Russian Minister of Defense.

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SCIENCE AND TECHNOLOGY INITIATIVES

The GOR has appealed for U.S. assistance in "saving" Russian science which has been devastated by the near collapse of government funding. Several ideas have been advanced to address this problem, and the Russians may raise one or more of them at Vancouver.

Civilian Research and Development Foundation

The Civilian R&D Foundation was authorized in the FREEDOM Support Act and the appropriations bill provided that up to \$25 million could be used to encourage private sector industrial R&D entities in the FSU and the U.S. to establish joint ventures. The Center would build on existing resources in the U.S. and have minimum overhead. It would take the approach of linking scientists and research groups in small-scale collaborative efforts.

The foundation is intended to be a flexible, non-governmental initiative that can be managed from Washington rather than Moscow. It would help develop a Russian civilian science sector that responds to societal needs and promotes economic development. Scientists from the former Soviet Union in all specialties, including those working in the defense sector, would be eligible for the foundation's support.

The Bush Administration took the position that Nunn-Lugar funds could only be spent on weapons-related scientists. The legislative language has been interpreted more broadly by Congressional proponents of American support for Russian science.

Given the high cost of missile dismantlement and other competing projects, and the need to allocate limited Nunn-Lugar resources among the four republics, funding for assistance to Russian civilian science has not been decided.

Expanded Scientific Exchange

The Russians have argued that we are not expanding S&T cooperation as promised in the Bush-Yeltsin joint statement from the last summit. The talks scheduled to discuss expanding S&T cooperation were postponed twice at the request of the Russians due to political developments this past December.

\$2.75 million was set aside from the Freedom Support Act for exchanges in areas such as diplomatic training, science and technology, transportation systems, and narcotics control. \$1 million of this sum has been obligated to the State Department's Foreign Service Institute for diplomatic training.

In addition, USG agencies have supplemented and expanded on-going cooperation with Russian scientists, committing several million dollars more to U.S.-Russian S&T cooperation.

BILATERAL SCIENCE AND TECHNOLOGY MEETINGS

Basic Sciences Joint Commission

We will be proposing a Basic Sciences Joint Commission meeting in April chaired by Russian Minister of Science Saltykov and Presidential Science Advisor Gibbons. A key item for discussion at that meeting would be renewal of the Basic Sciences Agreement, which expires in January 1994.

Discussions for Expanding Science and Technology, Cooperation

Assistant to the President for Science and Technology, John Gibbons and Russian Minister of Science and Technology Policy Boris Saltykov will meet this spring after the Basic Sciences Joint Commission Meeting to discuss avenues for expanding science and technology cooperation.

State-MFA Consultations

In a nonpaper to Secretary Christopher, Russian Foreign Minister Kozyrev requested regular high-level meetings between the State Department and the Russian MFA on S&T collaboration, and working groups in the areas of tax laws and intellectual property rights. The high-level discussions on avenues for expanding science and technology cooperation will be incorporated into the broader Department of State and Ministry of Foreign Affairs consultations.

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CFE TREATY: RUSSIAN DESIRE TO AMEND FLANK CEILING

The U.S. and our allies oppose Russia's recent proposals to increase the deployments allowed under the Treaty on Conventional Armed Forces in Europe (CFE) in the region bordering Turkey and the Black Sea. Most recently, Defense Minister Grachev announced that new deployments were underway in the flank region and, in Geneva, Foreign Minister Kozyrev passed Secretary Christopher a paper outlining Russia's concerns about the limitations imposed by the CFE flank ceiling.

Since the flank ceiling will not take effect until 1995, the deployments described by Grachev are not an immediate crisis -- but the idea of reopening the CFE Treaty needs to be checked.

CFE is a central element of European security. The CFE Treaty provides for verifiable reductions in conventional armaments and sets stable limits on the equipment deployments that remain. Negotiated between the 23 nations of NATO and the former Warsaw Pact, CFE entered into force with the eight Soviet successor states west of the Urals participating in place of the USSR.

The CFE flank ceiling prevents the massing of equipment at the borders of Turkey (and Norway in the north) and requires that much of the equipment be held in storage, rather than in active units. Russia shares the former USSR's southern flank allocation with Ukraine, Azerbaijan, Armenia, Moldova, and Georgia. Russian military leaders probably want to increase deployments and mobility on their southern flank because of unrest in the Black Sea region and a desire to assert a stronger regional presence.

To allow the Russians to reopen the CFE flank ceiling -- a core Treaty provision -- risks losing the Treaty. Turkey will not give any of its neighbors a more generous equipment ceiling. And changing key provisions would require the daunting task of re-ratification of the CFE Treaty in 30 countries. Moreover, increasing the concentration of forces on the volatile southern flank would risk destabilizing that region still further. The Ukrainians have echoed Grachev's complaint that flank ceilings are too constraining, but this is not a view we can afford to endorse.

We have told the Russians in Moscow and at the CFE Joint Consultative Group in Vienna that we are willing to examine their concerns about flank security, but that they have to live by CFE. We also are coordinating with our NATO allies.

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**FOREIGN POLICY ISSUES**

**BACKGROUND PAPERS: FOREIGN POLICY  
AND RUSSIAN DOMESTIC POLICY ISSUES**

U.S.-Russian Cooperation on Bosnia  
U.S.-Russian Cooperation on Iran, Iraq, Libya  
U.S.-Russian Cooperation on Middle East Peace Process  
Russian Troop Withdrawals from the Baltic States  
Russian-Ukrainian Relations  
Russia's Position on Regional Conflicts within the  
Former Soviet Union  
Russian Relations with Cuba  
Russia and the Commonwealth of Independent States  
Refugees and Migrants in Russia  
UN Issues: Reform and Peacekeeping  
Russian Policy on the Northern Territories  
Russian Views on Islamic Fundamentalism  
India  
China  
Armenia  
Rise of Ethnic Nationalism in Russia and Yeltsin's  
Strategy  
Anti-Semitism, Jewish Emigration, and Refuseniks

U.S.-RUSSIAN COOPERATION ON BOSNIA

Thus far Moscow has cooperated with the West despite domestic criticism from pro-Serbian nationalists. There are indications that Yeltsin and Kozyrev, beset by constitutional crisis at home, may be near the limits of their flexibility. Russian support is essential to our intensified diplomatic efforts to reach a negotiated settlement. The U.S. has been careful not to demand of the present government more than it can deliver, given its precarious internal position, but this could become harder if Serbian aggression continues now that Bosnia has signed the Vance/Owen plan.

Moscow has made clear its view clear that there is no viable alternative to Vance/Owen, most recently in President Yeltsin's March 9 public statement issued by President Yeltsin. He said at that time that the parties must "approve the basic elements of the plan or accept responsibility for further bloodshed," and that the UN Security Council would have to draw the "corresponding conclusions." Deputy Foreign Minister Churkin has assured Ambassador Bartholomew that Russia has put great pressure on Belgrade, and through Milosevic on the Bosnian Serbs, to negotiate seriously.

We promised the Russian government substantive consultations on all aspects of the conflict, and Russian officials have praised the ongoing dialogue between Russia and the United States. The Russians, however, have generally expressed strong reservations about military intervention, saying it should only be a means of last resort. They balked at an UNSC resolution to enforce the no-fly zone (NFZ), arguing that delay would deter domestic criticism, but finally agreed not to block its passage, if the Vance/Owen plan was not accepted by all parties in seven days. Likewise, Russia has been very reluctant to consider new sanctions on Serbia, arguing that this could be counterproductive to negotiations. Russia has supported UNSC war crimes resolutions while calling for balance in judgments. They say, however, that while they can support "tightening" existing sanctions, they are unlikely to support a new UNSC resolution to broaden and deepen sanctions.

After some internal debate, the Russian government announced March 2 its intention to join the U.S. in airdrops of humanitarian relief into eastern Bosnia. However, actual Russian participation has not yet occurred, and the last word from Russian officials to UNHCR Geneva indicates that the Russian military is balking at participation at this time. Russian officials, including Kozyrev, have also indicated that Russia would be willing to consider joining an international peacekeeping force whose effective management would rest with NATO, but which would ultimately be under UNSC mandate. We should not, however, assume that Russia will ultimately participate. In any event, we and our NATO allies recognize that Russia will be a key player in implementation of any Bosnian peace agreement; how to bring the Russians and other non-NATO members into the planning process is now under discussion in Brussels.

U.S.-RUSSIAN COOPERATION ON IRAN, IRAQ, LIBYA

Russia has supported international sanctions against both Iraq and Libya. On Iraq, Russia has backed key resolutions in the UN Security Council, and dispatched two ships to participate in the Multilateral Intercept Force. On Libya, Russia has urged Tripoli to surrender the Lockerbie suspects to the U.S. or U.K. and indicated it could support additional UN sanctions.

There is considerable internal pressure to change Russia's policy, however. Libya and Iraq owe Russia billions of dollars and Russia's desperate economic situation makes it difficult for Moscow to ignore Iraq's offer to repay its debt to Russia if allowed to sell oil, and Libyan attempts to link debt repayment with lifting sanctions. The Ministry of Foreign Affairs (MFA) recently told us it was alone in the Russian government in supporting Libyan sanctions. Russia criticized the January coalition attacks against Iraq, after which Yeltsin publicly decried the U.S. tendency to "dictate its terms" in Iraq and Yugoslavia.

Since August 1992, we have brought Russia into nearly all our UN dealings with the French and British on Iraq. Though we notified the Russian MFA ahead of time, Russian diplomats claim that a call from Bush in advance of the coalition strikes in January would have prevented Yeltsin's irritation. Russia did participate in our March 26 demarche to Iraq warning Baghdad not to provoke the coalition.

Policy towards Iran is an area of much sharper disagreement between the U.S. and Russia. Moscow values Iran as a customer for Russian weapons and nuclear reactors and argues that "positive engagement" will bolster "moderate" Iranian leaders and restrain Iranian ambitions. Russia has exported MIG-29 fighters, SU-24 bombers, and most recently a Kilo-class diesel submarine, with at least one more to follow. In numerous exchanges with the Russians, including with Foreign Minister Kozyrev, we opposed the submarine sale as potentially destabilizing and because Iran sponsors terrorism.

Two pieces of legislation specifically address this issue. The Iran-Iraq Arms Non-Proliferation Act mandates sanctions against any country which transfers material contributing to the acquisition by Iran or Iraq of destabilizing numbers and types of advanced conventional weapons. (Submarines per se do not fall within the definition.) The FY93 Foreign Operations Act requires the U.S. to enter into "serious and substantive discussions with Russia to reduce exports of sophisticated conventional weapons to Iran and to prevent sales to Iran of any destabilizing numbers and types of such weapons."

Strong Western opposition may have caused Yeltsin to recently back off a deal to supply a nuclear weapons reactor to Iran -- avoiding a potentially serious proliferation threat. Nevertheless, Kozyrev announced on Monday that Russia is prepared to sell Iran nuclear power plants.

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## U.S.-RUSSIAN COOPERATION ON MIDDLE EAST PEACE PROCESS

U.S.-Russian cooperation as co-sponsors of the Middle East peace process is functioning well. Maintaining effective coordination will depend on continuing to consult closely in advance of each move, taking reasonable Russian concerns into account, and guarding against actions that make Russia appear a "junior partner." Moscow wants the process to succeed and derives benefit from its high-profile involvement.

Russia sees advantage in maintaining certain distinctions between its Middle East policy and ours. This has not been a major problem; at times it has been helpful because Russia has used its influence with the Arabs, especially the Palestinians, constructively. The peace process will undoubtedly suffer future jolts, which could strain U.S.-Russian cooperation. On those occasions, Russia may require careful handling to prevent a serious disagreement between us at the United Nations or elsewhere.

During Foreign Minister Kozyrev's recent visit to Washington, Secretary Christopher had the opportunity to update him on the peace process. We reaffirmed our strong commitment to continue the close co-sponsor relationship with the Russian government on all aspects of the peace process, and the need to focus our near-term efforts to get all parties back to the table. We restated our belief that real results could be achieved this year, but that the time remaining until resumption of the talks on April 20 was critical.

We told Kozyrev that the President has concluded there is a real moment of opportunity here that should not be lost. We asked for Russian help with the Palestinians and expressed our belief that Israel will not do more on the agreed steps without a Palestinian commitment to return to the table. A Russian representative sat in on our meetings with the Palestinian delegation in Washington last week.

On the multilateral peace talks, we continue to work closely with the Russians in all five of the working groups and the steering group. They have been particularly helpful as co-chair of the arms control and regional security working group.

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## RUSSIAN TROOP WITHDRAWALS FROM THE BALTIC STATES

Our policy is to use U.S. influence with the Russian government to effect the earliest possible withdrawal of Russian military forces from the three Baltic states.

Defense Minister Grachev announced the suspension of Russian troop withdrawals on Monday at a meeting with NATO representatives. We believe this statement, like similar previous statements by Russian officials, is in large part designed to deflect domestic Russian criticism while some withdrawals continue. Despite such statements and the lack of specific bilateral agreements on the pace of withdrawals, Russian troop withdrawals have continued throughout the past year. Based on intelligence estimates, the Russians have withdrawn over 60 percent of their forces since the beginning of 1992 (about 120,000 troops). Based on our best estimates derived from intelligence and public sources, the remaining number of Russian combat troops in the Baltics today is: 7,000-9,000 in Estonia, 17,000-20,000 in Latvia, and 13,500-16,000 in Lithuania.

All troops in Estonia could be out by the end of the year. Lithuanian President Brazauskas recently stated that the Russians would likely adhere to their agreed August 31, 1993 pullout date. However, it is unlikely Russia will be able to withdraw its forces from Latvia before 1994. Because of Russian domestic concerns, primarily over the lack of housing for returning troops and the treatment of ethnic Russians in the Baltics, withdrawal of the final units will be politically contentious in Russia. We are initiating a housing construction scheme in Russia proper for returning troops to help alleviate this stumbling block.

Russian right-wing nationalists have used the withdrawal issue as a way to criticize Yeltsin for not doing enough to protect ethnic Russians in the Baltics and elsewhere. Foreign Minister Kozyrev presented a long non-paper outlining Russian accusations of human rights violations against ethnic Russians living in the Baltic states to Secretary Christopher in Geneva. UN and CSCE fact-finding missions have found no pattern of human rights violations in the Baltics, but Kozyrev's report speaks of many specific cases to the contrary. However, this is a highly emotional and nationalist issue in Russia and not easily addressed by political leaders trying to calm political passions.

Nonetheless, after five decades of forced Russian presence in the Baltics, there are serious political problems of assimilation on both sides, especially in Latvia and Estonia. We have urged the Baltic governments to find political solutions to these ethnic questions and this message has been well received both by the Baltic governments and Moscow.

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RUSSIAN-UKRAINIAN RELATIONS

Of all of the inter-republic problems, relations between Ukraine and Russia present the most difficult set of issues. Each side has a set of grievances against the other and mutual distrust and suspicion makes even the simplest problem difficult to resolve. Russian-Ukrainian relations deteriorated in the wake of the December call by the Russian Congress of People's Deputies for a re-examination of the status of the Crimean city of Sevastopol. Moscow is troubled by Ukraine's failure to ratify the START treaty and adhere to the NPT, and worried by Kiev's assertion of "administrative control" over strategic nuclear forces in Ukraine.

Lingering questions over the ultimate disposition of the Black Sea Fleet also irritate Russian-Ukrainian relations. Implementation of an interim agreement signed last August has been slow, and negotiations over the final division of the fleet have made little progress.

Finally, Russia and Ukraine face several contentious economic disputes, including supply of petroleum, payment arrears between Russian and Ukrainian enterprises, and division of overseas assets and debts. Ukraine is the key impediment to Russia's efforts to tighten CIS integration. Russia and Ukraine, nevertheless, have maintained bilateral trade links.

Our policy is to encourage Russia to resolve its economic and military disputes with Ukraine both to increase stability and to increase the chances for both countries' success in economic reform.

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RUSSIA'S POSITION ON REGIONAL CONFLICTS WITHIN  
THE FORMER SOVIET UNION

Georgia

We are concerned about the deterioration in Russian-Georgian relations, the recent escalation of fighting in Abkhazia, and the likely involvement of Russian military forces in the conflict.

Georgia is struggling to maintain control of Abkhazia, a breakaway autonomous republic within Georgia. We believe that some Russian military officials are quietly backing separatist elements in Georgia because they view Abkhazia as an important strategic region and wish to gain greater control over this Black Sea area. In addition, some Russian hardliner's may wish to use the conflict to undermine the positions of Yeltsin and Shevardnadze. Russian officials deny any officially-sanctioned military activity on behalf of Abkhaz separatists. Georgian officials assert that the Russian military masterminded and participated in the March 15-16 aerial bombardment and ground assault on Sukhumi, the Georgian-controlled capital of Abkhazia. The Georgians cite the attack on Sukhumi as the latest in a series of Russian acts against Georgia, including an earlier bombing of Sukhumi, provocative statements by Defense Minister Grachev and his unauthorized tour of Russian troops stationed in Georgia. Yeltsin may have decided that he can ill afford alienating the Russian military at this crucial moment in his power struggle with parliament and is, therefore, loathe to force the military to cease and desist.

We support the territorial integrity of Georgia. In addition, we are not interested in casting blame on either Yeltsin and Shevardnadze, but are looking for ways to encourage a peaceful settlement of the Abkhaz conflict.

Moldova

We are concerned about the Russian 14th Army's support of anti-Moldovan hardliners in the Trans-Dniestr region, which lies along Moldova's Eastern border with the Ukraine and includes a significant Russian and Ukrainian population.

While Yeltsin has declared that Russia seeks to maintain a unified Moldova and will remove the 14th Army from Moldova, elements in Russia's civilian and military establishments appear to be trying to undermine that policy. Elements of the Russian 14th Army, in particular, have bolstered hard-line supporters of the old Soviet order in Trans-Dniestr, who fear losing their status in a unified Moldova. The Russian peacekeeping force, however, appears to be playing a more constructive role. As in the Georgian case, Yeltsin probably is reluctant to confront the Army while locked in political combat with the Russian parliament.

We would like to encourage continued Russian-Moldovan cooperation and Russian peacekeeping efforts, and the fulfillment of Russia's pledge to remove the 14th Army and support Moldova's territorial integrity and status as a unified state.

#### Nagorno-Karabakh

We encourage continued Russian participation in the CSCE-sponsored Minsk Group negotiations for a cease-fire and peaceful resolution to the Nagorno-Karabakh conflict.

The U.S. has been spearheading efforts through the Minsk Group to establish an internationally monitored cease-fire and a negotiated solution to the fighting in Nagorno-Karabakh, a breakaway Armenian enclave within Azerbaijan. Although the formal chair of the CSCE negotiations is Italian, the U.S. has been the major force behind the negotiations, which also include representatives from Azerbaijan, Armenia, Russia, Turkey, and representatives from the Azerbaijani and Armenian populations of Nagorno-Karabakh. Russia has played mostly a constructive role in the negotiations, but occasionally tries to stray from the CSCE process with unhelpful, independent initiatives. Russian military forces do not appear to be playing a role in the conflict, but conservative anti-Yeltsin Russian forces are closely allied with the Armenian Dashnak Party. The Dashnak Party supports Nagorno-Karabakh independence, strongly opposes the Armenian government, and influences a significant sector of the Armenian population in Nagorno-Karabakh. Representatives of the Dashnak Party have been vocal in the United States, but USG policy does not support their positions on Nagorno-Karabakh.

#### Tajikistan

We want the Russians to encourage a government of national reconciliation in Tajikistan, which is embroiled in a bloody civil war between the authoritarian old guard government and the opposition.

The Tajikistan civil war has both regional and religious dimensions. The war began as a result of a power struggle between two groups of regions within Tajikistan. The Tajik government is basically the old guard, who held power during the latter part of the Soviet era. The opposition comes from regions traditionally hostile to the old guard and is supported by Tajik Islamic leaders. Both sides have authoritarian tendencies and are guilty of human rights abuses. The old guard has remained in power mainly because of Uzbek and Russian military support. Russia and Uzbekistan have supported them because they fear the spread of instability and Islamic fundamentalism throughout the region. Russia is also mindful of the 200,000 ethnic Russians living in Tajikistan. The opposition has enjoyed the support of Afghanistan factions, Iran, and possibly from non-official Pakistani sources.

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## RUSSIAN RELATIONS WITH CUBA

Russia continues the process, begun under Gorbachev, of adjusting its special relationship with Cuba. It is clear that Russia seeks to maintain ties with Cuba, albeit of a different character than the old USSR-Cuba bond. From the U.S. standpoint Russia-Cuba relations are moving in a positive direction, but there are residual ties which remain troublesome.

In September 1992, Russia and Cuba reached agreement on removal of the Russian mechanized brigade from Cuba by mid-1993. The removal is underway, and the latest estimates are that fewer than 900 men remain; most of the equipment will stay behind. Full withdrawal will constitute an important break with the past and emphasize the isolation of the Castro regime.

In November 1992, Russia and Cuba negotiated new economic accords on oil-for-sugar swaps and on completion of the unfinished nuclear power facility at Juragua. The Russians have repeatedly told us that commerce with Cuba is entirely at market rates, with no preferential arrangements. Documents provided by a Cuban defector, however, indicate that the Russians may be providing credits to Cuba to complete certain economic projects, including a nuclear energy facility.

We oppose, on safety and non-proliferation grounds, the nuclear power plant which Russia has been building in Cuba. Construction halted last year for financial reasons, but Russia wants to complete the plant in order to sustain its domestic nuclear industry and remain a credible supplier. Furthermore, completion of the power plant may be the price of continued access to the signals intelligence site at Lourdes, which the Russian military values.

Russia has supported UN calls for greater Cuban respect for human rights.

Continued Russian assistance to Cuba would pose difficult policy choices for us. Under provisions in the Cuban Democracy Act, the President may apply sanctions, including termination of U.S. aid, to any country which assists Cuba. In addition, the Freedom Support Act requires the President to consider the extent to which each state is acting to terminate support to Cuba as a basis for providing Freedom Support Act assistance. Russia is aware of U.S. views, but faces domestic pressures to salvage parts of its relationship with Cuba.

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RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES

The CIS was created on December 7, 1991. CIS member states include Russia, Ukraine, Belarus, Armenia, Moldova, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, and Kyrgyzstan. Georgia and Azerbaijan participate in CIS meetings as observers. CIS institutions include an Economic Coordination Council, Interparliamentary Assembly, Council of Foreign Ministers, and a General Staff. Ukraine does not participate in the General Staff. Thus far, the CIS has been amorphous and unproductive, mainly because Ukraine, Moldova, and Turkmenistan have resisted tighter integration. These countries fear that the CIS could become a mechanism for reasserting Russian influence. In addition, chaotic Russian economic policies and disagreement over economic reform have thwarted any progress on economic cooperation. The CIS, however, serves as a forum for dialogue despite the ineffectiveness of its institutions.

Our policy is to encourage economic and military cooperation among CIS countries for stability, but only to the extent that such cooperation does not violate the sovereignty of CIS members.

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## REFUGEES AND MIGRANTS IN RUSSIA

Nearly 2 million refugees and forced migrants have sought refuge or resettlement in Russia over the past year and a half. The majority of these people are ethnic Russians moving from other parts of the former Soviet Union because they feel threatened by rising nationalism or are suffering from the economic collapse in the former Soviet Union. Other groups, particularly Armenians, have also had to flee conflict situations. Over 500,000 are registered as refugees fleeing conflict.

In many cases, the Russian government has begun to actually evacuate groups into Russia but the Russian government is struggling with its very limited resources to provide for the major influx of immigrants and refugees. The influx is creating additional stress among residents in areas already suffering from difficult economic conditions and inter-ethnic tensions. There are 25 million Russians outside the borders of the Russian Federation, so the potential disruption from mass movements of people is quite great.

We are now working with the Russian government, in conjunction with the International Organization for Migration, to help develop Russian institutions to support long-term immigration. We have brought senior Russian officials and legislators to the U.S. to see how we handle immigration and to see the positive effects immigration has had on our own culture and economy. We also will provide material assistance to migrant populations and settlements in Russia.

Russia's ability to cope successfully with these migrant populations will be critical to the stability of Russia. Migration may provide a release valve for tensions and conflicts on Russia's periphery, but the influx of huge numbers of people into towns and cities already suffering from housing and food shortages may sharply increase tensions within Russia itself.

UN ISSUES: REFORM AND PEACEKEEPING

Reform

The U.S. historically has led reform efforts in the UN to increase its effectiveness while controlling budget growth and reducing politicization. We have cooperated closely with Moscow on many of these issues. During the 1980s, U.S. budgetary pressure (withholding of funding) led to agreement that the UN budget would be adopted by consensus -- effectively giving the U.S. and other major donors informal veto power. The Secretary General has now initiated a series of structural reforms aimed at rationalizing lines of responsibility. While we supported the early reform efforts, both the U.S. and Russia are concerned about new senior positions in the economic/social sectors. The U.S. has advocated a UN Inspector General to improve accountability, a key weakness in the UN structure. Russia has supported this initiative.

The Secretary General has been commissioned by the UN General Assembly to seek views by June 30 on possible expansion of the Security Council. Japan is actively pursuing permanent membership; Germany desires a seat if any such expansion is in the offing. Less developed countries are also seeking greater representation on the Council. The U.S. has supported permanent seats for Japan and Germany, but acknowledged that arriving at a politically acceptable formula for expansion while retaining the Council's efficiency will be difficult. Russia, along with the UK and France, opposes expanding SC membership and has suggested alternatives such as creating subsidiary bodies of the Security Council like a committee on peacekeeping as well as other means of involving non-SC members in the work of the Council.

Peacekeeping Financing and Management

Financial management of UN peacekeeping is of particular concern both to the U.S. and Russia. Under the current peacekeeping scale twelve countries pay approximately 80 percent of all assessed peacekeeping costs. The U.S., however, has quietly declined to acknowledge a December 1992 increase in its peacekeeping assessment from 30.4 percent to 31.7 percent, which was intended to close the gap created by Russia's reduced assessment from that of the Soviet Union. The Russians have expressed concern over their inability to pay their UN peacekeeping assessments (now 8.5 percent), even hinting that they would have difficulty supporting future UN peacekeeping operations because of the high costs and seeking to tie their support for UN peacekeeping to external help in meeting the costs of CIS peacekeeping. The U.S., with Russian support, has argued that peacekeeping assessments should match the regular UN budget rates. Moscow has suggested the creation of a \$120-150 million voluntary UN peacekeeping fund, to which the UN members would contribute. This could be used to support peacekeeping

operations in the CIS, and in turn, the Russians could use the hard currency generated to pay Russia's UN assessments. While we have reservations about such a precedent, thus far we have been non-committal in response, and indicated a willingness to work with them and others to resolve the problems of financing UN peacekeeping. They are not satisfied with our response and have objected to (but not voted against) new peacekeeping operations (UNOSOM) which add to their assessments. Finally, the U.S. is also developing positions on operational reforms, such as the creation of a planning division and operation center, which the Russians have supported in principle.

RUSSIAN POLICY ON THE NORTHERN TERRITORIES

The U.S. has indicated willingness to help the two sides settle the territorial dispute. However, the Japanese have asked the U.S. not to attempt to mediate. Given strong popular opposition in Russia to relinquishing the islands to Japan, the Russians have put this issue on the back burner.

The U.S. has supported Japan's claim to the Northern Territories since 1956. U.S. support remains extremely important to the Japanese, who are anxious for evidence that the Clinton Administration will maintain this position. A shift away from supporting the Japanese claim could have severe consequences for the U.S.-Japan alliance and risks dampening Japanese willingness to provide aid to Russia. At the same time, we are encouraging Japan to avoid allowing the islands dispute to block our common interest: supporting reform efforts through inward assistance and developing closer relations with Russia.

Relations between Russia and Japan have improved little since the end of the Cold War. The most visible cause of the strain is the dispute over islands that the Soviet Union seized at the end of World War II. Historical animosities and mutual suspicions also run deep, contributing to the problem.

The last major development in the territorial dispute occurred in 1956, when Japan and the USSR agreed on return of two islands upon conclusion of a peace treaty; in 1960 the Soviets rejected the deal. In recent years, there has been marginal movement by both sides. During Gorbachev's 1991 visit to Japan, the USSR acknowledged the existence of the territorial dispute. In turn, Tokyo has offered flexibility on the timing and modalities of the islands' return if Moscow recognizes Japanese sovereignty. Yeltsin, in the face of strong domestic opposition to any territorial compromise, abruptly canceled his September 1992 visit to Japan, which angered and embarrassed the Tokyo. Some Russian officials blamed Japan for the cancellation, further straining relations. This is a very sensitive issue for the Japanese and it has complicated planning for the G-7 ministerial next month.

However, Japan has now indicated a willingness to stay in step with multilateral efforts to aid the newly independent states, while still conditioning large-scale bilateral assistance to Russia on progress on the territorial dispute. It has pledged \$2.8 billion to the FSU in humanitarian assistance, export credits and trade and investment insurance; of this approximately one-third has been disbursed or made available. Japan is loath to abandon the leverage of bilateral assistance, but is willing to participate in further G-7 or other multilateral packages.

The Soviet or Russian head of state has met with G-7 leaders at the last two annual summits. Japan agreed to invite the Russians to a March G-7 sherpas meeting and to host a combined foreign/finance ministers meeting on April 14-15. Japan has invited Yeltsin to the Tokyo summit in July.

## RUSSIAN VIEWS ON ISLAMIC FUNDAMENTALISM

Islamic fundamentalism is not currently a strong force within Russia. Most separatist movements are fueled primarily by a desire for economic autonomy, not religious fervor. Nevertheless, Moscow is genuinely concerned that Islamic radicals backed by outside powers -- especially Iran -- could rally opposition forces to overthrow relatively friendly governments on Russia's periphery and fuel separatist sentiments among Muslim minorities within Russia.

- Moscow believes greater activism on the part of Iran and Afghan militants -- especially in Tajikistan -- could lead to regional instability and facilitate the rise of fundamentalist governments elsewhere in Central Asia, closer to the Russian border.
- Russian officials also express concern that foreign groups could attempt to tap into existing anti-Russian sentiments among Russia's Muslim minorities -- particularly in areas of ethnic tension in the North Caucasus -- to foment a more radical brand of Islam. Russian security officials, for example, have accused Iran of promoting independence movements among Muslim groups in Tatarstan.

Moscow has backed the current secular Central Asian governments led by former communists and worked with other regional actors to reduce the fundamentalist threat.

- Moscow has signed a wide range of economic and security agreements with the Central Asian states, provided limited economic assistance, and committed Russian military forces to support the Tajik government's operations against the Islamic insurgency in Tajikistan.
- Moscow has recognized Turkey's value as a secular model and encouraged it to act as a counterweight to the influence of Islamic fundamentalism, despite suspicions of Ankara's long-term intentions in the former Turkic republics.
- On an alternative track, Moscow hopes that the prospect of improved relations with Tehran and future arms sales can induce Iran to curb its support for radical Islamic groups in the former U.S.S.R. -- especially in Central Asia.

The U.S. cannot ignore the dangers posed by fundamentalism to American security interests. At the same time, the fear of extreme Islamic groups may be used to justify active Russian intervention in the republics of the former U.S.S.R., leading to military intervention and bloodshed.

CHINA

The U.S. is interested in promoting positive relations between Russia and China because this contributes to global stability. However, unrestrained Russian military sales of equipment and technology to China could pose problems for us and others in Asia and the Middle East.

China's leadership appears to have reconciled itself to the demise of Soviet communism and Yeltsin's attainment of power. Russia and China are managing successfully the natural strains in their bilateral relations. Resolution of territorial disputes is virtually complete and negotiations on reducing military forces along the border are proceeding well. Cross-border trade is booming.

Yeltsin's December 17-18, 1992 visit to Beijing highlighted the pragmatic ties between the two countries. The visit produced a joint declaration of principles to guide relations and numerous trade agreements, including one on military technology cooperation.

Russia wants to increase exports to China and views military equipment as its best opportunity. China has a corresponding interest in upgrading its weaponry and defense-industrial base. Last year Russia sold forty-eight SU-27 fighters to China; so far twenty-six have been delivered. It also sold at least sixteen surface-to-air missile launchers with 128 missiles. China has obtained significant military technology from Russia, most notably in rocketry, fighter aircraft, and nuclear testing.

Chinese acquisition of Russian arms and technologies constitutes a problem to the extent that (1) Beijing acquires new capabilities which exceed its defensive requirements, or (2) China reexports items with proliferation implications to trouble spots like the Middle East. China's purchases so far do not threaten the East Asian military balance, but have generated concern among its neighbors.

The Russian government is aware that certain aspects of its military relationship with China trouble the U.S. Last December, Under Secretary of State Wisner called U.S. concerns over Russia's military cooperation with China to the attention of his Russian counterparts (Deputy Foreign Ministers Mamedov and Berdennikov).

Another potential problem is Moscow's ability to control the flow of weapons and related technology to China. This provided further motivation for concluding the government-to-government agreement on military technology cooperation.

INDIA

Traditional close ties between Moscow and New Delhi have continued on a more businesslike basis. U.S. interests lie in preventing the transfer to India of weapons or technologies prohibited by international agreements, such as the Missile Technology Control Regime (MTCR) and the Nuclear Non-Proliferation Treaty (NPT). We also want Russia's cooperation in containing Indo-Pakistani tensions.

In May 1992 the U.S. placed trade and contract sanctions on Russian and Indian entities (not the governments) involved in the transfer of rocket engines and related technologies contrary to MTCR guidelines. These sanctions remain in effect and we continue to engage the Russian government on this issue. A U.S. delegation led by Assistant Secretary of State Gallucci held talks on this in Moscow March 30-31. The stakes are high: Russian insistence on continuing cooperation on rocket engines and technologies could cause severe restriction or curtailment of U.S.-Russian space and high-technology cooperation as well as terminate Freedom Support Act funds absent a Presidential waiver.

Yeltsin visited India January 27-29 of this year. The visit produced agreements on key bilateral issues, including military transfers and repayment terms for India's debt. He pleased his hosts by siding publicly with India on the Kashmir dispute, pledging that Russia will not sell arms to Pakistan, reaffirming that Russia intends to sell cryogenic rocket engines to India despite U.S. opposition and sanctions, promising Russian support for a permanent Indian seat on the Security Council if the matter comes to a vote, and not raising nuclear non-proliferation.

Other Russian officials moderated some of these positions. Foreign Minister Kozyrev urged that India sign the NPT. A Russian Embassy officer in New Delhi indicated that Russia did not rule out selling Pakistan "defensive" weapons in the future. Deputy Foreign Minister Lavrov told us that Russia recognizes the need for Perm-Five consensus on any changes to the Security Council.

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## ARMENIA

We support Armenia's democratically elected president Levon Ter-Petrosyan, who is seeking to build a western-style democratic and economic political system.

Ter-Petrosyan's faces major problems in his efforts to achieve a democratic, market-oriented Armenia. These problems stem from the four-year old Azerbaijani economic blockade of Armenia; Georgian unrest, which prevents the movement of goods through Georgia to Armenia; economic adjustments required by the breakup of the USSR; and discord between the executive and parliament. Armenia has been unable to conduct normal trade relations and import the necessary gas, oil, food, and consumer goods needed to sustain normal life because Azerbaijan has cut off its major supply route and Georgian unrest hampers the only alternative trade routes. Given these severe constraints plus the usual difficulties all the former republics have experienced trying to transform their economies, Armenia has been struggling simply to survive.

On the political front, Ter-Petrosyan is locked in a power struggle with the Armenian parliament, which is trying to reduce the powers of the presidency in favor of the parliament. Factionalism among parliamentarians, however, has hampered their ability to wrest power away from Ter-Petrosyan. The Armenian parliament has radical nationalist tendencies and has pushed for the recognition of the independence of Nagorno-Karabakh (N-K), an Armenian-populated enclave within neighboring Azerbaijan. Realizing that this would violate accepted international norms, Ter-Petrosyan has resisted such moves and pushed for a settlement involving a form of internationally monitored autonomy for Nagorno-Karabakh within Azerbaijan.

The Dashnak Party (also known as the Armenian National Committee and Armenian Revolutionary Federation) has spearheaded the opposition to Ter-Petrosyan. The Dashnak Party supports the movement toward Nagorno-Karabakh independence and the eventual unification of N-K with Armenia. The Dashnaks also support a more authoritarian form of government and closer Armenian cooperation with Iran and Russia. The U.S. Dashnaks give substantial financial and political support to the Armenian Dashnaks and are an influential lobbying group in the U.S.

The U.S. has given a variety of food, medical, and economic development aid to Armenia to maintain stability and support democratic forces. The emergency food aid, in particular, played a crucial role in preserving a measure of stability in Armenia.

## RISE OF ETHNIC NATIONALISM IN RUSSIA AND YELTSIN'S STRATEGY

The demise of the USSR and weakening of central authority in Moscow have increased nationalism and demands for autonomy throughout Russia. Almost all of the 21 ethnic republics have declared their sovereignty within the Federation and one -- the Republic of Chechnya -- has declared its nominal independence from Russia. **The drive for autonomy is principally motivated by a desire for greater control over economic resources.** Individual republics have claimed control over their natural resources, sought exclusive rights to levy taxes, or withheld tax revenues from Moscow. Historical and ethnically based conflict also has revived, but within the Federation itself, it has thus far been limited to the North Caucasus, where the Ingush invaded North Ossetia last fall in an attempt to retake their historic homeland. Nationalist aspirations have predominantly been manifested in revivals of cultural traditions or native language.

**Yeltsin's policy has been to devolve authority to the regions and generally accommodate demands for greater autonomy from the Republics, gambling that decentralization will dampen separatist aspirations.** The Federation Treaty, signed in March 1992 by all republics except Chechnya and Tatarstan, formally granted the republics some authority, but contained ambiguous provisions on resources and taxation. Special protocols were negotiated with at least two republics -- Bashkortostan and Yakutia -- granting them concessions on resources and taxes.

- When about a dozen regions stopped forwarding tax receipts to Moscow last year, the threat to halt the distribution of state credits, centralized imports, and export licenses was enough to bring all but three republics into compliance. Those three have since agreed to assume responsibility for funding federal projects on their territory.
- Yeltsin also has agreed to Tatarstan's request to negotiate a bilateral treaty establishing a new relationship with Russia in place of signing the Federation Treaty. The negotiations reportedly have entered their final stages, and Tatarstan's leaders emphatically deny that the republic seeks to secede from Russia. The treaty could become a model for other republics.

Yeltsin has not ruled out the use of force to maintain the Federation's unity, but he prefers to negotiate new federative relationships and to put aside emotionally laden concepts of sovereignty and independence in order to work out practical details.

- Yeltsin, however, has imposed an economic embargo on secessionist Chechnya. The Republic's economy has deteriorated seriously and Chechen parliamentary leaders currently are negotiating new "federative" relations with Moscow.

Yeltsin has demonstrated he will use force to halt interethnic conflict, as he did in the North Caucasus to stop fighting and restore order between the Ingush and North Ossetians. Russian officials, however, have stressed that interethnic peace cannot be imposed from Moscow and have encouraged regional mediation efforts and localized multilateral diplomacy to resolve ethnic disputes.

## ANTI-SEMITISM, JEWISH EMIGRATION, AND REFUSENIKS

Official support for anti-Semitism and other forms of ethnic discrimination has all but disappeared in Russia. Many Russian citizens nevertheless continue to hold anti-Semitic views. Consequently, we recognize a potential for violence against Jews if economic conditions worsen, and Jews come to be seen as scapegoats for Russia's economic woes.

The Russian government generally permits free emigration, and a newly enacted law guarantees virtually all Russian citizens the right to emigrate. Soviet Jewry advocacy groups, however, continue to oppose declaring Russia in full compliance with the Jackson-Vanik amendment due to delays in implementing the new emigration law, residual emigration restrictions in the law, and the continued existence of refuseniks in Russia. [The Jackson-Vanik Amendment was passed in 1974. It denies MFN to the Soviet Union until it permits free emigration and is currently in place for the successor republics, although Russia currently receives a waiver.]

Statistics indicate that Soviet and Russian citizens have widely enjoyed the right to free emigration in recent years. In 1986, only 914 Jews were permitted to emigrate from the U.S.S.R. This number jumped to approximately 196,000 by 1990, tapering to 177,000 in 1991 and 100,000 in 1992. (Most of the 1992 emigrants were from Russia). This recent decline in Jewish emigration appears to result from fewer Jews deciding to leave the former Soviet Union rather than from government restrictions on emigration. While many local emigration officials are reportedly corrupt, Russia's central government appears committed to permitting free emigration.

Russia's new emigration law marks an historic legal milestone by guaranteeing Russian citizens the right to free emigration and codifying emigration procedures. This law was originally passed by the U.S.S.R. Supreme Soviet in May 1991. The Soviet and Russian governments adhered to its provisions, but decided to implement the law gradually through January 1, 1993.

Unfortunately, full implementation of the law has now been further delayed. The Russian government most recently pledged full implementation by April 1, but this deadline could slip further. In the meantime, emigration regulations are imprecise, generating considerable confusion among Russian officials and emigrants. It is also unclear whether the Russian legal system will be able to provide necessary protections for the rights created by the law.

Even when the law is fully implemented, it will prevent persons from emigrating on two grounds:

- access to state secrets within the past five years; and
- failure to receive permission to emigrate from spouses and parents who may be financially dependent on the prospective emigrant.

Furthermore, a decision by a Cabinet of Ministers Commission can block emigration by persons who had access to classified material longer than five years ago.

These residual restrictions will guarantee the continued presence of refuseniks in Russia and will continue to hinder the extension of MFN to Russia. The National Conference on Soviet Jewry (NCSJ) knows of 376 Jews who seek to emigrate from but have been denied permission, while the Union of Councils for Soviet Jews (UCSJ) places this number at 316. The NCSJ and UCSJ define a refusenik as any person denied permission to emigrate at least once. The State Department's Representation List includes 37 persons who have been denied permission to emigrate more than once since 1990.

## CANADIAN VIEWS

**BACKGROUND PAPERS: CANADIAN ISSUES**

Canadian Economic Assistance to Russia  
Proposed New Canadian Assistance Package  
North American Free Trade Agreement and Canada  
Canadian Interests in the Former Soviet Union  
Windy Craggy Copper Mine  
Victoria Municipal Sewage  
Soft Lumber

## CANADIAN ECONOMIC ASSISTANCE TO RUSSIA

Most of Canada's aid to Russia is in the form of reimbursable lines of credit geared to export promotion, and most of this for grain exports. Canada's Export Development Corporation and the Canadian Wheat Board have issued lines of credit to Russia totalling \$1.9 billion (U.S. dollars). Virtually all lines of credit have been drawn down -- Canadian exposure totals about \$1.5 billion. Canada argues that it is the second largest per capita donor to Russia (after Germany) and that other G-7 countries should assume more of the assistance burden.

Canada suspended all wheat shipments last August, and later suspended all lines of credits, after Russia defaulted on about \$119 million in credits. Russia's total default to Canada amounted to \$191 million at the end of last year, and according to current estimates could be as high as \$400 million. Wheat shipments to Russia have not yet resumed, though discussions are underway for barter arrangement. The Prime Minister may announce a heavily-subsidized wheat deal for Russia at the Vancouver summit, designed in part to facilitate the shipment of Canadian wheat.

Canada is committed to the principle of more technical and humanitarian assistance to Russia (and Eastern Europe) and is reviewing a reallocation of its development assistance funds. Canada's FY 1992-93 budget for technical assistance is about \$99 million. However, given the federal government's serious budget deficit (about 3.6 percent of GDP), it will be difficult for it to provide much more assistance, at the present time. Canada's technical assistance program includes:

- Reactor safety initiative (\$24 million over three years);
- Yeltsin Democracy Fellowship -- training in public administration and public policy (\$8 million);
- Farm Mentors (\$800,000);
- Parliamentary Training (\$800,000);
- Business and Government Management Initiatives -- train managers, scientists, and engineers through internships with Canadian firms and Canadian executive services organization in Russia (\$4-4.8 million over two years);
- International Science and Technology Centers (2.4 million and \$800,000 for Ukraine);
- Defense Conversion (up to \$400,000);
- Northern Connection -- help Russia exploit and protect its northern regions by training oil and gas sector personnel, using Canadian remote-sensing technology to map natural resources and pollution, and Arctic environmental protection (at least \$1.7 million over three years).

\* Note: All dollar amounts are in U.S. dollars.

PROPOSED NEW CANADIAN ASSISTANCE PACKAGE  
(Sent to you by Prime Minister Mulroney)

Canada has been a major player in the international effort to assist Russia. On a per capita basis, Canadian efforts are exceeded only by Germany. Prime Minister Mulroney plans to announce the package outlined below in Vancouver after his meeting with Yeltsin.

Elements of a New Assistance Package

- Canadian Wheat Board Grain Credit -- Amounts unshipped under existing contracts could be released for shipment (477,000 tons of a 1 million ton deal agreed during President Yeltsin's June 1992 visit to Canada. Given Russians present difficulties with repayments, there would be a budgetary cost of up to \$57 million.)
- As of March 19, total Canadian exposure to Russia was \$1.855 billion (Canadian Wheat Board and Export Development Corporation).
  - Technical and Humanitarian Assistance -- \$150 million.
- Funding would be provided for among others the following programs:
  - Canada-Russia Private Sector Partnership: \$20 million investment opportunities for Canada;
  - Canada-Russia Oil and Gas Alliance: A three year \$15 million;
  - High Level Exchange on Federalism;
  - Environmental and Economic Partnership of the North: A three year \$10 million environmental initiative focusing on environmental management and policy development in the North;
  - Agriculture: A three year \$8 million program;
  - Nuclear Safety Initiative: Under this \$30 million initiative, Canada would announce its \$7.5 million contribution to the multilateral nuclear safety fund as well as a \$12 million AECL nuclear safety and engineering initiative;
  - Humanitarian Assistance: \$5.2 million;
  - Yeltsin Democracy Fellowships: doubling this program (\$10 million to \$20 million).

- Canada's share of the Paris Club Rescheduling -- US\$800 million.
- Ukraine -- technical assistance \$50 million (balance the new \$150 million package for Russia).

Additional Proposal Under Consideration

- Youth for the 21st Century -- To prepare the youth of Canada and Russia for a world without national boundaries, a world where understanding, dialogue and respect for difference can be derived only from the broadest based education, Canada would sponsor study and work exchanges for thousands of Russian and Canadian young people across the broad spectrum of society.

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NORTH AMERICAN FREE TRADE AGREEMENT AND CANADA

Canada made helpful contributions on environmental issues during the first round of NAFTA side agreement talks, and was an active player in import surge and labor groups as well. Negotiations resume April 12.

Canada's NAFTA implementing legislation was submitted to Parliament February 25, with the second reading slated for late March. Canadian domestic opposition is fierce, with up to two-thirds disapproval in recent polls.

The GOC would like to avoid dragging NAFTA into its election debate later this year. Even though it has the votes for rapid parliamentary assent, it is reluctant to get ahead of the U.S. on approval. Affirmation of the Administration's commitment to fight hard for NAFTA in Congress would help calm Canadian worries the U.S. is not solid on NAFTA.

Nevertheless, Canada fears it will approve NAFTA and then be left in the lurch if something interferes with or delays U.S. ratification.

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## CANADIAN INTERESTS IN THE FORMER SOVIET UNION

Canadian interests in the the former Soviet Union are based on supporting democracy and curbing proliferation. The Ministry of External Affairs established a task force in 1992 to monitor and implement technical and other assistance. Canadian technical assistance is focused on six sectors: agriculture, energy, forestry, trade and investment, democratic development, and security (e.g., international science and technology centers, defense conversion). Canadian humanitarian assistance is medical --Canada does not provide any food assistance. Because of budgetary constraints, the Canadian government maintains embassies only in Moscow and Kiev.

Mulroney, who hosted Yeltsin twice in Ottawa, has been a strong supporter of Yeltsin's, referring to him in public as Russia's first democratically elected leader in a thousand years. Canadian concerns about Yeltsin's political strength grew last December, when Yeltsin was unable to save then-Prime Minister Gaydar. They viewed Gaydar's sacrifice as the end of Yeltsin's "leadership mystique," emboldening his anti-reform opponents to further constrain his independence.

Mulroney is under no illusion that Russia will be able to make good on its debt to the West anytime soon. Russian debt arrearages twice prompted Ottawa to suspend grain shipments last year. During his June 1992 visit to Ottawa, President Yeltsin urged additional aid and asked forbearance on grain-payments. Mulroney announced in March the unfreezing of the credits. He is expected to reveal an increased aid package at Vancouver.

Canada places great emphasis on the nuclear non-proliferation treaty, and the issue ranks high on its agenda with Russia and Ukraine. Among Ottawa's ear-marked technical assistance projects is \$30 million to help ensure the safety of Russian nuclear facilities. Canada, with a large Ukrainian minority, extended early recognition to Ukraine, and has pressed President Kravchuk to ratify START and accede to the nuclear Non-Proliferation Treaty (NPT). Although Canadians are averse to linking economic assistance to political issues, their concern about Ukrainian policies on START and the NPT run so strong that they have warned Kiev that future Canadian assistance efforts are in jeopardy.

The Canadians wish to join the International Science Center in Moscow and will chair the Science and Technology Center in Ukraine.

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WINDY CRAGGY COPPER MINE

A Canadian firm plans to extract about \$8.5 billion of metals from the high grade copper ore at Windy Craggy Mountain in northwest British Columbia over the next two decades.

The United States has two reasons to be involved:

- the copper must be transshipped through Haines, Alaska; and
- the area is North America's premier wilderness and is bounded by Canadian and U.S. (Glacier Bay) national parks, two of which are UNESCO World Heritage sites.

The normal threat copper mining poses to the environment is compounded by the site's pristine condition, remote location and extreme seismic activity.

The project has vocal supporters and opponents in both Canada and the U.S. Vice President Gore's opposition to the mine is well known and is solidly backed by environmental NGOs. The Vice President raised these concerns in your February 5 working lunch with Prime Minister Mulroney. On the other hand, Alaska state officials back the mine because they favor resource extraction and they foresee some economic benefits for the state's panhandle.

The Government of British Columbia has suspended the mine permitting process until it decides whether mining is an appropriate activity in the Windy Craggy area.

U.S. federal, state and local governments have regulatory authority over those parts of the project located in Alaska which they will invoke if British Columbia opts for mining.

The United States also has the right under the U.S.-Canada Boundary Waters Treaty of 1909 to raise its concerns about possible transboundary water pollution from the project.

- We may refer this question to the International Joint Commission (IJC), a bi-national semi-autonomous body established by the treaty.
- IJC findings, though not binding, have never been contravened by Canada or the U.S.

## VICTORIA MUNICIPAL SEWAGE

Victoria, the capital of British Columbia, discharges its untreated municipal sewage into the Strait of Juan de Fuca opposite Washington state.

Last November, a majority of Victoria voters chose in a referendum not to fund sewage treatment of any kind.

City officials claim the cold, fast moving waters of the strait have a self-cleansing effect and the sewage has had no significant environmental impact.

Every Washington state municipality on Puget Sound and the Strait of Juan de Fuca has primary sewage treatment and has or will have secondary sewage treatment by 1995, at great cost to the local taxpayers.

Washington residents are therefore incensed that their Canadian neighbors have refused to make a similar sacrifice.

Four large Washington-based companies and associations have cancelled conventions scheduled to be held in Victoria to protest the results of the referendum.

The Canadian environment ministry plans to use a new environmental assessment act and the Canadian Fisheries Act to force Victoria to meet national sewage treatment standards.

## SOFT LUMBER

In 1986, the U.S. lumber industry brought a countervailing duty (CVD) case against Canadian lumber exports, alleging that the pricing of timber rights on public lands by the provincial governments (stumpage) provided an unfair subsidy to processors. To avoid countervailing duties, Canada agreed to a Memorandum of Understanding (MOU) with the U.S. under which Canada levied a 15 percent export duty on lumber exports to the U.S. The duty was reduced over time as the provinces instituted agreed "replacement measures," mainly higher stumpage fees. In October 1991 (under pressure from the Canadian industry and smarting from the monitoring provisions of the MOU), Canada terminated the MOU, as permitted by the agreement. In a heated political atmosphere, USTR immediately self-initiated a new CVD case and took Section 301 action to maintain the duty rates in effect prior to the abrogation of the MOU. Commerce determined on May 15, 1992, a new Canada-average CVD rate of 6.5 percent (2.91 percent due to the stumpage charges, 3.60 percent due to the British Columbia's ban on exports of raw logs). The ITC determined (4-2 vote) injury. Canada requested FTA Chapter 19 review of both the Commerce and ITC decisions. Canada also filed a complaint with GATT against certain U.S. actions in this case.

Chapter 19 proceedings are underway. The panel report on the CVD margins is due April 8 and the report on ITC's injury determination is due June 4. A GATT panel ruled that the U.S. had the right to self-initiate the CVD case but that the Section 301 action to maintain MOU duties in was not permitted under GATT rules and further determined that the U.S. should refund duties paid under that action. The recent run-up in lumber prices has eased the economic burden of the duties but will not deal with the long-term issue of forest resource management across the border.

Entrenched positions and convictions on both sides of this issue leave little or no room for maneuver until the panel reports are in. Political stakes are high -- and any decision may result in serious consequences for the FTA.

**FACT SHEETS**

## **PRESS FACT SHEETS**

Summary of Assistance  
Food for Progress  
Democracy Corps  
Trade and Investment  
Humanitarian/Health Assistance and Food Sales  
Private Sector Development  
Officer Resettlement Initiative  
Energy and Environment Initiative  
Generalized System of Preferences  
Russian and the GATT  
START I/Lisbon Protocol  
Highly Enriched Uranium Sales  
Safe, Secure Dismantlement (SSD) Initiatives  
with Russia  
Safe, Secure Dismantlement (SSD) Initiatives  
with Belarus, Kazakhstan and Ukraine

VANCOUVER SUMMIT ASSISTANCE PACKAGE  
(Projects announced, expanded or  
obligated after January 20, 1993)  
(\$ Millions)

Grants: \$690.9

Grant Food Assistance \$194.0

Technical Cooperation \$281.9

Nunn-Lugar \$215.0

Credits: \$932.0

Food for Progress Credit Sales \$700.0

Eximbank Credits \$82.0

OPIC Credits \$150.0

Total \$1,622.9

VANCOUVER SUMMIT ASSISTANCE PACKAGE  
 DETAILED BREAKOUT OF ASSISTANCE INITIATIVES  
 (\$ millions)

Humanitarian/Health Assistance and Food Sales:	
Grant Food Aid	\$194.0
Food for Mothers and Children	\$10.0
Medicines and Medical Supplies for Russian Hospitals	\$15.0
Medical Partnerships	\$3.0
Health Care Finance	\$2.5
Food For Progress Credit Sales	\$700.0
Private Sector Development:	
Russian-American Enterprise Fund	\$50.0
Privatization	\$60.0
Bankers Training	\$5.0
Fiscal Sector Reform	\$4.4
Russian-American Agribusiness Partnerships	\$20.0
Farmer-to-Farmer Program	\$5.0
Eurasia Foundation	\$4.0
Democracy Corps Initiative:	
Democracy Summers	\$25.0
Rule of Law	\$5.0
Effective Local Governance	\$7.0
Strengthening Civil Society	\$2.0
Strengthening Independent Media	\$2.0
Developing Russian Volunteerism	\$4.0
Developing University Partnerships	\$3.0
Energy and Environment Initiative:	
Oil/Gas/Coal Production and Delivery Systems Improvement	\$10.0
Efficiency and Performance Improvement	\$2.0
Pricing Policy and Institutional Reform	\$5.0
Nuclear Power Plant Safety and Regulation	\$15.0
Environmental Policy and Technology Cooperation	\$5.0
Environmental Non-Governmental Organization Consortium	\$1.0
Officer Resettlement Initiative:	
Russian Officer Resettlement	\$6.0
Trade and Investment:	
Expansion of SABIT Program	\$2.0
American Business Centers	\$3.0
Export Control Development	\$2.2
Trade and Development Agency Grants	\$3.8
Eximbank Loans	\$82.0
OPIC Guarantees and Insurance	\$150.0
Security Assistance:	
Strategic Nuclear Delivery Vehicle Dismantlement	\$130.0
Nuclear Warhead Storage Facility	\$75.0
Nuclear Materials Accountability and Control	\$10.0
Subtotal - Grants	\$690.9
Subtotal - Credits	\$932.0
<b>Total:</b>	<b>\$1,622.9</b>

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U.S. ASSISTANCE TO RUSSIA AND OTHER NIS REPUBLICS  
(\$ millions)

	Russia		All NIS	
	Obligated FY 1992	Planned and Obligated FY 1993	Obligated FY 1992	Planned and Obligated FY 1993
<b>Humanitarian Assistance:</b>				
Food Assistance	\$157	\$1,179	\$299	\$1,622
Medical Assistance	\$82	\$40	\$175	\$65
<b>Technical Assistance:</b>				
Economic Support Funds	\$55	\$43	\$132	\$103
FREEDOM Act Funds	\$0	\$200	\$0	\$411
Other	\$5	\$40	\$15	\$53
<b>Security Assistance:</b>				
Nunn-Lugar Funds(1)	\$4	\$345	\$4	\$369
<b>Credit Assistance</b>				
USDA Export Credit Guarantees(2)	\$645	\$800	\$2,645	\$1,000
Eximbank(3)	\$119	\$250	\$119	\$310
OPIC	\$126	\$425	\$126	\$565
<b>Total</b>	<b>\$1,193</b>	<b>\$3,322</b>	<b>\$3,515</b>	<b>\$4,498</b>

(1) Of \$800 million in Nunn-Lugar funds appropriated in FY 1992 and 1993,  
\$427 million remains to be allocated

(2) In FY 1992, \$1,895 million in USDA credit guarantees were obligated for the former  
Soviet Union, the majority of which went to Russia

(3) Does not include possible export credit support under the Eximbank oil and gas  
framework agreement

U.S. GRANT ASSISTANCE TO THE NIS BY REPUBLIC  
(\$ Millions)

OR RELEASE

	Food Assistance:		Medical Assistance:		Technical Assistance:		Nunn-Lugar :		Total:		Total
	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1992</u>	<u>FY 1993</u>	
Armenia	\$26.2	\$109.3	\$0.0	\$0.0	\$12.8	\$39.7	\$0.0	\$0.0	\$39.0	\$149.0	\$188.0
Azerbaijan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1
Belarus	\$32.1	\$68.5	\$0.0	\$0.0	\$1.0	\$7.4	\$0.0	\$9.5	\$33.1	\$85.4	\$118.5
Georgia	\$14.2	\$65.5	\$0.0	\$0.0	\$1.3	\$25.5	\$0.0	\$0.0	\$15.5	\$91.0	\$106.5
Kazakhstan	\$8.0	\$22.5	\$0.0	\$0.0	\$5.1	\$32.3	\$0.0	\$14.5	\$13.1	\$69.3	\$82.4
Kyrgyzstan	\$8.3	\$66.1	\$0.0	\$0.0	\$2.2	\$19.3	\$0.0	\$0.0	\$10.5	\$85.4	\$95.9
Moldova	\$7.0	\$40.1	\$0.0	\$0.0	\$0.4	\$7.4	\$0.0	\$0.0	\$7.4	\$47.5	\$54.9
Russia	\$157.0	\$479.0	\$82.0	\$40.0	\$60.0	\$281.0	\$4.0	\$345.0	\$303.0	\$1,145.0	\$1,448.0
Tajikistan	\$8.2	\$2.5	\$0.0	\$0.0	\$0.7	\$4.5	\$0.0	\$0.0	\$8.9	\$7.0	\$15.9
Turkmenistan	\$9.7	\$40.2	\$0.0	\$0.0	\$0.7	\$4.0	\$0.0	\$0.0	\$10.4	\$44.2	\$54.6
Ukraine	\$0.0	\$27.9	\$0.0	\$0.0	\$22.5	\$86.8	\$0.0	\$0.0	\$22.5	\$114.7	\$137.2
Uzbekistan	\$0.0	\$0.3	\$0.0	\$0.0	\$1.3	\$14.7	\$0.0	\$0.0	\$1.3	\$15.0	\$16.3
Regional	\$0.0	\$0.0	\$93.0	\$25.0	\$38.9	\$44.4	\$0.0	\$0.0	\$131.9	\$69.4	\$201.3
<b>Total</b>	<b>\$270.7</b>	<b>\$921.9</b>	<b>\$175.0</b>	<b>\$65.0</b>	<b>\$147.0</b>	<b>\$567.0</b>	<b>\$4.0</b>	<b>\$369.0</b>	<b>\$596.7</b>	<b>\$1,922.9</b>	<b>\$2,519.6</b>

## Notes:

- (1) Food aid figures do not include planned \$700 million in concessional food sales
- (2) Information on medical assistance outside Russia not attributed by republic
- (3) Portion of technical assistance obligations for regional projects not attributed by republic

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Food for Progress Credit Sales

The President announced up to \$700 million in agricultural credit sales to Russia under the Food for Progress Program. The Freedom Support Act of 1993 amended the Food for Progress Program to make concessional sales, as well as donations, possible under its authority. This is an interim measure, designed to restore Russia's access to U.S. agricultural markets for grains and other needed commodities in the short-term.

These sales will have a multi-year repayment period with a several-year grace period, and equate to a concessionality of approximately 60 percent. The concessionality will more than affect the higher U.S. domestic costs of the commodities and higher U.S. freight costs.

The commodity mixture for the program may include wheat, feed grains, oilseeds and other U.S. agricultural products mutually agreed upon by the U.S. and Russian sides. These commodities will be delivered between now and the time several months from now when Russia's own domestic crop begins to be available.

These sales serve Russian consumers by helping to ensure stable access to critical foods during the difficult period of economic restructuring. They also serve U.S. farmers by maintaining the U.S. position in what will continue to be a highly important foreign market.

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FACT SHEET

Democracy Corps Initiative

**Purpose:** Russia is embarking on the transformation of its political and legal framework from an authoritarian foundation to one based upon the rule of law, with emphasis on rights and responsibilities of individuals, popular participation in political and economic decision-making, open competition among interest groups, governmental accountability, transparency of political and legal processes, and predictability in social and economic relations.

**Program:** To assist this process, the President is mobilizing the Democracy Corps -- a broad coalition of American people and institutions devoted to expanding the momentum for democratization in Russia. As the Coordinator for all U.S. assistance efforts with the former Soviet Union, Ambassador Tom Simons will oversee Democracy Corps activities in Russia. Specific U.S. government-funded activities in FY 1993 will include:

**Democracy Summer:** The summer of 1993 will be designated "Democracy Summer," with the start-up of a \$25 million program of intensive people-to-people contacts between Russians and their American hosts. Approximately 3,000 Russians will be brought to the U.S. for exchanges and training in 1993. Two types of contacts are envisioned:

**Exchanges:** Exposure of Russians to life in a democracy can foster grassroots understanding and attitudes supportive of democratic development. About 1,700 high school students will arrive this summer for a variety of programs: over 300 will participate in short-term thematic group projects in areas ranging from culture and the arts to youth leadership; 650 students will participate in year-long exchanges during the 1993-1994 school year; and 750 students will participate in month-long school-to-school linkages. About 450 undergraduate and 200 graduate-level Russian students will receive training in economics, business, public policy, government, education, and law. Another 200 government officials and professionals will participate in short-term education programs designed to introduce them to their American counterparts.

Training: In addition to exposure to democratic systems, visits by citizens of Russia to the United States can demonstrate U.S. methods of solving technical, managerial, and other problems that are key to Russia's successful adoption of a free market system. About 400 Russians will be brought to the U.S. for study tours and short-term training programs in key technical areas, such as banking, energy, environment, health, and agriculture.

Rule of Law: These programs will mobilize a broad range of U.S. legal resources to assist the Russian reform of their legal structure to reflect democratic and free market principles, and to institutionalize support procedures and practices in the areas of commercial law, criminal law and procedure, and legal education. In particular, the U.S. will directly support President Yeltsin's Legal Experiment, an innovative plan to advance legal reform, including the creation of a jury system in five regions. (\$5 million)

Effective Local Governance: The U.S. will assist reform-minded local governments in generating, managing, and expending financial resources in ways which foster the private provision of social services and broad private sector growth. The first two cities targeted are Moscow and Nizhny Novgorod. (\$7 million)

Strengthening Civil Society: The U.S. will mobilize private U.S. organizations (political and civic organizations, free trade unions, and advocacy groups) to work closely with counterparts in Russia -- reformers, grassroots organizers, regional interests -- to expand their participation in Russian political processes and in the dialogue on economic reform. (\$2 million)

Strengthening Independent Media: This program will allow the U.S. media and journalism community to share professional journalist techniques and business and managerial skills essential for functioning of a free and open democracy. (\$2 million)

Developing Russian Volunteerism: A wide slice of the U.S. private, voluntary organization community will assist private Russian groups to meet emerging social service needs during this period of economic dislocation. (\$4 million)

Developing University Partnerships: The U.S. will mobilize the U.S. education community to develop linkages and exchanges between American universities and partner universities in Russia that focus on areas critical to the creation of free market and democratic institutions. The Administration will establish an American Institute at the Institute of Foreign Languages in Nizhny Novgorod for study of American studies and language. (\$3 million)

**Total Democracy Corps Initiative: \$48 million in 1993.**

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FACT SHEET

Trade and Investment

Current U.S. bilateral trade with Russia is only \$3.4 billion, and even though American companies are the largest investors in Russia, total U.S. investment in 1992 was estimated at only \$400 million. A significant expansion in bilateral trade and investment is among the best ways to assist Russia in making the transition to a market democracy. Creating the necessary business climate is a task that basically rests with Russia, but the U.S. government can play a catalytic role in helping to remove obstacles blocking projects already under discussion, improve the environment for business, and develop the commercial infrastructure.

**Joint Commission on Technological Cooperation:** President Clinton believes that bilateral trade and investment growth with Russia is a major priority. He has asked Vice President Gore to co-chair this commission with Russian Prime Minister Chernomyrdin. This commission will focus on energy and space issues. The President has also asked Secretary of Commerce Ron Brown to head a separate Business Development Committee with the Russian government. This committee will help to identify and remove impediments to trade and investment, unblock specific U.S. investment projects, press for Russian government policy reforms, and improve the commercial infrastructure for bilateral commercial growth. The creation of these two groups demonstrates the strong desire of the U.S. and Russia to expand trade and investment opportunities. Together, they will focus the highest level attention on these issues for the first time.

**Generalized System of Preferences:** President Clinton seeks to extend the U.S. Generalized System of Preferences (GSP) to Russia to provide duty-free treatment for a broad range of Russian exports.

**GATT:** The United States will support Russia's application to become a member of the GATT, and will help build the institutions necessary for Russia to become a full GATT member.

**American Business Centers:** The Administration will open four American Business Centers in Russia this year to help American and Russian companies do business with each other and to serve as business incubators.

**Export Control Development:** Technical assistance will be provided to Russia to improve its export controls development. An effective Russian export control system would allow the sale of higher levels of technology to Russia to assist the reform and modernization of the Russian economy.

Eximbank Loan: The Export-Import Bank of the United States has just finalized an \$82 million loan to finance sale of Caterpillar pipeline construction machinery for Gazprom. This equipment will be used on construction of a gas pipeline in the Yarnal peninsula region of Russia.

OPIC Investment Support: The Overseas Private Investment Corporation (OPIC) has approved its first loan and major insurance coverage to a private commercial venture in Russia, a \$150 million package consisting of a \$50 million loan guarantee and \$100 million investment insurance coverage to support CONOCO's \$300 million "Polar Lights" project.

TDA Feasibility Study Grants: The U.S. Trade and Development Agency (TDA) is granting \$1.4 million for oil and gas feasibility studies, as part of a package of TDA grants totaling \$3.8 million.

Special American Business Internship Training (SABIT): 300 additional internships with American companies are being created for Russian business executives, entrepreneurs and scientists under the Commerce Department's highly successful business internship program. This doubles the number of Russians who will acquire on-the-job experience in a market economy. (\$2 million).

# # #

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Humanitarian/Health Assistance and Food Sales

Purpose

To respond to the need for humanitarian food and medical assistance and to help develop the proper infrastructure for health care delivery, the United States will provide grant food and medical assistance, health technical assistance, and concessional sales of U.S. agricultural commodities to Russia.

Program

Grant food assistance: The United States will provide an additional \$194 million in grant food aid to Russia, bringing total grant food assistance for Russia to \$425 million in FY 1993. This is provided under the Section 416(b) and Food for Progress programs administered by USDA. Some of the commodities will be provided directly to the Russian Government for direct distribution or sales to needy individuals while other commodities will be auctioned on private commodities exchanges. A certain amount of the commodities will be provided through American and Russian private voluntary organizations. (\$194 million)

Food for Mothers and Children: The United States will provide infant formula, whole fat milk, cereals and nutritional powdered beverage to needy infants, children and mothers in Magadan, Khabarovsk and Vladivostok. (\$10 million)

Medicines & Medical Supplies for Russian Hospitals: The United States will provide medicines and medical supplies to hospitals in the Moscow area and medical supplies to hospitals and clinics in the Magadan region of the Far East. (\$15 million)

Medical Partnerships: In an effort to increase contacts between American and Russian medical professionals, the United States will establish an additional four Medical Partnerships in Russia over the next several months. This will make a total of nine partnerships in Russia. (\$3 million)

Health Care Finance: An integral part of transition to a market economy will be the reform of the health care system. To assist in this transition, the United States will work with the Russian government to promote private health care alternatives. The United States will provide training and seminars and seek to establish replicable models of health care finance in reform-minded communities of Russia. (\$2.5 million)

Food for Progress Credit Sales: The United States will make available \$700 million in agricultural credit sales to Russia under the Food for Progress program. These sales are an interim measure designed to restore Russia's access to U.S. agricultural markets for grains and other needed commodities in the short term. The commodities will be delivered for the next several months, until Russia's domestic harvest begins to become available.

Total Funding for Humanitarian/Health & Food Sales:  
\$924.5 million.

# # #

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Private Sector Development

Purpose

The U.S. private sector assistance program supports Russia's historic transition to a market-based economy, expanded trade and investment opportunities, and emergence of an indigenous private sector. Russia's private sector needs to rapidly assume the production and supply functions formerly performed by the state. Laws and policies need to be adopted that create incentives for investment and growth. U.S. assistance reinforces Russia's strategy to transfer state assets to productive private sector use, and to catalyze small and medium business development to create new jobs. Whenever possible, the U.S. assistance program links American businesses with Russian counterparts to transfer skills and create lasting market relationships.

Program

Russian-American Enterprise Fund: The Fund will target loans and investments to create and expand small and medium enterprises. It will support Russian businesses and joint ventures with U.S. firms that disseminate western business know-how and practices. Loans and investments will seek to increase employment, develop capital markets, generate foreign exchange, encourage private foreign investment, and support privatization. The Fund will also seek to demonstrate that good business investments are compatible with sound environmental practices. (\$50 million in 1993)

Privatization: Privatization is the driving force behind economic reform in Russia. This activity reinforces nearly every aspect of the privatization program that is giving all Russians their first opportunity to become private shareholders. U.S. assistance supports enterprise auctions, privatization manuals, public education on private ownership, and legal, economic and logistical advice to local privatization committees. Technical assistance for investment funds, stock exchanges, prudent regulation and business support organizations will help create a fair and competitive marketplace. (\$60 million in 1993)

Bankers Training: A modern banking system and stable financial markets are indispensable to enterprise restructuring. Officials of U.S. commercial banks, the Federal Reserve Bank of New York, and other specialists will train at least 250 Russian banking executives. American experts will work with Russian counterparts to introduce new deposit mechanisms for business and household savings; functioning checking accounts; interbank credit and reserve lending systems; and an auction market in government

securities that will facilitate relatively non-inflationary financing of public deficits. (\$5 million)

Fiscal Sector Reform: Effective decentralization and privatization will require new tax and expenditure systems for local and regional governments. Technical assistance in the fiscal area will help local and regional governments design and implement fiscal structures, including revenue systems needed to finance social services and other budgetary requirements currently financed by state enterprises. Assistance will start with Moscow oblast and will be targeted at regions making significant privatization progress. (\$4.4 million)

Russian-American Agribusiness Partnerships: This activity pairs U.S. agribusinesses with Russian partners to help private farmers, enterprises and reform-oriented institutions create a market-driven food system. Technical assistance and training by U.S. agribusinesses will help break bottlenecks between producers and consumers, and create efficient input delivery systems. U.S. agribusinesses will introduce U.S. standards for harvesting, processing and distribution. Under the project, they will invest approximately \$60 million of their own funds. (\$20 million)

Farmer-to-Farmer Program: This activity will link over 300 American volunteer farmers with farmers in Russia in order to provide direct, practical agricultural marketing experience and know-how. These volunteers will build on the work of 80 volunteers already in Russia. Their technical expertise will help new private farmers learn the skills needed to operate in a market economy, improve crop quality, reduce losses, and respond to consumer demand. (\$5 million)

Eurasia Foundation: The Foundation is a new, independent grant-making and technical assistance fund established with U.S. Government financing. It will encourage collaboration with and contributions from private funding sources. The Foundation will support innovative, field-based programs throughout the NIS in areas such as management training, economics education, public policy advice, independent print and broadcast media, and science and technology development. (\$4 million for Russia)

**Total Private Sector Development Program: \$148.4 million in 1993.**

# # #

# MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

Staff Office-Individual:

Records Management

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43	1	7	1	V

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. tab	Tab #1 (1 page)	00/00/0000	P1/b(1)
002. memo	re: Boris Yeltsin (4 pages)	03/31/1993	P1/b(1)
003. memo	Yeltsin's Political Standing (2 pages)	03/31/1993	P1/b(1)
004. report	Biography (2 pages)	03/29/1993	P1/b(1)
005. report	Biography [partial] (3 pages) <i>Partial release - KBH 9/8/2017</i>	03/29/1993	P1/b(1)
006. report	Biography (2 pages)	03/24/1993	P1/b(1)
007. report	Biography (2 pages)	02/12/1993	P1/b(1)
008. report	Biography (2 pages)	04/01/1993	P1/b(1)
009. report	Biography (1 page)	02/17/1993	P1/b(1)
010. report	Biography (2 pages)	03/24/1993	P1/b(1)
011. report	Biography (2 pages)	03/24/1993	P1/b(1)
012. report	Biography (2 pages)	03/24/1993	P1/b(1)
013. report	Biography (2 pages)	03/29/1993	P1/b(1)

**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

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**RESTRICTION CODES**

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

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

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015. report	Biography (1 page)	03/23/1993	P1/b(1)
016. report	Biography (1 page)	03/29/1993	P1/b(1)
017. report	Biography (1 page)	03/29/1993	P1/b(1)
018. tab	Tab #2 (1 page)	00/00/0000	P1/b(1)
019. report	Biography (2 pages)	03/30/1993	P1/b(1)
020. report	Biography (1 page)	01/28/1993	P1/b(1)
021. report	Biography (2 pages)	02/19/1993	P1/b(1)
022. report	Biography (2 pages)	01/05/1993	P1/b(1)
023. report	Biography (1 page)	03/18/1992	P1/b(1)

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THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Officer Resettlement Initiative

Purpose

The United States and the West have an historic opportunity to facilitate the return of troops to Russia by providing housing and job retraining for Russian officers who are being demobilized and returning to Russia. This Officer Resettlement Initiative responds to a direct appeal from the Government of Russia.

Program

This initiative will focus on facilitating the resettlement of officers who are being demobilized upon return to Russia. In addition to building houses for these returning officers, it will provide employment retraining. Specifically, it will:

- Build 450 houses within 12-16 months for officers who are being demobilized and returning to Russia; and
- Provide employment training for the participating officers to facilitate their transition to civilian life.

Houses will be built in areas where local authorities are committed to market economic reforms. These sites also will be selected based upon availability of land, adequate infrastructure, and proximity to good transportation routes. To the extent possible, we will seek to use local labor and locally-available materials in the construction of these homes.

Providing housing and job retraining for troops returning to Russia is a visible sign of Western support for the Russian people and the Russian government. The United States will seek to encourage other donors to implement similar or complementary programs.

Total FY93 funding: \$6 million

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THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Energy and Environment Initiative

**Purpose:** This initiative will assist in the transformation of the Russian energy economy into a market-oriented, end-use efficient, and environmentally protected system. Reform of the energy sector is essential to the viability of the overall reform program, particularly enterprise restructuring and the overall macroeconomic balance. Structural reform of this sector should help remove some of the worst environmental excesses, by eliminating obsolescent production techniques and encouraging energy efficiency.

**Program:** This initiative represents a balanced approach targeted on several critical leverage points:

**Gas/Oil/Coal Production and Delivery Systems Improvement:** U.S. assistance will promote efficient use of gas and oil. Reform in these areas will increase hard currency exports and, in the long run, provide alternative fuel sources needed to decommission unsafe nuclear reactors. In addition, our programs will promote coal mine safety, productivity, and cleaner coal technologies. Funding will include engineering and financial analyses to help catalyze and accelerate substantial World Bank and EBRD loans to revamp production, transmissions, and distribution systems. (\$10 million)

**Efficiency and Performance Improvement:** This program will focus on improving energy efficiency in electric power, refineries, industries, and residential buildings. Funding also will support the Moscow Energy Efficiency Center which provides information on technology available from U.S. companies as well as training. (\$2 million)

**Pricing, Policy, and Institutional Reform:** Market-driven approaches for energy supply and demand balance in Russia will be introduced. The program will focus on privatizing energy supply entities, supporting reform of the price and tariff structure, and improving institutions to raise efficiency standards and introduce a regulatory framework. (\$5 million)

**Nuclear Power Plant Safety and Regulation:** The U.S. will fund short-term operational safety improvements, risk reduction measures, and regulatory assistance for nuclear power plants. (\$15 million)

**Environmental Policy and Technology Cooperation:** This program will assist in the development of clearer national environmental policies and programs. The U.S. will implement high-impact

demonstration projects to reduce severe pollution problems, including minimizing use of ozone-depleting substances. The first activity will focus on air pollution control in the Volgograd region. (\$5 million)

Environmental Non-Governmental-Organization Consortium: The U.S. will mobilize a consortium of public and private sector actors to strengthen collaboration between American and Russian NGOs. The consortium will finance joint U.S.-Russian NGO projects that promote community environmental quality initiative, resource conservation, public awareness, and training. (\$1 million)

**Total Energy and Environment Initiative: \$38 million in 1993.**

THE WHITE HOUSE  
Office of the Press Secretary

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For Immediate Release

FACT SHEET

Generalized System of Preferences

Russia is currently legally excluded from receiving the Generalized System of Preferences (GSP), as a successor state to the Soviet Union. The Administration will propose the elimination of this legal exclusion, and after ensuring that Russia complies with other legal requirements for GSP eligibility, we will add Russia to the GSP program.

Under the GSP program, the United States grants preferential, duty-free access to 4,400 selected items from the 141 developing countries. The aim of GSP is to encourage trade and foster market forces, as a means of promoting economic development.

In 1992, Russia shipped \$46 million to the United States in GSP eligible goods. Based on previous experiences, this volume would be expected to increase once preferential duties are granted.

The U.S. GSP program currently expires in July 1993, unless renewed by law. The Administration is working for the renewal of the GSP program beyond the date.

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THE WHITE HOUSE  
Office of the Press Secretary

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For Immediate Release

FACT SHEET

Russia and the GATT

President Clinton announced today that the United States will support membership in the General Agreement on Tariffs and Trade (GATT) for Russia, when that country applies.

Participation in the GATT as a contracting party has been an important Russian goal for some time, and Russia has had observer status in the GATT since May 1990.

The GATT is the principal multilateral agreement governing international trade. It functions not only as a code of conduct for the application of trade protection, but also as a forum for dispute settlement and as a mechanism for the negotiation of trade liberalization.

Its 108 members, called contracting parties, account for more than 85 percent of world trade.

A request from Russia to join GATT will initiate a period of discussion and negotiation among current GATT members to develop a protocol acceptable to the GATT contracting parties containing commitments to manage international trade within GATT norms.

President Clinton has offered to initiate informal bilateral discussions at the technical level with Russian officials to facilitate Russia's approach to GATT membership.

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THE WHITE HOUSE  
Office of the President

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For Immediate Release

FACT SHEET

START I/NPT (Lisbon Protocol)

President Clinton has proposed that, once the START parties all fulfill their Lisbon Protocol obligations, they should meet at the Ministerial level to exchange instruments of ratification, provide security assurances, and discuss implementation. Thereafter, this high-level group would meet periodically, and special meetings could be called by any party.

- The U.S. believes this forum could also address other security issues that are of concern to the parties.
- We want there to be no doubt that the United States will see an important need for continued dialogue with all of the other START parties after they have fulfilled their Lisbon commitments.

Background on Lisbon Protocol

In signing the Lisbon Protocol, Belarus, Kazakhstan, Ukraine, and Russia became parties to START in place of the U.S.S.R.; Belarus, Kazakhstan, and Ukraine also committed themselves to adhere to the Non-Proliferation Treaty as non-nuclear states "in the shortest possible time."

The status of each of the parties with respect to fulfilling their Lisbon commitments is as follows:

- Belarus has voted both to ratify START and to accede to the NPT as a non-nuclear weapon state.
- Kazakhstan ratified START but has not yet acted on NPT.
- The Ukrainian legislature has begun debate on the two treaties, but has not completed its action.
- Russia has ratified START, but has also said that the treaty could not enter into force until the other three fulfill all of their Lisbon obligations.
- The U.S. Senate gave its advice and consent to ratification of START last October.

The United States has continued to work hard to get START and NPT in place. We have offered substantial financial and technical assistance toward easing the other parties' dismantlement and destruction burdens, and are also prepared to offer Belarus, Ukraine, and Kazakhstan certain security assurances.

-- While we have been concerned about the delays in Ukraine, we look forward to their prompt action on both treaties, and also expect Kazakhstan to accede to the NPT as a non-nuclear weapon state in the near future.

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THE WHITE HOUSE  
Office of the President

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For Immediate Release

FACT SHEET

High Enriched Uranium (HEU) Sales

On February 18, 1993, the United States and the Russian Federation signed an agreement governing the purchase by the U.S. of approximately 500 metric tons of High Enriched Uranium (HEU) from dismantled nuclear weapons of the former Soviet Union. HEU will be converted into low enriched uranium (LEU) to be sold as fuel in commercial nuclear reactors. In this way, the deal generates no costs to the U.S. taxpayer.

The U.S. and Russia, concerned about the potential proliferation of nuclear material, see this agreement as one means of ensuring the safe and prompt disposition for peaceful purposes of the HEU extracted from nuclear weapons. The U.S. and Russia are now negotiating a purchase contract that will include the details of delivery schedules and purchase price. The U.S. will not sign the implementing contract, however until Russia has reached agreement with Belarus, Kazakhstan and Ukraine on the equitable sharing of the proceeds of HEU sales to the U.S.

During their meetings, Presidents Clinton and Yeltsin discussed the status of "proceeds sharing" negotiations between Russia and Belarus, Kazakhstan and Ukraine.

# # #

THE WHITE HOUSE  
Office of the Press Secretary

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For Immediate Release

FACT SHEET

Safe, Secure Dismantlement (SSD) Initiatives with Russia

The Nunn-Lugar legislation, as amended, provides up to \$800 million in DOD funds to assist in the safe and secure transportation, storage, and dismantlement of nuclear, chemical and other weapons and to establish safeguards against their proliferation.

We have pledged at least \$400 million in Nunn-Lugar assistance for Russia. Previously, we have signed an umbrella agreement that provides the legal framework for the provision of assistance and 7 implementing agreements providing up to \$150 million in assistance. These agreements provide for:

- armored blankets to enhance the safety and security of weapons and fissile material during transport;
- safety and security enhancements for rail cars used in transporting nuclear weapons and fissile material;
- emergency response equipment to upgrade capabilities to respond in case of a nuclear accident;
- transportation and storage containers for fissile material removed from dismantled nuclear weapons;
- assistance in the design of a storage facility for fissile material;
- assistance in chemical weapons destruction; and
- establishment of a science center to employ former weapons scientists.

Last week, we concluded in Moscow three additional SSD agreements which provide up to:

- \$130 million to assist in the elimination of strategic nuclear delivery vehicles -- ballistic missiles and their launchers and heavy bombers. This assistance will help to defray the costs to Russia of carrying out reductions in these forces.
- \$75 million to procure construction and operating equipment for the fissile material storage facility. These funds are designed to allow the facility design effort and Russian plans for warhead eliminations to continue on schedule.

- \$10 million in assistance to help establish national and facility level systems for the material control and accountability, and physical protection of civil nuclear material. Such systems will help to guard against the potential loss or proliferation of nuclear material.

These agreements demonstrate the importance the Clinton Administration attaches to the SSD program as an integral part of its broad policy of cooperation and partnership with Russia.

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THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

FACT SHEET

Safe, Secure Dismantlement (SSD) Initiatives with  
Belarus, Kazakhstan and Ukraine

Belarus, Kazakhstan and Ukraine (along with Russia) have been certified by the Secretary of State as meeting the eligibility requirements for assistance under the Nunn-Lugar legislation. We have, to date, notified the Congress of approximately \$40 million in proposed Nunn-Lugar obligations to the four states.

Belarus. We have signed three implementing agreements with Belarus providing emergency response equipment to enhance capabilities to respond to the consequences of a nuclear accident, a continuous communications (CCL) link to allow the transmission of data and notifications under the INF and START agreements, and assistance and training to help establish an effective export control system. These agreements total \$8.3 million in assistance.

In the wake of Belarus' ratification of the START and NPT Treaties, we have recently proposed to Chairman Shuskevich the outlines of an additional assistance package which could include up to \$65 million in Nunn-Lugar funds for things such as defense conversion and missile site clean-up, if projects are identified.

Kazakhstan. The Congress has been notified of \$14.5 million in proposed Nunn-Lugar obligations for Kazakhstan. These funds would provide a government-to-government communications link, emergency response equipment, assistance and training in establishing an export control system as well as a system for the material control and accountability and physical protection of civil nuclear material.

These agreements were discussed with a Kazakhstani delegation in Washington last month. Our objective is to sign these agreements during a return visit to Almaty in late April, after they have been reviewed by the Kazakhstani government. We also hope to discuss Nunn-Lugar assistance in other areas, including the dismantlement of strategic nuclear delivery vehicles.

Ukraine. We have agreed to provide Ukraine at least \$175 million in Nunn-Lugar assistance, assuming they ratify START and adhere to the NPT. The Congress has been notified of \$27 million in proposed Nunn-Lugar obligations for Ukraine. Proposed agreements would provide a government-to-government communications link, emergency response equipment, assistance and training in establishing an export control regime, and a material control and accountability and physical protection system for civil nuclear material. In addition, we are establishing a Science and Technology Center in Kiev.

Ukraine has not yet signed an umbrella agreement providing the legal framework under which Nunn-Lugar assistance can be provided. No implementing agreements can be signed until this Kiev assistance in strategic nuclear delivery vehicle dismantlement, which would take up the bulk of the \$175 million we have pledged. This agreement would not be signed until Ukraine has ratified START and the NPT.

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001. tab	Tab #1 (1 page)	00/00/0000	P1/b(1)
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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.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. memo	Yeltsin's Political Standing (2 pages)	03/31/1993	P1/b(1)

### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

### RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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004. report	Biography (2 pages)	03/29/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. report	Biography [partial] (3 pages)	03/29/1993	P1/b(1)

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**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
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1.4c, 3.5c

**Boris Grigor'yevich FEDOROV**  
(Phonetic: FYOHduruff)

**RUSSIA**

*Deputy Premier (since December 1992);  
Minister of Finance (since  
26 March 1993)*

*Addressed as: Mr. Minister*



©

Brought into the government in order to balance the appointment of a premier without an economics background, Boris Fedorov—a longtime proponent of market reform—now stands at the center of Russia's battle over the pace and scope of economic reform. Ideally qualified to serve as deputy premier for economics and finance, Fedorov's duties were expanded during Yel'tsin's latest confrontation with the legislature to include the portfolio of Finance Minister—a post that strengthens Fedorov's control over monetary and fiscal policy.

[Redacted]

1.4c, 1.4d

[Redacted] One of Russia's top financial experts, Fedorov has a strong grounding in market economics and practical experience in Soviet and Western financial institutions.

[Redacted] 1.4c, 1.4d

[Redacted] he remarked in early February 1993 that "the government has a maximum of one or two months to start acting resolutely" to avert an economic catastrophe.

[Redacted] 3.5c

Fedorov has repeatedly stressed that Russia must pursue a tight monetary policy to avoid hyperinflation. He notes that the country's underdeveloped money market is not up to this task, requiring the government instead to restrict the amount of credit it extends. Fedorov acknowledges that some support to industry will continue but says the government must formulate a comprehensive policy approach to identify priority sectors and

***Pressing for Focused, Visible Aid***

*Fedorov believes the West should concentrate its technical assistance on concrete projects that would have immediate political and economic impact.*

[Redacted]

1.4c, 1.4d

*He urged the United States to focus on large-scale, highly visible programs, particularly in the area of training and exchanges, and to use its influence to help design multilateral as well as bilateral programs. Fedorov also argued that the West needs to do more to strengthen Russia's social safety net. As Russia's envoy to the mid-March meeting of representatives of the Group of Seven nations, Fedorov suggested that a social fund be created for Russia's unemployed if tight credit policies are instituted. He also suggested developing a program to encourage the growth of small businesses in order to create jobs.*

[Redacted] 3.5c

DECLASSIFIED IN PART  
PER E. O. 13526

2016-0132-M (1.62)  
2/27/2017 KBH

[Redacted]

1.4c, 3.5c

(continued)  
LDA M 93-11463

1.4c, 3.5c

regions. As part of this effort, he intends to establish controls to monitor the amount of credits and subsidies that are issued and to verify that they are put toward their intended use. Fedorov also chairs a new credit policy commission that will approve credits for specific industries. 3.5c

1.4c, 1.4d

A graduate of the Moscow Financial Institute—the top Soviet school for banking and finance specialists—he reportedly earned his doctorate in economic sciences in record time from Moscow State University. His classmates there probably included former Acting Premier Yegor Gaydar and members of Gaydar's inner circle. 1.4c, 1.4d

Fedorov's dissertation on the investment capital market in Western economies showed a firm grasp of theoretical and practical applications. During 1980-87, Fedorov worked at the Currency-Economic Administration of the Soviet State Bank (Gosbank); press reports say the bank recruited him after he delivered a speech in the West that was critical of Soviet bankers. While at Gosbank, Fedorov monitored the efforts of then Prime Minister Margaret Thatcher to deregulate Britain's economy. He then became a research associate at the Institute of World Economics and International Relations, publishing several noteworthy articles on ruble convertibility and credit policy. 3.5c

1.4c, 1.4d, 3.5c

Fedorov's subsequent positions strengthened his experience, contacts, and exposure to the West. According to press reports, during the early years of *perestroika* he tried to establish a commercial bank, an attempt thwarted by the bureaucracy. Fedorov was a visiting researcher at Glasgow University in early 1989; 1.4c, 1.4d he learned a great deal about a market economy just by being on his own in the West and seeing how the system worked. 3.5c

In a recent interview noted in the Western press, Fedorov joked, "Either you send sailors to occupy the Central Bank," (referring to Lenin's use of force to break up Russia's Constituent Assembly in 1918) "or the bank should probably assume all responsibility for the economy and run it. Then we shall see how they stimulate long-term investment at low interest rates with inflation at 1,000 percent." Although Fedorov had earlier hoped to find common ground with Gerashchenko, at a late March press briefing he openly called for Gerashchenko's removal, asserting that three months of negotiations have been rebuffed by the bank, which, according to Fedorov, is "actively sabotaging" economic reform, IMF talks, and ruble-zone discipline. 3.5c

After returning to Moscow, Fedorov worked at the Communist Party Central Committee Socioeconomic Department, where he became acquainted with many senior leaders. In July 1990, Yel'tsin tapped Fedorov to be the Russian Republic's Finance Minister; cabinet colleagues included then Deputy Premier Grigoriy Yavlinskiy, an original author of the 500 Days reform program. Fedorov resigned his post at the end of the year to protest lax monetary policy and because his

1.4c, 3.5c

authority had been overruled. From February 1991 until October 1992 he headed the department for Soviet (later Russian) affairs at the European Bank for Reconstruction and Development in London. According to the Western press, while working in London, he sent advice to the reformist Russian government in the form of *Notes From Afar*, a humorous reference to Lenin's commentaries on the revolution, which began without him in 1917. Fedorov was appointed Russia's executive director to the World Bank in the fall of 1992;

1.4c, 1.4d, 3.5c

### Personal Notes

Fedorov was born on 13 February 1958 in Moscow.

1.4c, 1.4d

Fedorov speaks excellent English.

Married, he has two children.

3.5c

29 March 1993

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. report	Biography (2 pages)	03/24/1993	P1/b(1)

### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

### RESTRICTION CODES

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

RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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007. report	Biography (2 pages)	02/12/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

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008. report	Biography (2 pages)	04/01/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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009. report	Biography (1 page)	02/17/1993	P1/b(1)
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### COLLECTION:

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National Security Council  
Records Management  
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2016-0132-M

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013. report	Biography (2 pages)	03/29/1993	P1/b(1)
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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.

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]  
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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]

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
014. report	Biography (1 page)	03/24/1993	P1/b(1)

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**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

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**RESTRICTION CODES**

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

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

- 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]

- 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]
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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.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
015. report	Biography (1 page)	03/23/1993	P1/b(1)

### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

### 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]
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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]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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016. report	Biography (1 page)	03/29/1993	P1/b(1)
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**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

kh1772

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**RESTRICTION CODES**

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

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

P1 National Security Classified Information [(a)(1) of the PRA]  
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]  
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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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017. report	Biography (1 page)	03/29/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

### RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]

b(1) National security classified information [(b)(1) of the FOIA]

P2 Relating to the appointment to Federal office [(a)(2) of the PRA]

b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

P3 Release would violate a Federal statute [(a)(3) of the PRA]

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P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]

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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

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

b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

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

b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RR. Document will be reviewed upon request.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
018. tab	Tab #2 (1 page)	00/00/0000	P1/b(1)

### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

### 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]
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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]
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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
019. report	Biography (2 pages)	03/30/1993	P1/b(1)

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**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M  
kh1772

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**RESTRICTION CODES**

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

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

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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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020. report	Biography (1 page)	01/28/1993	P1/b(1)
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**COLLECTION:**

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

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**FOLDER TITLE:**

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

kh1772

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**RESTRICTION CODES**

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

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

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RR. Document will be reviewed upon request.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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021. report	Biography (2 pages)	02/19/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

kh1772

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

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# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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022. report	Biography (2 pages)	01/05/1993	P1/b(1)
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### COLLECTION:

Clinton Presidential Records  
National Security Council  
Records Management  
OA/Box Number: 810

### FOLDER TITLE:

POTUS Briefing Books-POTUS Trip to Vancouver, Canada, April 3-4, 1993 [4]

2016-0132-M

kh1772

### RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]  
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]  
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RR. Document will be reviewed upon request.

~~SECRET~~

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ATTACHMENTS

Initials: KRY Date: 1/10/2010

2016-0132-M

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