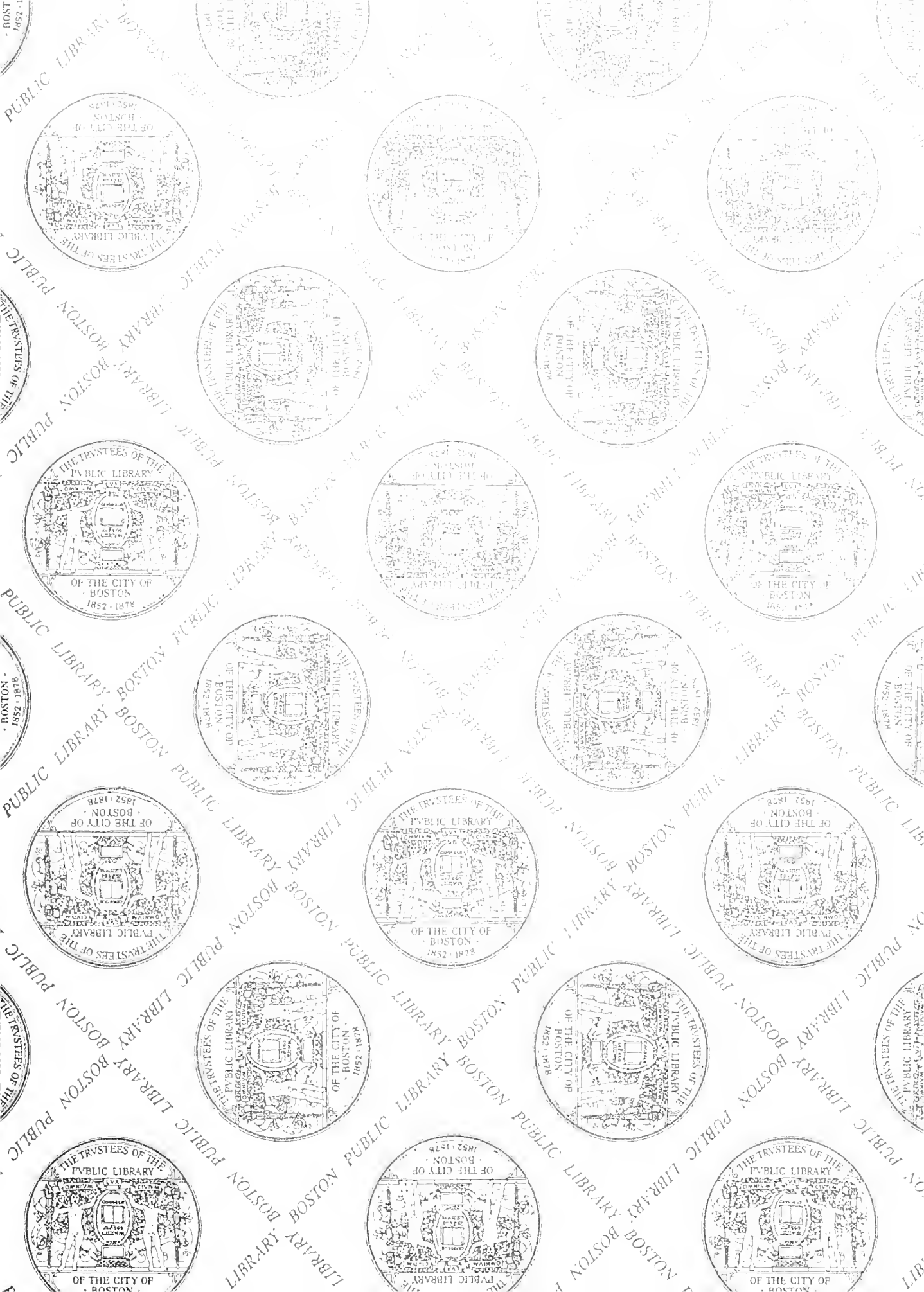


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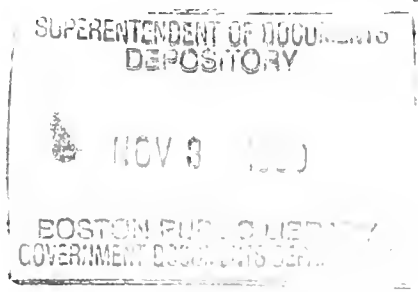
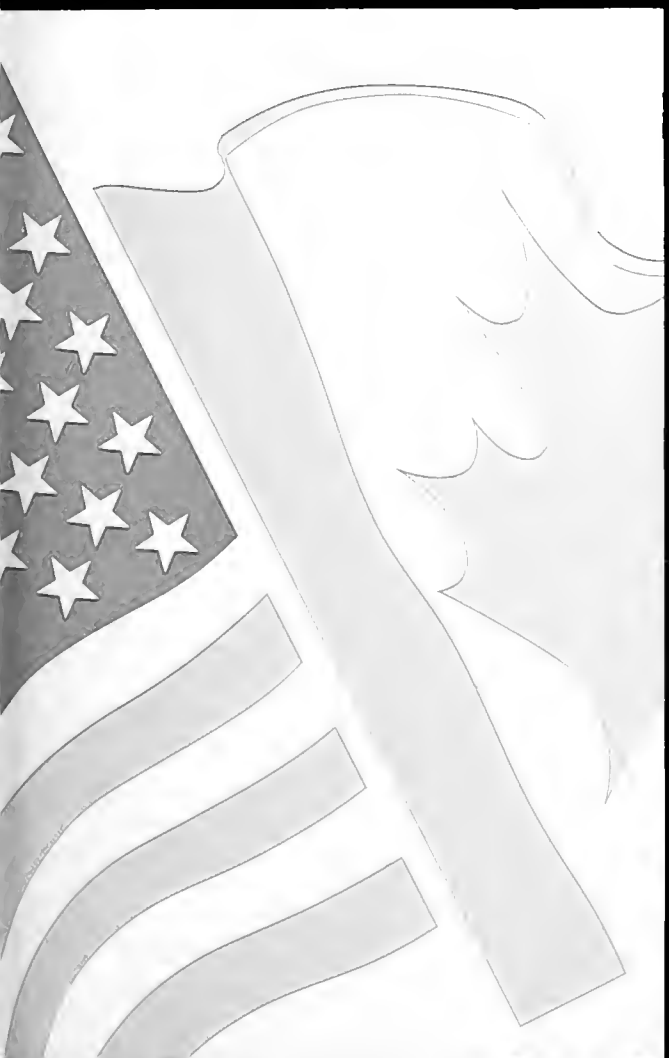
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Department of State **bulletin**

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CONTENTS

The President

- 1 News Conference of August 15
(*Excerpts*)

Africa

- 1 Visit of Zaire's President
(*President Bush, Mobutu
Sese Soko*)
1 Zaire—A Profile

Arms Control

- 1 Status of the Strategic Arms
Reduction Talks (*Richard R.
Bart*)
2 Status of the Defense and Space
Talks (*Henry F. Cooper*)
2 Foreign Policy Implications of
Biological Weapons (*H. Allen
Holmes*)

East Asia

- 2 International Conference on
Cambodia Held in Paris
(*Secretary Baker, Statement*)
2 U.S. Response to Changes in
China (*Richard L. Williams*)
3 U.S. Relations With Korea
3 FSX Coproduction Prohibition
Disapproved by President
(*Letter to the Senate*)

Economics

- 3 Aviation's Role in Shaping
Today's World (*Eugene J.
McAllister*)
3 Steel Trade Liberalization
Program (*President Bush*)

Environment

- 3 U.S. Ratifies Treaty to Reduce
Smog Pollutant (*White House
Statement*)
3 World Environment Day
(*President Bush*)

Europe

- 3 The Challenge of the European
Landscape of the 1990s
(*Lawrence S. Eagleburger*)
3 Food Aid to Poland (*President
Bush*)
3 Polish Parliament Approves
New Prime Minister
(*President Bush*)
3 Secretary, Soviet Foreign
Minister Meet in Paris



FEATURE

- 1 U.S.-Canada Free Trade Agreement
7 Canada

Human Rights

- 40 Anniversary of Warsaw Pact
Invasion of Czechoslovakia
(*Department Statement*)
41 Anniversary of the Berlin Wall
(*President Bush*)
41 Human Rights Situation in Cuba
(*Richard Schifter*)
42 Helsinki Human Rights Day,
1989 (*Proclamation*)
43 Ethnic Turks in Bulgaria
(*NATO and Department
Statements*)

Middle East

- 44 U.S. Diplomacy in the Middle
East (*John H. Kelly*)

Narcotics

- 46 Cuba and Narcotics Trafficking
(*Melvin Levitsky*)
47 Emergency Package for
Colombia's Drug Fight
(*President Bush*)
49 Global Narcotics Cooperation
and Presidential Certification
(*Ann B. Wroblewski*)

Pacific

- 60 Visit of Australian Prime
Minister (*President Bush,
Robert J.L. Hawke*)
61 Australia—A Profile
62 U.S. Establishes Diplomatic
Relations With Marshall
Islands and Micronesia
(*President Bush*)

South Asia

- 63 Visit of Pakistan's Prime
Minister (*Mohtrama Benazir
Blutto, President Bush*)
65 Proposal to Sell F-16s to
Pakistan (*Teresita Schaffer*)

Terrorism

- 66 American Hostages in the
Middle East (*President
Bush, Mohammad bin
Mubarak al-Khalifa,
White House Statements*)
68 Commission on Aviation Security
and Terrorism Formed
(*White House Statement*)

United Nations

- 69 Indochinese Refugee
Conference Held in Geneva
(*Lawrence S. Eagleburger,
Texts of Declaration and
Plan of Action*)
73 Security Council Adopts Resolu-
tion on Central American
Peace (*Herbert S. Okun, Text
of Resolution*)
74 The Concept of the "Unitary
UN" (*John R. Bolton*)

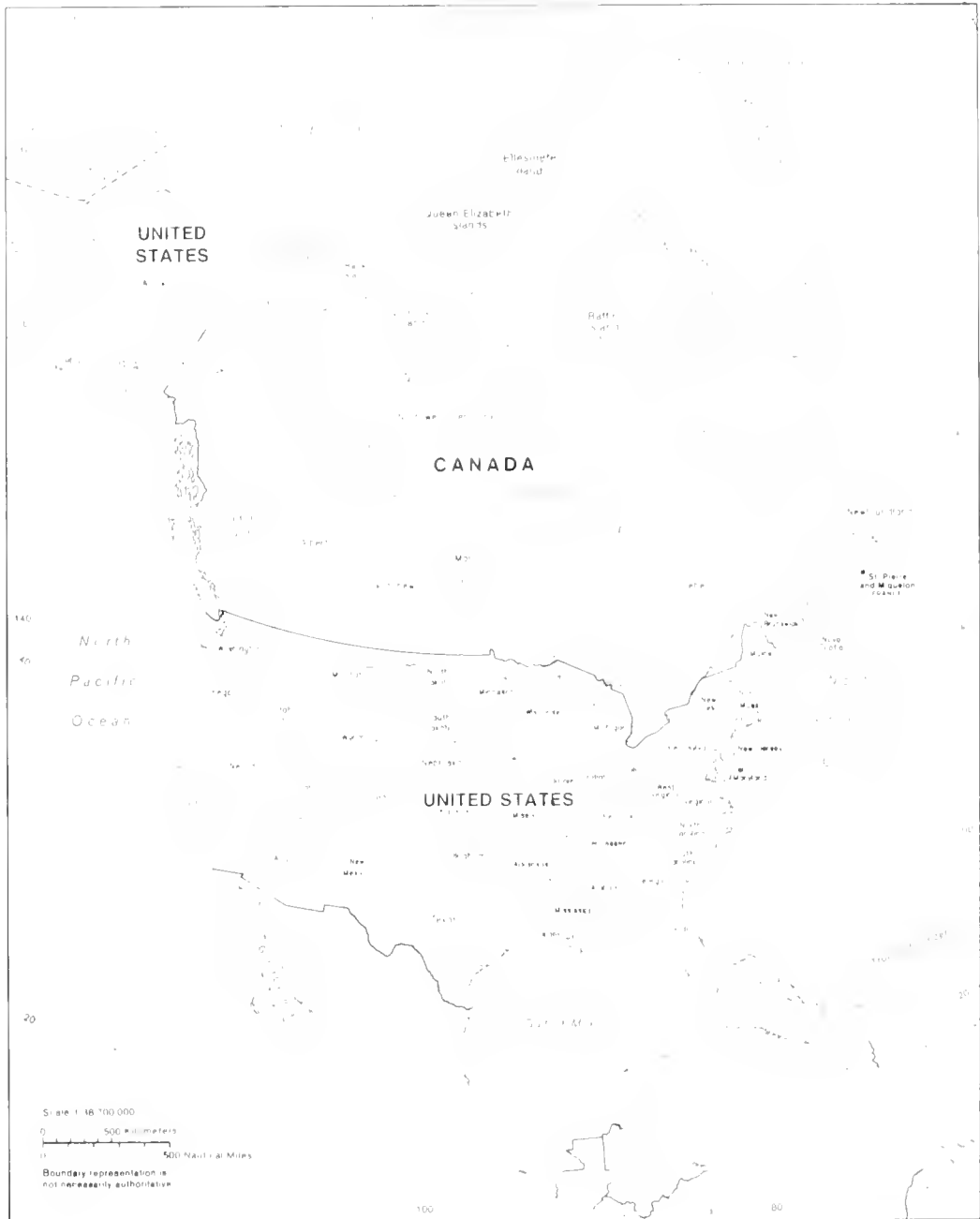
Western Hemisphere

- 76 U.S.-Mexico Binational Com-
mission Meets in Mexico City
(*Secretary Baker, Fernando
Soluna Morales, Joint
Communique*)
77 U.S. Travel Advisory for
Colombia (*Department
Statement*)

Treaties

- 84 Current Actions

Index



U.S.-Canada Free Trade Agreement

President Bush began his trip to Ottawa, Canada, in February 1989, by speaking of the U.S.-Canada Free Trade Agreement (FTA)—a historic accord representing the culmination of efforts covering more than 100 years—which went into effect on January 1, 1989. The FTA is a bilateral agreement designed primarily to eliminate trade barriers and open new avenues of trade between the United States and Canada. It strengthens an already extensive trading relationship and enhances economic opportunity on both sides of our common border.

The U.S.-Canadian trade relationship is the strongest in the world today. Each year the United States and Canada exchange more goods and services than any two countries in the world, with bilateral merchandise trade of about \$154 billion in 1988, quadruple the 1974 level. Clearly, the elimination of tariffs and most other barriers to trade between the two countries under the FTA can only serve to further our economic progress.

While the FTA does not eliminate trade problems between the United States and Canada, it does provide a consultative framework in which these issues can be managed before they create serious economic and political frictions. Industries in both the United States and Canada can expect ongoing structural readjustment in adapting to changing market conditions in the years ahead. However, the FTA will facilitate those changes and lead the two nations into a new century with the most productive and extensive trading relationship in the world.

BASIC FTA PRECEPTS

The FTA is an agreement designed with several key points in mind. Specifically, these objectives are to:

- Eliminate tariffs and substantially reduce other barriers to trade in goods and services between the two countries;

- Promote fair competition;
- Liberalize trade in several areas, including agriculture, autos, energy, and government procurement;
- Establish rules on investment and financial services;
- Establish effective administrative procedures and resolve disputes; and
- Lay the foundation for further bilateral and multilateral cooperation.

Although these objectives address a great many issues, the agreement is not intended to circumvent previously existing arrangements on trade and other bilateral relations. On the contrary, the FTA serves to further enhance our relationship. The FTA also is fully consistent with U.S. and Canadian obligations under the General Agreement on Tariffs and Trade (GATT). It does not lessen commitments to achieve multilateral trade liberalization. Rather it establishes useful precedents for the ongoing Uruguay Round of GATT negotiations.

The GATT has served trading nations well for more than 40 years. However, this global system traditionally has been restricted to trade in goods. There is a missing link—services and investment, which have become increasingly important international economic activities in which the United States and Canada have a very strong relationship. Therefore, the two countries are working together in the Uruguay Round to expand GATT coverage to include trade-related investment and service activities. The implementation of the FTA has provided needed impetus to these negotiations.

Enactment of the FTA was not easy. Many years of negotiations were involved in hammering out the agreement. In the United States, the Senate approved it on September 21, 1988. In Canada, the FTA became the centerpiece of a bitter federal election campaign which tested the commitment of Prime Minister Mulroney's government to the FTA. The result was an endorsement of the FTA by the Canadian people, passage by the Canadian Parliament on December 30, 1988, and the agreement's entry into force on January 1, 1989.

SUMMARY OF KEY PROVISIONS

The agreement contains provisions covering virtually every trade sector. The following is a synopsis of these provisions.

General Provisions on Product Trade

Tariffs. Eliminates all tariffs on U.S. and Canadian goods by 1998. Some tariffs were removed on January 1, 1989, while the others will be phased out in 5 or 10 years.

Rules of Origin. Rules of origin define goods eligible for FTA treatment and prevent "free riding" by third countries. Goods produced only in the United States or Canada qualify for FTA treatment. Goods containing imported components qualify if sufficiently transformed to result in a specified change in tariff classification. In some cases, there is an additional requirement that 50% of the cost of manufacturing be in the United States or Canada.

Customs. Ends customs user fees for goods and most duty drawback programs (under which importers receive a duty rebate on exports) by 1994 for bilateral trade; ends duty waivers linked to performance requirements by 1998 (except for the auto pact).

Quotas. Eliminates import and export quotas unless consistent with the GATT or explicitly grandfathered (allowed to remain in place) by the FTA.

National Treatment. Reaffirms GATT principles preventing discrimination against imported goods.

Standards. Prohibits use of product standards as a trade barrier and provides for national treatment of testing labs and certification bodies.

Emergency Action. Allows temporary import restrictions to protect domestic industries harmed by increased imports from the other country in limited circumstances.

Government Procurement. Expands the size of Federal Government procurement markets open to competitive bidding by suppliers from the other country by reducing the minimum purchases covered to \$25,000.

Agriculture and Industry

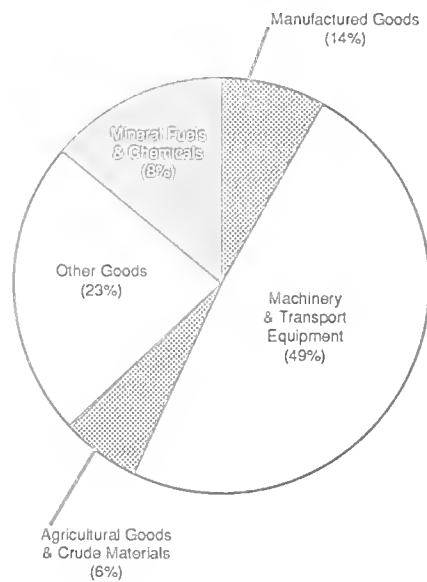
Agriculture. Eliminates all tariffs and export subsidies in bilateral trade and limits or eliminates bilateral quantitative restrictions on some agricultural products, including meat. Eliminates Canadian import licenses for wheat, oats, and barley when U.S. crop price supports are equal to or less than those in Canada. Increases imports allowed under Canadian poultry and egg import quotas. For 20 years, allows tariffs on fruits and vegetables to be reimposed on a temporary basis during abnormally low price periods.

Energy. Prohibits most import and export restrictions on energy goods, including minimum export prices. Requires any export quotas designed to enforce either short supply or conservation measures to ensure continuation of the historical proportionate share of resources. Provides for Alaskan oil exports of up to 50,000 barrels per day to Canada under certain conditions.

Autos. Replaces eligibility rule for duty-free auto pact imports into the United States with a tougher FTA rule of origin. (Most auto trade already is duty free under the 1965 U.S.-Canada auto pact.) FTA continues the auto pact and programs allowing pact-qualified companies to import duty free into Canada but does not allow new firms to qualify for pact membership. Permits U.S. auto and parts exports that meet the FTA rule to enter Canada at FTA tariff rates, which will be reduced to zero by 1998. Ends, by 1996, Canadian programs not covered by the auto pact—production-based duty remission programs (under which producers pay less duty for automotive imports into Canada for meeting Canadian production requirements) and export-based programs by 1998 (those based on exports to the United States were ended on January 1, 1989).

Wine and Distilled Spirits. Removes the most discriminatory pricing and listing practices against wine or spirits imported from the other country. Prohibits new restrictions on beer.

**U.S. Exports to Canada:
\$71 Billion**



Softwood Lumber. Preserves the 1986 memorandum of understanding with Canada on lumber pricing practices of Canadian provinces.

Cultural Industries. Exempts industries such as publishing, broadcasting, and films. However, if this exemption results in practices that restrain trade (otherwise inconsistent with the FTA), the injured party may take measures of equivalent commercial effect without resort to dispute settlement.

Services and Temporary Business Travel

Services. Commits governments not to discriminate against covered service providers of the other country when making future laws or regulations (transportation services are excluded).

Business Travel. Facilitates cross-border travel for business visitors—investors, traders, professionals, or executives transferred within the company.

Investment and Financial Services

Investment. Provides that future law and regulations must accord national treatment for establishment, acquisition, sale, conduct, and operation of business (exempts transportation). Existing measures that deny national treatment remain in place. Commits Canada to end review of indirect acquisitions by U.S. companies and raises the threshold for review of direct acquisitions in most sectors to C\$150 million (constant 1992 Canadian dollars). Bans imposition of key performance requirements (i.e., local content, export substitution, and local sourcing requirements) imposed on foreign investments. Guarantees free transfer of capital and current payments. Guarantees investors will be compensated in accordance with international law cases of expropriation.

Financial Services. Exempts U.S. bank subsidiaries from the ceiling on the share of Canadian domestic banking assets that can be held by foreign banks. Ends Canada's foreign ownership restriction on U.S. purchases of shares in federally regulated financial institutions. Assumes that reviews of U.S. firms' applications for entry into Canadian financial markets will be on the same basis as Canadian firms' applications. Permits banks in the United States to underwrite and deal in debt securities fully backed by the Government of Canada or Canadian political subdivisions. Establishes a formal consultative mechanism for financial services, separate from the general dispute settlement procedures, to resolve problems and oversee further financial market liberalization.

Resolving Disputes

General Dispute Settlement (except for cultural industries—publishing, broadcasting, film, etc.—financial services, countervailing duty, and antidumping cases). Establishes a binational commission to resolve disagreements and allows for arbitration if the parties desire.

Dispute Settlement for Countervailing Duty and Antidumping Case Countries will continue to apply existing national laws, but court review of administrative agency determination in either country is replaced by a binational panel. The panel applies the same standard and scope of review as would the relevant court.

PUTTING THE FREE TRADE AGREEMENT INTO ACTION

The concept of free trade underlies the FTA, which encompasses a wide array of issues and products. The two governments have established the Canada-U.S. Trade Commission to ensure proper implementation and to oversee further elaboration of the agreement. The FTA calls for the commission to meet at least once annually. At the first commission meeting, on March 13, 1989, it decided to meet twice a year, at least for the early period of implementation. The commission is responsible for the establishment of working groups to monitor implementation of the various chapters of the agreement and to undertake negotiations to expand the agreement's coverage in those areas. The working groups report directly to the commission, which is the highest decisionmaking body under the agreement.

The following five working groups were set up at the first commission meeting:

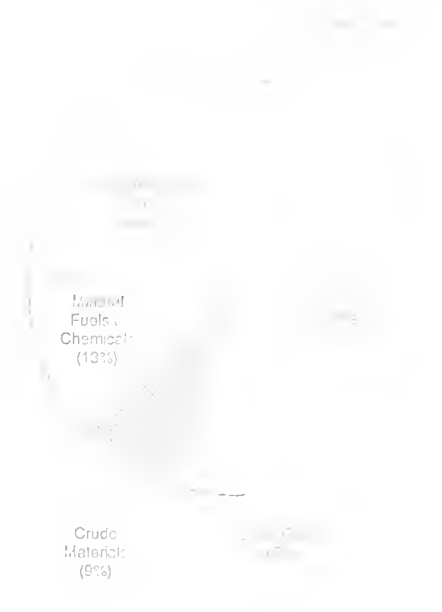
Accelerated Elimination of Tariffs. To consider requests for accelerated elimination of tariffs on particular products and make recommendations to the commission.

The FTA provides for tariffs not ready eliminated to be phased out over 5 or 10 years; either 5 annual reductions of 20% or 10 annual reductions of 10%. The agreement also provides for accelerated elimination of these tariff rates if approved by both governments.

The process currently works as follows. Unless otherwise specified, requests for accelerated tariff elimination are due by January 1 of each year. If both governments agree, the new schedule will become effective the following January 1. A petitioner for accelerated tariff elimination must provide the following information:

- Requester's name, organization, address, contact individual, telephone number, and date of request;
- Product on which accelerated tariff elimination is requested and whether the request pertains to the U.S. or Canadian import duty, or both;
- U.S. and/or Canadian harmonized system subheading numbers at the eight-digit level along with the product description of the subheadings;

U.S. Imports From Canada: \$83 Billion



- Current staging of the tariff elimination for each product or tariff subheading;

- Requested accelerated date of the tariff elimination and reasons for requesting accelerated tariff elimination;

- Requester's exports to and or imports from Canada for each product in the most recent 3-year period for which data are available;

- Requester's projected exports and/or imports for the product if tariff elimination is accelerated as requested; and

- Names and addresses of known U.S. manufacturers of the products in question.

Petitions should be forwarded with 10 copies to the Office of North American Affairs, Office of the U.S. Trade Representative, Room 501, 600 17th Street, NW, Washington D.C. 20506.

Agricultural Issues. To monitor implementation of Chapter 7 (agriculture) and to oversee further cooperation and negotiations to expand coverage.

The agricultural working group is cochaired by the Under Secretary for

International Affairs and Commodity Programs of the U.S. Department of Agriculture and by the Senior Assistant Deputy Minister (United States) and Coordinator of the Free Trade Agreement of Canada or their representatives.

To conduct detailed work, eight subworking groups were established and will report to the main agricultural working group:

- Animal health;
- Plant health, seeds, and fertilizers;
- Meat and poultry inspection;
- Dairy, fruit, vegetable, and egg inspection;
- Veterinary drugs and feeds;
- Food, beverage and color additives, and unavoidable contaminants;
- Pesticides; and
- Packaging and labeling of agricultural, food, beverage, and certain related goods for human consumption.

Chapter 19 (Subsidies). To develop more effective rules and disciplines concerning the use of government subsidies and to develop a substitute system of rules for dealing with unfair pricing and government subsidization.

Customs-Related Issues. To resolve procedural problems involved in customs administration.

Rules of Origin. To consider, as appropriate, changes in the rules for FTA tariff eligibility.

In addition, the FTA commission established an Auto Select Panel, a committee of private-sector experts from both countries, to assess the state of the North American auto industry and to propose public policy measures and private initiatives to improve its competitiveness in domestic and foreign markets.

The U.S. Congress has asked the panel by June 30, 1989, to formulate proposals and recommendations regarding an increase in the North American content rule to 60%. Congress also has asked the panel to report by June 30, 1990, on trade-distorting policies and practices maintained by either party that affect bilateral trade in automotive goods and the rationale for maintaining such policies and practices.

QUESTIONS ABOUT THE FTA

The following are frequently asked questions about how the FTA operates and how it might affect various sectors of the U.S. economy.

General

Q. Does the United States have a free trade agreement with countries other than Canada?

A. The United States has a less comprehensive free trade agreement with Israel.

Q. What other free trade agreements is the Administration planning?

A. The Administration has no plan at this time to negotiate other free trade agreements. In order to do so, it would need to seek special authority from the Congress.

Q. Why did the United States agree to eliminate its duties over the 10 years on such sensitive products as textiles and apparel, lead, zinc, and certain fish products, etc., when these industries have been in economic distress?

A. Both countries agreed to eliminate duties on all products, including sensitive ones. Canada also must eliminate duties on sensitive products. The total elimination of tariffs between the United States and Canada is the only way to achieve the widest trade liberalization possible in goods and services. However, recognizing the sensitivity of certain industrial sectors in both countries, the FTA provides for a 10-year phase-out period for duty elimination. The industry can take advantage of this full timeframe, or if the producers feel that the adjustment is already in place, they may seek accelerated tariff reduction.

Q. What does the United States gain from the FTA's services provision?

A. The United States gains three important benefits because the FTA:

- Ensures that the U.S.-Canadian market, already substantially open in services trade, will become more open through the prospective establishment of national treatment;
- Establishes a mechanism to resolve trade disputes for scores of service sectors and creates a forum for bringing other sectors into the FTA; and

- Provides a useful precedent for ongoing negotiations in the Uruguay multilateral trade round.

Q. Has the FTA eliminated all of the trade disputes which our two countries face?

A. No. Many issues remain unresolved, and several disputes—including fish, alcoholic beverages, wool, plywood, the superfund (a tax imposed on oil imports to clean up toxic waste sites in the United States), and customs-users fees—remain as points of contention. However, almost all our difficulties are more workable under the terms of the FTA than without it.

Q. Does the FTA achieve everything the United States wanted from the negotiations?

A. The overall agreement is something of which both countries can be proud. However, neither side obtained all it wanted. We are continuing negotiations through the joint trade commission with a view to improving the FTA wherever possible. For example, subsidies, dumping, investment, energy, services, intellectual property, government procurement, agriculture, technical regulations, product standards, and the automotive rule of origin are issues that we wish to pursue.

Q. Why doesn't the FTA eliminate Canadian subsidies?

A. The agreement requires both countries to eliminate export subsidies to each other. However, both the United States and Canada can continue to have

domestic or production subsidies. This issue will be addressed over a 5-7-year period in bilateral negotiations. Our joint aim is to develop agreed discipline on government subsidies that will ensure fair trade within the FTA.

Agriculture

Q. Does the FTA impair Congress' ability to change domestic support programs?

A. The agreement does not affect the ability of either country to change domestic support programs for agricultural products. Of course, the programs would need to be consistent with the other provisions of the agreement regarding such matters as import duties and export subsidies.

Q. Has the United States given up protection from unfair import competition under Section 22 of the Agricultural Adjustment Act and corresponding GATT protection?

A. Both countries reserve the right to impose or reimpose import restrictions on a particular grain (specifically wheat, oats, barley, rye, corn, triticale and sorghum) if imports increase significantly as a result of a substantial change in either country's support programs for that grain. The United States may use Section 22 when there is a significant increase in imports resulting from a substantial change in the price support programs of either country and provided the conditions of Section 22 are otherwise met. Past trade patterns are not likely to be affected by the elimination of the small U.S. duties on grain from Canada. It is not expected that U.S. imports of Canadian grain will increase significantly as a result of the removal of trade restrictions by the FTA.

Q. How does the FTA affect trade in grain?

A. Canada has agreed to eliminate import licenses for U.S. wheat, barley, oats, and their products when U.S. Government support for the particular grain is equal to or less than that of Canada. That has happened in the case of oats, and Canada is now eliminating the previous licensing system on that grain. Each country calculates its own support level in accordance with the formula set out in the agreement; there also is a mechanism to resolve any disagreement over calculations. The elimination of import licenses will provide improved mutual access to respective markets for both grains and processed products containing grains.

U.S.-Canada Free Trade Agreement Chronology

1851	Reciprocity Agreement (terminated by the United States in 1866).
1871	Reciprocity Agreement (defeated by U.S. Senate).
1911	Free Trade Agreement (defeated by Canadian electorate).
1917	General Agreement on Tariffs and Trade (multilateral agreement, including United States and Canada).
1948	Free Trade Agreement (suspended by Prime Minister King).
1965	Auto Agreement (free trade in automobiles and spare parts).
1988	Free Trade Agreement signed.
1989	Free Trade Agreement entered into force.
1998	All tariffs eliminated under Free Trade Agreement.

Auto Trade

Q. Why didn't the United States renegotiate the 1965 auto pact to remove its inequities, such as Canadian performance requirements (local content, etc.) and multilateral sourcing incentives?

A. Automotive trade was one of the most difficult issues in the FTA negotiations. The auto pact, under which most auto trade has been conducted for over 20 years, essentially provides for duty-free trade in automotive goods between Canada and the United States if certain rules of origin are met. In addition, Canada has duty remission (waiver) programs based on meeting certain performance requirements. The FTA leaves the auto pact in place but freezes eligibility for duty-free entry into Canada to those existing firms appearing in an FTA annex. Furthermore, Canada has agreed to restrict benefits, such as duty remission programs based on production in Canada for nonpact members, to a limited number of firms. These programs will terminate by 1996. Programs which tie benefits to exports to the United States ended on January 1, 1989.

Q. Why doesn't the FTA require a 60% direct cost of processing rule on autos to increase the benefits to U.S. industry and labor?

A. U.S. negotiators explored the possibility of moving to a 60% North American rule. The Canadian Government, however, was concerned that this could be too restrictive for new foreign automotive subsidiaries that recently have invested in Canadian operations. The FTA did, however, toughen the auto pact's 50% rule of origin for entry into the United States by basing it on manufacturing costs instead of value added, as had been the case. Profits and costs, such as advertising and administrative overhead, will no longer count toward the 50%.

Q. What will the Auto Select Panel actually do?

A. Article 1004 of the FTA states that the panel is to assess the state of the North American automotive industry and propose public measures and private initiatives to improve its competitiveness in domestic and foreign markets. The panel consists of 15 members from each country, with the responsibility of reporting to the joint Canada-U.S. Trade Commission.

Cultural Industries

Q. Why aren't cultural industries included in the FTA?

A. Canada insisted that most provisions of the FTA could not apply to "cultural" industries. These cultural industries include the publication, sale, distribution, or exhibition of books, magazines, and newspapers; film and video recordings; audio or video music recordings; and radio, television, and cable dissemination.

The FTA does provide for the elimination of tariffs on videos, records, and printed material and copyright protection for the retransmission of commercial broadcasts. Furthermore, the United States retains the right to rebalance concessions with measures of equivalent commercial effect if Canada uses the cultural exception in a manner detrimental to our commercial interests. The United States also has the right to invoke the cultural exception, and Canada has the right to take countermeasures if we do so. The agreement does not require invocation of its dispute settlement provisions in order for either party to take such countermeasures.

Q. Doesn't the cultural exception adversely affect U.S. firms?

A. No. The FTA improves Canadian treatment of U.S. commercial interests in the cultural area. It provides for tariff elimination (e.g., on videos, records, printed material), improved provisions for sale of cultural industries, and copyright protection for broadcast retransmissions. In addition, the FTA allows the United States to take measures of equivalent commercial effect in the event that Canada enacts additional restrictions which impair U.S. access to the Canadian market and which would violate the agreement if there were no cultural exception. This right should serve as a disincentive to the use of the cultural exception for measures that, although nominally cultural, have significant commercial effects.

Q. How is border broadcasting affected by the FTA?

A. Canada does not grant income tax deductions for advertising on U.S. stations, and this issue is not addressed by the FTA. However, it remedies the problem of unauthorized and uncompensated retransmission by Canadian cable systems of copyrighted television programs. By January 1, 1990, Canada will need to provide a right of remuneration

(royalty) to the copyright holder for the simultaneous and unaltered retransmission of copyrighted programming. In addition, the FTA generally prohibits the nonsimultaneous or altered retransmission of copyrighted programming except with permission of the copyright holder.

Energy

Q. How does the FTA improve our energy security?

A. The FTA provides the United States with more secure access to Canadian energy supplies to meet our long-term energy needs which is important to reduce our dependence on OPEC. The Canadians have agreed that, even in the event of a supply disruption, they will continue to provide the United States with its historically proportionate share of their energy supplies. Furthermore, the Canadians have agreed that they will not discriminate against U.S. consumers in the pricing of their energy resources, ensuring that U.S. consumers will not be cut off suddenly in the event of shortages. We have the same commitments to Canada.

Q. What barriers to energy trade are removed by the FTA?

A. There are virtually no barriers today in our bilateral energy trade. However, in order to preserve gains we

Further Information

U.S. Department of State
Office of Canadian Affairs (202) 647-1097
Office of International Trade (202) 647-2320

U.S. Trade Representative
Office of Canadian Affairs (202) 395-5663
Office of Public Affairs (202) 395-3230

U.S. Department of Commerce
Office of Canadian Affairs (202) 377-3101
Office of Public Affairs (202) 377-3808

U.S. Department of Agriculture
Inter-American Branch (202) 382-1338

U.S. Department of the Treasury
Canada desk (202) 566-2747

U.S. Department of Labor
Office of International
Economic Affairs (202) 523-6203

**Canadian Free Trade
Hotline** 1-800-267-6626

have made, both sides agreed to prohibit restrictions on imports or exports in terms of supply, price, or taxes. Neither country may impose any taxes, duties, or charges on imported or exported goods unless such charges also are imposed in equal amount on the same products for domestic use.

Neither country may discriminate against suppliers or consumers in the other country, relative to its own domestic suppliers or consumers, in the pricing of energy supplies. For example, under current Canadian regulations, exporters of Canadian electricity may not charge a price for that electricity which is significantly less than the least cost energy alternative available to their U.S. customers. Canadian regulations, in the past, have required that the minimum price for oil and gas exports be higher than the prevailing price to Canadian consumers. These practices have been eliminated under the FTA.

Q. What impact does the FTA have on U.S. oil and gas producers?

A. The agreement is not expected to have any immediate direct effect on U.S. oil and gas producers, large or small. The FTA should not change the level of Canadian exports of oil or gas, since the Canadians are not currently restraining export levels or discriminating against U.S. consumers in the pricing of their exports. The United States, in turn, is not restricting imports. On the other hand, the FTA's rules against arbitrary or discriminatory government interference in energy trade over the longer term should help energy producers and consumers alike.

Financial Services

Q. How does the agreement affect U.S. commercial banks?

A. The FTA removes previous limits on growth, capital, and market share in Canada. Specifically, U.S. banks are now exempt from the ceiling on the share of Canadian domestic banking assets that can be held by foreign banks, as well as the individual capital limits used to implement the ceiling.

Q. How does the FTA affect U.S. insurance companies?

A. U.S. insurance companies now have the same rights as Canadian insurance companies to diversify in the federally regulated financial sector. They can either establish or acquire a closely held bank or an insurance or trust company. As a result of Ontario provincial reforms, they also are able to acquire Canadian securities firms. (Ontario is the center of Canada's securities industry.)

Q. How are securities firms affected?

A. As a result of the FTA, U.S. securities firms are granted access to Canada and, for the first time, are able to diversify their activities in Canada by affiliating with insurance companies, trust and loan companies, or closely held commercial banks. Through a financial holding company, they can enter these new areas of business either as new companies or by acquiring an existing firm.

Prior to this agreement, U.S. securities firms established in Canada were not primary distributors of Canadian Government paper or money market funds. The FTA assures that their applications to engage in these activities will be considered on an equal basis with Canadian firms.

Q. Is the FTA consistent with the principles of the Glass-Steagall Act?

A. The FTA is fully consistent with the Glass-Steagall Act but broadens its application to allow Canadian (and other) banks in the United States to underwrite and deal in debt obligations fully backed by the Canadian Government and its political subdivisions (the vast majority of current business of Canadian securities firms). This conforms with the existing ability of banks in the United States to underwrite and deal in securities of the U.S. Government and its political subdivisions, now permitted under the act. In addition, any future Glass-Steagall liberalization would automatically apply to Canadian, as well as to U.S., financial institutions.

Dispute Settlement and Remedies

Q. If the FTA does not resolve all conflicts between the United States and Canada, what does it do about them?

A. Most importantly, the FTA emphasizes dispute avoidance. However, if disputes do occur, the settlement mechanism, modeled after the GATT, is improved to assure more rapid and effective settlement. There are four basic steps involved:

- Notification and consultation;
- Referral to a five-person panel, if needed;
- A panel finding and recommendation; and
- Dispute resolution or retaliation

If there is no resolution in 30 days after the panel finding, a party may retaliate. This process applies to all disputes except antidumping and countervailing duty cases, as well as financial services, which have their own dispute settlement processes.

Q. Does the FTA change U.S. antidumping and countervailing duty laws?

A. No. The FTA preserves the rights of U.S. companies to obtain relief from injurious dumping and government subsidies under such laws. It has created a procedure under which binational panels, substituting for national courts, review determinations in U.S. or Canadian cases on products of the other country.

Q. Is it constitutional to have a binational panel instead of U.S. courts review antidumping and countervailing duty determinations?

A. There is no constitutional right to have a federal court hear an appeal of administrative decisions in such cases. The Congress has the power to prescribe or limit the jurisdiction of federal courts; indeed, it was only in 1980 that the Congress, by statute, provided for the range of appeals to Federal courts that are now available. Moreover, there is no constitutional right to import or to be subject to a particular tariff. Consequently, eliminating judicial review of determinations in cases against Canadian products does not raise due process problems. ■

Canada

GEOGRAPHY

Canada is more than 9.9 million square kilometers (3.97 million sq. mi.) in area and is the second largest country in the world. Canada shares an 8,892-kilometer (5,525-mi.) border with the United States, unfortified for more than a century. There are five major geographic regions.

- The Appalachian region encompasses the Atlantic Provinces and part of southeastern Quebec and consists of rounded hills and rolling plains.

- The St. Lawrence lowlands consist of fertile, low-lying plains bordering the Great Lakes and St. Lawrence River in southern Quebec and Ontario.

- The Canadian Shield is an area of pre-Cambrian rock extending from Labrador to the Arctic islands and covering most of eastern and central Canada. The northern area of the Shield is a moss-covered, treeless plain with permanently frozen subsoil. The Shield is thickly forested in the south.

- The interior plains extend from the U.S. border to the Arctic Ocean. In the south, they are unforested and form the breadbasket of Canada. North of the prairies, the plains are forested and contain large deposits of oil, gas, and potash.

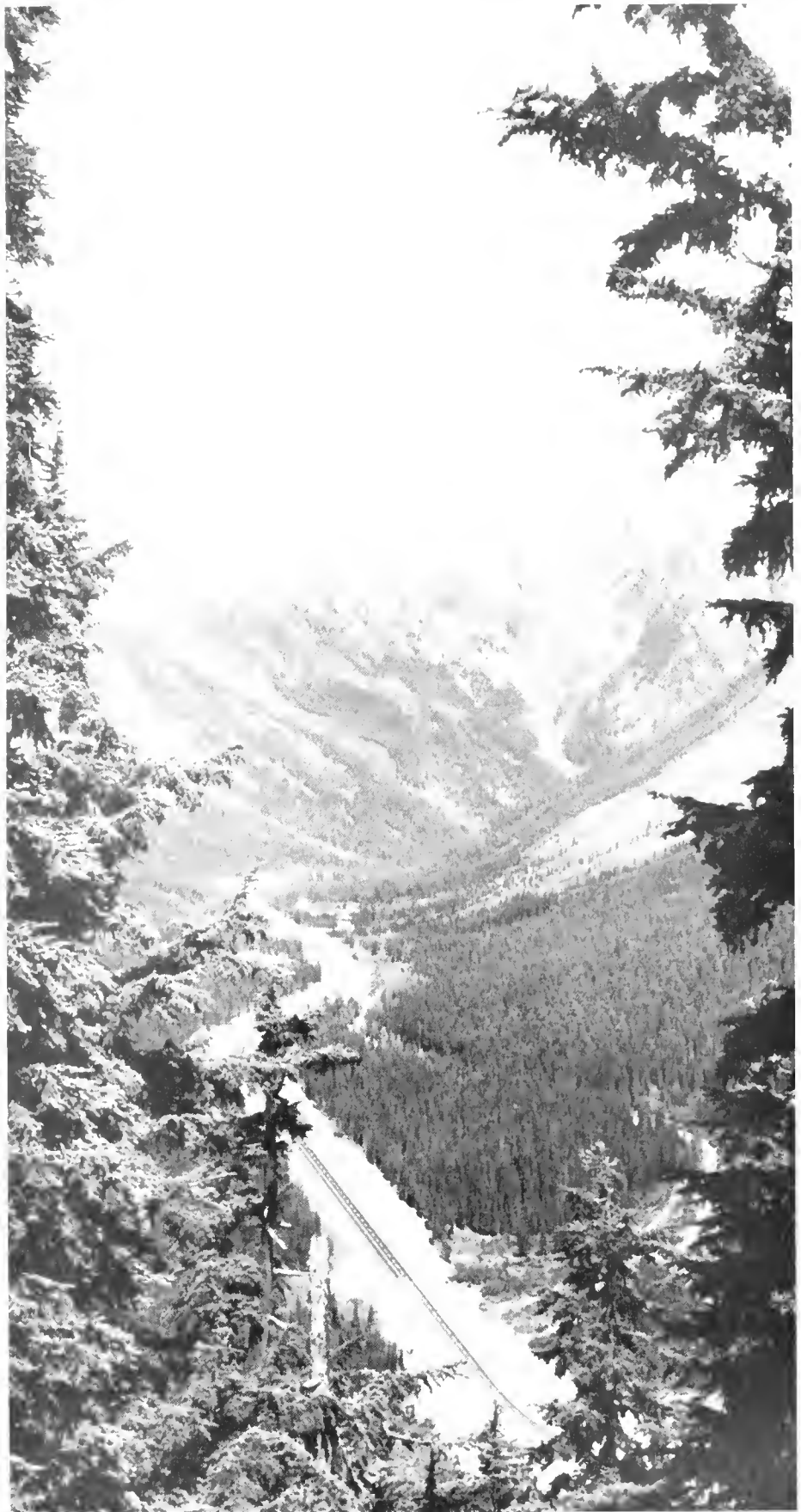
- The Cordilleran region is a strip of mountainous terrain about 800 kilometers (500 mi.) wide that includes most of British Columbia, the Yukon, and part of western Alberta.

The climate varies greatly, from arctic to mild, but Canada may be described generally as having moderate summers and long, cold winters.

PEOPLE

Of Canada's 26.1 million people, 80% live within 160 kilometers (100 mi.) of the U.S. border, and half of the population lives in the southeastern part of the country near the Great Lakes and the St. Lawrence River. Yet, Canadians and U.S. citizens are not as similar as casual observers frequently assume. The Canadian character and outlook have been forged from a distinctive historical and social background.

View of Roger's Pass on Mount Abbot.





An Indian artist, member of the Hazelton band, paints designs on a wooden box.

Canada's more than 6 million French-speaking citizens are primarily descendants of colonists who settled the country three centuries ago. The English-speaking community has been built up mostly by immigration from the United Kingdom. The largest influx from the United States occurred during the American Revolution when thousands of "Empire Loyalists" fled to Canada.

Canadians of neither British nor French origin are generally of German, Ukrainian, Scandinavian, Italian, Dutch, Polish, indigenous Indian, or Eskimo (Inuit) origin.

Cultural Achievements

Canadian culture has been shaped by four major influences: Canada's multicultural heritage; English-French bilingualism; sustained government funding for artistic and literary pursuits; and the abundance and availability of American cultural production. Canadians view their country not as a melting pot but rather as a cultural mosaic. Inuit, Indian nations, Francophones, Anglophones, and immigrant groups have all sought to maintain their unique cultural identities. Such efforts have been encouraged by extensive government funding of the arts. After the Second World War, the government established the Canada

Council to fund the arts, which has become the major patron of all forms of creative endeavor in Canada. Government support, as well as strict regulations mandating a specified amount of Canadian content in the media, has produced an artistic atmosphere that encourages creativity over marketability. This atmosphere pervades all areas of art and culture, from television and films to literature and publishing.

Canada has a colorful literary tradition. Margaret Lawrence, Margaret Atwood, Robertson Davies, and Mordecai Richler rank among the most influential Anglophone authors. Leading Francophone authors include Gabrielle Roy and Jacques Ferron. In visual arts, Canadians are most proud of a school of painters known as "The Group of Seven." This school, whose exclusive subject was Canadian landscape, is credited with a strictly Canadian style of painting, a "pictorial nationalism." With the support of the National Film Board, Canadian filmmakers such as Harry Rasky and Bill Mason are world leaders in producing documentaries. Canada also has a number of world-class dance troupes, orchestras, and repertory theaters. Numerous well-known musicians claim Canada as their home, including Joni Mitchell, Anne Murray, Paul Anka, Gordon Lightfoot, Bryan Adams, and Corey Hart.

HISTORY

Canada's early history was dominated by rivalry between France and Britain. In 1497, John Cabot reached Newfoundland and claimed for Britain a large portion of the Atlantic seaboard. Cabot was followed by the French explorer Jacques Cartier, who landed on the Gaspé Peninsula in 1534 and claimed it for France.

While the British settled along the coast, the French pushed rapidly into the interior, and for more than a century Canada was a French colony. The founder and settler of French Canada was Samuel de Champlain, who founded Quebec City in 1608 and established a number of other settlements along the Bay of Fundy and the shores of the St. Lawrence River. Explorers, traders, and missionaries, including Marquette, Joliet, and La Salle, extended French influence in "New France."

Following the early years of settlement, French and English pioneers engaged in the highly competitive fur trade. Canada's political shape began to emerge from the Battle of the Plains of Abraham at Quebec, where the British defeated the French in 1759 and took over the French colonies in North America. The memory of that event still has a strong emotional appeal for French-Canadians. Although New France came under British control, it was permitted to retain its religion and civil code. Today, by means of the Meech Lake Constitutional Accord (subject to provincial ratification), Canada continues its quest to develop a constitutional formula that will satisfy the aspirations of French-speaking Quebec.

During the American Revolution, French and British colonists in Canada rebuffed the overtures of American leaders and chose British rule over independence in association with the United States. A U.S. raid on Quebec was unsuccessful. In the War of 1812, U.S.-British rivalry in North America again resulted in the invasion of Canada.

Several events accelerated the union of the British colonies in Canada into a new nation.

First, the political uprisings of 1837 in both English Upper Canada and French Lower Canada led to the creation of local governments and to greater citizen participation in government.

Second, at the end of the American Civil War, it was feared that the United States might turn against British North America.

Canada—A Profile

Finally, the expansion of the American West and the slower settlement of the Canadian West encouraged the development of a Canadian transcontinental railroad and the perception among eastern Canadian political leaders that a Canadian federation from the Atlantic to the Pacific had to be achieved if western Canada was to avoid absorption by the United States.

The British North America Act of 1867 created the new nation of Canada, comprising four provinces—Ontario, Quebec, New Brunswick, and Nova Scotia. It provided for a federal union and for a parliamentary system of government. Six other provinces eventually entered the confederation; the last was Newfoundland in 1949.

GOVERNMENT

Canada is a constitutional monarchy with a bilingual federal system, a parliamentary form of government, and strong democratic traditions. Although in 1982 Canada consolidated its written constitution, many of the country's legal and parliamentary practices are based on unwritten custom, as is the case in the United Kingdom. On the other hand, the federal structure—uniting the 10 provinces in a federal government—resembles the U.S. federal system. The constitution provides for a federal government to which are reserved specific powers, such as those relating to defense, trade and commerce, banking and currency, criminal law, postal services, and certain taxes, as well as all powers not expressly granted to the provinces. The provinces have authority to administer and legislate on such matters as education, property laws, health, and local affairs generally. The 1982 Charter of Rights guarantees basic rights in many areas.

Queen Elizabeth II, as Queen of Canada, serves as a symbol of the nation's unity. She appoints the governor general on the advice of the prime minister of Canada, usually for a 5-year term.

Canada's parliament consists of an appointed Senate and an elective House of Commons. In practice, legislative power rests with the Commons (295 members). Senate members are appointed by the governor general on the advice of the prime minister. Commons members are elected at least every 5 years and also at any time that the prime minister advises the governor general to dissolve the House.

Geography

Area: 9.97 million sq. km. (3.8 million sq. mi.); second largest country in the world. **Cities:** *Capital*—Ottawa (pop. 833,000). *Other cities*—Toronto (3.5 million), Montreal (2.9 million), Vancouver (1.4 million). **Terrain:** Varied. **Climate:** Temperate to arctic

People

Nationality: *Noun and adjective*—Canadian(s). **Population** (1988): 26.1 million. **Annual growth rate** (1987–88): 1.2%. **Ethnic groups:** British 25%, French 24%, European 16%, indigenous Indian and Eskimo 1.5%, mixed background 28%. **Religions:** Roman Catholic 47%, United Church 16%, Anglican 10%. **Languages:** English, French. **Literacy**—9.9% of population aged 15 and over have at least a ninth grade education. **Health:** *Infant mortality rate*—7.3/1,000 (U.S.—11.2/1,000). *Life expectancy*—73 yrs. males, 80 yrs. females. **Work force** (1988): 13.3 million. **Agriculture**—0.4 million. **Manufacturing**—2.1 million. **Trade**—2.2 million. **Community business personal services**—4.1 million. **Public administration**—0.8 million.

Government

Type: Confederation with parliamentary democracy. **Independence:** July 1, 1867. **Constitution:** Amended British North America Act patriated to Canada in 1982, charter of rights, and unwritten custom.

Branches: *Executive*—Queen Elizabeth II (chief of state, represented by a governor general), prime minister (head of government), cabinet. *Legislative*—bicameral parliament (104-member Senate, 295-member House of Commons). *Judicial*—Supreme Court.

Political parties: Progressive Conservative, Liberal, New Democratic, Reform, Social Credit.

Suffrage: Universal over 18.

The cabinet is led by the prime minister, who is the leader of the political party in power. The cabinet remains in office as long as it retains majority support in the Commons on major issues.

Criminal law, a federal prerogative, is uniform throughout the nation and is based largely on British law. Civil law is based on the common law of England, except in Quebec, which has retained its

Government budget (FY 1984–85):

Expenditures—C\$125.5 billion. *Revenues*—C\$97.5 billion. *Deficit*—C\$28.0 billion.

Defense: 2% of GNP.

Subdivisions: 10 provinces, 2 territories.

Flag: A red maple leaf on a white background flanked by vertical red bands.

Economy

GDP (1988): \$486.3 billion. **Annual real GDP growth rate:** 4.5%. **Per capita GDP** (1988): \$18,707.

Natural resources: Metals and minerals, fish, forests, wildlife.

Agriculture: *Products*—wheat, livestock and meat, feedgrains, oilseeds, dairy products, tobacco, fruits, vegetables.

Industry: *Types*—motor vehicles and parts, fish and forest products, petroleum and natural gas, processed and unprocessed minerals.

Trade (1988): *Exports*—\$111.4 billion: motor vehicles and parts, lumber, woodpulp and newsprint, crude and fabricated metals, natural gas, crude petroleum, wheat. *Partners*—U.S. 74%, EC 18%, Japan 5%. *Imports*—\$103.6 billion: motor vehicles and parts, industrial machinery, crude petroleum, chemicals, agricultural machinery. *Partners*—U.S. 69%, EC 8%, Japan 6%.

Official exchange rate (floating, average closing rate for 1988): C\$1 = U.S. \$81.24.

Fiscal year: April 1–March 31.

Development assistance (FY 1987–88): \$2 billion or 0.4% of GDP.

Membership in International Organizations

UN, North Atlantic Treaty Organization (NATO), North Atlantic Fisheries Organization, Organization for Economic Cooperation and Development (OECD), Commonwealth, La Francophonie, Agency for Cultural and Technical Cooperation, International Energy Agency (IEA), INTELSAT.

own civil code patterned after that of France. Justice is administered by federal, provincial, and municipal courts.

Government in the provinces is patterned much along the lines of the central government. Each province is governed by a premier and a single, elected legislative chamber. A lieutenant-governor, appointed by the governor general, represents the crown in each province.

Principal Government Officials

Chief of State—Queen Elizabeth II
 Governor General—Madame Jeanne
 Sauvé
 Prime Minister—Brian Mulroney
 Secretary of State for External
 Affairs—Joe Clark
 Ambassador to the United States—
 Derek Burney
 Ambassador to the United Nations—
 Yves Fortier

Canada maintains an embassy in
 the United States at 501 Pennsylvania
 Avenue, N.W., Washington, D.C. 20001
 (tel. 202-682-1740).

*Canadian consulates
 in the United States*

Atlanta, Georgia	(404) 577-6810
Boston, Massachusetts	(617) 262-3760
Buffalo, New York	(716) 852-1247
Chicago, Illinois	(312) 427-1031
Cleveland, Ohio	(216) 771-0150
Dallas, Texas	(214) 992-9806
Detroit, Michigan	(313) 567-2340
Los Angeles, California	(213) 687-7432
Minneapolis, Minnesota	(612) 333-4641
New York, New York	(212) 586-2400
San Francisco, California	(415) 981-2670
Seattle, Washington	(206) 443-1777

In 1982, Queen Elizabeth ceremonially turned over full responsibility for Canada's constitution, the amended British North America Act of 1867, to the Canadian Parliament. Patriation of the constitution was made possible when the federal government and nine provinces agreed on a Charter of Rights and an amending formula. Only Quebec did not concur. However, Quebec's current Liberal government has strongly endorsed the 1987 Meech Lake Constitutional Accord that would bring the province into Canada's federal constitutional framework while recognizing Quebec as a "distinct society." The accord must still be ratified by two provinces (Manitoba and New Brunswick) by June 1990 before it takes effect.

Federal-provincial relations are a central feature of Canadian politics. Quebec wishes to preserve and strengthen its distinct nature. Western provinces desire more control over their abundant natural resources, especially energy reserves. Industrialized central Canada is concerned with other aspects of economic development, while the Atlantic provinces have resisted federal claims to fishing and mineral rights off their shores. Canadians have responded to these differing regional needs by strengthening both their confederation and the fundamental democratic principles essential to a balanced federal-provincial political system.

POLITICAL CONDITIONS

The three national parties in Canada are the Progressive Conservatives, the Liberals, and the New Democratic Party (NDP), a Social Democratic party formed in 1961. Since 1921, either the Liberal or the Conservative Party has controlled the Canadian Government. Both are broad-based parties of the center that attempt to win support from all groups and regions of the country. In federal elections, the Liberals had relied in the past on strong support from Quebec. However, in the 1984 and 1988 federal elections, the Progressive Conservatives took the large majority of seats in that province. The Conservatives traditionally have been strong in the western provinces. Heavily populated Ontario shifts between the two parties and often plays a decisive role in elections.

The Progressive Conservative Party won 169 seats in the House of Commons in the November 21, 1988 election and again formed a majority government with representation from every region in the nation. The Liberal Party, the official opposition, won 83 seats; the NDP, 43.

Quebec's status remains a serious political issue in Canada. In 1980, the Parti Quebecois sought, through a referendum, a mandate from the people of Quebec to negotiate a new status, "sovereignty-association," involving political independence with continued economic association with the rest of Canada. Sixty percent of Quebec voters rejected the proposal.

ECONOMY

Canada ranks seventh in the world in gross domestic product and is one of the world's largest producers of a wide variety of minerals. The mineral industry has been a major factor in Canada's economic development. Canada's lakes have more than 50% of the world's fresh water, and 75% of Canada's power needs are met by hydroelectric energy.

The year 1988 marked the sixth consecutive year that Canada held its position as one of the strongest economies in the Organization for Economic Cooperation and Development. Fueled by strong investment in plant and equipment, Canada's economy grew by 5%. This performance not only surpassed 1987's growth rate of 4.5% but was the highest rate since 1984. The spectacular growth of Canadian manufacturing, particularly since the 1950s, has transformed the nation from a rural, agricultural society into one primarily industrial and urban.



Changing of the guard ceremony in front of Parliament, Ottawa.

industry is now the leading segment of the nation's economy, employing one-third of the work force.

Agriculture, Forestry, and Fisheries

Agriculture's contribution to the Canadian economy is very similar to that of the United States, averaging less than 1% of gross national product and employment in the late 1980s. Agricultural exports are less than 10% of all trade; led by wheat and barley to third markets and by pork and horticultural products to the United States. The United States is Canada's leading market, taking nearly one-third of all food exports, dominated by pork and horticultural products. Conversely, Canada is the United States' second largest market, primarily importing fresh fruits and vegetables and livestock products.

Forest covers 49%, or 4.5 million square kilometers (1.7 million sq. mi.) of Canada's total land area. Forest product exports, including pulp and paper, represent about 15% of Canada's total export trade with nearly two-thirds going to the United States. Canada is the world's leading producer of newsprint, accounting for 40% of global output. The United States imports nearly 75% of Canada's total newsprint production.

Commercial fisheries provide an annual catch of about 1.4 million metric tons (1.54 million tons), and some 70% of the catch is exported.

Minerals

Canada ranks first in the world in mineral exports and third in mineral production, after the United States and the Soviet Union. It is the world's largest producer of zinc, potash, uranium, and nickel; the second largest producer of asbestos, silver, titanium, gypsum, and sulfur; and a leading producer of molybdenum, aluminum, cobalt, gold, lead, copper, iron, and platinum. Mineral deposits are located in all regions.

Canada is a major producer of hydroelectricity, oil, and gas and, unlike most of its industrial partners, is a net exporter of energy (primarily gas and electricity). Canada's exports and imports of oil currently are in approximate balance. Nevertheless, crude petroleum is the largest single component of Canada's minerals output. In 1988, Canadian oil reserves were about 6.8 billion barrels, including arctic reserves. Canada

produces annually more than 500 million barrels of oil and about 3.5 trillion cubic feet of natural gas annually. The United States imports about 6% of its natural gas requirements from Canada.

Foreign Trade

In total volume of trade, Canada ranks seventh in the world, after the United States, the Federal Republic of Germany, France, the United Kingdom, Japan, and Italy.

The value of U.S.-Canadian merchandise trade for 1988 was over \$157 billion, more than between any other two countries in the world. Also in 1988 about 25% of all U.S. merchandise exports went to Canada, and Canada supplied about 22% of total U.S. merchandise imports.

Almost one-third of U.S.-Canadian trade occurs under the terms of the U.S.-Canada Automotive Agreement (Auto Pact), which provides for free trade between the two nations in cars, trucks, and auto parts. Under the 1965 agreement, two-way trade in automotive products rose from \$715 million in 1964 to \$23 billion by 1978. In 1980-81, the two-way trade declined to about \$18 billion, but it rose to \$51.5 billion in 1988.

Foreign Investment

The investment relationship between the United States and Canada is extremely close. The United States is the largest foreign investor in Canada. In late 1988, the stock of U.S. direct investment in Canada was estimated at over \$66 billion, or about 80% of total foreign direct investment in Canada. Similarly, Canada's investment exposure in the United States currently is quite substantial. At the end of 1988, the stock of Canadian direct investment in the United States stood at \$35 billion (includes investments from Canadian holding companies located in the Netherlands), or 20% of total foreign direct investment in the United States.

U.S. investment in Canada primarily is in the mining and smelting industries, petroleum, chemicals, the manufacturing of machinery and transportation equipment, and finance. Canadian investment in the United States is concentrated in petroleum, real estate, manufacturing, and trade.

FOREIGN RELATIONS

In Canada's early days as a nation, its foreign affairs were conducted by the United Kingdom. By 1909, the Canadian drive for autonomy led to the creation of a Department of External Affairs. After World War I, Canadian representatives signed the Treaty of Versailles and began to conduct a truly independent foreign policy.

World War II gave considerable impetus to Canadian participation in world affairs. Canada took an active role in the creation of the United Nations, which it has strongly supported. It has contributed troops to UN forces in Korea, the Middle East, the Congo, Yemen, Namibia, and Cyprus. In addition to its peacekeeping activities, Canada has assumed a prominent role in the United Nations in disarmament discussions, en-

Canada's Provinces and Territories

Atlantic Provinces: Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick. *Area*—541,180 sq. km. (208,146 sq. mi.). *Population* (1988)—2.3 million. *Ethnic groups*—predominantly British, French. *Industry*—fishing, agriculture, mining, manufacturing.

Quebec: *Area*—1,356,790 sq. km. (523,857 sq. mi.). *Population* (1988)—6.7 million. *Ethnic groups*—predominantly French, British, other European groups. *Industry*—agriculture, mining, manufacturing, hydroelectric power.

Ontario: *Area*—891,190 sq. km. (345,420 sq. mi.). *Population* (1988)—9.5 million. *Ethnic groups*—British, French, other European groups. *Industry*—manufacturing, agriculture, mining.

Prairie provinces: Manitoba, Saskatchewan, Alberta. *Area*—1.77 million sq. km. (680,757 sq. mi.). *Population* (1988)—4.5 million. *Ethnic groups*—British, other European groups. *Industry*—agriculture, cattle, petroleum and natural gas, mining, manufacturing.

British Columbia: *Area*—934,125 sq. km. (359,279 sq. mi.). *Population* (1988)—3 million. *Ethnic groups*—British, other European, Chinese, indigenous Indian. *Industry*—forestry, manufacturing, fishing, mining, agriculture.

Territories: Northwest Territory and Yukon Territory. *Area*—3.79 million sq. km. (1.45 million sq. mi.). *Population* (1988)—72,300. *Ethnic groups*—British, indigenous Indian, Inuit. *Industry*—mining.

environmental activities, law of the sea negotiations, human rights issues, North-South issues, and world food problems. Canada also continues to be a strong supporter of the nuclear Non-Proliferation Treaty and its goals.

A member of the North Atlantic Treaty Organization (NATO) since its inception, Canada shares responsibility, with the United States and other allies, for the North Atlantic Treaty area. Due to its membership in NATO, Canada is an active participant in discussions stemming from the Conference on Security and Cooperation in Europe.

Two other international organizations of special interest to Canada are the Commonwealth—an association of former British colonies that share similarities of language, customs, and institutions—and La Francophonie—an association of French-speaking countries that include France and former French colonies. Since about 24% of all Canadians regard French as their mother tongue, Canada has sought to broaden and strengthen ties with La Francophonie.

Canadian economic assistance to developing countries totals more than \$2 billion annually. The official channel for government overseas aid programs is the Canadian International Development Agency. Canada also contributes substantially to international and regional development organizations and is a major supplier of food aid.

U.S.-CANADIAN RELATIONS

Canada views its relationship with the United States as crucial to a wide range of Canadian interests. The bilateral relationship is varied and complex. Although differences inevitably occur occasionally, the basic characteristics of Canadian-U.S. relations are close friendship and cooperation in a wide range of fields.

The two countries cooperate closely in resolving transboundary environmental issues, an area of increasing importance in the bilateral relationship. A principal instrument of this cooperation is the International Joint Commission (IJC). Established in 1909, the IJC is a unique approach to international environmental cooperation. The Great Lakes Water Quality Agreements of 1972 and 1978, aimed at preserving and enhancing the water quality of the Great Lakes, are historic examples of joint cooperation in

controlling transboundary water pollution. The United States and Canada frequently consult on possible approaches to dealing with the difficult problem of transboundary air pollution.

The United States and Canada also recently have resolved several major issues involving fisheries. By common agreement, the two countries submitted a Gulf of Maine boundary dispute to the ICJ in 1981; both accepted the Court's October 12, 1984 ruling. On January 28, 1985, the United States and Canada signed the Pacific Salmon Treaty, the culmination of years of difficult negotiations aimed at rebuilding the Pacific salmon resource.

U.S.-Canadian economic relations provide a number of examples of cooperative efforts, such as the Auto Pact, which created a largely integrated two-country market for automobiles, and defense economic arrangements, which diminish obstacles to trade and technology exchange and encourage a balance of trade in defense related areas.

Investment and trade issues are a constant feature of U.S.-Canadian relations. This is to be expected, given the enormous flows of capital between the countries and the fact that each is the other's most important market.

The U.S.-Canada trading relationship has been further enhanced by the bilateral Free Trade Agreement (FTA) that became effective on January 1, 1989. Over a 10-year period, the FTA will remove all tariffs and virtually all import and export restrictions; resolve many longstanding bilateral irritants; and liberalize rules in several areas including agriculture, services, energy, financial services, investment, and government procurement.

Energy and transportation issues also need constant attention, some of which have caused differences in the past, but, in most cases, they have been successfully resolved or managed.

DEFENSE

U.S. defense arrangements with Canada are more extensive and intimate than with any other country. The Permanent Joint Board on Defense, established in 1940, provides policy-level consultation on bilateral defense matters. The United States and Canada share NATO mutual security commitments. As the only other

non-European ally, Canada contributes forces to NATO commands in Europe and the North Atlantic. In addition, U.S. and Canadian military forces since 1958 have cooperated on continental air defense within the framework of the North American Aerospace Defense Command, an integrated bilateral military command exercising operational control over U.S. and Canadian air defense forces and also providing early warning information on possible air and missile attack on North America. Canada and the United States work closely in defense research and production.

Principal U.S. Officials

Ambassador—Edward N. Ney
Deputy Chief of Mission—Dwight N.

Mason

Minister-Counselor for Political Affairs—Stephen Buck

Minister-Counselor for Economic Affairs—Lawrence P. Taylor

Minister-Counselor for Public Affairs—James P. Thurber

Minister-Counselor for Commercial Affairs—George Mu.

The U.S. Embassy in Canada is located at 100 Wellington Street, Ottawa, (tel. 613-238-5335). There are U.S. consulates general in the following Canadian cities: Calgary, Alberta (tel. 403-266-8962); Halifax, Nova Scotia (tel. 902-429-2480); Montreal, Quebec (tel. 514-281-1886); Quebec City, Quebec (tel. 118-692-2095); Toronto, Ontario (tel. 416-595-1700); and Vancouver, British Columbia (tel. 604-685-4311).

Taken from the *Background Notes* of June 1989, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

New Conference of August 15 (Excerpts)

*President Bush held a news conference in the Briefing Room at the White House on August 15, 1989.*¹

Q. Your spokesman said yesterday that significant progress had been made in pursuing the issues of the hostages. We're told that you've been on the phone to foreign leaders, that there's been a flurry of diplomatic contacts, but can you say today that you're any closer to seeing the hostages released than we were, say, about 3 weeks ago when the Israeli seizure of Sheik [Abdul Karim] Obeid Muslim cleric and Hezbollah leader] set into motion this chain of developments that seems to have raised expectations or hopes of a breakthrough?

A. I can't say that today, but we're going to keep on trying. But I cannot give you a definitive assessment of that. I just don't know. There are a lot of lines out there, a lot of initiatives have been taken. As I said earlier, the cooperation that we've received—some that we've solicited and some unsolicited—from leaders around the world has just been magnificent. But I can't give you that positive assessment at this point.

Q. In the absence of an exchange of prisoners, have you considered the extradition of Sheik Obeid to this country to face criminal charges?

A. No, we have no criminal indictment against Sheik Obeid.

Q. Is that any kind of legal option?

A. We wouldn't move against somebody without the legal process going forward.

Q. What does it mean when you jointly remind Iran that goodwill begets goodwill? The United States wants the return of the American hostages in Lebanon. If that occurred, what would the United States do in return for Iran?

A. Too hypothetical to answer, but I would simply repeat that we're looking for signs of change, certainly when it comes to holding of hostages. We all know that we've had some major differences with Iran and the question of state sponsorship of terrorism; that's a given. Now we see a new leader coming in, and

we hear different signals coming out of Iran—some in the old mode and then some that offer more hope. And so I will just leave it stand that a clear and good signal would be the release of American hostages, and there are many ways that countries are estranged can get back together, from diplomatic relations or a wide array of other things. So I just hope that the positive signs prevail there, because there are some. And they are encouraging.

We don't have to be hostile with Iran for the rest of our lives. We've had a good relationship with them in the past. They are of strategic importance. They would be welcome back into the family of law-abiding, non-terrorist-sponsoring nations. But I just would repeat that I'd like to see that kind of change go forward, positive change.

Q. As you formulate your drug plans, Bill Bennett comes up with his proposals to you, how do you feel about the possibility of penalizing Latin American countries which fail to cooperate with us in stemming the flow of drugs from Latin America?

A. I wouldn't be opposed to that, provided they were able to cooperate with us. I mean, you take a country like Colombia, and I am convinced that President Barco wants to cooperate. But his country has been ripped asunder by the drug cartels. And you've had Supreme Court justices slain, you've had people hunted down in Eastern Europe from Colombia and killed, and so I think there has to be some measuring of intention before you paint with an extraordinarily broad brush and say, Hey, drugs are coming in from your country, and therefore we're going to cut you off.

And so I would hope that we'd have much more enlightened diplomacy or enlightened foreign policy than to isolate every country, even though that country was trying to do something about drugs at the source.

Q. But are there some countries out there which are not cooperating, and which you're actually thinking about penalizing economically?

A. No proposal has come to me now, but there's been some, as you know; there's been a lot of suggestions on Capitol Hill about this. But I feel a certain responsibility to look at the problems that are facing some of these countries

with limited armed forces of their own, with very complicated insurgencies in their countries, and to formulate a foreign policy that takes these things into consideration.

Q. Back to Sheik Obeid for a moment. In light of his reported role in the kidnaping of Col. Higgins, would it not be the appropriate step for the United States to convene a grand jury and to pursue a possible criminal indictment against him, and then for the Administration to go forward with an effort to extradite him to this country?

A. If the justice system goes forward and there is an indictment against him, I would be remiss if I didn't try to see him brought to trial.

Q. Can't you take the lead in that and encourage the Justice Department to proceed—

A. I put it just exactly the way I want to put it. [Laughter]

Q. Can you explain why you have not retaliated for the murder of Col. Higgins?

A. If I could find some action—diplomatic, military, private sector, public sector—that I thought would help get the hostages out or guard against future hostage taking, I would take such action. Military action—I'd like to know what action we took was not going to victimize a lot of innocent people. And I'd like to be sure of all the facts before taking action on the Higgins case. I wish I could tell you we had all the facts, and we don't.

When you look at the action that the United States can take, I don't want to be responsible for the loss of innocent life. I also would have to weigh, if we considered military action, the lives of the Americans that were being asked to carry out that action. So it's just not clear yet. But if I could find a way to take those hostages, get them and bring them out, and that required using the military force of the United States, make no mistake about it: I would do it in an instant.

Q. May I ask what you're doing to increase the intelligence that would let you do something like that? Have you ordered the CIA [Central Intelligence Agency] to try to get assets in Lebanon?

A. The problem there is, it takes a long time. I do think that the period that we went through quite a few years ago has resulted in less human intelligence than is necessary to come to grips with something as murky as hostage holding. I'd like to do more, and the various agencies know of my interest in this, but I don't want to hold out the wrong kind of hope that you can say let's get more agents, more intelligence of the human source and that that happens overnight. It just doesn't work that way.

Q. On September 1st, there will be an inauguration of the candidate that Noriega supported, effectively institutionalizing what the United States considers a stolen election. What is the United States going to do now? Are we going to be limited to these kinds of skirmishes that we saw last week, these arrests of one side or the other, or is there something else?

A. I don't know for sure what we're going to do. Part of our understanding of the OAS [Organization of American States] agreement was that Noriega would be out. I'm not holding my breath on his voluntary departure, but—and I have told Mr. Endara, who was duly elected by the people of Panama, the other day that we will continue to support what the people of Panama voted for. But it's still rather murky as to what will happen beyond September 1st. There are some hints that possibly there will be a transfer. Let me just simply say this: I would reiterate that our argument is not with the Panamanian Defense Forces; it is with Mr. Noriega himself. And that if he were to go out, and that you had the will of the people recognized, we would instantly have better relations with Panama. It would be good for our country, and certainly it would improve life for the Panamanians.

Q. I know there's talk about using military assistance to provide to Colombia, Peru, and Bolivia to help cut down on drug trafficking. Can you tell me if you would consider deploying U.S. troops in these countries to help in that effort?

A. I have said previously, way back in the campaign, that I would give serious consideration to an invitation from countries to help them. And I'll tell you what I found at this G-7 [Group of Seven] meeting. It was a very interest-

ing—from several of the European leaders, the feeling that maybe we ought to have some kind of international effort to help countries in this regard, going after people where—in a country, at the invitation of a government of a country, people that have been out of the reach of the law enforcement of the local—of the country itself, of the government.

We have no specifics on that at this point, but generally speaking, we have used military assets, as you know. We've used helicopters, for example, in I believe it was Bolivia and perhaps Peru. And we're interested in all of this. But I don't think you can inflict force on a country, and I wouldn't want to be a part of that at all.

Q. You talked about some conflicting signals coming out of Iran as a result of your diplomatic efforts.

A. I'm not sure it's a result of it, but there are conflicting signals coming out of Iran.

Q. Perhaps coincident with your diplomatic efforts. I'd like to ask, do you believe that President [Ali Akbar Hashemi] Rafsanjani is firmly in charge in Iran and how long are you prepared to give this diplomatic process before trying some other means or effort?

A. Please elaborate. What do you mean "before trying some other means"? I'm not sure—

Q. There are those who believe that there should be stronger military messages sent.

A. I don't know the answer to your first part of it, and I don't know any expert in this government who does. I had a meeting with various agency experts on Iran, and I think the jury is still out as to what has happened internally there in Iran. I think all our experts feel that there are some hopeful signs, and I would cite some of the comments by Mr. Rafsanjani. Then you've seen some countersigns, one as recently as yesterday, by Mr. Khamenei [Ayatollah Ali Khamenei]. There are others—their Interior Minister, who seems to be very hard over.

So, I think we don't know yet. We don't know how it is sorting out. But again, I would go back to the earlier answer, that that's fine. That can move forward. But if I find some other channel or action that would get our hostages out of there, I wouldn't wait on sorting out the internal affairs of Iran.

Q. Just how long are you prepared to wait, and would you consider stepping up military pressure in this process? And to what extent do you hold Iran responsible for the safety of these hostages?

A. Again, we're trying to sort out—there certainly—I think that if Iran decided they wanted those hostages to come out of there, there would be a good likelihood that that would happen, perhaps not with certainty but a good likelihood.

As you know, the position of the U.S. Government has been that Iran and a couple of other states have been involved in the state sponsorship of terrorism. I don't think it's a question of how long; it's a question of not—in my view, it's a question of exploring every avenue to get these people back and recognizing that at some point we have to stand up for our interests, even if it means military. And yet I'm not threatening military action because I've told you some of the constraints on authorizing military action.

Q. What is the United States doing, if anything, to try and stop the destruction of Beirut that is underway? Is it a fear that if the Syrians succeed in driving the Christians out that will seriously set back any progress that's been made on settling the West Bank and Gaza problems?

A. The answer to your last question is yes, and the answer to the first is, joining others in calling for a cease-fire and the withdrawal of all foreign forces; support for the Arab League mission, which regrettably has hit an impasse right now, but encouraging those three countries involved to reenergize that initiative; joining where we can—I had a long talk with the Secretary General [Javier Perez de Cuellar] to see what role the United Nations can play, and indeed I might take the opportunity to thank him for his timely dispatch of his emissary to the Middle East, although that wasn't a mission about Lebanon. It had to do with Col. Higgins. I was deeply appreciative of his taking that action.

We're in a very complicated situation in Lebanon where I'm not sure any outside power can do other than exhort people in the country to have this cease-fire and to withdraw foreign forces, and then to take a look at whatever constitutional change is necessary so you have a representation there that all factions in Lebanon can feel comfortable with. It's a long process, and in the meantime, I am

literally heartbroken. I've bored some of you with this, but I've been to Lebanon when I was in business and I recall it as the peaceful oasis in a then-troubled Middle East, and I saw Christians living peacefully with the Muslims. And someday again, I'd like to think that Lebanon can be restored to what—

Q. There are reports that the United States does not want to pressure Syria to back off because we need their help to get the hostages out.

A. That's wrong. I've never heard such a report. But if there's such a report you've heard, it is wrong.

Q. In an interview last week, I believe with Hearst Newspapers, you seemed to say that you would be willing to kidnap Gen. Noriega to bring him to justice. Is that your policy, and would that be an appropriate thing for the U.S. Government to do?

A. We have an indictment out against Gen. Noriega for drug trafficking. I'm told that it's a good indictment, that it's an in-depth indictment. I'm not saying what I would or wouldn't do, but here was a case where a man named Yusef—I believe—Yunis was apprehended and brought to justice. I have an obligation to try to bring people to justice.

Q. Are there any constraints on what means you use, even though there's a legal indictment, or are there limits on what would be appropriate in enforcing such an indictment?

A. There are always limits. There are always limits in matters of this nature. And the limits, as far as I'm concerned, are the lives, first, of Americans, and clearly innocent life. You've got to consider those things when you go about whatever it is, hostages or trying to bring Mr. Noriega to justice.

Q. There has been some talk of sending the Green Berets to South America. Do you think that the DEA [Drug Enforcement Administration] is inept to do this job, and why?

A. To do the job of helping at the source? You'd have to look at it country-by-country, and then I could tell you a little more about what the problem is. Some of the countries are faced with enormously well-organized and financed insurgencies, some of them are faced

with the most highly financed cartels, and so you'd have to look individually. DEA isn't big enough or strong enough to solve the problems in these various South American countries. They can help a lot, and in some areas they have been very, very helpful. But I don't think that the DEA alone can solve the

problems of the cartels in Colombia, for example.

Q. Are you considering sending the Green Berets to South America?

A. No, I'm not considering that.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 21, 1989. ■

Visit of Zaire's President



White House photo by Susan Babbler

President Mobutu Sese Seko of the Republic of Zaire made an official working visit to Washington, D.C., June 28–30, 1989, to meet with President Bush and other government officials.

Following are remarks made by the two Presidents after their meeting on June 29.¹

President Bush

Zaire is among America's oldest friends, and its President—President Mobutu—one of our most valued friends—entire continent of Africa. I was honored to invite President Mobutu to be the first African head of state to come to the United States for an official visit during my presidency.

I first met President Mobutu when I was Ambassador to the United Nations. In that capacity, I first visited Zaire in 1972; and, always, I have been impressed by his insight and his vision.

In our talks, the President and I have had the opportunity to review and renew the excellent bilateral relationship between our countries. We have noted, to our mutual pleasure, that those ties continue to be beneficial and productive.

One of Africa's most experienced statesmen, President Mobutu has worked with six Presidents. Together they—and we—have sought to bring to Zaire, and to all of Africa, real economic and social progress and to pursue Africa's true independence, security, stability as the basis for that development.

Over the years, President Mobutu has helped international councils from the United Nations to the OAU [Organization of African Unity] to the non-aligned movement address these issues sensibly, and very effectively. I might add, invariably he has personally worked to bring about the peaceful resolution of conflicts. Just last week, he brought together, for the first time, in the presence of 18 African chiefs of state, the leadership of Angola's warring factions, setting the stage for national reconciliation in that country. Thanks to President Mobutu, we are nearer the goal long sought, yet long elusive—peace and opportunity in southwestern Africa.

We discussed that goal in our talks here, and the President and I also examined other important aspects of regional conflicts, especially the southern third of the African Continent. There we share goals of a rapid, peaceful end to apartheid; the full implementation of Security Council Resolution 435 leading to the independence of Namibia; and the total withdrawal of Cuban troops from Angola. Zaire's stake in these results is as enormous as its influence. My advisers and I found President Mobutu's analyses valuable, and we support him as he strives to peacefully resolve problems.

In addition to foreign affairs and regional matters, much of our discussion focused on Zaire's efforts to strengthen its economy. I want to note that Zaire recently took the constructive step of signing an economic policy reform agreement with the International Monetary Fund. Because we believe that strict adherence to its terms can produce a healthy economy for Zaire, we intend to support that effort.

During the President's visit, we also exchanged the instruments of ratification of a bilateral investment treaty. We hope that this treaty will encourage greater American investment in Zaire leading, in turn, to greater economic development.

In conclusion, we thank President Mobutu for coming to the United States at this critical time. We thank him for his leadership in central Africa, and we look forward to continued cooperation between our countries. The strong ties of friendship between Zaire and the United States endure and prosper. We are proud and very, very pleased to have you with us today.

Zaire—A Profile

Geography

Area: 2.35 million sq. km (905,063 sq. mi.), about the size of the US east of the Mississippi. **Cities:** *Capital*—Kinshasa (pop. about 3 million). *Regional capitals*—Kananga, Lubumbashi, Mbuji-Mayi, Bukavu, Mbandaka, Kisangani, Bandundu, Matadi. **Terrain:** Varies from tropical rain forests to mountainous terraces, plateau, savannas, dense grasslands, and mountains. **Climate:** Equatorial; hot and humid in much of the north and west, cooler and drier in the south central area and the east.



People

Nationality: *Noun and adjective*—Zairian(s). **Population:** (mid-1987 est.): 32 million. Urban 30%-40%; under age 15, 45%. **Annual growth rate:** 3.1%. **Density:** Ranges from 266 sq. mi. in Kinshasa, through 37 sq. mi. in Bas Zaire, to 8 sq. mi. in Haut Zaire and Shaba. **Ethnic groups:** Bantu tribes 80%; as many as 250 African tribal groups in all. **Religions:** Roman Catholic 50%, Protestant 20%, Muslim 10%, Kimbanguist 10%, other syncretic sects and traditional religions 10%. **Languages:** (major) French, Lingala, Swahili and Kingwana (a variant), Kikongo, Tshiluba.

Government

Type: Republic with strong presidential authority, one party. **Independence:** June 30, 1960. **Constitution:** June 24, 1967 (amended 1974, revised 1978).

Branches: The Popular Movement of the Revolution (MPR) is the sole legal political institution. Its component organs include a Secretary General, a Central

Committee, a Political Bureau, a Party Congress (meeting every 5 years), an Executive Council (Council of Ministers), a unicameral Legislative Council, and a Judicial Council. The elected president of the party automatically becomes president of Zaire.

Economy

GDP (1985, current prices at the official exchange rate): \$4.8 billion. **Annual growth rate** (1985): 2.5%. **Per capita GDP** (current 1985): \$170.

Natural resources: Copper, petroleum, cobalt, industrial and gem diamonds, gold, zinc, manganese, tin, columbium-tantalum, rare earth metals, coal, wolframite, uranium, cadmium, silver. 13% of world's hydroelectric potential.

Agriculture: *Products*—cash crops: coffee, palm oil, palm kernel oil cake, quit quina, rubber, tea, cotton, cocoa; food crops: manioc, bananas plantains, corn, rice, legumes, ground nuts, vegetables, fruits, sugar. *Land*—50% arable; 2% cultivated or pasture.

Industry: *Types*—processed and unprocessed minerals; consumer products, including textiles, footwear, cigarettes; processed foods and beverages; cement.

Trade: *Exports*—\$1.85 billion (1986 f.o.b.): copper, coffee, petroleum, diamond, cobalt, gold, wood. *Partners*—Belgium, Luxembourg, US, France, FRG. *Imports*—\$1.55 billion (1985 c.i.f.): petroleum products, foods, textiles, heavy equipment. *Partners*—Belgium, Luxembourg, France, FRG, US.

Membership in International Organizations

UN and most of its specialized and related agencies, Organization of African Unity (OAU) and affiliated specialized agencies, Intergovernmental Council of Copper Exporting Countries (CIPEC), African Development Bank (AFDB), International Coffee Organization (ICO), International Tin Council (ITC), Great Lakes States Economic Community (CEPGL), INTELSAT, Nonaligned Movement, Group of 77, Economic Community of Central African States (CEEAC).

Taken from the *Background Notes* of August 1988, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

'resident Mobutu'

It is an honor to state in turn that the friendship between Zaire and the United States is today 29 years old. I am particularly pleased to have been honored by the invitation extended by President Bush to come on an official working visit early on in his term of office. This has made it possible for us to hold talks marked by warmth and friendship. This occasion also gave us the possibility of assessing bilateral cooperation between our two countries and of identifying new goals to pursue together.

Thus we spoke of disarmament, debt, the Third World debt, and, more specifically, the African debt. We also spoke of the situation in southern Africa. In this connection, I informed President Bush of the results obtained following the summit held in Gbadolite on June 22d, which lay the groundwork for national reconciliation in Angola. I have asked President Bush to support his process so as to restore once and for all peace in this country which shares a 2,600-kilometer border with the Republic of Zaire.

I wish to express my satisfaction with the attention and the understanding shown by President Bush in addressing these problems. I also welcome the fact that President Bush, because of his long political and diplomatic experience, takes a special interest in African issues, in which, incidentally, he is thoroughly well-rounded.

Regarding my country, Zaire, I spoke to President Bush about the new agreement that I have just signed with the International Monetary Fund and the World Bank on a 3-year structural adjustment program. President Bush has renewed the support of his government to the Executive Council of Zaire in its effort to implement this program. In support of this, President Bush has committed his Administration to promoting and encouraging American investment in the Republic of Zaire. This is the reason for which we proceeded to exchange instruments of ratification of the bilateral investment treaty between the United States and the Republic of Zaire. Furthermore the President reaffirmed U.S. support for the program for stability and security in the Republic of Zaire.

Finally I informed the President of the arrangements and measures of protection which have been set up in Zaire for some years now. These arrangements have made it possible for the UN

Commission on Human Rights to withdraw Zaire from the list of those countries which it monitors for human rights. Since then Zaire can be ranked among those countries which observe the rule of law, not to be confused or mistaken with any incidental mishaps that are attributable to an administration or to individuals.

The UN Commission on Human Rights and the Republic of Zaire invite all governments and organizations concerned with human rights to support by all means possible the efforts deployed by the Zairian Department of

Human Rights and Freedoms of the Citizen for the defense and the protection of human rights in Zaire.

In concluding we would like to thank President Bush and his advisers for the invitation that he extended to us to be the first African head of state to come on an official working visit since Mr. Bush has come to the White House.

¹ Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of July 3, 1989).

² President Mobutu spoke in French, and his remarks were translated by an interpreter. ■

Status of the Strategic Arms Reduction Talks

by Richard R. Burt

Statement made at the Conference on Disarmament in Geneva on August 3, 1989. Ambassador Burt is head of the U.S. delegation to the nuclear and space arms talks and chief negotiator at the strategic arms reduction talks (START).

I would like to say how pleased I am to be here today to review with the members and nonmember participants of the Conference on Disarmament the latest developments regarding our bilateral nuclear and space talks.

Update on the Negotiations

Round II of the strategic arms reduction talks (START) between the United States and Soviet Union has been a useful and constructive endeavor. The United States approached this round as a reconnaissance and sought to clarify the policy positions of both parties and to reaffirm the central structure of the joint draft treaty. In fact we feel we have accomplished more than that in many areas, including the very important area of providing for effective verification.

I have conducted a thorough review of key treaty provisions and outstanding issues with my Soviet counterpart [Ambassador Yu. Nazarkin]. He is an experienced negotiator and leads a professional team, characterized by well-grounded expertise. I believe we have established a solid, working relationship, despite the fact that he has decisively demonstrated during this

round that he is a far more accomplished tennis player than I.

There has also been a good give-and-take at the working group level related to the treaty and protocols which together comprise the START joint draft text. The two sides have held worthwhile discussions and debates of various alternatives. Together we have improved the text and cleared brackets and narrowed our differences in small but significant ways.

The process has been businesslike, nonpolemical, and oriented to substance not rhetoric. Useful exchanges have taken place in all areas. While some significant differences continue to separate the United States and the Soviet Union in these negotiations, I believe the sides more clearly understand and better appreciate the rationale underpinning each other's negotiating posture. I thus believe that my Soviet colleague and I have been able to lay the groundwork for what I hope will be a productive discussion on START between Secretary of State Baker and Foreign Minister Shevardnadze next month in the United States.

Before I address some of the issues which were the focus of my discussions with Ambassador Nazarkin, I would like to comment on the overriding principles which guided the U.S. negotiating team in round II and which will be of equal importance in future rounds.

Guidance for Negotiating

The United States returned to the Geneva talks with President Bush's firm pledge that "we will work vigorously to achieve fair and far-reaching agree-

ments that strengthen peace. Nothing has higher priority."

In its early days, the Bush Administration conducted a comprehensive review of American security and arms control policies. As a result of this review, the President concluded that the primary objective for strategic arms control is to achieve verifiable agreements that reduce the risk of war.

The risk of nuclear war can be reduced by creating a more stable nuclear balance, in which deterrence is strengthened and a condition of crisis stability prevails. Such a condition exists when each side is dissuaded from a first-strike because the costs and risks associated with such an attack clearly outweigh any conceivable benefit. Therefore, an essential ingredient to maintaining crisis stability is having survivable, retaliatory forces. In this sense, it is important to remember that arms control can only complement, not replace, unilateral measures that must be taken to maintain effective deterrence.

Deep reductions in strategic forces can enhance stability if they are properly applied. Provisions that could produce greater stability are those that would:

- Reduce force vulnerability, since, as I have just said, survivable forces reduce the incentives to strike first;
- Enhance transparency, since stability is enhanced by greater openness about the size and nature of each other's strategic forces and activities; and
- Foster predictability, since stability is enhanced by reducing uncertainties about the future evolution of the forces of both sides.

The START negotiations to date have produced a lengthy joint draft treaty text that reflects the areas of agreement and disagreement. At the beginning of this round, we reaffirmed the U.S. intent to proceed on the basis of the existing joint draft text. In particular, we reaffirmed our continued acceptance of the structure of limits and sublimits that have already been agreed: that is, 1,600 strategic offensive delivery systems; 6,000 accountable warheads; 4,900 warheads on intercontinental ballistic missiles (ICBMs) and sea-launched ballistic missiles (SLBMs); 1,540 warheads on 154 heavy ballistic missiles; and a reduction of approximately 50% in Soviet ballistic missile throw-weight. While we reaffirm our support of the basic

agreed numerical limits and other U.S. positions in the joint draft text, we have reserved the right to suggest new ideas and other changes that we believe would contribute to force survivability and stability.

To ensure that improvements in force survivability remain valid over the long term, they must be balanced with the requirement that the size and nature of current and evolving strategic forces be transparent and predictable and that agreements be effectively verifiable. Mobile ICBMs provide a case in point: the same aspect of mobile ICBMs that make them more survivable—the fact that they move—clearly also complicates effective verification.

The U.S. position on banning mobile ICBMs remains unchanged for now. Our decision on mobile missiles depends in part, of course, on support in the U.S. Congress for the President's ICBM modernization program. Nonetheless we have indicated to the Soviet side that we are willing to reconsider our position on seeking a ban, in light of the hundred-plus mobile ICBMs that the Soviets have deployed over the past several years, if the sides can agree upon a regime that would allow the effective verification of numerical limits on mobile ICBM systems. Although much remains to be done, round II has produced significant clarifications of the requirements and restraints to be placed on both road and rail mobile systems.

Verification and Stability Initiative

As part of our overall negotiating effort, and a prominent example of the new ideas the United States brought to round II, the United States has proposed that the U.S. and Soviet sides make a special effort to agree on, and begin implementing as soon as possible, certain verification and stability measures drawn from proposals previously advanced by both sides. I do not need to underscore to the Conference on Disarmament the central role verification plays in modern arms control agreements. Our verification and stability initiative is a recognition of that centrality.

Specifically at the direction of the President, we proposed to the Soviets that the START negotiators focus now on the following verification stability measures, which would be reflected in the ultimate START treaty:

(1) Immediate, reciprocal establishment of perimeter and portal continuous monitoring of certain ballistic missile production facilities in the United States and the Soviet Union to improve our confidence in the accuracy of declared mobile ballistic missile inventories;

(2) Prompt, reciprocal exchange of selected data on each country's nuclear forces to help us design appropriate inspection procedures to assist verification of the START treaty;

(3) Cessation of ballistic missile telemetry encryption and data denial of certain ICBM and SLBM launches, so that each country has a better understanding of new developments in the forces of the other;

(4) Reciprocal practice inspections to demonstrate procedures for verifying that the number of reentry vehicles on specific existing ballistic missiles does not exceed the number that the United States and Soviet Union have agreed to attribute to that type of missile. A mutual demonstration could help the negotiators to develop sound inspection provisions for these unprecedented intrusive inspections; and

(5) Reciprocal demonstration of technologies for unique identifiers on ballistic missiles, a process often referred to as "tagging," in order to facilitate technical exchanges on promising approaches.

In addition the United States believes that both countries can benefit by agreeing to two additional measures that, while they have not been previously discussed in our negotiations and would not themselves be part of the START treaty, would enhance strategic stability as separately agreed measures.

• Following the Soviet Union's suggestion to Secretary Baker, we are prepared to address the problem of SLBM with short times of flight, which would include what some refer to as depressed trajectory flights.

• We also suggest the two countries implement a proposal, discussed in a previous exchange of letters, in which the United States and the Soviet Union would notify each other of one major strategic exercise each year.

The President's verification and stability initiative complements the work done to date in Geneva. This initiative is designed to expedite, not delay, the START negotiations—the START treaty will contain unprece-

lented verification provisions. It is important to understand early on what the problems are, so that the negotiations are not prolonged by unresolved technical verification issues. Early implementation of these measures will help the two countries to gain experience in verification procedures so we can draft realistic provisions in Geneva.

The United States does not intend the U.S. initiative to be a take-it-or-leave-it package. While we would like to reach agreement on every measure, we are prepared to address only those that the Soviets are ready to discuss. Further the United States intends that each measure be fully reciprocal and, therefore, apply equally to both countries.

To date we have held exploratory discussions with the Soviet side which have allowed us to describe the verification and stability initiative in greater detail. We expect the U.S. verification and stability initiative to figure prominently in the September ministerial between Secretary Baker and Foreign Minister Shevardnadze.

U.S.-Soviet Differences

I have had detailed discussions with my Soviet counterpart on prominent areas where the sides differ—an ICBM warhead sublimit, heavy ICBMs, air-launched cruise missiles (ALCMs), heavy bombers, submarine-launched cruise missiles (SLCMs), and the linkage of START to the Antiballistic Missile (ABM) Treaty. These discussions have been candid and substantive rather than stale, rhetorical recitations of familiar themes.

The United States continues to believe that agreement should be reached on a sublimit of between 3,000 and 3,300 warheads on deployed ICBMs. Both countries would benefit from the added predictability such a limit would provide since ICBM systems will remain uniquely suited for use in a preemptive attack and, thus, more destabilizing than other types of strategic offensive arms.

Heavy ballistic missiles are particularly destabilizing. Therefore, the United States continues to maintain its position that the START treaty should ban the production, flight-testing, or

deployment of new or modernized types of heavy ICBMs, as well as the production or deployment of additional heavy ICBMs of existing types. Both countries should also undertake not to conduct flights of existing types of heavy ICBMs and not to produce, flight-test, or deploy heavy SLBMs. The U.S. position on heavy missiles would effectively provide for equality by resulting eventually in the phasing out of the Soviet SS-18 force, the single most destabilizing weapons system in the world today.

Regarding bomber weapons, the United States has reaffirmed our past positions on ALCM counting, range, and distinguishability. Thus we continue to propose that ALCMs be counted under an attribution rule that would credit each heavy bomber equipped for ALCMs with an agreed number of warheads against the 6,000 limit, regardless of the number actually carried. The United States also continues to maintain the position that only air-to-surface cruise missiles which are nuclear armed and capable of a range over 1,500 kilometers should be subject to START limits.

The U.S. position on SLCMs remains sound. Conventional SLCMs are not an element of the U.S.-Soviet strategic nuclear balance and, therefore, should not be part of this agreement. After considerable review, the United States has concluded that the Soviet proposals for SLCM verification would not provide for effective verification. Available technologies allegedly suitable for detecting nuclear SLCM warheads remotely and distinguishing them from other nuclear sources cannot do either reliably. The recent Soviet demonstration in the Black Sea has not altered this conclusion. Consequently circumvention of provisions based on these technologies would be easy. Even if the technologies could detect and distinguish nuclear SLCMs reliably, however, it still appears highly doubtful that a regime of effective verification could be designed. The United States still knows of no way to verify effectively limits on the production and storage of SLCMs, arguably the core of the SLCM verification problem.

Consequently the United States envisions a nonbinding declaration of plans for nuclear-armed SLCMs by both countries. Because nuclear SLCMs are neither suitable for nor vul-

nerable to a first-strike, the United States believes that its proposal provides both countries with the most practical means to build confidence that nuclear SLCMs will not circumvent START limits.

START and Other Negotiations

Let me conclude by addressing the relationship between START and other negotiations.

Some have recently questioned whether conclusion of a START treaty is a lower priority for the Bush Administration than conclusion of a conventional force in Europe (CFE) treaty or whether we want to delay START pending progress in CFE. Let me say that neither is true. Both the START and CFE negotiations are high, but independent, priorities for the Bush Administration. Although he has expressed his hope that a CFE agreement can be finalized in 6-12 months, the President has not linked progress in START to progress in CFE.

Because stabilizing reductions are in the interest of both countries, completion of a START agreement should not await resolution of thorny defense and space issues. Since 1972 when the Antiballistic Missile Treaty entered into force, the magnitude and power of the nuclear threat has grown several fold. Yet a key premise of that treaty was that strategic offensive arms reductions would soon follow. Thus the Soviet Union should join with us in concluding a START treaty, when it is ready, without any preconditions. A separate defense and space treaty, a subject that Ambassador Cooper will address in more detail in a moment, should likewise be negotiated on its own merits and at its own pace.

The conclusions of our strategic review and the history of negotiations on these issues have convinced the United States that the task ahead is large. Much has been accomplished already, yet a great deal of work lies ahead. I believe that through serious, constructive negotiations, we will be able to make significant progress. The United States is committed to building on our achievements thus far to reach agreements that fulfill our objectives of reducing the risk of war, moving beyond containment, and enhancing global security and stability. ■

Status of the Defense and Space Talks

by Henry F. Cooper

Statement made at the Conference on Disarmament in Geneva on August 3, 1989. Ambassador Cooper is chief negotiator at the defense and space talks (DST).

I am pleased to appear before the Conference on Disarmament to discuss the status of the defense and space talks. Let me begin with some background material.

U.S. Objectives

Since our talks began in March 1985, the United States has sought to facilitate a possible future cooperative transition to a stabilizing balance of offensive and defensive forces, should effective defenses against strategic ballistic missiles prove feasible. President Bush has directed us to preserve U.S. options to develop and deploy advanced defenses when they are ready. We believe that stability and the security of all nations can be enhanced by such defenses, especially if they are introduced at a measured pace and in a cooperative way.

Advancing Technology and the ABM Treaty

There is clearly a growing likelihood of effective, non-nuclear defenses against ballistic missiles. Great advances in data processing, sensors, microelectronics, materials, propulsion, and directed energy have opened a window to a potentially new and safer era. Over the past 6 years, the creative talents of our scientists and engineers have extended these advances. Now innovative non-nuclear defensive concepts are emerging from laboratories and will undergo testing. If our hopes are realized, the nuclear-or-chemically-armed ballistic missile—by far the most dangerous instrument of war to use the medium of space—will no longer be an "absolute weapon."

Our Soviet colleagues and others suggest there should be great concern regarding these developments. I want to address their arguments head-on.

In effect, various spokesmen suggest that publics should believe that responsible leaders ought not use tech-

nological advances to defend against ballistic missiles. In other words, advancing technology should be used only to enhance the effectiveness of the threat posed by offensive ballistic missiles—even if it were technically possible to defend against and devalue that threat and thereby make deterrence more stable. Of course, Soviet spokesmen do not make their arguments in these terms. Rather they divert attention to misleading disputes about the Antiballistic Missile (ABM) Treaty.

For example, the Soviets inaccurately charge that our Strategic Defense Initiative (SDI) program, because of its openly declared purpose, violates the ABM Treaty. They, of course, know better—and have known better since the ABM Treaty was signed in 1972. Marshal Grechko, then the Soviet Defense Minister, told the Supreme Soviet during its ratification process that the ABM Treaty "imposes no limitations on the performance of research and experimental work aimed at resolving the problem of defending the country against nuclear missile attack."

So we and the Soviets both understand that there are no limitations on ABM research and experimental work to determine if effective defenses are feasible. And the Soviets, themselves, are very interested in strategic defenses and are conducting their own related research and experimental work. In November 1987, General Secretary Gorbachev, on American television in answer to a direct question about Soviet activities in this field, said that "practically, the Soviet Union is doing all that the United States is doing." Although he also said that the Soviet Union would not build or deploy its SDI, it is capabilities rather than declared intentions that count.

In fact the Soviets are already doing far more than the United States on strategic defenses. The magnitude of their civil and air defenses is unequalled anywhere else in the world. They also have the world's only deployed ABM system, which they are modernizing—as is their right under the ABM Treaty. And certain of their activities clearly go beyond the limits of the ABM Treaty. So Soviet actions make clear they do not oppose all defenses, only U.S. defenses.

Beyond their attack on SDI, the Soviets argue that the ABM Treaty specified, for all time, the only possible stable strategic regime: one which severely limits the deployment of strategic ballistic missile defenses. They cannot explain why effective defenses against the most threatening offensive weapon—the strategic ballistic missile—would be destabilizing, whereas their defenses in other areas, such as air defenses, are stabilizing. Furthermore it is simply not true that the ABM Treaty politically established, for all time, a particular strategic regime. To the contrary, the ABM Treaty explicitly acknowledged that the future strategic situation could change. Accordingly, its provisions provide for discussions and amendment.

The ABM Treaty also provides an explicit mechanism that makes clear that neither side can veto the other's decision to withdraw for its own stated reasons of supreme interest and deploy defenses beyond its terms. The United States made clear in 1972 that such a reason might be failure to achieve agreement, within 5 years, to significantly limit strategic offensive arms. Such an agreement was not achieved. Now, 17 years later, the Soviets are seeking to apply reverse linkage to this fundamental premise of the ABM Treaty. They say there must be strict compliance with the ABM Treaty or there cannot be a START treaty. Meanwhile since 1972, Soviet strategic offensive nuclear weapons have quadrupled, and ours have doubled. So even the significant reductions anticipated in the START treaty will leave more strategic weapons than existed in 1972. It is long past time to conclude a START treaty, as promised in 1972, without further restrictions on strategic defenses.

A Predictable Future

At the same time, we do understand the Soviet interest in assuring predictability. As experimental work proceeds and as reductions in strategic offensive arms take place. We, too, wish to assure predictability—not only now and in the near future but also into the more distant future when advancing technologies may enable effective defenses to play an increased role in the strategic forces of both sides. Therein lies a ba-

sis for agreement on a defense and space treaty. And although key differences remain and the pace has been slower than we would wish, there has been some progress toward such an agreement.

Specific U.S. proposals have indicated how such predictability might be assured. In part, at [British] Prime Minister Thatcher's suggestion, we began in 1986 proposing "predictability measures." Then in early 1988, the United States formally proposed a predictability measures protocol to a defense and space treaty. While there is not yet agreement on the specific purpose for the protocol, both sides are constructively drafting a joint draft text. Notably both sides agree that, under this protocol, they would use the Nuclear Risk Reduction Centers to exchange data each year on their activities regarding the development, testing, deployment, modernization, and replacement of strategic ballistic missile defenses. The United States also wishes to exchange data on research activities conducted prior to the commencement of the formal development stage.

In working on this protocol, the sides have also agreed to have experts meet and, on the basis of the data exchanged each year, plan subsequent activities that could include visits to each other's test ranges to observe certain tests where the inviting party determines the agenda. Again the United States would go further and include in the exchange visits to laboratories not necessarily at test ranges, the observation of tests not necessarily at test ranges, and activities not necessarily observable by national technical means. The United States believes these measures are practical only if they are carried out on a voluntary, reciprocal, and comparable basis.

Predictability, Not Verification, Measures

While accepting the idea of such confidence-building measures, the Soviets also emphasize developing new verification measures, including on-site inspections unacceptable to the United States. Of course, the United States supports cooperative means of verification when they can be effective without compromising U.S. and allied security interests, when they are necessary and tailored to the circumstances, and when they are appropriate

to the systems being negotiated. But in this instance, verification of the ABM Treaty, as signed in 1972, is provided by national technical means. While the U.S.-proposed predictability measures would provide more transparency into activities of the sides and thereby enhance some verification goals, they are primarily confidence-building measures.

In any case, the significant progress on this protocol has not received much public attention. Rather the emphasis has been on Soviet threats that there can be no START treaty without an agreement not to withdraw from the ABM Treaty for a specified period of time.

U.S. Conditions for a Nonwithdrawal Period

The fact is that since 1986, the United States has made clear that it would agree to conclude a separate treaty of unlimited duration, including such a nonwithdrawal period—but not as payment for a START treaty that should be concluded on its own merits. Rather the United States is prepared to meet the Soviet demand for a nonwithdrawal period provided the Soviet Union meets three U.S. conditions. First, after the nonwithdrawal period, the United States will be free to deploy defenses without further reference to the ABM Treaty, after giving 6 months' notice. Second, withdrawal and termination rights under international law, other than those associated with deployment *per se*, will be retained. Third, there must be no disputes during the nonwithdrawal period about research, development, and testing—including in space. In this regard, I would reiterate that the United States is conducting, and will continue conducting, the SDI program in compliance with all international agreements, including the ABM Treaty.

Two of these three U.S. conditions were dealt with in the December 10, 1987, Washington summit joint statement, an important benchmark in our negotiations, which directed us in Geneva to work out an agreement with the same legal status as the ABM and START treaties.

First, it was agreed in Washington that: "Intensive discussions of strategic stability shall begin not later than 3 years before the end of the specified [nonwithdrawal] period, after which, in the event the sides have not agreed otherwise, each side will be free to decide

its course of action." Thus was acknowledged a new regime after the nonwithdrawal period in which either side could decide to deploy ballistic missile defenses without further reference to the ABM Treaty. The U.S. position is that, unless and until a party exercises this "right to deploy," the ABM Treaty restrictions will remain in force.

Second, it was also agreed that the sides would ". . . observe the ABM Treaty, as signed in 1972, while conducting their research, development, and testing as required, which are permitted by the ABM Treaty. . . ." General Secretary Gorbachev accepted this U.S. language which, over the preceding 18 months, the Soviets had rejected in Geneva because they said they understood the United States meant it to mean that space-based ABM systems based on other physical principles and their components could be tested in space. The Soviets here in Geneva have sought to discount these Washington summit understandings.

In the first case, they have sought to terminate the defense and space treaty at the end of the nonwithdrawal period, nullifying the agreed new regime after the nonwithdrawal period. The U.S.-proposed defense and space treaty is of unlimited duration and preserves the agreed "right to deploy" along with appropriate notification procedures.

In the second case, the Soviets have argued that they did not agree to the "broad interpretation" of the ABM Treaty, even though the Geneva negotiating record clearly shows they understood that the United States meant the "broad interpretation" by the language the General Secretary accepted at the Washington summit.

U.S. Initiatives on Activities During Nonwithdrawal Period

Consequently the United States has made clear that concluding a defense and space treaty is contingent upon clarifying this language from the Washington summit joint statement to assure an unambiguous mutual understanding of the permitted testing activities. To accomplish this, and to move the discussion beyond disputes about ABM Treaty interpretation, the United States has taken three initiatives.

First, we proposed the predictability measures I cited above.

Second, taking into account unsolvable verification problems and the importance of developing new, stabilizing space-based sensors, the United States proposed that the sides agree not to object, on the basis of the ABM Treaty, to the development, testing, or deployment of each other's space-based sensors.

Third, taking into account Soviet-stated concerns about deployment of ABM systems in space, or the preparation of a base for such deployment, we provided last October a space-testing assurance. In that assurance, the United States pledged that it will test only from a limited number of designated ABM test satellites components of space-based ABM systems based on other physical principles and capable of substituting for ABM interceptor missiles to counter ballistic missiles or their elements in flight trajectory. The number of U.S.-designated ABM test satellites in orbit simultaneously will not exceed a number well short of that associated with any realistic deployed capability. In conjunction with this assurance, we proposed notification procedures relating to testing activities of ABM test satellites.

While the Soviets do not yet accept them, we are satisfied that these U.S. initiatives build on solid technical and political foundations and deal fairly with the concerns of both sides. They will provide predictability to both sides concerning all strategic ballistic missile defense activities. They assure that there will be no deployment of advanced defenses beyond the terms of the ABM Treaty for a specified period of time, and even then assure that there will have been extensive prior discussions of strategic stability in the U.S.-Soviet strategic relationship.

But these U.S. initiatives are also designed to achieve a safer, more secure, and more stable future regime in which the security of both sides, and the whole world, is based upon an ever increasing role for effective non-nuclear defenses against the most threatening weapon of modern technology—the offensive ballistic missile—whether armed with nuclear, conventional, or chemical warheads. This future seems entirely consistent with recent Soviet statements that the U.S.S.R. is altering its overall military strategy to be defensive in nature. And this future is entirely consistent

with the well-known Soviet interest in defenses, generally speaking. Thus we will be patient and wait for a positive Soviet response.

Status of the Negotiations

In this regard, I want to observe that we are concluding a useful round in our negotiations. The U.S. side has emphasized the continuity of the U.S. position on defense and space and provided some new material related to the protocol. Although the Soviets have provided no new material and have refused to incorporate both sides' positions in a joint draft text of the defense and space treaty, they have worked constructively on the protocol joint draft text.

There also seemed to be a modest shift in this round toward more discussions of the offense-defense relationship, based upon a mutual recognition that there is no absolute weapon—offensive or defensive. Where such a discussion will lead, in view of the advancing technical possibilities, is unclear, but it would seem most unlikely to conclude that effective defense,

should they prove feasible, should not be deployed. The United States believes it makes sense to develop effective defenses if advancing technology makes this feasible and to deploy them when they are ready—preferably at a measured pace and in a cooperative way.

Before I close, let me take note of the work of the Outer Space Committee here at the Conference on Disarmament. As you can tell from my description of the defense and space talks, work in this area is exceptionally complicated. Building understanding in this area is not an easy process, and I congratulate the Outer Space Committee for its work in developing greater understanding on this subject. While a fundamental framework must be first established on a bilateral level, the United States remains interested in and willing to continue examining issues associated with space arms control at the Conference on Disarmament. But the United States has not yet identified any practical outer space arms control measures that can be dealt with in a multilateral environment. ■

Foreign Policy Implications of Biological Weapons

by H. Allen Holmes

Statement before the Senate Judiciary Committee on July 26, 1989. Ambassador Holmes is Assistant Secretary for Politico-Military Affairs.¹

I am pleased to appear before you today to discuss the foreign policy implications of biological weapons proliferation. I welcome the interest demonstrated by the committee in this problem at this time. A disturbing and dangerous trend has emerged in the recent past in the increasing efforts by states to acquire biological weapons. The technology to produce them is improving apace, and the agents themselves are becoming ever more threatening.

I should like to state from the outset that the United States is adamantly opposed to the development, production, stockpiling, or use of biological weapons. We have renounced any biological weapon capability of our own, have destroyed our stockpile, and are

committed to doing all we can to eliminate these weapons from the world's arsenals.

In this respect, we find useful the efforts of the Congress to formulate domestic criminal legislation against those who would develop or produce biological weapons or assist foreign nations to acquire them. We are presently studying the language of the draft legislation, S. 993, to determine where we can contribute to the drafting process. I would defer to my distinguished colleague from the Department of Justice for specific comments on the substance of the draft legislation.

We feel that passage of such legislation at this time would give a clear signal to the world that the United States is serious about controlling the proliferation of biological weapons. It would signal to terrorists that we are deadly serious about keeping such weapons out of their hands. The legislation is timely and important, and we are grateful to the Congress for bringing it forward.

Now I would like to give you some background on the development of U.S. policy on biological weapons and on the present state of play in this area. I will then describe how we are working to achieve our goal of eliminating these weapons.

Background

There are two international agreements relating to biological and toxin weapons, both of which have proven inadequate to prevent their proliferation. The 1925 Geneva protocol prohibits the first use in war of chemical *and biological* weapons but not their development, production, possession, or transfer. The 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons, commonly known as the Biological and Toxin Weapons Convention prohibits the development, production, stockpiling, acquisition, retention, and transfer of biological and toxin weapons.

The United States itself unconditionally renounced all aspects of biological warfare in 1969, and President Nixon ordered the Department of Defense to destroy existing stocks of biological agents and weapons. In 1970 the U.S. unilateral ban was extended also to cover toxins, that is, poisonous chemicals which occur in nature as a product of living organisms. All research in the area of biological warfare has since been confined to the development of strictly defined defensive measures, for example, development of vaccines.

Biological and Toxin Weapons Convention

The United States followed up these unilateral actions by leading the fight for an international ban, the 1972 Biological and Toxin Weapons Convention. Article I of the convention, confirmed by the treaty's negotiating record, prohibits the development, production, stockpiling, and retention of all biological agents "that have no justification for prophylactic, protective or other peaceful purposes." Thus research for protective and prophylactic defenses against biological weapons continued to be permissible.

The Biological and Toxin Weapons Convention was approved by the U.S. Senate on December 16, 1974, and entered into force on March 26, 1975. All U.S. military stocks of biological and

toxin agents, weapons, equipment, or means of delivery prohibited by the convention had already been destroyed unilaterally, pursuant to President Nixon's instructions. Facilities in the United States which had been built and used for biological or toxin weapons purposes were converted to other uses. For example, some of the military facilities at Ft. Detrick, Maryland, and Pine Bluff Arsenal, Arkansas, previously used for biological weapons activities, are now the property of the U.S. Department of Health and Human Services and are used by the National Cancer Institute and the National Center for Toxicological Research.

After the Biological and Toxin Weapons Convention was completed, many thought that the security problem posed by biological and toxin weapons had been solved. However, this clearly is not the case. Despite the limitations of the convention, which has no verification provisions, we have identified a number of compliance problems. In previous years and again in 1988, President Reagan reported to the Congress that the Soviet Union had continued to maintain an offensive biological warfare program and accompanying capability and that the Soviet Union had been involved in the production, transfer, and use of mycotoxins for hostile purposes in Laos, Cambodia, and Afghanistan, in violation of the 1972 Biological and Toxin Weapons Convention. Furthermore we have yet to receive a satisfactory official explanation of the unprecedented outbreak of anthrax at Sverdlovsk in the Soviet Union in 1979.

Two review conferences for the convention have been held, in 1980 and 1986, with the next scheduled for 1991. At the two review conferences, the United States confirmed that it is in full compliance with the convention. At the second review conference, the United States expressed its concern that the Soviet Union, Laos, and Vietnam had violated the convention. Several other states party to the convention also expressed concern about compliance. These concerns are reflected in the final declaration of the 1986 review conference, which notes statements that compliance with Articles I, II, and III of the Biological and Toxin Weapons Convention was "subject to grave doubt" and that efforts to resolve the concerns expressed had not been successful. Since then our concerns have intensified as evidence mounts of biological weapons proliferation, especially in areas of particular concern to us.

U.S. Implementation of the Convention

Article IV of the Biological and Toxin Weapons Convention provides that each state "shall, in accordance with its constitutional processes, take any necessary measures to prohibit and prevent development, production, stockpiling, acquisition or retention of the agents, toxins, weapons, equipment and means of delivery specified in Article I of the Convention, within the territory of such State, under its jurisdiction or under its control anywhere." As you know, several statutes exist that already regulate these noxious weapons, such as the Toxic Substances Control Act and the Arms Export Control Act. These laws prohibit both the manufacturing and transfer of biological toxins.

We recognize, however, that additional domestic criminal legislation addressing biological materials may be useful in further implementing the convention. We believe that the draft bills now under consideration by the Congress are a useful starting point for such legislation, and we and other agencies are prepared to work with the committee as the legislation develops.

Technological Advances

In addition the rapid advance of technology in the biological field has led to another set of problems for the convention. In many ways, recent progress in biological technology increases the ease of concealment of illicit manufacturing plants, particularly for biologically derived chemicals such as toxins. Verification of the Biological and Toxin Weapons Convention, always a difficult task, has been significantly complicated by the new technology. The ease and rapidity of genetic manipulation, the ready availability of a variety of production equipment, and the proliferation of safety and environmental equipment and health procedures to numerous laboratories and production facilities throughout the world are signs of the growing role of biotechnology in the world's economy. They also make it easier for nations and others to produce the lethal agents banned by the convention.

As advances are made in the field of biotechnology, the potential for using this technology for biological and toxin weapons increases commensurately. Not only has the time from basic research to mass production of lethal weapons decreased, but the ability to

create agents and toxins with more optimal weapons potential has increased. Simply put the potential for undetected breakout from treaty constraints has increased significantly.

Biological Weapons Proliferation

When the convention was negotiated, only the United States acknowledged having biological weapons. In contrast to the openness we have practiced regarding our military programs, the Soviets, to date, have never officially acknowledged having a biological weapons program and, in fact, only admitted in 1987 having a chemical weapons program.

Today a number of countries are estimated to be working to achieve a biological weapons capability. Our information on which states are involved in biological weapons programs is based on extremely sensitive intelligence sources and methods and I would defer to the intelligence community to provide you a fuller description of these programs in closed session.

We are especially concerned about the spread of biological weapons in unstable areas and about the prospects of biological and toxin weapons falling into the hands of terrorists, or into the arsenals of those states which actively support terrorist organizations. To date we have no evidence that any known terrorist organization has the capability to employ such weapons, nor that states supporting terrorism have supplied such weapons. However, we cannot dismiss these possibilities. If the proliferation of biological weapons continues, it may be only a matter of time before terrorists do acquire and use these weapons.

U.S. Biological Defense Research Program

The unilateral U.S. renunciation of biological weapons in 1969 was accompanied by the recognition that maintaining a strong program to provide for defense against biological weapons is essential for national security. That requirement is reflected in Article I of the convention which permits production of biological agents and toxins in quantities required to develop protective measures. In today's circumstances, with the concerns about compliance, proliferation, and rapid advances in biotechnology, the requirement for defensive measures is even greater than in 1969.

The Biological and Toxin Weapons Convention clearly permits research and development for protection against biological and toxin weapons. The U.S. biological defense research program is in full compliance with the provisions of the convention. It is also open to public scrutiny. No other country even comes close in its openness.

Eliminating Biological Weapons

Vigorous action is needed to deal with the problems that I have just outlined. These problems are tough ones that will not be resolved easily or quickly. But we are determined to deal with them.

What do we need to do? We need to persuade states that are not parties to the convention, particularly states in the Middle East, to renounce biological and toxin weapons. We have expressed our desire to have consultations with the Soviets under Article V of the convention, and this continues to be our position. We also need to explore possible means for strengthening the international norms against biological weapons.

In addition to ensuring that states fulfill their commitments not to possess biological or toxin weapons, we must persuade additional states to make that important commitment. Currently more than 110 states have renounced biological and toxin weapons by becoming parties to the Biological and Toxin Weapons Convention. Unfortunately, while most states in the Middle East have signed or acceded to the convention, only about half have ratified it and deposited their instruments of ratification, the legal steps necessary to become full parties to the convention. A number of these states have said that they will not take these actions until their neighbors do so. We have recently renewed our efforts to bring all states in the Middle East into the convention. We will persist in this attempt to break the vicious circle.

We are also carefully considering whether export controls could help reinforce our efforts to prevent the acquisition of biological and toxin weapons by other countries. However, the technical problems are daunting, overshadowing even those associated with chemical weapons control. We are examining whether an export control regime analogous to that of the 20 countries belonging to the Australian group for controlling the export of chemical weapons precursors would be

useful, but our preliminary impression is that the problem of identifying biological weapons precursors and production equipment is so difficult that such a regime is not practical. We will be discussing this with key allies who are equally concerned about the proliferation of biological weapons.

We are also considering new and innovative approaches to making the international arms control regime for biological weapons more effective. We need to strengthen international reaction to deal effectively with proven violations of the ban on use embodied in the 1925 Geneva protocol, to include international sanctions. We need additional confidence-building measures to create greater openness about biological activities, such as that practiced by the United States with respect to our defensive research program.

The United States has joined with others at the second review conference in calling for an annual exchange of information on each party's research activities using the U.S. policies on program openness as the standard. In this different countries work for extended periods in each other's laboratories. By creating greater openness in these areas, we hope that the norm against biological weapons created by the Biological and Toxin Weapons Convention can be strengthened.

Conclusion

We must continue to strive to prevent biological weapons proliferation by reinforcing the moral, legal, and political constraints against biological weapons and, where feasible, seek to prevent states from obtaining sensitive materials and technology for biological weapons purposes. This will be a particularly difficult task and, quite frankly, we do not have the answers yet on how to achieve this. We know we cannot do it alone. Our efforts to constrain biological weapons proliferation will require a sustained multilateral approach, involving both U.S. leadership and cooperation with friends and allies. The draft legislation presently under consideration could demonstrate once again our concern and leadership in this area.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

International Conference on Cambodia Held in Paris

Following are a statement prepared for delivery by Secretary Baker before the opening of the International Conference on Cambodia in Paris on July 30, 1989, and the text of the statement issued at the conclusion of the conference on August 30.

SECRETARY'S STATEMENT, JULY 30, 1989¹

On behalf of President Bush and the American people, I want to express our deep appreciation to President Mitterrand. He took the initiative to organize this conference. And he understands the great issues at stake in our deliberations.

President Soeharto of Indonesia, Foreign Minister Alatas, his predecessor Dr. Mochtar, and their ASEAN [Association of South East Asian Nations] colleagues also merit our gratitude. They have held aloft the vision of a peaceful and prosperous Southeast Asia despite all obstacles. They have truly worked long and hard to bring us to this moment. Any actions we take here should be complementary to ASEAN's longstanding efforts.

I also wish to salute UN Secretary General Perez de Cuellar, a true man of peace, for his continuing efforts to reconcile regional conflicts.

We are meeting here, today, because a decade and a half of violence and Vietnamese aggression have taken a terrible toll on the people of Cambodia. The twin tragedies of Khmer Rouge annihilation and Vietnamese occupation have left more than 1 million Cambodians dead. To the lives lost must be added the wounds inflicted on the society and the culture of the Khmer people and the instability that has continued to plague the region. The weight of the terror visited on the Cambodian people is too great for us to measure and too heavy for any people to bear.

The occupation should end. The violence should end. The suffering should end. We know the path to Cambodian internal reconciliation is likely to be long and arduous. But, today, we take the first steps. While moving forward, we must be mindful of the potential pitfalls that lie ahead.



The United States joined 18 other nations and the four groups representing Cambodian factions at an international conference in Paris July 30-August 30, 1989.

Now Cambodia and, indeed, the entire international community face a tragic dilemma. Perhaps the folklore of Cambodia tells the dilemma best when it speaks of the day when the Khmer people will be forced to choose between being eaten by a tiger or devoured by a crocodile. This conference has been convened in the belief that Cambodia can avoid the tragedy of such a choice. There is an alternative to the teeth of the Khmer Rouge or the jaws of foreign military domination. And that alternative can be found in a comprehensive settlement that gives the people of Cambodia both security and the chance to choose their own government, a settlement bound together by external and internal agreements.

Working toward that settlement is the purpose of this conference. We must find the political path that can lead Cambodia away from its war-torn past toward a constructive future. We can clear the way through international action and national reconciliation, both linked carefully together. And while this path will be difficult, I believe that a comprehensive settlement offers the best route to a better future.

The International Environment

Let me speak first to the international environment. Over the past several years, we have seen a dramatic easing of global tensions. There is a growing disposition to resolve regional conflicts through negotiation. And there is a growing appreciation that a lasting resolution of conflict depends on the expression of the people's will.

Our meeting, today, draws inspiration from this new direction in world affairs. But the signs of international conciliation need another signal, this time provided not by the international community but by the Cambodian people or, to be more precise, their leaders. It is clear to the United States, and it should be clear to all of us here, that any actions we might take to help Cambodia must be based on the will of the Cambodian parties themselves to move forward. A lasting peace will require self-determination by the people of Cambodia. International conciliation cannot become a substitute for national reconciliation.

That is why we believe a settlement that has any prospect of success must be comprehensive in its nature. Anything less would be a prescription for continued war. Today's war against foreign occupation would become tomorrow's civil war splintering further an already fragile land.

A comprehensive solution has been the steadfast position of the United States, ASEAN, and our allies and friends throughout the decade-long search for peace in Cambodia. Our collective resolve in support of this position has helped pave the way for this meeting, especially our unrelenting opposition to Vietnamese aggression and occupation.

Healing the wounds and divisions of Cambodia is a task that demands the highest quality of leadership. Cambodia has such a leader. Prince Sihanouk personifies the Khmer nation and its quest for unity and national reconciliation. That is why the process of national reconciliation through the formation of an

interim coalition government must be under Prince Sihanouk's leadership. It must reflect real power sharing, and it must provide executive authority to the Prince and the noncommunist resistance.

The United States strongly believes that the Khmer Rouge should play no role in Cambodia's future. We are prepared, however, to support Prince Sihanouk should he deem it necessary to accept the inclusion of all Khmer factions in an interim coalition or an interim authority. The strength of our support for any Cambodian Government, however, will directly and inversely depend on the extent of Khmer Rouge participation, if any, in that government. There must be safeguards that Pol Pot and other Khmer Rouge leaders responsible for mass murders will never dominate Cambodia again.

We also cannot accept a continuation of the present regime in Phnom Penh, which was established through Vietnamese aggression. We recognize, however, that elements of that regime are likely to be included in any transitional coalition.

I urge that all members of the conference work to foster the necessary acts of reconciliation under Prince Sihanouk's leadership.

UN Role as an International Control Mechanism

An effective international control mechanism under the auspices of the United Nations can play a crucial role in the peace process. It can facilitate a peaceful transfer from Vietnamese occupation to free elections, linking both external and internal aspects of a comprehensive settlement. Such a mechanism would serve three essential purposes.

First, it would assure international verification of a total withdrawal of all Vietnamese troops and advisers.

Second, the mechanism would improve the prospects of stability during the transition period, through peace-keeping activities such as monitoring a cease-fire and checking the disposition of the forces of the various Cambodian factions. It would also oversee the cessation of foreign military assistance to the four factions.

Third, the international control mechanism would have a vital role to play in the process of political transition. It would monitor a national census and supervise the repatriation of refu-

gees. Most importantly, it would supervise, monitor, and verify free and fair elections. The United States stands ready to recognize the victor in such elections, regardless of the outcome. Ultimately, those elections are the key to an independent, neutral, and peaceful Cambodia.

We believe that only the United Nations has the experience, resources, and credibility to shoulder the massive responsibility of such a complex set of undertakings.

I must also emphasize once more that there is an integral link between the internal and external aspects of the settlement process. Without internal reconciliation, we would lack the basis upon which to establish the international control mechanism that I have described. Indeed, that mechanism could not function without a recognized interim government.

Vietnamese Withdrawal

To facilitate this critical process of national reconciliation, it is essential that Vietnam play a responsible role today and in the future. It must live up to its pledge to withdraw not later than September 30 and must not return again. But after more than a decade of occupation, Hanoi's political and moral obligations will not be met simply by withdrawing its forces from Cambodia and leaving behind either chaos or a regime imposed by force.

I think there is little disagreement among us that our collective responsibilities to regional security—and to the Cambodian people—do not end with a Vietnamese withdrawal. That withdrawal came about because we were faithful to our principles: we opposed the Vietnamese aggression, and we refused to accept it as permanent. Now that the Vietnamese occupation is ending at last, we must work together to help establish an independent, neutral, and stable Cambodia.

What we do here in this conference—or what we fail to do—will go far to determine whether such a just and durable peace emerges in Cambodia or whether Cambodia's future will resemble the tragedy of its recent past.

The purpose of this conference is not to prolong that tragedy but rather to find the path to a very different future. We will find that path, I believe, through a comprehensive settlement. And while the recent past holds little hope, we have arrived at a point where

the imperatives of international conciliation intersect with the necessity for national reconciliation.

U.S. Position

Let me sum up our position. The United States is committed to a fair and just political process. We support a comprehensive settlement including not only a total and verified Vietnamese withdrawal but also an internal accord and an international control mechanism. We will respect the results of properly prepared and monitored free and fair elections.

All of the nations' participation in this conference can hasten the day when the killing fields of Cambodia can become the fertile fields of a peaceful and prosperous people. The monuments at Angkor Wat are a tribute to the Khmer spirit of long ago. Now is the time to raise a new monument to that spirit. We must lay the foundations for a new and lasting tranquility in Cambodia and throughout Southeast Asia.

CONFERENCE STATEMENT, AUG. 30, 1989

At the invitation of the Government of France and under the cochairmanship of His Excellency Ali Alatas, Foreign Minister of Indonesia, the International Conference on Cambodia met in Paris from July 30 to August 30, 1989. Participating in the conference were the representatives of Australia, Brunei Darussalam, Cambodia, Canada, China, France, India, Indonesia, Japan, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Vietnam, and Zimbabwe in its capacity as current chairman of the Nonaligned Movement. Cambodia was represented by the four Cambodian parties [National United Front for an Independent, Peaceful, Neutral, and Cooperative Cambodia (FUNCINPEC), led by Prince Sihanouk; the Khmer People's National Liberation Front (KPNLF); Democratic Kampuchea (Khmer Rouge); and the State of Cambodia]. The Secretary General of the United Nations and his representatives also participated in the conference.

The conference, mindful of the previous efforts made at the Jakarta informal meetings and elsewhere,

achieved progress in elaborating a wide variety of elements necessary for the reaching of a comprehensive settlement to the tragic conflict in Cambodia. The conference noted, however, that it is not yet possible to achieve a comprehensive settlement. It was, therefore, decided to suspend the conference.

The conference urges all parties concerned to intensify their efforts to achieve a comprehensive settlement. To facilitate these efforts, the copresidents of the conference shall lend their good offices as required to participating parties and countries who can facilitate a comprehensive settlement, including the reconvening of the committees as appropriate.

The copresidents will begin consultations within 6 months with the participants in the conference with a view to reconvening the conference.

The French Government expressed its readiness to make the appropriate arrangements to reconvene the conference in due time in Paris.

The Indonesian copresident and all the participants expressed their sincere appreciation and deep gratitude to the Government and people of France for hosting this important conference and the excellent arrangements made, as well as for their generous hospitality extended to all delegations.

¹ Press release 146 of Aug. 3, 1989. ■

U.S. Response to Changes in China

by Richard L. Williams

Statements before the Subcommittees on Human Rights and International Organizations, on Asian and Pacific Affairs, and on International Economic Policy and Trade of the House Foreign Affairs Committee on July 13, 1989, and the Subcommittee on Immigration, Refugees, and International Law of the House Judiciary Committee on July 20. Mr. Williams is Acting Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

JULY 13, 1989

I appreciate the opportunity to appear before you this afternoon to continue the important dialogue with the Congress on how we as a nation can best respond to changes that have occurred in China since early June.

We meet today in the shadow of the brutal events in and around Tiananmen Square on the night of June 3-4, and the events and arrests that have occurred since then. No one who has followed those events has not been moved by them and had their judgments of China affected by them. I would like to address the policy implications for the United States of these developments and the steps which we have taken in response to them. Before doing so, let me provide a brief description of the fundamental elements of our relationship as it has evolved over the last two decades.

Elements of U.S.-Chinese Relations

Improvement in relations with the People's Republic of China (P.R.C.) has been a central objective of five successive Administrations. Since 1971 the relationship between the United States and China has progressed and prospered beyond anyone's expectations. There have been a number of elements that have been central to the development of our relations.

Strategic. We have both recognized that we are not each others' adversary, that we share important common security interests globally, and in Asia, and that our cooperation is crucial to peace and stability in East Asia. We have worked together to bring an end to the Soviet occupation of Afghanistan, Vietnamese occupation of Cambodia, and to further stability in the Korean Peninsula. China's opposition to stationing Soviet missiles in Asia buttressed the Reagan Administration's position and helped achieve agreement on an INF [Intermediate-Range Nuclear Forces] Treaty which removed intermediate-range missiles from both Asia and Europe. The P.R.C.'s commitment to a fundamental policy of peaceful reunification with Taiwan, along with highly positive developments in Taiwan and growing unofficial interactions between the two, has led to a significant decrease of tension in the Taiwan Strait. Even on issues where our approaches have differed at times, the strong framework of relations we have

built up—and the dialogue we have achieved—have served to bring P.R.C. positions much closer to our own and to make China a more constructive member of the world community in our view.

Economic/Commercial. The Chinese Government's decision in the late 1970s to open the economy to the West and implement meaningful market-oriented reforms has greatly expanded the opportunities for trade and investment with the United States. Bilateral trade increased from about \$1 billion in 1978 to over \$14 billion last year. China is now our 13th largest trading partner worldwide and our fifth largest in Asia. In 1988 major U.S. exports were grain (\$699 million), industrial raw materials (\$596 million), fertilizers (\$379 million), and industrial and office equipment (\$905 million). After Hong Kong/Macau, the United States is the largest investor in China, with about \$3 billion in assets.

People-to-People. Since China opened its doors to reform and the outside world in 1978, over 40,000 Chinese students have come to the United States to study. Hundreds of scientific and technological delegations go back and forth under the auspices of our science and technology accord, the largest accord we have with any country in the world. American professors, journalists, and artists have lectured and performed in China under our cultural accord. Hundreds of thousands of American tourists visit China each year.

This web of relations, which I have sketched only briefly, has served important U.S. national interests. Moreover, it has helped to transform the political, social, and economic landscape of China. It is an essential element of the achievements of the 10 years of reform which provide the backdrop against which we should view the recent tragic events in China. Without this web of relations, in my view China would not have changed as dramatically as it has, nor would it have played as constructive a role in East Asian and global politics as it has.

When Chinese troops moved into Tiananmen Square 6 weeks ago and brutally suppressed the demonstration for greater political freedoms and human rights, the Administration reacted immediately with a firm, measured, and carefully thought out program. This policy was designed to achieve several purposes:

- To place us on record, clearly and without equivocation, in support of those who have advocated a more open society in China;
- To allow us to respond speedily to events in the P.R.C.; and
- To enhance and further the long-term strategic and foreign policy interests of the United States.

Policy Adjustments

The Administration's policy since June 5 has been to combine our strategic, economic, and human rights concerns into a coherent package. It is a policy which supports a more open Chinese society, recognizes the long-term value of the U.S.-China relationship, and strives to keep our vital interests intact during this difficult period. The elements of the President's package are these.

- We have suspended all government-to-government sales and commercial exports of weapons. The suspension includes export, manufacturing, and technical assistance licenses.
- We have suspended high-level U.S. and Chinese exchanges. Earlier we had suspended military exchanges. Several important previously scheduled exchanges were affected, including a meeting of the Joint Commission on Commerce and Trade in which Secretary [of Commerce Robert A.] Mosbacher was to have participated.
- We are sympathetically reviewing requests of Chinese nationals in the United States to extend their stay here. All P.R.C. nationals who were in the United States as of June 6, 1989, and who are unwilling to return to China will be allowed to stay here until June 5, 1990.
- We and our friends and allies have agreed to defer consideration of new loans to China by the multilateral development banks.

In its totality, the Administration's policy adjusts our working relationship with China—taking into account the events of June 3-4 and since—and ensures that our basic interests are well served. It is a policy that in our view promises to advance our objectives.

First, as the President said on June 5, it provides us with a program for stimulating rather than stifling progress toward open and representative systems in changing communist societies. It has sent a message, as Secretary Baker told the Senate Foreign Relations Committee on June 20,

that concrete steps toward political and economic reform are necessary if China is serious about cooperating with the international community and achieving modernization.

Second, the policy has allowed us to avoid measures which might adversely affect the economic well-being over the long term of both the Chinese and American people. Mandatory economic sanctions, unlike the measures targeting military and high-level exchanges as proposed by the President, would damage our long-term economic position in China. As importantly, however, we should not lose sight of the fact that our commercial relationship provides us with a way of encouraging constructive change in China and influencing those elements of society most open to reform.

Third, the policy has been supported by and coordinated with America's friends and allies. This cooperation, for example, was critical for getting agreement within the World Bank and Asian Development Bank to postpone consideration of new loans to China. Attempts to force acceptance of broad economic sanctions on China—to which our allies are not sympathetic—could break the effective consensus that we have achieved thus far.

Fourth, the policy has been overwhelmingly supported by the American people. Public opinion polls, editorials, and op-ed pieces in every section of the country show that the American people favor the measured approach taken by the President. They favor the way he has been attentive to the subtle interplay of human rights, economic development, and geopolitical and strategic interests in formulating our present policy.

The situation in China remains unsettled and, in some respects, unpredictable. No one can say with any degree of certainty where China will be a few months or a year from now. We and the allies are taking a careful approach, avoiding precipitous reactions which might have unintended consequences and foreclose our options. We continue to monitor events very closely. It is important that our policy reflect the needs of the situation as it evolves.

Maintaining a Flexible Policy

The Administration and the Congress share similar concerns about China and U.S.-China relations. In almost all respects, we have the same objectives. But we do have a difference of opinion

as to whether further legislation is necessary at the present time. The Administration believes that it is not. Legislation such as that adopted by the House, which limits severely the President's ability to respond quickly in a rapidly changing situation, would only take us down the road toward economic sanctions, and the latter have generally proven ineffective, easy to circumvent, and costly to the economic interests of those countries which have imposed them.

This is a difficult time for all of us who have followed China over the years. We have been greatly disappointed by recent events, which show that the road to reform in China will be a harder one than many Americans had hoped. Nonetheless, as the President noted in his recent trip to Poland, the movement toward political democracy and economic liberalization will be difficult to stop in the long run. Change has its own irresistible momentum. The changes can be sometimes inspiring, as the President found in Warsaw, and setbacks can be agonizing as they have been in China during the past month. But ultimately the governments—whether they be in Poland, China, or elsewhere in the world—need the support of those they serve in order to create lasting economic prosperity and maintain social order. China, too, will learn this lesson.

"China's rendezvous with freedom," as Secretary Baker said in his presentation at the Asia Society on June 26, "like its rendezvous with the advancing nations of the Pacific, cannot be long delayed. We will be there to help when day follows night." To do less would be a disservice to those who gave their lives in and around Tiananmen Square on June 3 and June 4 and a disservice to those working for change today. The President needs as much flexibility as possible to respond to changed circumstances. We have that flexibility now. We—in the Administration and the Congress—should work together to maintain it.

JULY 20, 1989

I appreciate the opportunity to appear before you today to consider the options for P.R.C. nationals now in the United States, especially those who are F [students of academic or language training] and J [exchange visitor] visa holders.

Chinese Students in the United States

Since China opened its doors to reform and the outside world in 1978, over 40,000 Chinese students have come to the United States to study. After decades of isolation, the decision of the P.R.C. in 1978-79 to allow students to go abroad, particularly to the United States, to study in large numbers represented a landmark in the history of relations between our two countries. Chinese students have made important contributions to U.S. academic and research institutions, and those students who have returned to China have made important contributions to their homeland. They have been, and will continue to be, an important engine generating change, development, and modernization in China.

My colleagues from INS [Immigration and Naturalization Service] and USIA [United States Information Agency] are better able than I to discuss the situation facing these Chinese students in the United States today, in the wake of the tragic events in China last month. I would like to use this occasion to describe the situation in China, particularly as it pertains to the conditions to which Chinese students currently in the United States would be returning to in the P.R.C. I will comment briefly on three aspects of the situation: the treatment of students now in China, the treatment of other participants in the demonstrations, and the P.R.C. Government's official position regarding treatment of students returning to China from abroad.

The students now in China who were active in the demonstrations have been warned by the P.R.C. Government to report to the Public Security Bureau on their own initiative. There is an implicit threat that if they do not report to the Public Security Bureau on their own, they will be pursued and punished. Those who have done so voluntarily have been asked to describe in detail their activities during the demonstrations. In the cases with which we are familiar, those who have reported themselves to the Public Security Bureau have not been detained. It is too early to predict what use the P.R.C. Government will make of information provided by these students and others, and to what degree it could affect their future. Understandably, in a country where one's personal file—including comments on one's political views—follows one throughout one's life, these activities give grounds for considerable unease.

The P.R.C. Government has published a list of 21 student and dissident leaders it is attempting to arrest for the part they played in the demonstrations. Of these, at least six, probably more, have been arrested. Several others have departed China and are now in other countries. Of those arrested, as far as we know, none have yet been officially charged or tried.

Reports in the P.R.C. and Western press of those arrested in China following the demonstrations range from 2,500 to 10,000. At the outset, the P.R.C. publicized many of the arrests, apparently with the intent of sending an object lesson to would-be dissenters. Since the initial wave of arrests there has been little official publicity of arrests. However, we have reason to believe that arrests continue. Precise numbers are unknown.

The Chinese have announced 12 executions of people connected with the demonstrations—three in Shanghai for burning a train, seven in Beijing for burning trucks and assaulting soldiers, and two in Chengdu for burning vehicles. The execution of 17 others in Jinan on June 22 was for crimes which the P.R.C. Government asserts were not related to the demonstrations. None of those executed to date have been students, to the best of our knowledge.

Chinese leaders have said that students who return from abroad will not be subject to persecution or arrest. They have said that the party and government will not blame students studying abroad who took part in demonstrations or who said, as they put it, some radical words as they were far away from the motherland, influenced by Western mass media, and did not know the truth. The Chinese leadership has said that it hopes the students will study hard, and they will be welcomed back to work in China upon graduation.

The Administration hopes that the Chinese Government's actions toward returning students prove to be consistent with its stated intentions. However, in our view the actions of the P.R.C. Government since June 3 provide ample reason for the fears and anxieties of Chinese students in the United States about conditions in their home country. It will take positive P.R.C. actions over a period of some time to allay the concerns justifiably voiced by Chinese students in the United States.

A Measured U.S. Response

When Chinese troops moved into Tiananmen Square 7 weeks ago and brutally suppressed the protesters seeking greater political freedoms, the Administration reacted immediately with a firm, measured, and carefully thought out program. Members of this committee are familiar with the elements of the Administration's response, which has included suspension of all weapons sales to the P.R.C., suspension of high-level military and other exchanges, and in concert with our friends' and allies' deferral of loans by multilateral banks to the P.R.C. In addition to these measures, an essential element of the Administration's response, articulated in the President's statement on June 5, was the decision to review sympathetically the requests of Chinese nationals in the United States to extend their stay here. The Attorney General [Richard Thornburgh] issued a directive June 6 implementing the President's decision, which my colleague from INS is best able to discuss with members of the committee.

In response to the Attorney General's directive of June 6, the Immigration and Naturalization Service initiated programs to assist the Chinese F and J visa holders now in the United States. The INS has developed several options currently available to these individuals. The situation facing Chinese students upon their return to China, as I have said, is uncertain, and, consistent with the Administration's policy, several options have been made available to them permitting them to stay in the United States and work until at least June 5, 1990. As we continue to monitor events very closely, we may find that the current options available to F and J visa holders require modification. It is important that our policy reflect the needs of the situation as it evolves.

The situation in China remains unsettled and, in some respects, unpredictable. No one can say with any degree of certainty where China will be a few months or a year from now. We and the allies are taking a careful approach, avoiding precipitous reactions which might have unintended consequences and foreclose our options.

Though what I have said suggests that caution and a wait-and-see approach are necessary, we at the State Department strongly believe that Chinese students in the United States should not be forced into a premature

return to their homeland. We know that many Chinese students in the United States want nothing more than to return home, to use their knowledge and skills acquired here, and find a respected place in their country's development. That is our goal as well. We understand the Congress' interest in assuring the welfare of these students in the United States until the justifi-

ble grounds for their anxiety and fear are removed, and we look forward to discussing solutions to the problems they face.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Relations With Korea

In just under four decades, the Republic of Korea has emerged from the devastation of a civil war into a modern democratic nation and an inspiration for developing nations throughout the world. The modern U.S.-Korean relationship dates from the end of World War II, when American troops helped to liberate southern Korea from Japanese colonial rule. In the early 1950s, U.S. forces, acting under UN auspices, helped South Korea repel an invasion from North Korea. Our mutual security interests, embodied in the 1954 Mutual Defense Treaty, are based on our joint commitment to the stability of the Korean Peninsula and Northeast Asia. As a tangible expression of this commitment, 40,000 U.S. troops currently are stationed in South Korea.

U.S.-South Korean defense arrangements are the key element in this nation's strategic posture in Northeast Asia. In recent years, however, growing anti-Americanism has strained our traditional friendship. The continued presence of U.S. troops on Korean soil has become a point of contention, and changes in our economic relations are redefining the nature of our overall relationship.

U.S. policy toward the Republic of Korea rests on three interdependent components: security, democracy, and economic partnership. A stable Korean economy promotes greater security, which, in turn, enhances economic growth. Steps toward democracy promote both security and economic progress.

Strategic, Military, and Security Concerns

The United States has compelling political and strategic interests on the Korean Peninsula, where the interests of four major powers—the United States, the Soviet Union, Japan, and China—converge. South Korea's securi-

ty is critical to regional and global peace and stability.

The Republic of Korea remains wary of its well-armed neighbor, North Korea, which seeks the reunification of the Korean Peninsula on its own terms. The military balance continues to favor the North, which maintains numerical advantages in nearly every measure of combat power. Extensively reorganized since the early 1980s, North Korea's Armed Forces total more than 1 million (as compared to South Korea's 630,000) with a ground force strength of about 930,000. Efforts to modernize South Korea's Armed Forces to narrow this military lead are essential to the maintenance of an effective deterrent and the preservation of peace and stability.

In light of the continuing threat from the North, with which a state of war still technically exists, safeguarding the security of South Korea remains a paramount U.S. objective. The United States is the primary guarantor of the 1953 armistice between the two nations. At the request of the Government of South Korea, under the terms of the Mutual Defense Treaty, the United States continues to contribute to the defense of the Republic of Korea. A binational military command structure, under the joint political direction of both governments, deters North Korean aggression and would be called on to repel any future North Korean incursion. This binational defense arrangement has provided a military shield behind which South Korea has prospered economically and begun democratic modernization.

The overwhelming majority of Koreans remain committed to close U.S.-South Korean security ties, including the stationing of U.S. forces, despite increased questioning of the need for a continued U.S. troop presence by a vociferous minority in South Korea. Our two governments periodically review

the strength and composition of U.S. forces in Korea and are currently discussing sharing the costs associated with their stationing there. U.S. forces will remain in South Korea as long as there is a threat from North Korea and the South Korean Government and people wish them to remain.

Democratization

The democratization of South Korean political institutions is also a major factor in U.S.-Korean relations. The Republic of Korea inherited a political tradition that followed thousands of years of imperial rule and the authoritarian values of Confucianism. In the absence of an open political process, neither democratic institutions nor the belief in compromise and mutual trust, which are the foundation for democracy, developed. As a result, politics based on the strength of individual personalities and concentration of political power in the hands of the ruling party became the hallmark of Korean politics.

Recently, a dramatic transformation has occurred as democratic values and a consensus on the need for more progress toward democratization emerge. In the past 2 years, ratification of a new constitution, elections to the National Assembly, and a presidential election marked great strides in Korea's political evolution. For the first time, the ruling government party failed to win a majority in the assembly, which now has become an important forum for the public airing of past and future policies. The election of President Roh Tae Woo was the outcome of a free-wheeling, open campaign marking a major step toward democracy.

Bowing to the will of the Korean people, President Roh and leaders of the opposition have publicly affirmed their willingness to cooperate to make democracy succeed. They have pledged to work together to ensure that the momentum toward democracy will be maintained. Encouraged by these developments, the Korean people hope that this trend will continue.

The human rights situation in South Korea also has improved measurably. Several hundred political prisoners have been released, sentences commuted, and the civil rights of political dissidents restored. There is a more vital and free press in the country. President Roh has pledged to curb the power of the police and security agencies to ensure that civil rights are respected.

The United States has extended its unqualified support to South Korea's steps toward greater democracy. At the same time, we have attempted to impress upon the Korean leadership that governmental authority must rest on a foundation of respect for individual rights and fundamental human liberties. While pressing for further improvements in human rights, we have welcomed recent constitutional and legislative reforms which are helping to create a more solid democratic political framework.

Economic Success Story

The most rapidly developing area in U.S.-Korean relations is economics and trade. It is in this area that new problems are likely to arise.

The Republic of Korea has made remarkable economic progress in the past 30 years, becoming one of the most advanced economies in the Third World. Since 1961 Korea's spectacular economic growth has averaged over 8% annually, reaching more than 12% per year in 1986-87. Its GNP in 1987 was \$118 billion, third highest in East Asia (after Japan and China), and per capita GNP was more than \$2,800 (compared with \$100 in 1963). South Korea now is in a select category of countries—the so-called newly industrialized economies. It has moved from labor-intensive, light industry into the manufacture and export of more sophisticated high-technology products, such as electronics, microchips, and automobiles.

The Korean people have worked long and hard to achieve this success. They have one of the highest rates of personal savings in the world. Highly industrious, they have demanded and received more educational and on-the-job training, producing increasing numbers of scientists, engineers, and other skilled workers. The government's economic policies, an important factor in this success story, have included currency reform, stronger financial institutions, and flexible economic planning. Although government guidance of the economy is still significant, market forces are playing an increasing role. Korean *chaebols*—very large and highly diversified conglomerates—compete fiercely.

Successive Korean administrations also have focused on export-led growth and the benefits it brings in the form of increased competitiveness and foreign exchange earnings. In 1987 South Ko-

South Korean Initiative Promotes Dialogue with the North

On July 7, 1988, South Korean President Roh Tae Woo announced an initiative to promote dialogue and contacts with the Democratic People's Republic of Korea—North Korea. He urged it to open up trade and other contacts and suggested that South Korea's friends and allies also should pursue contacts with the North.

In January 1989, North Korean President Kim Il Sung rejected an offer by President Roh to come to North Korea and hold talks. President Kim had insisted upon preconditions, such as suspension of U.S.-South Korean military exercises, that were unacceptable to the South. The focus since has shifted to the possibility of talks on the prime ministerial level. The two national Olympic committees have met to consider forming a joint team for the 1990 Asian Games in Beijing. The resumption of Red Cross discussions on family reunification

and youth exchanges has been undertaken. Informal trade relations between the two nations also are starting to develop.

To support President Roh's initiative, on October 31, 1988, the United States announced several measures to facilitate U.S.-North Korean private exchanges and humanitarian exports and allow substantive diplomatic contacts. However, the United States has not removed North Korea from the list of countries supporting terrorism or lifted the commercial trade embargo. Because the U.S. Government believes that fundamental decisions on the future of the Korean Peninsula must be made by the Korean people, it refuses separate negotiations with North Korea and supports direct, government-to-government talks between North and South Korean authorities to promote greater understanding and reduce tensions.

rean exports, which are very diversified, totaled \$47.3 billion, or 40% of GNP. Large trade surpluses in the 1980s have enabled Korea to build up its foreign exchange reserves and to reduce its external debt to less than \$25 billion.

U.S.-Korean Economic Relations

The United States has been an important catalyst in South Korea's economic progress. U.S. foreign assistance programs to Korea were important in the 1960s and 1970s. U.S. purchases of Korean goods have become significant in the 1980s. The United States is Korea's number one trade partner, taking 38% of Korean exports in 1987. Korea is now the seventh-largest trade partner of the United States and the fourth-largest market for U.S. agricultural products. The United States also is its leading source of foreign investment and technology. The bilateral economic relationship, however, is characterized by large trade imbalances: Korea's surplus with the United States was \$10.4 billion in 1988.

The United States wants to achieve a more balanced and equitable trade relationship with the Republic of Korea. The U.S. Government believes

that South Korea should do more to open its markets to American goods and services. Korea's trade in certain agricultural products (e.g., beef) and some service sectors, such as advertising and banking, have been especially protected. Greater access to imports would raise the living standards of Korean consumers, reduce inflationary pressures, and increase economic efficiency. Some South Koreans, believing that domestic workers, farmers, and companies would be hurt by substantially higher American imports, resent U.S. pressure to open up Korean markets. Progress is being made, however, in reducing Korea's tariff and nontariff barriers to trade. The won, South Korea's currency, has been appreciating against the U.S. dollar since 1988, making Korean exports more expensive and less competitive. Consequently, the bilateral trade imbalance appears to be lessening in 1989.

The United States also hopes that Korea will play a growing role in the liberalization of world trade. International protectionism would stop the engine of Korea's economic development. South Korea should participate fully in the ongoing Uruguay Round of multilateral trade negotiations to reduce barriers to the international flow of goods and services. ■

FSX Coproduction Prohibition Disapproved by President

PRESIDENT'S LETTER TO THE SENATE, JULY 31, 1989¹

I am returning without my approval S.J. Res. 113, a joint resolution that would prohibit the export of certain technology, defense articles, and defense services in connection with the codevelopment and coproduction of the FS-X aircraft with Japan. The resolution is neither necessary to protect the interest of the United States, nor consistent with long-standing requirements of the Arms Export Control Act. Further, the resolution contains binding provisions that unconstitutionally infringe on the powers of the Executive.

I am committed to the protection of U.S. security, economic, and technological interests. Shortly after assuming this Office, I directed that a review of the FS-X program be undertaken to reassess its impact on the United States. This evaluation included active participation by the Departments of State, Defense, and Commerce, and the Office of the U.S. Trade Representative, among other agencies. Following the review, we reopened discussions with the Japanese and clarifications were made to ensure that valid U.S. concerns and requirements were met in such areas as U.S. workshare and technology flowback.

With agreement reached on these clarifications, I decided that we should proceed with the joint development of the FS-X aircraft. I determined that the program is in the strategic and commercial interests of the United States and will contribute to our security and that of a major ally. The ability of Japan to carry its share of the defense burden will be enhanced as a result of the program, at no cost to the American taxpayer. Moreover, the program will produce substantial work for the U.S. aerospace industry without jeopardizing our commitment to the continued excellence of that industry. The U.S. economy will gain some \$2.5 billion and 22,700 man years of employment over the course of the codevelopment and coproduction phases.

I remain fully convinced that proceeding with the program is in the best interests of the United States and that the additional conditions prescribed in this resolution are unnecessary. Such conditions include an unprecedented absolute prohibition on sales or

retransfers of the FS-X weapon system or any of its major subcomponents codeveloped or coproduced with the United States. This prohibition is inconsistent with the current agreement with Japan and goes beyond the current requirements of the Arms Export Control Act, which permit such sales or retransfers, but only if the written approval of the United States Government is first obtained. This requirement of prior consent completely protects U.S. security and other interests.

This resolution also conflicts with the President's proper authority under the Constitution. The Constitution vests Executive power in the President. Executive power includes the exclusive authority to conduct negotiations on behalf of the United States with foreign governments. S.J. Res. 113 violates this fundamental constitutional principle by purporting—in binding legislative language—to direct the United States and Japan to conduct negotiations if coproduction of the FS-X is sought, and by purporting to define in advance both the form and substance of any resulting agreement. In the conduct of negotiations with foreign governments, it is imperative that the United States speak with one voice. The Constitution provides that that one voice is the President's. While of course the Congress has authority under the Constitution to regulate commerce with foreign nations, it may not use that authority to intrude into areas entrusted by the Constitution exclusively to the Executive. And while I am eager to cooperate with Congress in shaping a sound foreign policy for our Nation, and will consult with Members of Congress at every opportunity—indeed, the ultimate shape of the agreement with Japan reflects healthy cooperation between our two branches—I cannot accept binding provisions like those in S.J. Res. 113 that would tie my hands in the exercise of constitutional responsibilities.

The Constitution's vesting of executive power in the President requires that the President exercise supervisory authority and control over the internal deliberations of the Executive branch. The resolution intrudes on this constitutional principle by purporting to direct a particular Executive department to solicit and consider comments or recommendations from another department and to make certain recommendations

to the President. The resolution also purports to require the President to consider these recommendations. Such provisions interfere with Executive branch management and infringe on the President's authority with respect to deliberations incident to the exercise of Executive power.

The reporting requirement imposed by this resolution would inject the General Accounting Office, a legislative entity, into the execution of the FS-X program in a highly intrusive manner. It would require the GAO, for example, to track within the Japanese aerospace industry all applications of technology involved in the development of the FS-X, including technology developed solely by Japan. Such a role, tantamount to intelligence gathering, is inappropriate for a legislative entity, and poses the clear and significant risk of legislative entanglement in functions assigned under our Constitution to the Executive branch.

The FS-X program is the first major military codevelopment program between the United States and Japan. The FS-X will bolster Japan's self-defense capability, strengthen our overall alliance with Japan, and allow Japan to assume a larger share of the common defense burden. The importance of these achievements cannot be overstated, particularly given the fact that our relationship with Japan is a foundation for our political and strategic relations throughout the Pacific.

To reopen discussions now for additional and needless changes can only damage the prospects for a successful agreement. If this occurs, substantial injury to the U.S.-Japan security relationship is likely and the considerable strategic and commercial benefits to the United States will be lost. The compromising of U.S. interests is simply not acceptable.

Finally, acceptance of this resolution would constitute a setback in our objective of achieving a close working relationship and mutual respect between our two branches through the minimization of legislative micromanagement of both foreign affairs and Executive branch internal deliberations.

For all the reasons stated above, I am compelled to disapprove S.J. Res. 113.

GEORGE BUSH

¹ Text from Weekly Compilation of Presidential Documents of Aug. 7, 1989. ■

Aviation's Role in Shaping Today's World

by Eugene J. McAllister

Address before the International Aviation Club on June 20, 1989. Mr. McAllister is Assistant Secretary for Economic and Business Affairs.

I am delighted to be here with the members and guests of the International Aviation Club. I have great respect for this organization, bringing together representatives of one of the most competitive and fastest growing industries in the world.

I would like to talk to you today from the perspective of a policymaker—a policymaker from the State Department. We at the State Department feel first hand the tremendous ferment as the world shrinks and our national economies become a global economy. In the past month or two, we have witnessed incredible events in China, which commentators attribute to the communications revolution. I don't disagree about the importance of communications in drawing our world closer and making it more difficult for a nation to remain isolated—indeed, it is difficult to overestimate the significance of modern communication. But I would add another factor: that of transportation. The tremendous changes that have occurred in aviation have affected the world in which we live and affected it positively—tourism, business travel, and even the transportation of products have all played their part in shaping today's world.

I would like to spend a few minutes talking about three themes.

- What has been accomplished in aviation, and what has aviation accomplished?

- Where are we today with regard to aviation policy? What are the U.S. Government's priorities?

- What does the future of aviation policy, and the aviation business, look like? And how can we in government and you in the industry cooperate to assure that the United States remains at the leading edge?

Accomplishments in U.S. Aviation

The changes in the aviation industry over the last 10 years have been truly remarkable—remarkable in what has been accomplished, and remarkable

that we take it all for granted. Stepping back, progress can be seen in a number of areas: the growth in aviation—both domestic and international, technological advancements, and rapid development of related industries. Let me offer some concrete examples.

Growth in Aviation. While aviation has continually expanded since its inception, the changes over the last decade, since deregulation began, have been astounding, particularly in international aviation.

- The number of international passengers carried by U.S. airlines doubled from 16 million to 32 million in the last decade.

- The importance of the international market has been recognized by a number of carriers that had previously served only domestic routes. New international service has been instituted by American, Delta, Continental, United, Federal Express, and other airlines. We applaud this trend and fully expect it to continue.

- U.S. carriers control 52% of the international market, up 5% in the last 2 years. This impressive growth can be attributed in part to an aggressive negotiating stance of recent years, where we have actively sought new routes and rights for additional carriers in the international market.

- International service by U.S. carriers is growing 25 times faster than domestic service.

In sum, the growth potential for international service by U.S. carriers is unlimited. But government and industry must work together to make that growth continue at this impressive rate.

Effect on the Economy. This growth in the aviation industry has had a profound impact on the U.S. economy. It has sparked rapid growth in other sectors of the economy and has even resulted in the restructuring of some sectors.

For each 1% increase in international and domestic air travel in the United States, \$600 million is added to the economy, hundreds of new jobs are created in airlines, and tens of thousands of new jobs are created in travel-related industries and in other parts of the economy.

Technological Advancement and Development of Related Industries.

Behind many of the changes in aviation has been the expanded use of computer technology. The application of computer technology coupled with the growth of international aviation has sparked remarkable changes in our lives. These technological advances have even led, in some cases, to the development of entirely new industries.

- The computer reservation system, which did not exist 15 years ago, is now a primary marketing tool for airlines. Not only are the majority of air travel reservations made and tickets issued through computer reservation systems, but train, hotel, and rental car reservations can also be arranged—a full service travel planner for the busy traveler.

- Improved cargo handling—which is faster, more efficient, and results in fewer losses—is now routine, thanks to expanded use of computer technology.

- The development of small package delivery services and door-to-door service has created thousands of jobs and revolutionized the way business is conducted. Again, computer technology has made this new service possible.

- The linkage between trucking and aviation has revolutionized the movement of freight.

- One of the most impressive areas of growth has been in tourism, which accounts for 7% of the gross national product. In 1987, foreign tourists accounted for \$10 billion in income to the airlines and \$42 billion to other travel-related industries. U.S. and foreign tourists spent nearly \$300 billion on travel-related expenditures in the United States in 1987; 43 States and the District of Columbia earned more than \$1 billion from tourism in that year.

But the greatest effect of this expansion is on the lives of people. The world has gotten smaller. People have more opportunities to travel to other countries—to get to know different nationalities and cultures. This leads to greater understanding between nations and strengthens an appreciation for that system of government which best promotes the aspirations of people—democracy.

Look at the explosive growth in the number of foreign students studying in the United States: in the school year

1977-78, there were 235,000 foreign students here. By the 1987-88 school year, that number had shot up to 356,000, a jump of 51%. With deregulation, air fares have actually declined 12% in real terms in the last 10 years, making this travel even easier and more accessible to more students. Of course, all of those students are picking up ideas and values and spreading them to their own countries.

Japanese tourism to the United States is growing an unbelievable 25% annually. In the past 10 years, tourist visas issued by American embassies and consulates around the world have nearly doubled, and exchange visitor visas have increased by 135%.

The common factor in all of these is access—aviation provides greater access to people, resources, opportunities, and leads, ultimately, to more exchanges of information and more rapid development.

What is Our Current Agenda?

This takes me to my second point—where are we today with regard to aviation policy—what are our priorities? We in the government are operating on the following four principles or priorities.

- Growth and expansion are our watchwords. Markets should be as open as possible.

- Aviation is different from the traditional international service industry. The markets are closed; market openings must be specifically negotiated, one by one, on a bilateral basis. Our negotiators will continue to ensure that we obtain economically equivalent rights abroad before granting new rights to foreign carriers.

- Aviation is becoming increasingly more complicated than routes and rights. We must look at security and liability issues and their implications for the passenger and the industry.

- Innovation is the key to the aviation industry. By minimizing restrictions and maximizing opportunities, the aviation industry will continue to thrive and expand. It is our job in government to facilitate, not impede, innovation.

More specifically, our agenda can be broken down into three categories: bilateral negotiations, security and safety, and doing-business issues, including computer reservation systems and user charges.

Bilateral Negotiations. Over the past year, the government has conducted 42 sets of negotiations with 23 countries, pushing them toward more liberal aviation regimes. I am proud to be able to report that we have had many successes.

- Our new air agreement with Mexico has expanded air service to many cities in both countries by new carriers. Combined with a dramatic change in aviation policy in favor of the economic benefits tourism can bring, passenger and cargo service has grown significantly.

- In Brazil, we reached a new agreement that provides for a significant expansion of passenger, cargo, and charter service; instituted a liberal pricing regime; and resolved conversion and remittance problems.

- We negotiated a new agreement with Austria, the first in over 10 years, that provides for new intermediate points and service by three carriers.

- We have new or expanded agreements with Australia, the Philippines, and Yugoslavia that give us new market access and provide for growth in the market.

- We are near resolution of doing-business problems with Switzerland and have solved two longstanding doing-business problems with Korea.

During the coming year, we will look closely at Japan, Canada, and Europe to seek more liberal air relationships and opportunities.

We do not believe Japan sees aviation from as broad a perspective as it should. The proposal the Japanese made, in May, does not contain enough opportunities to satisfy market demand or command the broad support of U.S. interests. We have offered to meet again in July and are preparing a new proposal that should provide the basis for mutually acceptable expansion. Key U.S. objectives are: more service to Japan by more carriers from more U.S. cities and more services to new Japanese cities, more cargo rights, and more charter rights. In the longer term, price competition is the key to creating more U.S. opportunities in Asia.

There is a greater gap between consumer demand and supply in the U.S.-Canadian market than in any other bilateral market. The growing economic and political ties between the United States and Canada make progress all the more important. The recent expansion of our aviation relationship with Mexico is strong evidence that an

open relationship can be beneficial to both partners, even when their airlines differ in size. Despite Canadian concern about competition with large U.S. airlines, we believe broad liberalization will benefit both countries.

Europe is a top priority. We value highly our air relationships with Europe—the United States and the European Community are each other's largest bilateral trading partners. One-third of U.S. arrivals and departures by air are traveling to or arriving from Europe. We are pleased that services are increasing with France and Germany and hope to see agreement soon on new service to Manchester, England, and to Italy. We are urging the Scandinavian countries to focus on growth rather than restraint of a healthy market. The United States looks forward to, first and foremost, the preservation of our rights in Europe under current bilateral agreements. In addition, we seek continued growth and expansion and freer pricing, a more liberal aviation regime in Europe—one which can foster new opportunities for European and American carriers—and a continued dialogue with the community on how best to achieve the open, competitive market we want on both sides of the Atlantic within the context of a single-market Europe.

Security, Safety, and Facilitation. Earlier, I spoke about the contribution that aviation makes to opening up the world. But there is also a shadow on international travel—a shadow created by the threat of terrorist actions.

Let me state up front: Air travel is still the safest mode of travel on earth. But there is the potential for terrorist-created accidents. The U.S. Government must and will put the safety of passengers first, to ensure that passengers are offered the highest quality, safest service available. We are working hard to ensure that the pursuit of safety does not unfairly burden U.S. carriers. These are issues which cut across national boundaries, and we are seeking multilateral solutions. We are working closely with the International Civil Aviation Organization to fight terrorism through the introduction of new security measures at international airports and cooperation in counter-terrorism efforts.

We also are making significant progress in our bilateral efforts and have reached agreement with 49 countries on the texts of security articles. Plans are proceeding for the deploy-

Steel Trade Liberalization Program

**PRESIDENT'S STATEMENT,
JULY 25, 1989¹**

Today I am establishing a steel trade liberalization program that will extend for 2½ years the voluntary restraint arrangements that limit steel imports into the United States. I am taking this step to permit the negotiation of an international consensus to remove unfair trade practices and to provide more time for the industry to adjust and modernize. The steel trade liberalization program is designed to restore free-market forces to, and end government interference in, global trade in steel. I am directing U.S. Trade Representative Carla A. Hills to oversee implementation of this program.

Ambassador Hills will negotiate a 2½-year transitional extension of the restraints that currently limit steel imports from voluntary restraint arrangements countries to 18.4% of the U.S. market. The extension will cover all major product categories. During this transition to an open market, the ceiling on imports from voluntary restraint arrangements countries will be increased at an annual rate of one percentage point. To support our efforts to achieve an international consensus, this increase will be allocated to countries that undertake and abide by disciplines to address trade-distorting practices.

I am also directing Ambassador Hills to seek to negotiate, through the Uruguay Round of multilateral trade negotiations and complementary bilateral agreements, an international consensus to provide effective disciplines over government aid and intervention in the steel sector and to lower barriers to global trade in steel. The international consensus will contain three elements:

- Strong disciplines over trade-distorting government subsidies;
- Lowering of trade barriers so as to ensure market access; and
- Enforcement measures to deal with violations of consensus obligations.

In extending the voluntary restraint arrangements for a transitional period, I am mindful of the need to improve the availability of steel in the United States and to promote price competition. Accordingly, to ensure that adequate supplies of competitively priced steel are available on a timely basis, the Department of Commerce will expedite and streamline the existing short-supply mechanism.

Since 1984 the U.S. steel industry has made considerable progress toward improving its competitiveness and modernizing its production facilities. It has reduced capacity, cut costs, and modernized its equipment and technology. I urge the industry to continue its modernization and worker retraining programs and will support legislation to that effect. The U.S. International Trade Commission will be asked to monitor and report regularly on developments in the carbon and specialty steel industries, including investment, wages, and executive compensation.

Consistent with this Administration's commitment to free and open trade, the voluntary restraint arrangements will end on March 31, 1992. Thereafter U.S. steel producers, like other American industries, will continue to rely on domestic trade laws as an ultimate assurance against the effects of foreign unfair trade practices. The Department of Commerce will continue rigorously to endorse the laws against injurious dumping and subsidization.

For decades governments have supported their steel producers through subsidies and import restrictions. Steel trade and the international trading system as a whole have suffered. This self-defeating rivalry must end. I urge our trading partners to work with us to restore free and fair trade to world markets.

¹ Text from Weekly Compilation of Presidential Documents of July 31, 1989. ■

ment of new detection equipment at airports and for the assignment of additional security specialists overseas. This is not an easy task ahead. These are difficult issues that sometimes raise sensitive questions. We recognize that additional burdens are imposed on the industry, and we want to work with you to minimize those burdens. We realize that we may not always agree on these issues, but in the long run, if we all work together, we will achieve the best results.

The tragedy of the bombing of Pan Am Flight 103 has had broad policy implications in several areas. In addition to the increased focus on aviation security, it has brought to public attention the fact that the United States has not yet ratified Montreal protocols 3 and 4 to the Warsaw convention. This is a priority of the State Department for this legislative session. We must ensure that families and victims of aviation accidents or terrorist acts will no longer have to endure additional suffering on top of the trauma of injury or death of a loved one in order to be justly compensated.

Doing-Business Issues. The third part of our immediate agenda is the resolution of the basic problems of doing business in other countries. We will continue to aggressively pursue resolution of these issues that plague carriers in many parts of the world. In some cases, these are so egregious that they minimize the value of any route rights that have been negotiated.

Market access for computer reservation systems is a key issue. We will not tolerate discriminatory displays, denial of ticketing authority for U.S. systems in foreign countries, or other restrictions that unfairly inhibit a carrier's ability to use this sophisticated tool.

Let me finally note that the Department is in the midst of arbitrating user charges imposed at Heathrow Airport. We believe these charges violate our bilateral agreement with the United Kingdom and a memorandum of understanding signed between the two governments in 1983. This is the largest aviation arbitration in history and the first arbitration with the United Kingdom in many decades. It has required a major commitment of staff and funds, but I believe it demonstrates our wholehearted commitment to your industry.

Challenges for the Future

The priorities just outlined are more than enough to keep U.S. Government negotiators busy. But there is one other critical assignment: thinking about the future.

What will it take to be as successful over the next 10–25 years as we were over the last 10 years? Where will we be at the turn of the century—or more importantly, where do we want to be at the turn of the century? There are a host of issues.

- In Europe, we will be facing an aviation industry shaped by 1992 and constrained by limited airspace. What does this mean for U.S. aviation? What will the European aviation industry look like? Perhaps there will be consolidation through mergers, even with U.S. carriers. We are seeing this trend in the manufacturing sector already and with some airlines as well. What are the implications for airline planners?

- In Asia, Japan is the gateway, yet Japan approaches aviation with a philosophy far different from our own. How do we convince the Japanese that a more expansive approach to aviation will advance Japanese interests, as well as U.S. interests, and improve Japan's economic relationship with the United States and its other economic partners?

U.S. Ratifies Treaty to Reduce Smog Pollutant

WHITE HOUSE STATEMENT,
JULY 11, 1989¹

Yesterday the United States formally accepted the nitrogen oxides (NOx) protocol to the Convention on Long-Range Transboundary Air Pollution by depositing its instrument of acceptance with the Secretary General of the United Nations. This protocol is fully consistent with the goals set out by the President in his proposals for the Clean Air Act.

The Convention on Long-Range Transboundary Air Pollution was adopted in 1979 under the auspices of the UN Economic Commission for Europe (ECE). The ECE includes the United States, Canada, and the countries of Western and Eastern Europe, including the Soviet Union.

- Are we reaching the limits of bilateral agreements and the bilateral negotiating system? In many countries, we have all the cities and routes we want. The foreign carriers in some countries want access to more of our vast market, but we have nothing to ask for in return. In other countries, we want additional carriers and service to different cities, but foreign carriers fear the competition.

- How can we address the interests of the American cities and additional U.S. carriers, which are now recognizing the value of direct international traffic and are seeking expanded routes? Should we explore the possibility of a multilateral approach to negotiating for the future?

These are difficult questions—questions of tremendous commercial magnitude—and we in the government don't claim to know the answers. But we do know two things: first, the U.S. aviation industry is highly competitive and should be extremely successful in the future, if given the opportunity—we in the government will approach these issues I have just raised from that perspective; second, that success will depend on cooperation between government and all interested parties. We need your advice and counsel. The future is in our hands. Let us make the most of it. ■

The NOx protocol was signed last November by 25 ECE nations, including the United States. The United States is the third country to formally accept the agreement. When ratified by 16 nations, the protocol will require most participating countries to freeze NOx emissions or their transboundary flows at 1987 levels by the beginning of 1995.

The protocol allows nations such as the United States, which had already begun a NOx reduction program before the negotiations began, to use a different base year if they choose. The United States indicated at the time of signing that it would use 1978 as its base year. NOx emissions in the United States were 21.1 million metric tons in 1978.

¹ Text from Weekly Compilation of Presidential Documents of July 24, 1989. ■

World Environment Day

PRESIDENT'S STATEMENT,
JUNE 5, 1989¹

Over the last several years, people all over the world have become more and more concerned about the global environment, the warming of the world's climate, the depletion of the ozone layer, the loss of plant and animal species, our mounting waste disposal problems and the pollution of the oceans. These are enormous challenges which cannot and should not be minimized.

But at the same time, on this anniversary of World Environment Day, I am optimistic about the future. Here in the United States, we have made remarkable progress in cleaning up our air and water. We have shown what we can do when the will is there and we work together. I believe that the world community of nations can, and, indeed must make that same kind of progress on a global scale. We may speak different languages and worship God in different ways, but we all share the same Earth. If we can probe the depths of space and engineer the genetic building blocks of life, we can surely protect the quality of our environment. We just need the will to do it.

I would like to take this occasion to announce that the United States intends to ban the importation of elephant ivory from all countries. We do this out of mounting concern for the rapid decline of the wild elephant, one of nature's most majestic creatures. If their populations continue to diminish at current rates, the wild elephant will soon be lost from this Earth. We urge the nations of the world to join us in this ban. We further urge the countries responsible for the elephant to practice sound stewardship of these precious creatures so they will not be lost to future generations.

¹ Text from Weekly Compilation of Presidential Documents of June 12, 1989. ■

The Challenge of the European Landscape in the 1990s

by *Lawrence S. Eagleburger*

Statement before the Subcommittee on European Affairs of the Senate Foreign Relations Committee on June 22, 1989. Ambassador Eagleburger is Deputy Secretary of State.¹

The topic of your hearing, Mr. Chairman [Joseph R. Biden, Jr.], and your invitation to think aloud, highlights a very key issue. As I said at my confirmation hearings before this committee, if we cannot successfully manage the West-West relationship, we cannot effectively manage the East-West issues and, ultimately, the North-South ones as well. In the hearing today, I think we must recognize that these are largely speculative inquiries, likely to raise more questions than answers. Nevertheless, I believe it is important to take a hard look at the long-term policy and strategic interests of the United States in its relationship with Western Europe.

Changes are underway across the European Continent. There is a renewed commitment to free and open markets as the engines of prosperity—the great American expansion of the 1980s, based on cutting red tape and unshackling business, is the model for the European Community's (EC) 1992 program. In its own way, Eastern Europe is drawing from Western examples and experiences to rekindle economic growth. The explosion of information, through satellite transmissions, television, and computers, is prying open Eastern societies that previously were buffered from new ideas. The demand to have a say in one's own destiny through enfranchisement and political pluralism is a major new force in Eastern Europe and elsewhere.

These changes herald the beginning of a more complex equation of economic and political balances of power, and we welcome them—the forces reshaping the European Continent are ones that we unleashed in our country 200 years ago, with which we are familiar, and in which lie our strength.

The next 10 years in our relationship with Europe will be a transitional period in which the patterns of the postwar era undergo significant adjustment in the face of change in the East

and the political and economic growth of Western Europe itself. U.S. relations with Europe will become more complicated as Europeans formulate their own responses to Soviet initiatives, seek a more coherent political and economic identity, and generally adopt more assertive postures in dealing with the United States. As a result, we must keep very much in mind our basic objectives—maintenance of a close and cooperative, as well as secure, transatlantic partnership and pursuit of a less divided Europe built on Western values and around a West European identity.

The Economic Partnership

The most exciting development in Western Europe is the single market program. The first phase of an integrated Europe, as envisioned by Winston Churchill, Jean Monnet, and Konrad Adenauer 40 years ago, is finally nearing completion. In less than 4 years, the European Community aims to eliminate barriers to commerce and border controls among its 12 nations. The large unitary market would rival ours in wealth and surpass us in population—"consumers" in a businessman's eyes. While important features of a true single market will be absent in 1993, such as a single currency, sufficient progress has already been made so as to assure the long-run completion of the market.

The U.S. Government's policy toward the single market is clear: We support the goal but want to ensure that our interests are not discriminated against in the process. The reinvigoration of the European economy is emphatically in our interest—as the President remarked, "a strong, united Europe means a strong America." While we are looking to improve the channels of communication between the EC Commission and us on trade and investment questions, we are cautiously optimistic that the net result in Europe of 1992 will be a more vibrant, deregulated, wealthy, and open market.

More broadly, however, we must give our all to making the GATT [General Agreement on Tariffs and Trade] Uruguay Round a success. In terms of

our relationship with Western Europe, an improved and more credible system could help resolve trade disputes—ever-present in a trading relationship surpassing \$160 billion per annum—before they drive wedges in an otherwise fruitful relationship. By the same token, of course, we have to be prepared to live with the results; we should take steps to comply with the GATT findings against us on superfund and customs' users fees.

Let this also be a heads-up to American business, however: The Europe of the 1990s will be a more aggressive competitor. Regardless of whether protectionist policies are adopted in the EC (and, generally, we are confident such policies will not be), competition will make European firms leaner and stronger, offering direct challenges to American competitiveness in high technology and other areas. We will work to keep the playing field level, but American business has to get on and play.

Beyond the trade relationship we should be working with our European and Japanese allies on multifaceted global problems. Third World debt and the precious cargo of democracy it threatens to overturn, the environment, and the scourge of narcotics are expensive and complex problems too great for our nation to manage alone.

Foreign Policy Coordination

As hoped for by the Community's founders, economic integration is encouraging deeper political and security cooperation. The EC negotiated and signed the Montreal protocol on ozone as a unit; European defense ministers have worked together to produce an action plan on military purchases; national governments are improving coordination against terrorists and criminals; and the European political cooperation mechanism is becoming more active in developing some aspects of foreign policy for the Twelve. Through the European political cooperation mechanism, for instance, the Twelve concerted their actions in withdrawing ambassadors from Iran and endorsed sending a European team to the Middle East to engage leaders on the peace process.

Given our shared values, the Europeans come out on our side of most important issues. It is, therefore, in the U.S. interest to work together, bilaterally and collectively, on pressing transnational problems, as well as to work for a Western approach to situations in South Africa, Cambodia, Iran, and elsewhere. Of course, as the European Community grows more cohesive, we can expect them to press their ideas more forcefully. On some areas, like the Middle East and Central America, we may have different perspectives. When we do, we will have to work to ensure that our concerns are not pushed aside.

While few EC officials openly seek direct EC involvement in defense matters (the 1986 Single European Act notes that NATO's primacy in security matters should not be impinged), the Community's interpretation of "economic and political aspects" of security will likely lead the EC to discuss some areas traditionally reserved to NATO. CSCE [Conference on Security and Cooperation in Europe], for instance, is an example of an area where there is some overlap; defense procurement is another. While we seek an expanded and deeper dialogue with the Community on foreign policy questions, we continue to see NATO as the appropriate forum for discussions affecting our security interests.

The Security Alliance

Cooperation on military and security issues among West European members of NATO has been improving for some time. Our European partners are discussing military and security issues more extensively in multilateral European forums, particularly the Western European Union (WEU), the Eurogroup, and, to some degree, the European Community. Bilateral arrangements between European NATO members are also on the increase. For example, France and West Germany are jointly developing a new combat helicopter and are in the process of forming a joint brigade.

Our calls for greater allied commitment to the common defense, coupled with changing West European perspectives on their roles and responsibility in that defense, have revived efforts to strengthen the "European pillar" of the alliance. These cooperative and consultative measures among Europeans seem likely to foster a

Food Aid to Poland

PRESIDENT'S STATEMENT, AUG. 1, 1989¹

I am pleased to announce today that the United States will provide additional support for the Polish people and the democratization process. We are prepared to provide Poland with up to \$50 million in food aid in FY 1990. It will include, but go far beyond, the 8,000 metric tons of surplus commodities to be provided in FY 1990 in accordance with the American Aid to Poland Act. We intend to provide to Poland supplies of sorghum, corn, and butter, subject to the availability of those commodities. We anticipate that all this aid will be on a grant basis. The commodities would be sold in Poland, with the proceeds being used to fund agricultural development activities there.

Last month in Paris at the economic summit and at an August 1 meeting in Brussels of 24 concerned countries chaired by the EC [European Communities] Commission, the industrial democracies expressed concern over Poland's urgent need for food aid. Food shortages are a heavy burden on the people of Poland and could undermine the historic political and economic reforms Poland is undertaking. The U.S. food aid program—the commodities themselves and the projects funded through their sale—should be of real benefit to the Polish people. It will assist in alleviating the impact of market price reforms and support continued efforts toward economic and political liberalization.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 7, 1989. ■

Polish Parliament Approves New Prime Minister

PRESIDENT'S STATEMENT, AUG. 21, 1989¹

I want to congratulate Mr. [Tadeusz] Mazowiecki on his election as Prime Minister of Poland and assure him of our strong support as he seeks to lead his country toward economic recovery and democratic change. I also salute President Jaruzelski for his political wisdom in endorsing a government reflecting the genuine will of the Polish people and Solidarity, under the leadership of Lech Walesa, for its constructive role in helping bring about a new beginning in Poland.

Since the roundtable agreement of last April, Poland has pursued a path of democratic change. The election in June, the convening of Poland's new parliament, and its election of Gen. Jaruzelski as President and now the election of Mr. Mazowiecki as Prime Minister are further dramatic signs of

this historic process. These developments hold promise not only for a peaceful democratic transition in Poland but also for a broader process of European reconciliation toward a Europe whole and free.

At Hamtramck, Michigan [April 17], just after the signing of the roundtable agreement between the Polish Government and Solidarity, I pledged U.S. support for Poland's economic and political reforms. We reiterated that support during visits to Warsaw and Gdansk last month and announced measures we are taking to assist. I want the Polish people and their new government to know that they will have our continued support as they meet the serious economic and political challenges before them.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 28, 1989. ■

greater West European role in defense and security matters within NATO.

While we expect to see a more assertive, coherent West European voice

within the alliance over the next decade, it is important to note that these efforts are not aimed at replacing NATO or U.S. leadership in NATO. To an important extent, intra-European

Secretary, Soviet Foreign Minister Meet in Paris



Secretary Baker and Soviet Foreign Minister Shevardnadze were surrounded by news correspondents after their meeting on July 29, 1989, in Paris. During the 3-hour session, they discussed the bilateral relationship and regional issues, including Afghanistan, Central America, the Middle East, and the situation concerning the Turkish minority in Bulgaria.

security cooperation is about keeping the United States in Europe, not out. For example, the WEU's "European security platform" recognizes the indivisibility of the transatlantic security partnership. And leaders in both North America and Western Europe understand that the Atlantic alliance is based on something more than a commitment to the common defense—it is based on political, social, and economic values which our societies share.

Next Steps in European Integration

The question being asked in Europe about a common market is no longer "when?" but, "what next?" More precisely, the EC must decide in the next decade whether to enlarge its membership and whether to extend the mandate of Community institutions into political and macroeconomic issues.

The sharp debate between members of the European Community over powers and institutions for the EC is an old one, given new relevance by the 1992 program. The outcome is uncertain—it is not simply the United Kingdom against continental Europe. It is a very open question, for instance, whether fiscal and monetary policies of the 12 governments could ever be close enough to allow meaningful Community macroeconomic policymaking, and unifying tax or immigration policies is no easier.

Further enlargement of the Community could also alter its economic, foreign, or security policy agenda. Applications for membership have been made or considered by countries ranging from Turkey to Austria to Norway—the complexion of the Community could be substantially changed in ways not easy to predict. The Community has decided to put off any decision on enlargement until after 1992. While we have an interest in the debate, it is, ultimately, a matter for Europeans to decide.

Some argue the growing clout of Europe warrants a reassessment of the U.S. role in Europe. We could not disagree more strongly. Regardless of how big the EC gets, or what issues European governments devolve to common decisionmaking, the need for a strong American voice in Western affairs will not be diminished. The EC is and will remain a group of separate and sovereign states deeply attached to the transatlantic community, each of which values and counts on the United States to help craft the Western agenda. While we expect Europe to shoulder

more of the burden for the West's defense, and while Europe will be more forceful in asserting its own needs and ideas, the President will remain the preeminent spokesman for the free world in the decade ahead.

Managing Change in Eastern Europe

New economic realities are encouraging change in Eastern Europe, too. Faced with economies falling further and further behind, some East European leaders have become more flexible and pragmatic and are addressing political as well as economic reforms. As the President has declared, the United States is moving beyond a policy of containment of the U.S.S.R. and the countries of the East. The ferment in Eastern Europe risks instability but presents great opportunities. While the evolution in Eastern Europe and the U.S.S.R. is influenced primarily by internal forces, the West can encourage political and economic reforms. It is

here that I see a real benefit to Western Europe and the United States focusing our energies and working together.

As I have said, successful Western political and economic models have inspired many of the changes occurring in the East. A stronger Western Europe will encourage those trends—closer economic integration of the EC can be a magnet guiding East European economic development, as President Bush recently told the graduates of Boston University. The EC is taking steps to remove market barriers against imports from Eastern Europe and working out arrangements based on market principles to facilitate Western investment and exports eastward. At the same time, the EC is conscious of using improved economic relations as a carrot to encourage reform, as demonstrated recently when it broke off talks with Romania over human rights. We should encourage this trend. It is the promise of being closer to the EC

economic dynamo that is encouraging some of the more progressive groups and individuals in Hungary, Poland, and Yugoslavia to seek bolder reform.

NATO—Viability

Public opinion polls in Western Europe provide solid evidence of continued strong public support for NATO and the U.S. defense commitment. At the same time, West Europeans are taking a more benign view of Soviet foreign policy, influenced by the hope and possibility that Gorbachev's reforms may lead to reduced East-West tensions. We hope this, in fact, occurs. But in the meantime we must guard against any premature erosion of the public consensus around long-term alliance defense positions and hardened, realistic arms control policies. This will not always be an easy task.

NATO has been a resounding success over the last 40 years in carrying out its mission of deterring Soviet aggression. The need for strong and credible defense will remain for the foreseeable future. But changing circumstances may be altering the context within which the alliance operated. This does not mean NATO is becoming less relevant—on the contrary, the Atlantic alliance has its best and most important years before it, providing a forum for managing the East-West relationship, and for taking common actions on the environment, science, and other transnational issues confronting us.

But we should be clear that our goal of a Europe made whole, resulting from real independence for the nations of Eastern Europe and revolving around a strong Western Europe, could change the artificial division of the continent. Moreover, the President's initiatives, if acted on in good faith by the Soviets, raise unprecedented potential for change in the East-West military equation. Coupled with the growing centers of economic power in Asia and Europe, the European Continent, and the world as a whole, is moving toward a more multipolar structure.

A word about the Soviet perspective on these developments. Gorbachev has promoted, as you know, the idea of a "common European house"—he has made clear this does not include a West European identity. In Bonn, Gorbachev spoke negatively about 1992; the Soviets have in other ways sought to make clear their opposition to the strengthening of European institutions. The absence of a strong West European

Anniversary of Warsaw Pact Invasion of Czechoslovakia

DEPARTMENT STATEMENT, AUG. 21, 1989¹

Twenty-one years ago today, Warsaw Pact forces under Soviet leadership invaded Czechoslovakia and crushed the efforts of the people of Czechoslovakia and their leadership to move toward political reform and greater freedom.

During the "Prague Spring" of 1968, Czechoslovakia embarked upon a program of political, economic, and social reforms that offered great promise for a better and freer life for all the nation's citizens. The "action program" of 1968 established the precedent of a ruling party seizing the political initiative and embarking on a reform program while tolerating and encouraging growing social pluralism.

During that Prague Spring, the government under [Alexander] Dubcek's leadership enjoyed genuine popular support, and its policies began to regenerate legitimacy for the party as a political institution. A generation later, reforms underway elsewhere in

Eastern Europe and the Soviet Union draw much of their inspiration from the failed attempts at the Prague Spring.

A new generation, too young to have first-hand memories of 1968, has since grown to adulthood in Czechoslovakia. Neither this generation nor the rest of us should dismiss those days as remote history. The hopes of that Prague Spring and the events of that tragic August remain relevant to all those who live in freedom or hope to do so.

On this important and sad anniversary, with positive signs of change in Hungary, Poland, and the Soviet Union, it is our hope that the people and Government of Czechoslovakia will recall the events of 1968 and, together with their neighbors, will display a greater tolerance for freedom of expression and assembly in accordance with their Helsinki [Final Act] commitments.

¹ Read to news correspondents by Department deputy spokesman Richard A. Boucher. ■

identity in the Soviet vision of a "common European home" is, frankly, one of the reasons we do not agree with it. We think a strong and dynamic Western Europe is an essential element in the future of Europe; within the transatlantic community, it maintains essential balance in Europe, and it provides the light to guide Eastern Europe along the path of Western values.

The Hearts and Minds of Europe and U.S. Policy

The trend toward European integration is powerful and accelerating. Our policy choice is not whether to encourage or discourage this evolution but to ensure that European integration reinforces U.S. and broad Western interests in open economies, democratic governments, and global stability.

Our byword with Europe, over the next decade, must be cooperation. Some Europeans, especially those who want to build Europe without American involvement, argue that American commitment to joint projects or consul-

tations on crucial issues is uncertain or unreliable; they criticize what they see as America's "go-it-alone" tendencies. There are instances when American policy would have been strengthened by better coordination—on the other hand, leadership sometimes requires "going it alone."

Our own economic and political position in the world, still eminent but no longer dominant, does not so easily permit the luxury of unilateralism. Global developments—Third World debt, environmental degradation, transformations underway in communist countries—require better and deeper cooperative efforts among all industrialized democracies. The world is poised, with great chances for positive gains balanced against the potential for deterioration—seldom has a time seemed so ripe for Western leadership. Our goal must be to work together to seek global solutions to global problems.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Anniversary of the Berlin Wall

**PRESIDENT'S STATEMENT,
AUG. 12, 1989¹**

Twenty-eight years ago, a barrier of steel and stone was erected in the heart of Berlin. It stands there still—now more than ever a relic of a bygone era and a failed philosophy.

The barbed wire that severed a great city also proclaimed in stark, inhuman terms the unnatural division of Europe. Beyond its tragic human cost over the years, rending families and friends, the Berlin Wall has affronted the free world with an alien vision of closed societies where basic freedoms are denied.

The courageous people of West Berlin tend the precious fire of freedom as an example for us all. The city prospers and benefits from their innovative spirit and from expanding international ties. Its cultural diversity, economic vigor, and political pluralism are the fruits of boundless imagination at work in a democratic community. The United States is proud to have contributed to Berlin's freedom and vitality. We remain firm in our commitment to assure the city's security and well-being. In a year which marks the 40th anniversary of the airlift, such historic bonds between Americans and Berliners carry special meaning.

The United States is also committed to improving the lives of Berliners and to bringing closer the day when the city is again united. Together with our British and French allies, we have put forward an initiative to make such progress a reality. We want Berlin to enjoy greater access to the world through expanded air links, to be a center of international meetings and sports events, and to foster more human contacts which lead to better understanding. As I said in Mainz on May 31, we want Berlin to be a place of cooperation, not a point of confrontation. We have asked the Soviet Union, as part of its four-power responsibilities for Berlin, to join us in achieving these goals. We still await what we hope will be a positive response.

We observe this sad anniversary with renewed determination to overcome the division of Berlin and of Europe. On behalf of the people of the United States, I reaffirm this nation's commitment to Berlin's freedom and prosperity. The tide of history has turned, and we look to a future Europe

whole and free. As we now mark the day the wall was built, so shall we inevitably celebrate a day when it no longer divides Berlin, the German people, and the nations of Europe.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 21, 1989. ■

Human Rights Situation in Cuba

by *Richard Schifter*

Statement before the Subcommittees on Human Rights and International Organizations, on Western Hemisphere Affairs, and on International Economic Policy and Trade of the House Foreign Affairs Committee on August 2, 1989. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.¹

As Fidel Castro is not the garden-variety human rights violator but occupies a unique position among the world's—or for that matter history's—tyrants, the Cuban human rights situation deserves special attention. About 40 years ago, George Orwell described his nightmarish vision of the totalitarian state in his novel *1984*. As is clear from a reading of Orwell's nonfictional account in *Homage to Catalonia*, the theme of *1984* was derived from Orwell's encounter with Stalinism and Stalinists in the course of the Spanish Civil War.

Though many dictators have striven to rule as did Big Brother in George Orwell's *1984*, that objective was so clearly in conflict with the basic human quest for freedom that only few can be said to have come close to achieving that goal.

As we look at today's world, two dictators stand out, because they do, indeed, approach the totalitarian model described by Orwell—the world's longest-serving tyrants, Kim Il Sung of North Korea and Fidel Castro of Cuba. Both of these men appear to have recognized their kinship. They are members of a mutual admiration society. Last year, when North Korea decided to boycott the Olympic Games in Seoul, most communist countries, nevertheless, attended, but Castro, as a token of his friendship for Kim Il Sung, joined the boycott.

To institute a totalitarian system following the North Korean or Cuban model, the dictator must have a single-

minded devotion to his goal, an extraordinary gift for demagoguery, complete intolerance for the slightest form of dissent, and a readiness to resort to the severest forms of brutality to obtain his goals. In his 30 years in office, Fidel Castro has shown that he possesses all of these qualities.

In the course of the last few years, during which world attention was finally focused on Cuban human rights conditions, Castro has ostentatiously released some political prisoners, has with a great deal of fanfare improved some prison conditions, has allowed some dissidents to leave the country, and has tolerated a few muted voices of dissent. None of these moves have had even the slightest impact on the totalitarian character of the Castro regime. As it is, most of those minor changes of last year were canceled out this year.

In some of his actions, Castro resembles a medieval potentate. He receives foreign visitors who plead the cause of one or more of his prisoners. Magnanimously the great leader then unlocks his dungeon and lets the foreign guest take the prisoner with him. But that throwback to another age is combined with the unique characteristics of 20th century totalitarianism. The essence of the Cuban dictatorship is its reliance on brainwashing and the total penetration of society by a secret police apparatus.

Indoctrination and Vigilance Groups

Indoctrination is accomplished through careful, fine-tuned utilization of all the country's educational institutions from preschool programs through university and by similar utilization of all the country's modes of public expression: newspapers, magazines, books, and electronic media. I have used the term "utilization" rather than "control" to underline the fact that the regime is not merely satisfied with censoring school programs and publications but enlists them in its total effort to pro-

gram the thinking of the Cuban people.

This effort at brainwashing is backed up by a comprehensive and amazingly efficient system of domestic spying, record-keeping, and distribution of rewards and punishment. Cuba's secret police is a large organization, using extensive resources, and enhances its effectiveness through the work of neighborhood vigilance groups known as 'Committees for the Defense of the Revolution.' Not only are active dissenters severely punished, but education, careers, income, and housing are distributed on the basis of the records of political conformity maintained by the secret police.

We may wonder why Castro has been more successful than were those who undertook similar efforts, such as Hitler, Stalin, and Mao. The answer is that his country is smaller, he has been in power longer, and, importantly, he has had the availability of resources beyond those generated by his own economy. Also while the cult of personality characterizes them all, Castro's ability at demagoguery is rivaled only by that of Hitler. For a long time, he has also exuded a great deal of charisma, although the growth of his paunch and jowl may have begun to detract from his personal appeal.

What has stood in the way of total success for Castro's totalitarian system has been the proximity of the United States, news of the outside world which reaches Cuba through Radio Marti and through the numerous U.S. relatives of Cuban citizens, and the utter failure of the Cuban economy.

The Apologists' Line

Apologists for the Castro dictatorship have, over the years, pointed to its success in the fields of health and education and the egalitarian character of Cuban society. As to the claims of improvements in Cuban public health over the past 30 years, many are based on apparently doctored and falsified official statistics. Even so, the question that can appropriately be asked is whether such improvement as has occurred has been any greater than those in other, similarly situated countries. It has not been.

As to education, we need to ask ourselves whether we prefer a literate, governmentally programmed robot to an illiterate free spirit. A good many of us, if forced to choose, would prefer the latter.

And as for the alleged egalitarian character of Cuban society, it may be

Helsinki Human Rights Day, 1989

PROCLAMATION 6005, AUG. 1, 1989¹

Fourteen years ago, the United States and Canada joined 33 European countries in signing the Helsinki Final Act of the Conference on Security and Cooperation in Europe. That action not only marked the culmination of the remarkable 2-year meeting of the Conference on Security and Cooperation in Europe (CSCE), but also signaled a milestone in European post-war history.

The Helsinki accords recognized the inherent relationship between respect for human rights and fundamental freedoms and the attainment of genuine peace and security. Following years of diligent effort, the Western nations won in these accords the stated commitment of the Soviet Union and Eastern Europe to one of the most far-reaching sets of human rights standards ever enunciated by governments. By signing the Helsinki Final Act, all participating States agreed to respect freedom of thought, freedom of conscience, as well as freedom of religion and belief. Signatories also agreed to facilitate the free movement of people, ideas, and information between nations. The work begun at Helsinki to eliminate the barriers that divide East and West and to advance our goals of freedom, openness, and security has continued throughout three follow-up meetings.

The ongoing CSCE process represents an invaluable avenue to work for change. As recent developments in some nations of Eastern Europe suggest, the Western countries' insistence upon full implementation of the human rights and humanitarian provisions of the Helsinki accords is contributing to fulfillment of my Administration's goal of 'a Europe whole and free.' The United States welcomes recent improvements in human rights practices in Poland, Hungary, and the Soviet Union. Nevertheless, we look for further reforms in these countries as well as institutionalization of the reforms already introduced.

Despite some positive signs of change in the U.S.S.R. and some countries in Eastern Europe, we are still far from achieving universal compliance with the Helsinki accords. The governments of Romania, Bulgaria,

Czechoslovakia, and East Germany continue to systematically deny the fundamental rights of their citizens. Religious oppression, persecution of ethnic minorities, and restrictions on freedom of information and travel in these countries violate the letter and spirit of the Helsinki accords and impede the CSCE process. The United States will continue to condemn such human rights violations and call upon these countries to meet their commitments under the Helsinki Final Act.

Respect for individual liberty and fundamental human rights is not only the duty of legitimate government, but also the key to economic prosperity and lasting peace among nations. The United States thus remains firmly committed to securing full implementation of the human rights and humanitarian provisions of the Helsinki Final Act.

In recognition of the importance this Nation places on human rights and our continuing commitment to the CSCE process, the Congress, by Senate Joint Resolution 150, has designated August 1, 1989, as 'Helsinki Human Rights Day' and has authorized and requested the President to issue a proclamation in its observance.

NOW, THEREFORE, I, GEORGE BUSH, President of the United States of America, do hereby proclaim August 1, 1989, as Helsinki Human Rights Day and reaffirm U.S. dedication to the principles of human dignity and freedom enshrined in the Helsinki Final Act. As we Americans observe this day with appropriate programs, ceremonies, and activities, let us call upon all signatories of the Final Act to fulfill their obligation to respect the fundamental rights and dignity of all their citizens.

IN WITNESS WHEREOF, I have hereunto set my hand this first day of August, in the year of our Lord nineteen hundred and eighty-nine, and of the Independence of the United States of America the two hundred and fourteenth.

GEORGE BUSH

¹ Text from Weekly Compilation of Presidential Documents of Aug. 7, 1989. ■

true that the benefits allowed the Cuban *nomenklatura* are somewhat less than those accorded until recently to their East European colleagues, but the fact is that Cuba's ruling class is accorded privileges and benefits which are simply not available to the mass of ordinary citizens.

A few comments should be added about the recent trial of Gen. Ochoa.

We are not privy to the real facts in the case. But the trial bore an uncanny resemblance to that of one of Stalin's victims, Marshal Tukhachevsky, who had been Assistant Chief of Staff of the Red Army and was tried for espionage and treason, convicted and executed in 1937. A few years ago, a Soviet official said to me: 'You know, of course, that all the evidence in the Tukhachevsky

case was forged." I told him that this news hardly came as a surprise.

UN Human Rights Commission Report

In September 1988, a working group established by the UN Human Rights Commission visited Cuba and thereafter submitted a comprehensive report on its observations. The Government of Cuba then assured the commission of its willingness to cooperate with the Secretary General of the United Nations in maintaining direct contacts on the issues and questions contained in the report. Accordingly, in March of this year, the commission adopted a decision which took note of this assurance and indicated that the Secretary General would take up these contacts in an appropriate manner.

As far as we know, the Government of Cuba has, to this day, failed to follow through on its commitment. Indeed, since that time, the human rights situation in Cuba has, as I noted earlier, deteriorated markedly. Dozens of human rights activists have been subjected to punitive actions, from harassment and beatings to detentions and imprisonment. Some were arrested after—and no doubt because of—their testimony to, or attempt to give testimony to, the UN working group. We believe that the United Nations and the international human rights community has a moral obligation to help those brave souls who testified before the UN working group and thus stood up for the cause of human rights in their country. We consider it incumbent on the Secretary General to take up this issue as he was mandated to do.

Failure of Subsidized Economy

The spirit of freedom and human rights is on the rise throughout the world. What has been dubbed as the system of "command economy," which is frequently a euphemism for what is really a "command society," has clearly failed. The Cuban command economy is an example of such failure. Even the present level of the Cuban economy, low as it is, is maintained largely by Soviet subsidies. Increasingly, questions are being asked in the Soviet Union as to whether the Soviet citizenry, as it tries to rid itself of the legacy of the past, should be taxed to support a system in Cuba which has been pronounced a self-defeating failure in the Soviet Union. The questions for the future are whether an increasingly assertive Soviet citizenry will be able to call a halt to

this subsidization and what the consequences of that would be for Castro's dictatorship.

Throughout Cuba a new generation is growing up, a generation which sees the contrast between the promise and the reality, between what they hear in school and read in the official media and the news which reaches them from the outside world. It is a generation

Ethnic Turks in Bulgaria

NATO STATEMENT, AUG. 9, 1989¹

In their declaration published after the summit meeting in May, our heads of state and government deplored the fact that the governments of certain East European countries continue all too frequently to violate human rights and basic freedoms. They also stated that a continuing denial of basic freedoms cannot but have a negative effect on cooperation with those countries.

There, unfortunately, exists a grave situation in Bulgaria. Policies of forced assimilation and repression against Bulgarian citizens of Turkish origin have continued for nearly 5 years in contravention of the Conference on Security and Cooperation in Europe (CSCE) documents. The situation has now assumed a new dimension, with the expulsion and subsequent mass emigration of ethnic Turks, resulting from the deliberate deprivation of their basic human rights. The number of emigrants has now exceeded 250,000. Thousands of new divided families are being created.

The harsh treatment of citizens of Turkish origin in Bulgaria is a flagrant violation of human rights. The allies continue to keep this matter under careful review.

The allies call for the strict observance of the fundamental rights of all Bulgarian citizens of Turkish origin, in line with the obligations of the Bulgarian Government under relevant international agreements, and for a mutually acceptable solution to facilitate the smooth and orderly emigration of ethnic Turks wishing to go to Turkey with their rights being fully protected.

The allies call upon the Bulgarian Government to respond positively to international appeals to meet its responsibilities under the CSCE documents.

which is tired of the long-winded speeches of its graying leader, who after 30 years still holds out the hope of a better tomorrow. They recognize that if that better tomorrow comes, it will not be under the rule of Fidel Castro.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Greece has reserved its position on the above statement. Greece stands in an unequivocal manner for the respect of human rights and fundamental freedoms but believes that their application must be universal. Moreover Greece reserved its position as to the accurate legal terminology pertaining to Muslim minorities, as stipulated in international treaties.

DEPARTMENT STATEMENT, AUG. 10, 1989²

I would like to draw your attention to a special statement released yesterday by NATO Secretary General Woerner, which strongly criticizes the Bulgarian Government for its policy of forced assimilation and repression of its ethnic Turkish minority.

You are all aware of this tragic situation. At latest count, over 250,000 Turks have fled Bulgaria for Turkey as a result of this policy, which is a flagrant violation of human rights obligations accepted by Bulgaria.

The United States feels very strongly that the Government of Bulgaria must meet its human rights obligations, cease the religious and social persecution of its ethnic Turkish minority, and provide an orderly departure—with dignity and personal property—for those who wish to leave Bulgaria.

Together with our NATO allies, the United States will continue to seek every opportunity to express its concern over the entire Bulgarian human rights situation—involving not only the problems of the ethnic Turkish population but of individual Bulgarian human rights activists as well.

¹ Made on behalf of the NATO members by Secretary General Manfred Woerner.

² Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

U.S. Diplomacy in the Middle East

by John H. Kelly

Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on July 12, 1989. Ambassador Kelly is Assistant Secretary for Near Eastern and South Asian Affairs.¹

I am pleased to appear before the subcommittee today to discuss recent developments in the Middle East. I welcome the opportunity to begin what I hope will be a series of regular consultations on the region. Today, I will focus on the Arab-Israeli peace process, Iran and the Persian Gulf, and Lebanon.

Arab-Israeli Peace Process

A longstanding interest of the United States in the Middle East is to assist in efforts to resolve the Arab-Israeli conflict through direct negotiations based on UN Security Council Resolutions 242 and 338. This approach is based on key principles, including that of the exchange of territory for peace. For a settlement to be achieved and to be durable, Israel must enjoy security with defensible borders. A settlement must provide security and recognition for all states in the region, as well as providing for the legitimate political rights of the Palestinian people.

Principles alone, however, will not guarantee a settlement. We are embarked on a pragmatic approach, designed to end the current tragic cycle of confrontation and to get Israelis and Palestinians engaged in a practical process. An authoritative dialogue between Israelis and Palestinians from the West Bank and Gaza could enable the parties to break down walls of mistrust, alter their risk assessments, and focus on ways to negotiate. Such a dialogue would also help to structure elections in order to launch a political process involving negotiations on interim arrangements and final status of the occupied territories. Progress on those fundamental issues would permit resolution of other differences that now separate Israel and other Arab states. Two factors now guide our thinking.

First, we see real opportunities resulting from changed thinking in the region. Israelis and Palestinians have begun to acknowledge the need to engage one another directly. Israel has put forward a constructive initiative, which for the first time addresses Palestinians as Israel's key negotiating partner. The PLO [Palestine Liberation Organization] has finally accepted UN Security Council Resolutions 242 and 338 and Israel's right to exist. Egypt has gained readmission to the Arab League without compromising its peace with Israel. These events illustrate changes in thinking on all sides that are positive and worth pursuing.

Second, however, the parties continue to face significant obstacles that have blocked progress to peacemaking in the past. Gaps between positions on substantive issues are broad. Mutual suspicions between the parties have been heightened by violence, and leaders on both sides face divisions within their own communities. Under these circumstances, a high visibility initiative by an outside party cannot succeed. Similarly, premature focus on mechanisms like an international conference will only distract the parties from the difficult decisions they must make to establish a lasting peace.

It is within this context that we support the Government of Israel's peace initiative. The Israeli elections proposal is a serious effort that we endorse wholeheartedly. It holds great promise and is worth building upon. We should not allow ourselves to be distracted by positions that do not advance the peace process. The May 14 proposal adopted by the Government of Israel is a serious effort to engage the Palestinians directly in a political process. It acknowledges that the Palestinians have political rights and aspirations that must be satisfied. The initiative deserves a serious and positive response from the Palestinians and the Arab states.

Many questions still need to be addressed about how we get to elections, the elections themselves, and the relationship between elections and negotiations. These can and should be discussed in an Israeli-Palestinian dia-

logue, designed to pave the way for elections and negotiations. Beginning a Palestinian-Israeli dialogue is the first priority.

Let me say a word here about the U.S. dialogue with the PLO. Our dialogue with the PLO is not an end in itself. It is a means to advance a practical and workable peace process. In both formal and informal meetings, we press the PLO to give practical meaning to its commitments of last December: its renunciation of terrorism and its recognition of the existence of Israel. We also are trying to moderate PLO positions on the peace process and create conditions under which the Israeli Government initiative can work. We are not trying to mediate between the PLO and Israel. We are seeking to determine whether the PLO is ready to act responsibly in the peace process.

I have no major breakthroughs to report, but rather the continued efforts of our diplomacy to move all sides toward negotiations. This is slow and painstaking work. It has many opponents in the region, who seek to perpetuate the conflict rather than resolve it. It is, nonetheless, the way to proceed in a process designed to promote our national interests and to protect the interests of our friends, both Israeli and Arab. There is a long way to go. I remain hopeful that we can build on what has been done and elicit a positive Arab and Palestinian response, so that elections can be held and negotiations can be launched.

Iran

Elsewhere in the Middle East, Iran continues to command attention because of its size, location, and influence. It is too early to assess the impact of Khomeini's passing on Iran's internal politics. The leadership moved quickly in an outward display of unity to close ranks around Khomeini's successor, President Khamenei, but Khomeini's death leaves the future course of Iran unclear.

It is too early to tell whether Iran will move in a more positive direction. By that I mean whether Iran will end its support for international terrorism

and adhere to the accepted norms of international behavior, and whether Iran will use its influence with those holding our hostages in Lebanon to help gain their safe, immediate, and unconditional release. We hope so, but obviously have no assurance it will. The burden of proof clearly is on Iran to show it is prepared to behave responsibly. Actions are required, not words.

We are following developments in Iran closely. We continue to believe it is in our and Iran's interests to resume normal relations. President Bush has reiterated this position, but up to now we have had no meaningful reply from Tehran.

Let me restate for the record our policy: We are ready to talk to authorized Iranian Government representatives without preconditions. However, any substantial improvement in relations will require an end to Iranian support for terrorism and Iranian help in freeing our hostages.

The Persian Gulf

The cease-fire in the Persian Gulf has been in effect now for close to 1 year. Although Iran and Iraq have not signed a peace treaty to end hostilities, we are pleased that the cease-fire continues to hold. We continue to support UN efforts to encourage the two former belligerents to negotiate seriously and to conclude a lasting settlement.

Since I have restated for the record our policy *vis-a-vis* Iran, let me do the same for our policy toward the rest of the gulf. The United States recognizes that the Persian Gulf is an area of vital strategic importance. President Bush and this Administration are committed to defend our vital interests in the area: the free passage of oil through the Strait of Hormuz and the security of friendly regional states. This commitment is as firm as the commitments of the Reagan and Carter Administrations. The Bush Administration is similarly determined to defend the principle of freedom of navigation in the Persian Gulf and elsewhere.

If I may offer a personal observation, as one who was not directly involved in the formulation of our gulf policy, I think the reason our policy has succeeded over the years is that there has been a bipartisan consensus that the policy meet our vital national interests.

The security of our interests in the gulf rests on security cooperation with the member nations of the Gulf Cooperation Council, including arms sales. During our escort and other deterrent operations, we learned daily the importance of "interoperability" of military equipment. In a variety of ways, we found that common equipment, similar training, and like-minded planning greatly enhanced the cooperation and ultimate success of our efforts.

Among the states with which we enjoy this cooperation is Saudi Arabia. We will be pleased to welcome King Fahd on a state visit to the United States July 26-30 [postponed by the Saudi Government]. We intend to review these issues with him when he visits.

Lebanon

Moving on to Lebanon, let me begin by saying that the situation in Beirut remains extremely volatile. Both sides accepted, in principle, an Arab League call for a cease-fire. However, sea and land blockades continue. A crossing was opened in Beirut last week, but the sea blockade remains unresolved over the issue of arms shipments. These blockades have caused severe shortages of fuel and food, particularly in the Christian enclave of east Beirut.

The cease-fire remains unfulfilled. Shelling continues on a daily basis. The United States strongly urges an end to the involvement of foreign forces and restraint in the shipment of arms from foreign sources.

On June 14, the President met with Prince Sa'ud al-Faisal, Foreign Minister of Saudi Arabia, to discuss the efforts of the Arab League to resolve the Lebanon crisis. The President welcomed the collective efforts of the leaders of Saudi Arabia, Morocco, and Algeria. He expressed our support for their mandate to pursue, urgently, a political process in Lebanon that leads to elections, reforms, and a new national consensus.

The United States intends to do all it can to promote a political solution that will bring Lebanon's turmoil to an end. We believe a political dialogue among the Lebanese is essential for Lebanon to regain its stability and security. Such a dialogue is a necessary step toward resolution of Lebanon's suffering, which has gone on far too long.

All parties to the conflict should show restraint and flexibility at this crucial point. All concerned should promote a political process that is devoid of threats and coercion and that leads to national reconciliation and reform. The goal of all friends of Lebanon must be a reunited and sovereign country—free of foreign forces and armed militias—in which the Lebanese people live in harmony.

Ballistic Missiles and Chemical Weapons

One further issue of serious concern to us in the Middle East and South Asia is the spread of ballistic missiles and chemical weapons. These weapons raise the threat of violence to a new order of magnitude in a region in which strong conventional military forces already exist and the potential for conflict is high.

Ballistic missiles with ranges of up to 2,500 kilometers (1,552 miles) are now entering the inventories of several states in the region. The presence of these weapons may encourage potential adversaries to launch preemptive attacks or to acquire similar weapons as a deterrent. This prospect becomes even more troubling when linked to the proliferation of chemical warfare agents. The need for concerted and energetic action has been dramatically illustrated by the use of chemical weapons by both parties in the Iran-Iraq war, by Iraq's use of chemical weapons against elements of its own population, and by Libya's attempts to acquire full-scale chemical weapons production capability. The Administration is at the forefront of such action, encouraging the coordination of export controls through the informal missile technology control regime, and pursuing efforts to contain chemical weapons proliferation.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Cuba and Narcotics Trafficking

by Melvyn Levitsky

Statement before the Subcommittee on Terrorism, Narcotics, and International Communications of the Senate Foreign Relations Committee on July 25, 1989. Ambassador Levitsky is Assistant Secretary for International Narcotics Matters.¹

Before getting into the main body of my testimony, let me summarize our policy with regard to Cuba and drug smuggling.

First, we approach our dealings with Cuba on the drug issue with prudence and a great deal of skepticism based on past performance.

Second, our counternarcotics efforts are pursued on all fronts. Our purpose is to enlist the cooperation of all countries in working against the cultivation, production, trafficking, and usage of illegal drugs.

Third, we believe Cuba, like all other countries, should be expected to halt the flow of narcotics. This is reflected in UN membership and in general international principle.

Fourth, our concern about narcotics smuggling through Cuba—and there is no doubt that Cuba is a transit point in the illegal drug flow—stands on its own. It does not affect other areas of the relationship. As the President said on May 22 and June 28 of this year, our basic relationship with Cuba will not change until Cuba ceases systematic violation of human rights, its military and other support for violent anti-democratic groups, and its relationship with the Soviet Union which is harmful to our interests.

Finally, Cuba has had ample opportunity to cooperate in stemming the flow of drugs to the United States. Our policy will be to put Cuba to the test and to see if the Cuban Government's actions match its words. Again, we will do so with prudence and with our eyes open. We are not naive about Cuba.

This Administration is thoroughly committed to the war on drug trafficking, which causes our people untold grief and costs billions each year. A wide range of Federal agencies are engaged in combatting this scourge, including law enforcement agencies such as the Drug Enforcement Administration, the U.S. Coast Guard, the U.S.

Customs Service, and State and local police forces. The Department of State is deeply involved in this effort, working with these agencies and foreign governments to stem the flow of narcotics into the United States.

The consumption of cocaine and other coca derivatives, such as "crack," has increased dramatically in this country. Most of the cocaine consumed in the United States is produced in the Andean countries of South America and much is shipped by boat or plane across the Caribbean to destinations in Florida and along our east and gulf coasts. We have made a major commitment to interdicting this traffic.

As you can see from looking at a map, it stands amidst some of the primary illicit drug routes into the United States, and its territory has been used by traffickers as a transshipment point. Although it is difficult to gauge the amount of trafficking that takes place in Cuba, we note a marked increase in reported drug trafficking incidents in Cuban territory during the first half of 1989.

The Cuban Government has refused to cooperate with its neighbors in the international effort to stop the flow of drugs. For years Fidel Castro has denied involvement by any Cuban officials in the drug trade since the revolution.

The United States cooperates on narcotics interdiction with many governments and attempts to involve all nations in this global struggle. The Soviet Union, for instance, recently entered into a cooperative relationship with us to fight drugs. Despite our serious reservations about Cuban intentions, we are taking a fresh look at areas in which the Government of Cuba could tangibly demonstrate the seriousness of its claimed willingness to cooperate against drug trafficking. We will judge Cuba by its actions, not by its words. I would like to turn to some of the issues that have been raised in the wake of recent developments.

Summary of Recent Events

In an unprecedented move June 16, the official Cuban press accused Gen. Arnaldo Ochoa and other officers of narcotics trafficking. This is the first time the Government of Cuba has admitted official Cuban involvement in the drug

trade. The official press stated that agreements were concluded between Cuban officers and Colombian drug traffickers and that joint drug smuggling operations were carried out, including airdrops, drug plane refuelings, and drug plane offloadings, in Cuban territory over the past 2 years.

In total 14 officials were arrested. The list was headed by Ochoa, an Interior Ministry general and Interior Ministry Col. Antonio de la Guardia. The accused were brought before a military court, which sentenced Ochoa and three others to death July 7, although drug trafficking is not a capital offense in Cuba. They were executed July 13.

During the trial, Fidel Castro renewed his previous calls for dialogue with the United States on how to cooperate to prevent the use of Cuban airspace and territory by traffickers delivering drugs to the U.S. market. Castro also claimed, inaccurately, that the United States had known about Cuban officials' drug trafficking activities but had not shared the information with the Cuban Government.

Trial and Execution of Drug Traffickers

Only Fidel Castro can definitively answer the question as to why Ochoa was sacked. We have no information linking Ochoa to drug trafficking, although we cannot rule out that possibility. We believe it unlikely that Castro could have been unaware of high-level official Cuban involvement in narcotics trafficking. Ochoa may have been sacked and executed for other reasons. We must await further informed analysis to determine what motivated Castro to act against these individuals at this time.

We have reports linking some of the 14 accused officers to drug smuggling operations. Cuban disclosures confirm links between De la Guardia and other Interior Ministry officials and Reinaldo Ruiz, a drug smuggler who pleaded guilty to trafficking in a U.S. court in March 1989. We also have reports detailing drug smuggling operations similar in location and type to those described by official Cuban sources during the drug scandal. Again it is hard to believe that the Castro regime was unaware of such allegedly extensive involvement of its most senior officials and agencies, and it is unclear

Emergency Package for Colombia's Drug Fight

**PRESIDENT'S STATEMENT,
AUG. 25, 1989¹**

At the request of President Barco and in order to support the Government of Colombia in its battle against narcotics traffickers, I have today decided to authorize a \$65 million emergency anti-drug support package for the Colombian police and military. The package will include equipment for police and military personnel, with initial shipments to arrive as early as next week. In addition, it will include aircraft and helicopters to improve the mobility of Colombian forces engaged in the anti-drug effort. The package was developed over the last few days during which there was close consultation between President Barco and myself and among our key advisers.

No U.S. troops have been requested by the Colombian Government. We will provide only materiel support and training. The United States has complete confidence in the capability of the Colombian police and military to deal with this situation.

The support package will be made available under the provisions of the 1986 Foreign Assistance Act which enables the President to direct the Department of Defense to provide military equipment and services to a foreign country in the event of an emergency.

rorism of the Senate Judiciary Committee that "for the first time, we now also have detailed and reliable information linking Cuba to trafficking in narcotics as well as arms." Obviously, we are unable to share intelligence information with the Cubans without putting sources and methods at risk, but our conclusions are available.

Four high-level Cuban officials were indicted in Miami in 1982 for involvement in drug trafficking. Information from those indictments was a matter of public record and was provided to the Cuban Government, but so far the Cubans have not investigated the allegations, nor have they caused the officials in question to come to the United States to stand trial. Rather they have simply denounced our indict-

In addition to this emergency assistance and the funds being provided under the Justice Department's judicial protection program, I will authorize an expanded police and military assistance program for FY 1990 which will provide an increased level of support for the Colombian Government's ongoing antidrug efforts.

The recent wave of assassinations and threats by the drug cartel against all Colombians who cooperate and President Barco's antidrug crackdown makes it clear that it is time for the United States and other countries of the world to stand with President Barco during his courageous challenge to these insidious forces that threaten the very fabric of Colombian society.

We intend to work closely with the Colombian Government to bring to justice those responsible for the scourge of drug trafficking and will continue in our efforts to assist the Colombian effort to provide protection for judges and other Colombian officials who are on the front line of the war against drugs. The Departments of State and Justice are working closely with their Colombian counterparts on extradition matters.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 28, 1989. ■

ments as politically motivated without any pretense of even looking into the merits of the charges. Other non-Cuban defendants in this case were convicted. Cuba also figures prominently as a cocaine transshipment point in Federal indictments handed down in February 1988 and April 1989. Reinaldo and Ruben Ruiz, the top defendants in the 1988 case, pleaded guilty. Also in 1988, a former Panamanian intelligence aide to Gen. Noriega testified publicly before the Senate that Fidel Castro mediated a drug-related dispute between Noriega and key Colombian traffickers.

It is clear that recent developments in Cuba have raised many questions. We do not yet have all of the answers. Only time will tell whether the sudden professed Cuban commitment to the

what motivated the sudden "revelations" and punishment of these alleged activities.

The case against Ochoa, De la Guardia, and the others was a carefully choreographed show trial from beginning to end. When the first newspaper editorial appeared and charged drug trafficking, the end result was obvious: The accused would be found guilty. The only real question throughout the proceedings was whether the accused would be executed. It is also an indication of the fairness of the trial that one of the officers who sat in judgment of Ochoa is himself a fugitive from U.S. justice, under indictment for drug trafficking.

Castro's Motivation

There are few available facts to support speculation that Ochoa was a political threat to Castro and that the house-cleaning of the Interior Ministry shows that the Cuban Government is in trouble. Castro deftly managed the show trial and appears to have been in firm command throughout the incident. At the same time, it does not seem credible that the execution of Ochoa and others was motivated only by a sudden "discovery" of drug involvement on their part.

The defendants at the trial predictably absolved Fidel and Raul Castro of any foreknowledge or culpability in their drug dealings. We seriously doubt that drug trafficking by high-level Ministry of Interior officials as described in the trial could have gone on for 2 years, as claimed in the trial proceedings, without the knowledge and possibly approval of the Castro brothers. We find it hard to believe that the Castros were unaware of any deals of this magnitude only days before they were made public. After all, our concerns on this issue were a matter of public record, reiterated most recently in our March 1 international narcotics control strategy report.

U.S. Knowledge and Interests

We have had reports of drug trafficking in Cuba and of Cuban officials' involvement with narcotics smuggling since the early 1980s and have raised this matter on numerous occasions before the Congress and elsewhere. For example, as early as March 12, 1982, Thomas Enders, then Assistant Secretary for Inter-American Affairs, stated before the Subcommittee on Security and Ter-

war on drugs is genuine, or whether this is just another issue they want to play politics with. Some evidence suggests that Cuba simultaneously facilitates the flow of drugs in selected cases while prosecuting other cases to conviction.

The indicators of high-level Cuban involvement in drug trafficking, including those that predate recent events, cause us to question seriously the potential for working with a government that could use the information we provide against us. The history of cooperation with Cuba is not reassuring. In the cases of both the 1973 hijacking agreement and the 1984 migration agreement, Cuba has abrogated its commitments when it suited its interests.

Exchanges with Cuban officials on drug issues have occurred in the course of our normal contacts, even before the current drug scandal. Despite Fidel Castro's claim that Cuba was ready to cooperate with the United States on drugs to a visiting U.S. Congressman late last year, when asked for clarification, Cuban officials subsequently stated that they had no specific proposals on the subject in mind. They did not encourage further exchanges on this issue. While we do not make public details of our private conversations with other governments, I can tell you that we have asked the Government of Cuba for the results of its investigation into drug smuggling by Cuban officials so that we can review them and take appropriate action on activities that may involve violations of U.S. law.

Despite our longstanding concerns, the high priority the United States attaches to drug interdiction and Cuba's geographic proximity and strategic location have caused us to consider non-political avenues to stimulate serious

enforcement action on the part of Cuba that would serve our interests. We are closely monitoring Cuban interdiction efforts to see if Cuban actions match Cuban officials' claims that their government is, indeed, serious about combatting narcotics trafficking.

Cuban Actions

The Cubans can take a number of positive steps right away to demonstrate their sincerity. We are making this clear to them directly.

- They can undertake serious, unilateral interdiction efforts against drug traffickers, which, after all, are in their own best interests. Their record of selective enforcement is not satisfactory.

- They can respond quickly to reports of airdrops or other suspicious activities in their territory. Their record is not satisfactory.

- They can take action regarding the persons charged in the U.S. indictments. To date, they have done nothing but protest the indictments.

- They can share with us the results of their investigations of Ochoa and others. To date they have not replied to our suggestion that they do so.

- They should stop propping up an indicted drug dealer in Panama—Noriega.

Enforcement against narcotics traffickers is a subject that requires action, not dialogue. Existing channels of communication are fully adequate to the task if Cuba has the will to move vigorously against traffickers.

One final note of caution. Castro has stonewalled us and the rest of the world in this issue for many years. We must not—in our haste to further the war on drugs—rush into a situation which might give his government political and other benefits without corresponding advantage for ourselves in the struggle against narcotics trafficking. We must not allow Castro to clean up his image without cleaning up his act.

Make no mistake. We are not naive about Cuba. Thirty years of dealing with Cuban intransigence and deception have taught us a number of lessons. While we are willing to look at even the toughest problems with an open mind to see if an arrangement could be worked out that would benefit the United States and its people, we don't intend to be pushed prematurely into decisions that could work against our interests. We are committed to routing out high-level drug traffickers and exposing government complicity in drug trafficking.

We still do not like what we see of the Cuban reality in drugs, human rights, support for antidemocratic groups, and so on. Nor do we believe that Cuba should be rewarded if its sudden interest in drugs proves to be genuine. By cracking down on drug trafficking, Cuba would finally be living up to its international obligation. When it comes to fighting drugs, virtue is its own reward. After all, events have proven that Cuba, in spite of its protestations to the contrary, is no more immune to the scourge of narcotics than the rest of the world.

In addition, the burden is on Castro to prove Cuba is ready to make a contribution to the war on drugs. For many years Cuba has stonewalled us and the rest of the world on drugs. The United States has nothing to prove.

As President Bush said in a June 28 interview published in *The Miami Herald*, Castro's apparent antidrug effort will not move the United States to seek improved relations with Cuba, as long as our serious concerns about Cuban behavior internally and externally remain unresolved. The burden of proof lies with Fidel Castro.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20520. ■

Global Narcotics Cooperation and Presidential Certification

by Ann B. Wroblewski

Statement before the Subcommittee on Terrorism, Narcotics, and International Communications of the Senate Foreign Relations Committee on April 5, 1989. Miss Wroblewski is Assistant Secretary for International Narcotics Matters.¹

The Bureau of International Narcotics Matters will provide testimony today, in behalf of the Department of State, concerning the determinations on narcotics cooperation, which President Bush certified to Congress on March 1 and on the International Narcotics Control Strategy Report (INCSR), which provides the basis for those decisions.

SUMMARY OF RECOMMENDATIONS

President Bush certified The Bahamas, Belize, Bolivia, Brazil, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Paraguay, Peru, and Thailand. The President gave a national interest certification to Lebanon and denied certification to Burma, Laos, Panama, Syria, Iran, and Afghanistan.

But the Administration did much more than simply certify cooperating countries. President Bush, in effect, gave four ratings: certification, certification with explanations, national interest certification, and denial of certification. The President provided special statements explaining the certifications of The Bahamas, Bolivia, Colombia, Mexico, Paraguay, and Peru. Secretary Baker, in a special letter to Congress [March 1, 1989], said that he and President Bush "are both deeply troubled by the state of affairs upon which he based his certification decisions. Despite the hard work and dedication of many public servants and private citizens, both here and abroad, the international war on narcotics is clearly not being won. In fact, in some areas we appear to be slipping backwards."

"Nonetheless," the Secretary continued, "we present you these certifica-

tions in good faith in the hope that we can work together against the drug menace. For six countries, there are statements that explain the certification while acknowledging that each of the six can and must do more in the future to end the drug trade."

With respect to denial of certification, let me note that aid is not a factor in Syria, Iran, and Laos or with the Government of Afghanistan; aid had been previously suspended to Burma and Panama. Laos is reportedly seeking a loan through the Asian Development Bank, which will have to be opposed. We do have a continuing interest in POW/MIA [prisoner of war missing in action] investigations with Laos, which was the basis for the previous national interest certification. However, we felt that the information we had concerning official involvement was compelling, given the requirements under Section 2013(b). Trade sanctions are discretionary to the President, and no recommendations are made affirmative or negative on trade sanctions for the six countries denied certification.

1988 IN SUMMARY

Our annual report was submitted to Congress on March 1 and, for the benefit of this hearing record and for those in the audience who have not read the INCSR, my testimony presents the major findings in the report.

Several critical milestones were met during 1988. Peru eradicated 5,130 hectares of coca—possibly offsetting for the first time any expansion of Peru's coca crop which has been increasing by an estimated 10% a year. Bolivia exceeded its coca eradication targets ahead of schedule and passed landmark legislation which outlaws coca cultivation in most of that country. Colombia seized 23 metric tons of cocaine, while The Bahamas seized 10 tons of cocaine. The year 1988 presented some opportunities for progress:

- The election of new governments in Mexico and Pakistan;
- Evidence of greater international willingness to assist nations facing problems with drug production and trafficking; and
- The growing awareness among developing nations now faced with drug abuse epidemics that inaction can no longer be tolerated.

We have seen a new willingness by nations to work together at the United Nations, at the economic summit, and on regional initiatives, actions which will have consequences for narcotics control in South America. Nations recognize that they cannot confront the problem alone, that one nation's progress has generally resulted in a shift in production and traffic to more vulnerable, less vigilant nations.

However, there were disappointments in 1988: the continuing expansion of the Andes coca crop, particularly in Bolivia, and the slow progress of Andean governments in agreeing upon strategies which include wide-scale herbicidal eradication. Central to a viable cocaine control strategy is destruction of a good percentage of South America's coca crop, an objective which cannot be achieved through manual eradication. In 1988 farmers in Peru, Bolivia, Colombia, and Ecuador cultivated 493,136 hectares of coca; manual eradication destroyed 6,896 hectares, or nearly 4% of the coca acreage in these countries.

U.S. policymakers were confronted once again in 1988 by the reality that political and economic instability in drug-producing areas can subordinate drug control agendas to other pressing concerns. Narcotics production and trafficking often go hand-in-hand with enormous social and political problems.

Expansion of the world's opium crop, especially in politically inaccessible areas threatens to increase U.S. heroin supplies. There is concern among some domestic drug abuse experts that heroin popularity will rise partly as a result of the highly publicized negative consequences of crack and of increased production in Southeast and Southwest Asia.

On the positive side, marijuana production continues to decline in traditional growing areas in Colombia, Jamaica, and Belize, although Colombia experienced an increase in new areas. Ironically, reduction in international marijuana supplies puts the United States in the indefensible position of being a major supplier to the domestic and international market.

GOAL: COCAINE

Over 60% of the Bureau of International Narcotics Matters overseas narcotics control budget is dedicated to cocaine control with the objective of reducing cocaine imports by 50% by 1993. This year's brightest news comes from Peru, where against tremendous odds, 11 months of concentrated manual eradication resulted in the destruction of 5,130 hectares, eliminating a potential 10 metric tons of cocaine from the international market and possibly stabilizing coca expansion in Peru for the first time. However, the expansion of the Andean coca crop in Bolivia and Colombia and modest gains in eradication make 1988 a year of mixed results. Despite some encouraging efforts on the part of the Bolivian Government, coca cultivation in that country expanded during this past year, from an estimated 39,258 hectares in 1987 to 48,500 hectares after eradication; this represents an increase in hectareage of more than 20% in 1 year. Coca cultivation also increased slightly in Colombia from 25,000 hectares to approximately 27,230 hectares.

The success of our cocaine control strategy overseas depends on several U.S. Government agencies working together. The strategy incorporates eradication, enforcement, training, public diplomacy, and development assistance. The Bureau of International Narcotics Matters airwing, mandated by Congress, is fully operational in South America supporting coca and marijuana control operations. During FY 1989, the airwing inventory will have 51 aircraft, including a mix of helicopters, utility aircraft, fixed-wing spray planes, and three C-423 transports. In conjunction with host country officials, the Bureau of International Narcotics Matters and DEA [Drug Enforcement Administration] utilize the aircraft for aerial eradication of drug crops, transporting eradication workers and U.S. and host country law enforcement personnel, training foreign pilots in spray techniques, and transporting equipment.

The Drug Enforcement Administration works with law enforcement officials in South and Central America in an advisory capacity; 'Operation Snowcap,' a multicountry, multifaceted cocaine control operation, is central to our cocaine strategy. Snowcap addresses several aspects of the cocaine processing and trafficking cycle, including chemical control and lab and airstrip destruction. Most Snowcap activity is currently taking place in Bolivia and Peru. Since its inception in 1987, this cooperative operation has resulted in the destruction of 491 cocaine hydrochloride labs, 15,500 arrests, and the seizure of over 13,000 kilograms of cocaine.

Other U.S. Government agencies have also taken an active role in training and advising Andean law enforcement organizations in support of cocaine control operations. The Border Patrol has trained UMOPAR [Bolivian rural police] units in Bolivia; the Department of Defense has trained law enforcement personnel in Bolivia, Ecuador, and Colombia and has provided operational support to drug enforcement agency personnel engaged in cocaine control programs.

While there are indications that certain segments of the U.S. market for cocaine may have stabilized, our major cities are faced with a crack epidemic which has bred violence, murder, and despair. Latin American cities are also facing unprecedented levels of drug addiction with the introduction of *basuco*, a highly addictive byproduct of cocaine which has characteristics similar to crack.

U.S. seizures of cocaine were up during 1988; Federal law enforcement agencies report that in the first 10 months of 1988, about 76,000 kilograms of cocaine were seized. This represents an increase of 13.5 metric tons in seizures for the entire previous year.

Prospects for Success in South America

Latin American governments have been unable to significantly reduce the Andean coca crop or to eliminate cocaine trafficking. The enormous profits generated by the cocaine trade have enabled the traffickers to intimidate representatives of government institutions and to purchase arms and influence. Violence, drug-related corruption, and intimidation impede Andean governments' efforts to mount effective anti-narcotics campaigns. Some evidence

exists to indicate that Shining Path guerrillas in Peru actively attempt to sabotage coca eradication efforts in the Upper Huallaga Valley. There is a proven relationship between narcotics traffickers and the FARC [Revolutionary Armed Forces of Colombia] guerrilla movement in Colombia.

Despite some country-by-country improvements, no real progress was made in a regional approach to cocaine control. The cocaine 'big picture' remains discouraging and suggests that the current direction of Latin American cocaine control efforts may need to be reassessed. In the coming weeks, we will address the cocaine issue in detail as we respond to the request in PL 100-690 that we assess the feasibility of creating an integrated regional strategy and as we work with the Office of National Drug Control Policy on the new U.S. national strategy.

The Herbicide Issue

While enforcement operations have resulted in significant seizures, coca eradication in the field holds the most promise for reducing worldwide cocaine supplies. The most hotly debated and most misunderstood issue in 1988 drug control efforts was the possible use of herbicides against the Andean coca crop. Debate on the environmental effects of herbicides was often superficial, taking no account of the already devastating environmental consequences of clear cutting forests and mountain areas or the damage caused by narcotics refining and processing chemicals.

Peru has repeatedly stated its commitment to testing safe, effective herbicides for use against coca and, during 1988, completed the first phase of its testing program, applying six herbicides manually to several plots of coca totaling under 3 acres. On March 17, Peru completed the critical aerial test of two herbicides, across 16 test plots, and, in the coming weeks, soil, air, and water samples will be analyzed for effects.

Herbicide testing is carried out by the U.S. Government and host countries using the same strict criteria which are mandated domestically but not internationally. Herbicides are applied carefully to ensure that unintended destruction of other crops does not occur. Where possible, pellets are used to minimize the possibility of drift.

Critics of herbicide testing fail to state several important issues which may help put Peru's coca eradication program into perspective.

First, in the Upper Huallaga Valley, coca cultivation is illegal. A large percentage of the peasants cultivating that crop are not traditional coca farmers; they have recently occupied the land for the sole purpose of growing coca for the illegal market. Eighty percent of the farmers grow nothing but coca; the remaining 20% cultivate some food crops to supplement supplies transported from other regions. The Upper Huallaga Valley has never been a traditional agricultural area nor will it revert to one after coca is eliminated.

Second, coca farmers and cocaine traffickers have devastated the valley with irresponsible use of chemicals and with the careless destruction of the forest. Peruvian environmentalists are deeply concerned about the silence of the world environmental community about the continuing destruction of natural resources due to coca cultivation and see the use of herbicides to destroy that illegal crop as an acceptable tradeoff.

Third, the increasing presence of the Sendero Luminoso in coca-producing areas poses a grave threat to the stability of the Lima government.

Herbicide destruction of the coca crop is not the answer to all coca-related problems. A number of important questions still need answers concerning development, alternative sources of income for peasants, and the economic future of Andean countries. However, the use of herbicides can provide these governments with an effective tool to eliminate part of the coca crop, encourage farmers to seek legal livelihoods, and demonstrate government commitment to narcotics control.

The IDEC Initiative

During the summer of 1988, 30 nations, including several European governments, participated in a month-long cocaine enforcement operation under the auspices of the International Drug Enforcement Conference (IDEC). At IDEC's April meeting in Guatemala City, members agreed to participate in cooperative, coordinated, multinational law enforcement operation during August to enhance their abilities to seize cocaine and cash, track fugitives, and crack down on money laundering.

The United States participated in the IDEC operation, committing National Guard units in four states to work side by side with the U.S. Customs Service inspecting cargo.

GOAL: HEROIN

During 1988, there was no reduction in worldwide supplies of opium and heroin. In every opium-producing nation except Thailand, opium production appears to have remained at 1987 levels or increased. Heroin conversion and trafficking remain serious problems in Southeast and Southwest Asia and Mexico; increased heroin supplies have also alarmed U.S. drug experts who believe that the United States may be poised on the brink of another heroin epidemic. Compounding U.S. Government frustration at increasing worldwide opium supplies is the fact that 90% of the world's opium production takes place in areas to which the United States has limited or no access, such as Iran, Afghanistan, Lebanon, Laos, and Burma. Federal law enforcement officials report that 1988 heroin seizures are up over last year's totals.

Southeast Asia

The civil turmoil in Burma has resulted in the suspension of the Socialist Republic of the Union of Burma's annual aerial opium eradication program. Between January and March 1988, Burma reported eliminating over 16,000 hectares of opium. At year's end, it is estimated that Burmese production of opium is up in absolute terms, and there is no immediate prospect that the aerial eradication campaign will be resumed in time to be effective against the 1989 crop. Indeed, the disturbances will most likely result in unchecked opium production in Burma.

There has also been no reduction in opium production in Laos, and there continue to be reports of extensive involvement of military and civilian government officials in the narcotics trade, suggesting that such activity remains a matter of de facto government policy.

Our continuous dialogue on this subject with the Lao, our certification program, and pressures from others in the international community underlie the recent Lao decisions to begin to address the narcotics situation. In the summer of 1988, the Lao Government raided two refineries in Oudomsai Province and later tried 48 traffickers

netted in the raid; among those convicted was the governor of the province, a central committee member. A high-level delegation of U.S. Government officials traveled to Vientiane in early 1989 to discuss a number of issues, including narcotics control. Lao Government officials assured the U.S. representatives that the Lao had begun to address its opium problem, as evidenced by the Lao agreement that the UN Fund for Drug Abuse Control (UNFDAC) could establish a \$5.8 million rural integrated pilot program in an opium growing region in northern Vientiane Province. This project is scheduled to get underway before July. For the first time, Lao officials accepted, in principle, previous offers of bilateral U.S. narcotics control assistance.

Thailand was successful in ensuring that opium production did not increase during 1988. It is possible that no further reductions will be made in coming years in the estimated 28 metric tons of opium produced in Thailand, given the demand for opium among the indigenous hill tribe addict population.

Heroin trafficking remains a serious problem in Southeast Asia, particularly in Thailand where an excellent system of roads provides traffickers good access to international markets. There is evidence that heroin is trafficked through Vietnam, notably through the port of Da Nang. During 1988, heroin seizures in Thailand doubled over the previous year's totals, and 10 heroin refineries were immobilized.

Southwest Asia

Opium production and heroin trafficking are deeply entrenched in the Southwest Asian nations of Iran, Afghanistan, and Pakistan. There is no indication that the Southwest Asian opium situation will improve in the foreseeable future. Political turmoil and limited U.S. access in both Iran and Afghanistan will complicate any future opium control efforts, while the unstable Afghan political outlook will undoubtedly contribute further to Southwest Asia's opium and heroin problem. Pakistan's new government has publicly stated its commitment to opium control and has agreed to make use of aerial spraying to reduce the 1989 poppy crop.

There is little reliable information emerging from Afghanistan on the amount of opium poppy cultivated or

the amount of heroin trafficked; it is widely believed, however, that both activities increased during 1988. There are no signs that either the Soviets or the Kabul regime have been able to make any progress in curbing production and trafficking. Estimates put the amount of opium production during 1988 at between 700-800 metric tons.

There is also sketchy information out of Iran concerning the amount of opium poppy cultivation taking place. It is believed, however, that Iran does not produce enough opium to supply its estimated 1 million addicts and must turn to Afghanistan and Pakistan for heroin. Opium production is estimated at between 200-400 metric tons per year, similar to 1987 levels. Heroin trafficking through Iran to Turkey is a trend that concerns U.S. and Turkish Government drug enforcement officials; Turkish enforcement efforts have resulted in the relocation of some Kurdish heroin refining activities from eastern Turkey to Iran. There is some indication that the Government of Iran is troubled by drug trafficking and addiction; enforcement operations and the execution of drug traffickers are two manifestations of Iran's desire to curb drug trafficking.

Last year's estimate of Pakistan's opium crop (reported at between 135-160 metric tons) was further revised to a range of 190-220 metric tons based on a new appreciation of yields. Opium cultivation in 1988 did not increase appreciably, but the Government of Pakistan has not been able to bring production down to 1985 lows. The newly elected Bhutto government has stated its commitment to reducing opium cultivation and heroin trafficking, and the Prime Minister has urged the creation of a new cabinet-level drug control entity under her direct auspices. Alarmed by the estimates of 1 million Pakistani drug addicts, the government has pledged to redouble its eradication and enforcement efforts and has indicated to the United States its willingness to eradicate opium poppy by aerial means during the 1989 season.

In late 1988, the Government of Pakistan signed the Tribal Areas Development Agreement which will result in a major U.S.-sponsored development project in the Bajaur and Mohmand tribal areas. The agreement specifies that an opium ban will be gradually implemented in these remote areas over the next 5 years, increasing the possibility that opium cultivation can be re-

duced through concerted government actions. The Government of Pakistan did arrest a major heroin trafficker this year, but trafficking organizations have not felt real pressure to cease smuggling.

Mexico

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana, and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made anti-narcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million, up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. Government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program.

Other Opium Producers and Heroin Traffickers

During the past few years, opium production has increased in countries such as Guatemala and Lebanon which are not traditional cultivators of opium. Heroin production and trafficking in the Middle East flourish in chaotic wartime conditions, and there is much evidence that heroin profits are being used to purchase arms. Until order is restored in Lebanon, gains in opium control are highly unlikely.

GOAL: MARIJUANA

The worldwide marijuana picture in 1988 was mixed, with some nations making significant gains against marijuana cultivation and others unable to reduce their supplies. In countries where repeated aerial marijuana eradication campaigns have been launched, such as Belize, cultivation and replanting have been significantly reduced.

Colombia has been successful in eradicating marijuana cultivated in

traditional areas through a series of aerial eradication campaigns. However, marijuana farmers have begun cultivation in nontraditional areas of Colombia including the Cauca and San Lucas Mountains; an estimated range of 5,927-9,625 metric tons were produced by Colombia in 1988.

The United States remains the third largest marijuana producer for our domestic market. During 1988, law enforcement personnel located and destroyed 38,531 small, difficult to locate plantations and seized 1,240 indoor greenhouses. Net production is estimated at 3,000-3,500 metric tons for 1988.

GOAL: TRAFFICKING NETWORK

Major international drug traffickers continue to wield power in Latin America, demonstrating their ability to run large organizations with untold wealth, a ready supply of arms, and growing access to the world's media. While many of the world's most powerful drug traffickers remain at large, three notorious cocaine traffickers are behind bars today. Carlos Lehder was convicted and sentenced to life in prison after being extradited from Colombia. Ramon Matta Ballesteros, captured in Honduras, is serving time on a separate offense and is awaiting trial on drug trafficking charges, and Bolivia drug kingpin, Roberto Suarez, was arrested by Bolivian authorities and is presently in prison.

Last year was a banner year for initiating what we hope will be several classic investigations of the financial networks and wealth management systems of drug traffickers. The value of targeting the financial flows of drug traffickers has achieved a new prominence in U.S. enforcement operations and has become central to U.S. drug control policy. The pursuit of proceeds is enhanced by marked increases in international sensitivity to this issue, spurred in part by the attention given to money laundering issues at the United Nations and the economic summit of industrialized nations as well as our enforcement initiatives. International action to stop money laundering is also unquestionably driven by awareness of the crippling effects of narcotics trafficking and corruption—and a desire to avoid the stigma borne by countries which have become money laundering centers.

A number of international investigations led to major arrests and the seizure of millions of dollars in drug-related assets. One of the most successful money laundering investigations, called "C-Chase" by U.S. Customs and other enforcement agencies, led Britain, French, and U.S. authorities to shut down an international network operating on three continents; the Bank of Credit and Commerce International was indicted.

GOAL: PUBLIC DIPLOMACY

International public opinion is one of the most crucial elements of a successful narcotics control program; the U.S. Government, understanding this, is working with a number of foreign governments to raise public awareness about the global drug problem and enlist support for concerted, international action against all facets of the illicit drug trade.

The U.S. Information Agency (SIA), the Department of State, and the Agency for International Development (AID) contributed to the U.S. Government's public awareness activities during 1988. In addition to the sharing of information, the U.S. Government also provided technical assistance to a number of countries in the area of drug education and demand reduction.

The Agency for International Development has also become increasingly involved in narcotics awareness programs and anticipates that 10 countries may receive assistance in this area next year. AID obligated almost \$5 million for drug awareness programs in 1988 to fund training, technical assistance, information dissemination, and use of the media.

GOAL: INTERNATIONAL COOPERATION

Developed nations are becoming increasingly involved in the international narcotics issue as the threats of drug trafficking and abuse take their toll on host societies. Through diplomatic and program initiatives, the United States is working with other governments to assure that narcotics is elevated on the international agenda.

The annual certification process is the centerpiece of U.S. diplomatic efforts to encourage international co-

operation in narcotics control. Over \$1 billion in U.S. foreign assistance is at stake in these determinations.

The finalization of the UN trafficking convention was one of several positive developments in the area of international cooperation. In meetings of the economic summit of industrialized nations (the United States, Canada, France, the Federal Republic of Germany, Italy, Japan, and the United Kingdom), cooperation on controlling international narcotics production, trafficking, and abuse were discussed in detail. At the May meetings in Toronto, the governments agreed to convene an experts group later in the year; the United States hosted this experts meeting in September at which representatives from six nations (France declined to attend) made recommendations on how to achieve enhanced cooperation in controlling financial flows, strengthening law enforcement initiatives, reducing the demand for drugs, and supporting development projects.

The United States and U.S.S.R. signed a bilateral agreement in January 1989 which will lead to closer cooperation between our two nations in narcotics investigations. The agreement, signed by Secretary Shultz and Foreign Minister Shevardnadze, provides a mechanism for exchange of information on drug traffickers, shipments, and the source of seized narcotics. At his confirmation hearings in January, Secretary Baker outlined U.S. interest in expanding the established four-part agenda for U.S.-Soviet dialogue (human rights, arms control, regional conflicts, and bilateral relations) to include a fifth agenda item of global issues, such as narcotics, the environment, and terrorism. The Soviet Government agreed to this expansion (which will make narcotics a regular topic of discussion between U.S. and Soviet leaders) during Secretary Baker's introductory meeting with Foreign Minister Shevardnadze in Vienna on March 7.

The personal diplomacy of U.S. Government officials such as the Secretary of State and the Attorney General, who both traveled to Latin America during 1988, reinforced the priority that the Administration places on the narcotics issue as a major foreign policy concern.

International organizations such as the United Nations, the Organization of American States (OAS), the Andean parliament, the Association of South East Asian Nations (ASEAN), and the

Colombo Plan were active on the drug front in 1988. Last year was the second year of operations of the OAS Inter-American Drug Abuse Control Commission (CICAD). The CICAD's membership expanded from 11 members to 20, demonstrating the growing interest among OAS members in the drug issue. During the last year, the commission launched regional projects using school systems for prevention and strengthening law enforcement mechanisms in the fight against drug abuse and trafficking. CICAD also undertook to develop stricter regional controls on precursor chemicals. Plans for 1989 include a meeting of ministers from the 31 OAS member states to reassess priorities for action.

THE ROAD AHEAD: THE 1989-90 AGENDA

During the next year, the Bureau of International Narcotics Matters intends to support program goals around the world in the following ways.

Latin America and the Caribbean

Bolivia, as President Bush noted in his statement, must do more to halt the spread of coca cultivation. We think Bolivia can gain control of coca expansion by ensuring that the new antinarcotics law is upheld and by vigorously administering the involuntary eradication program. Bolivia must also intensify interdiction activities to further disrupt cocaine processing and encourage farmers to seek other livelihoods as a result of shrinking coca markets. Funding in FY 1990 will be used for both interdiction and eradication; special emphasis will be placed on infrastructure support to field units.

Colombia's judicial system has suffered significant violence at the hands of major trafficking organizations; that nation must address problems in its system and take necessary steps which will enable them to bring traffickers to justice. The continuing expansion of Colombia's coca crop is troubling and needs to be checked, preferably with an aerial eradication campaign. New marijuana plantations must be destroyed, again through aerial means. President Bush noted all of these concerns in his certification statement, which contained this summary assessment:

Few countries, if any, have contributed more of their national resources or lost so many lives in the effort to curb narcotics trafficking. We continue to stand in admiration of Colombia's determination. Yet, we are sensitive as well to how much more needs to be done, directly and bilaterally. As much as has been done, Colombia must do more, not just to eradicate crops, but to overcome corruption and intimidation. Colombia fights a two-front war against the traffickers and insurgents, too often in league with one another. We will continue to assist in meeting that challenge.

In FY 1990, program funds will be used to support antinarcotics police enforcement efforts throughout the country to destroy cocaine processing laboratories, to interdict cocaine, and build upon the existing aerial campaign to eliminate cannabis entirely. Funds will also be used to support aerial eradication of coca should that occur.

Paraguay remains a significant drug transit point and is probably used as a money laundering center. Following last year's decision to provide Paraguay with a limited 'national interest' certification, a stronger commitment was made in 1988 by Gen. Stroessner, which resulted in several significant seizures and arrests and the passage of a tough new narcotics law. As President Bush said, 'We are taking a wait-and-see attitude on all aspects of the relationship with new President Andres Rodriguez.' We have called upon the new Paraguayan Government to take the kinds of actions that will curb trafficking in cocaine and other drugs, and President Rodriguez has promised to 'wage a firm and intransigent struggle against drug trafficking.' Paraguay is cooperating currently on aerial marijuana eradication, which is an encouraging step which we hope will lead to other concrete actions to stem the production and flow of drugs.

Peru needs to expand eradication through use of herbicides where appropriate in its antiocea campaign. Over the coming months, we will press the agenda advanced by President Bush:

The manual eradication effort in 1988 was an extraordinary improvement over the meager results of the previous year, but there is need for an even stronger crop control effort in 1989, including completion of the aerial tests; enforcement in the Upper Huallaga Valley has had limited effect as a restraint on production or trafficking, and corruption is a problem. There is a need for a strong commitment from the Peruvian military against the combined, violent forces of traffickers and insurgents.

By working closely with the international environmental community, Peru can gain significant support for actions which will ameliorate trafficker damage to the environment. Peruvian enforcement operations should also be intensified to interrupt cocaine processing in the field. FY 1990 funds will support eradication and interdiction; security for field workers will remain a high priority, necessitating greater protection from the Peruvian Government.

Our Latin American regional funding will be dedicated to the containment of cocaine and marijuana production and trafficking in the region. By supporting eradication campaigns in Belize, Venezuela, and other marijuana production countries worldwide, cannabis supplies will be reduced. Brazil's continuing efforts to eliminate coca and marijuana production and cocaine trafficking will be supported. We will also look carefully at opium production in Guatemala during the next year and will support eradication there. In countries such as Paraguay, Uruguay, Argentina, Chile, Haiti, Honduras, and the Dominican Republic, the Bureau of International Narcotics Matters will seek ways to support enforcement operations, upgrade the enforcement capabilities of police, and support regional enforcement activities.

Mexico must expand and intensify its poppy and cannabis eradication programs, using aerial surveys to compare pre- and posteradication totals to verify the destruction of crops. An improved Operation Vanguard should be resumed next year. We will continue working with the Government of Mexico on the issue of corruption. Mexico is capable of improving its eradication campaign and could achieve the same successful results as they did in the 1970s; improvements must be made by increasing aircraft utilization rates and alleviating current pilot shortages. Cocaine interdiction efforts could also be improved. Increased funding is requested in the FY 1990 budget to cover costs of maintenance support for the Mexican eradication fleet and aerial survey efforts.

Jamaica has kept down marijuana production and should continue to do so through repeated eradication campaigns. The U.S. Government looks forward to working with the government of newly elected Prime Minister Michael Manley, building on recent progress in eradication and enforcement. Trafficking networks must be dismantled and traffickers brought to

justice. Jamaica also needs to launch comprehensive drug prevention program aimed at preventing an increase in cocaine abuse. Aerial eradication is priority for FY 1990, and funds will be used to provide aircraft support for eradication and interdiction, maximizing the efficiency of Jamaica's programs.

The Bahamas should seek ways to undertake more independent interdiction activities and complement current U.S.-supported operations. OPBAT (Operation Bahamas and Turks and Caicos) is working well—the 10 metric tons of cocaine and 13 metric tons of marijuana were seized in 1988, continuing the strong record of this bilateral program—and the Bahamian experience can be valuable to other Caribbean countries plagued by drug trafficking. Drug-related corruption continues to be a major concern. FY 1990 funds will continue in support of enforcement operations.

Asia and Africa

We will continue to work with Asian governments, where possible, to check opium expansion and drug abuse. Central to our program is the use of herbicides to destroy narcotic crops, and Asian governments will be urged to employ them in eradication campaigns.

Continued discussions with Laos most recently in January 1989, have identified areas of potential bilateral cooperation. Bilateral programs in training and narcotics crop control are currently in the planning stages.

Further reductions in Thailand's opium crop will be supported as well eradication of their marijuana supplies with FY 1990 funding; funds will also be used for interdiction programs to eliminate heroin trafficking.

Funds have temporarily been suspended to Burma; we will continue to watch that political situation closely, waiting for an opportunity to revitalize the opium eradication campaign. If and when assistance flows, FY 1990 funds will be provided to continue operations aimed against opium producers and heroin traffickers, supporting ongoing programs to maintain and repair rotary and fixed-wing aircraft previously supplied to the Burma Air Force.

Pakistan's opium crop must be reduced significantly, and we are urging that government to make use of aerial application of herbicides to do so. Pakistan's new leaders must enforce the opium ban and must redouble efforts

mantle heroin trafficking networks; destroy laboratories; and arrest, try, and convict major traffickers. FY 1990 funding will support the extension of Pakistan's ban on opium poppy cultivation to the Bajaur and Mohmand regions by introducing improved agricultural crops and by providing alternative sources of income through an integrated rural development plan which includes roads, schools, wells, and rural electrification. Funds have also been included in the FY 1990 budget for Afghanistan in the event that by late 1990 the political situation might permit negotiation of bilateral cooperation control efforts.

We will continue to support small-scale enforcement programs in Turkey and in African countries in an effort to reduce heroin supplies coming to the United States.

Global Support

Interregional Aviation Support. During 1989, interregional aviation support will become increasingly important as American governments intensify eradication and enforcement operations. Airwing assets will be used in Colombia and other countries to eradicate marijuana and in Guatemala for opium and marijuana eradication. In the future, aircraft will continue to transport eradication workers and equipment and will be used in enforcement operations. In Bolivia, assets will continue to be used in interdiction activities. In FY 1990, the program will support the overall maintenance, hangaring, and operational costs for 54 Department-owned aircraft used in aerial and manual eradication, interdiction operations, and survey and logistical support activities. The principal focus will continue to be in the source countries of Peru, Bolivia, and Colombia, as well as smaller efforts in Jamaica, Guatemala, and Belize, in accordance with our airwing strategy.

Interregional Training and Demand Reduction. During 1989, our funds will be used to train foreign officials in a variety of law enforcement techniques. Two foreign journalist workshops, sponsored by Voice of America, are scheduled, and our money is being used to fund the startup of OIA's International Narcotics Information Network which will provide U.S. Embassies with direct information links to Washington to facilitate the sharing of public information on

drug abuse, trends, policies, and U.S. and international antidrug efforts. Public awareness training courses are also scheduled for host country prevention experts. During FY 1990, the Department will provide expanded U.S. Drug Enforcement Administration and U.S. Customs Service training for approximately 2,200 foreign officials from 55-60 countries. This training will include 50 in-country programs, 14 programs conducted in the United States, and 30 executive observation programs. Increased emphasis will be placed on other State-sponsored programs, e.g., maritime interdiction training and narcotic-detector dog training.

Our public diplomacy and demand reduction program contributes to international narcotics control by mobilizing support for narcotics control policies and programs in key producing and transiting countries.

International Organizations.

In 1989, the Department of State will support ongoing activities of the UN Fund for Drug Abuse Control, the OAS, ASEAN, and the Colombo Plan. The FY 1990 budget will provide expanded funding for the UN drug control agencies, including the UN Fund for Drug Abuse Control, the Colombo Plan's efforts for regional narcotics control activities, and other drug programs undertaken under the auspices of other international organizations such as the Organization of American States and the Pan American Health Organization.

Program Development and Support. Finally the FY 1989-90 budget provides funds for technical and administrative support for the overall international narcotics program which is not otherwise tied to bilateral projects or specific interregional activities. This budget provides funding for Washington-based personnel costs, program development and evaluation, special studies, and administrative costs of the bureau.

Summary

Many lessons about the overall effectiveness of our international narcotics control programs were learned during 1988. More than ever we understand that persistence and flexibility are crucial to the long-term success of eradication and interdiction programs. Eradication success will not be measured in a single growing season or even two; the true measure of effectiveness in eradication is the unwillingness of

farmers to replant once their crops have been destroyed. Interdiction success is not only a function of the number of seizures reported or laboratories hit but also a function of the institutional capabilities of host countries to attack all links in the drug chain.

One of the most important tasks ahead is to gain control of the cocaine situation through an integrated program of demand reduction at home, eradication, and interdiction. We are at a crossroads in our cocaine strategy: while waiting for Andean governments to launch wide-scale coca eradication programs, the United States has had the opportunity to participate in enforcement operations which require paramilitary expertise, not traditionally resident in drug enforcement organizations. Questions abound: Should the United States continue to commit resources and personnel to operations in the Andean jungles? Are the right agencies being tasked to carry out these missions?

Whatever decisions are made within the next year, one fact remains clear: We will have only limited success in battling cocaine until we forge a comprehensive, multifaceted strategy which recognizes that cocaine is not simply a law enforcement issue but is also a complex foreign policy and economic matter, requiring a long-term approach.

Our international strategy, reported in detail in last year's report, calls for us to explore the possibility of creating a "superfund" to provide economic incentives to nations cooperating with the United States in narcotics control. We stated that such a fund could contain as much as \$300 million to be granted to cooperative governments in an effort to bolster their legitimate economies and thus compete against the influence of billions of narcodollars. While such a fund may be considered expensive at a time of limited resources, it is a small amount compared to the huge profits generated by the international drug trade. We also need to explore ways to use Third World debt as a lever in gaining cooperation on drug control issues.

The antidrug legislation of 1988 suggests several actions in the area of international narcotics control including exploration of a multilateral strike force, convening a Western hemispheric summit on drugs, and the creation of an international cocaine strategy. The Department will review these recommendations during the coming year.

COUNTRY AND REGIONAL
SUMMARIES: 1988

Southwest Asia

Afghanistan, denied certification last year, produced 700-800 metric tons of opium in this past year and remains a principal but politically inaccessible source of opium heroin for European and U.S. drug markets. Given the current instability in the wake of the Soviet withdrawal, there are no forecasts as to the time and circumstances under which a government in Kabul will attempt to suppress cultivation and refining. The situation is complicated by the resettlement of Afghan refugees who may turn to opium as a cash crop, increasing the likelihood that production may increase.

India, the world's major producer of licit opium for processing into pharmaceuticals, is of increasing concern to U.S. officials as a transit route for Pakistani and Burmese heroin and for precursor chemicals used in manufacturing heroin. In the last 2 years, concern has grown over diversion from licit production. India continues to reduce licit production in response to a declining market for opium gum. Diversion is estimated at 60-120 metric tons, primarily for domestic consumption. India has long had a sophisticated money laundering system which is but one element in a thriving underground economy. To counter narcotics money laundering, India has adopted new asset forfeiture legislation.

Iran was denied certification last year on grounds of noncooperation. U.S. officials estimate opium production at 200-400 metric tons. While this amount would not satisfy Iran's domestic addict population, opium and heroin are flowing across Iran from Pakistan and Afghanistan and exported through Turkey and other routes to Western markets.

Nepal is an increasingly used transit point for heroin produced in Pakistan and the Golden Triangle, some of it routed through India and conveyed onward by Indian traffickers. There is concern that traffic could increase in 1989 with the opening of a new international terminal at the Kathmandu airport. While there is no conclusive evidence of money laundering, there is a thriving market in gold, part of which is believed related to narcotics smuggling.

Pakistan opium production remained high in 1988 (205 metric tons), reflecting political instability in growing areas and the continued expansion of the country's domestic addict population. Spurred by awareness of this problem, which may now include 1 million heroin addicts, Prime Minister Bhutto has publicly committed her government to a strong antinarcotics program, including strict enforcement of the poppy ban in all areas. Law enforcement agencies maintained high seizure and arrest rates but have not pursued major traffickers. One major dealer is awaiting trial in Lahore and another may be extradited to the United States. Money laundering is not a major factor.

Syria is a transit point for illicit narcotics as well as a heroin refining center. Its military exerts significant influence over Lebanon's Bekaa Valley, allegedly profiting from widespread drug production and trafficking in that area. For these reasons, the United States twice denied certification to Syria. However, after a break of more than 2 years, limited discussions have begun on possible narcotics cooperation and assistance to Syria on demand reduction/prevention.

South America

Argentina is of increasing concern as a refining and transit center for cocaine destined for U.S. and European drug markets and as a source of precursor chemicals. U.S. officials are encouraged by a much improved enforcement effort in 1988 (seizures and arrests doubled) but worry about the increasing importation of Bolivian paste and the expansion of a network of domestic cocaine laboratories. The country has a high potential for money laundering.

Bolivia conducted its first significant eradication campaign in 1987-88, exceeding the initial target of 1,800 hectares, but a 20% surge in cultivation spurred by higher leaf prices dwarfed the impact of the voluntary eradication program. Bolivia passed a much-strengthened narcotics law and adopted implementing regulations, and its now-experienced crop control organization has set a target of 5,000 hectares for this year's program, which includes involuntary destruction of seedbeds. The enforcement picture brightened; major trafficker Roberto Suarez was jailed; the Bureau of International Narcotics Matters' airwing supported a DEA-assisted interdiction effort that sharply increased seizures of cocaine and

paste and the number of base and cocaine labs destroyed. Bolivia is not a major factor in international money laundering.

Brazil is vital in the cocaine trade as a transit country for Andean traffickers, as a producer of precursor chemicals, and as an emerging coca cultivator. Police conducted two major eradication campaigns in 1988 and demolished eight cocaine labs and seized more than a ton of cocaine. Police also destroyed 5,240 metric tons of cannabis. These high levels of enforcement activity, maintained despite budget constraints, will be enhanced by \$5 million in equipment from UNFAC. Brazil is not a major factor in international money laundering.

Colombia deployed its military more extensively in an intensified effort to suppress cocaine refining, and the results were impressive; over 23 metric tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and about 600,000 gallons of precursor chemicals seized. Colombia has destroyed more than 90 of cannabis growing in traditional northern areas, but traffickers have planted extensively in the San Lucas Mountains and south in Cauca. Marijuana tonnage increased in 1988 despite an aggressive eradication campaign. Coca cultivation increased above the 1987 level; eradication of 230 hectares was conducted manually. Despite police efforts to harass the Medellin cartel and other trafficking groups, large amounts of cocaine continued to flow to the United States; almost 20 metric tons were seized by U.S. Customs. Overall enforcement remains hampered by a judicial system that has been intimidated by violence. Drug profits flow into and out of Colombia, but money laundering *per se* is not a major activity.

Ecuador has fallen below the statutory standard as a coca producing source country but is a transit point for an estimated 30-50 metric tons of cocaine enroute to the United States and also a transit country for large quantities of precursor chemicals. Coca production has dropped to 400 metric tons a year thanks to a vigorous eradication program. New laws are being proposed to curb trafficking in precursor chemicals; police confiscated 1,600 drums of chemicals which could have been used in the production of 16 metric tons of cocaine. While cooperation with U.S. enforcement authorities

remains good, judicial corruption and inefficiency are considered program impediments. Some money laundering occurs but is considered minor.

Paraguay. U.S. officials are waiting to see what measures Gen. Andrés B. Rodríguez, the military leader who in February 1989 overthrew former President Stroessner, takes against drugs. Rodríguez, in the past, has been the subject of numerous allegations of illegal activity—including drug trafficking which he strongly denies. After years of indifference to narcotics control, Paraguay, in 1988, took several significant steps to improve its performance: it signed two narcotics agreements with the United States, including one providing for aerial spraying of marijuana, it adopted tough new legislation on narcotics, and it permitted DEA to open an office in Paraguay.

While Paraguayan Government authorities made several significant seizures of drugs in 1988, an important measure of the new government's commitment will be its performance in antinarcotics matters.

Peru conducted a vigorous manual eradication program in 1988 which destroyed 5,130 hectares of coca in 4 months and, for the first time in any Andean country, eliminated more coca than was planted. In addition, 184,000 square meters of coca seedbeds were destroyed. In 1987, only 355 hectares of coca and 8,000 square meters of seedbeds were eradicated. Fifteen times as many hectares of coca and 23 times as many seedbeds were destroyed in 1988 than in 1987. Peru also continued to test herbicides which could be used aerially against coca. Peru remains the largest cultivator of coca, at more than 5,630 gross hectares, but is primarily a supplier of paste for Colombian cocaine refiners. Enforcement in the Upper Huallaga Valley, the major growing area, remains quite hazardous. The United States increased its support for interdiction and enforcement efforts, expanding the Bureau of International Narcotics Matters' airwing contingent in Peru to nine helicopters, while also expanding the force of DEA agents who assist the enforcement effort.

Venezuela is an important point for the transit of precursor chemicals and cocaine. Marijuana is cultivated along the border with Colombia, apparently by Colombian traffickers; as much as 3,000 metric tons of cannabis may be grown in Venezuela and exported via Colombia.

Central America and the Caribbean

The Bahamas continues to be a major transit country for cocaine and marijuana entering the United States and is an important money laundering center. Cooperation with U.S. enforcement agencies in 1988 is considered good, with numerous joint undercover as well as regular operations, including OPBAT, underway. U.S. assisted operations resulted in the seizure of more than 10 metric tons of cocaine and more than 13 metric tons of marijuana. Following the arrest of several important traffickers, the Bahamas imposed new and more stringent sentencing; it is also more actively investigating corruption, which continues to be a factor affecting operational effectiveness. The Bahamas signed an agreement in accordance with the Chiles amendment on February 17, 1989.

Belize is no longer a major source country for cannabis, now producing only 120 metric tons a year thanks to a successful U.S.-assisted aerial eradication program. However, it is becoming an increasingly important transit country for cocaine from South America and marijuana from Guatemala. Law enforcement resources are limited, but enforcement capabilities are improving. Money laundering is not a factor.

Costa Rica is increasingly important as a cocaine transit country, with estimates that 6–12 metric tons of cocaine are being transported through its territory by air and sea. Authorities remain vigilant to the possibility of labs being established; but no new labs were found in the last 2 years. Cannabis cultivation appears to be less extensive than previously estimated, and the export trade is a minor enterprise. Costa Rica is not a major money laundering center, although a highly publicized money laundering trial has focused attention on the issue.

Cuba sits amidst some of the primary drug routes into the United States, and aircraft and seacraft are reportedly eluding U.S. agents by entering Cuban territorial waters or airspace. In the past, U.S. officials have accused Cuban officials of involvement, and indictments were returned against four ranking officials in 1982. Cuban authorities have publicly expressed an interest in antidrug cooperation with the United States but have not elaborated on what kind of cooperation they envision.

The Dominican Republic has become an ideal staging area and refueling stop for traffickers smuggling cocaine into the United States. Some marijuana is also transshipped by traffickers, who are attracted by the island's 63 airstrips. The government ranks the drug problem as a major priority and, in 1988, passed tough new antidrug legislation which imposes mandatory sentences. The very effective Joint Information Coordination Center—vital to the monitoring of drug traffic through that part of the Caribbean—can serve as a model for other countries. Money laundering is not a problem.

Guatemala increased in importance to the U.S. drug situation as major amounts of opium and marijuana were produced during the past year. U.S. officials estimate that as much as 150 kilograms of heroin are smuggled into the United States, probably under control of Mexican traffickers. Guatemala is also important to the cocaine trade, serving as a transit point for narcotics headed for Florida, Louisiana, and Texas and for precursor chemicals destined for South America. Guatemala has conducted effective eradication efforts and cooperates with U.S. officials on a chemical-tracking program and interdiction efforts. Money laundering is not a major factor.

Haiti improved its drug interdiction efforts in 1988 despite two coups and four governments. The Avril government improved the climate for cooperation. Seizures increased substantially in 1988, thanks in part to a new Center for Information and Coordination at Port au Prince airport, but the volume of trafficking remains beyond the capability of the narcotics police. U.S. enforcement agencies are concerned that the uncertain situation in Haiti and lack of strong control by the central government has led to the increasing use of Haitian waters and Haitian-registered vessels for the transshipment of cocaine. Although corruption remains a problem, the Avril government did remove from service a number of military officers suspected of involvement. There is little information on money laundering activity.

Honduras is a transshipment point for Colombian cocaine. The key event of 1988 was the arrest and expulsion of Matta Ballesteros, a major Honduran trafficker with Colombian connections; he is now imprisoned in the United States. Honduras signed a bilateral antinarcotics agreement with the United

States last November, accenting the cooperation evident in the opening of a permanent DEA office last May and in cooperation on seizures and investigations. While there have not been the dramatic seizures that occurred in 1987, U.S. and Honduran authorities collaborated on a seizure of 453 kilograms last August. There was also cooperation on operations at sea with the U.S. Coast Guard.

Jamaica has reduced marijuana production dramatically, from a high of 1,755 metric tons in 1986 to 405 metric tons in 1988. The island is also a transit point for cocaine; traffickers are now paying for services in kind, increasing the amount of cocaine available for Jamaican consumption. Money laundering does not appear to be a major problem, with most drug proceeds being laundered elsewhere. Cooperation with U.S. authorities remains quite good on the vigorous eradication campaign as well as interdiction and investigations. Seizures dropped below 1987 levels, but a number of improvements, including new procedures and expanded training, are in place for 1989 to enhance the enforcement effort. Heavy fines have been levied by U.S. Customs on airlines and shipping firms whose vessels have been used to smuggle narcotics out of Jamaica.

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana, and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made antinarcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed \$26 million—up from \$19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas, and the U.S. Government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program. U.S. enforcement agencies continue to monitor instances of drug-related corruption within Mexico.

Nicaragua continues to be mentioned by informants and traffickers as a cocaine transit point. In 1986, there

were accusations that top government officials were engaged in trafficking. Nicaragua is now cooperating with Costa Rica on drug matters but not with U.S. enforcement agencies.

Panama was denied certification in 1988 following the indictments of Gen. Noriega by two U.S. grand juries on charges of narcotics trafficking. Despite being fired by the lawful President of Panama in 1988, Noriega illegally remains in control of the Panamanian Defense Forces. Panama continues to be a principal money laundering center for the South American cocaine trade and a transit site for cocaine and precursor chemical shipments. Noriega's defiance of President Delvalle and continued control of Panama's police forces prevents President Delvalle from effectively implementing his policy of full cooperation with the United States. While some minimal cooperation continues between Noriega and DEA on a limited number of enforcement matters, cooperation on money laundering has bogged down since Noriega's indictment. President Delvalle's government continues to allow boarding of Panamanian flag vessels by U.S. narcotics officials. U.S. prohibition on aid to the Noriega-Solis regime continues.

Europe and the Middle East

Bulgaria is a vital transit country for heroin smuggled along the Balkan truck route from Southwest Asia and the Middle East. Although known traffickers were previously operating openly in Sofia, as a consequence of pressure from the U.S. Government and other European states, the Bulgarians have restricted these activities. There has also been some improvement in Bulgarian cooperation with U.S. law enforcement agencies. A recent investigation involving laundering large amounts of drug money through Switzerland revealed the involvement of Bulgarian nationals. There is no restriction on the amount of foreign exchange that can be brought into Bulgaria by foreign nationals if these monies are properly documented.

Cyprus is central to the drug trade in the Middle East and especially from Lebanon. Traffickers use Cyprus as a site for brokering deals and also for exchanges of cash and narcotics. The banking system is not involved in the money exchanges. Cooperation with U.S. agencies is considered good.

Egypt is an important consumer of opium, heroin, and hashish—supporting production in Asia and the Middle East—and is increasingly important a transit point for drugs intended for European and U.S. markets. Heroin moves from both Southwest and Southeast Asia, as well as Lebanon and Syria which are also the principal suppliers of hashish. Egyptian police seized 4 metric tons of opium and 300 kilograms of heroin in a Suez Canal operation in 1988, among the largest seizures ever made outside of an opium source country. Some money laundering occurs, but most profits flow abroad.

Greece is an important transit point due to its location at the commercial crossroads between Europe and the Middle East. Its long coastline and sparsely populated islands and extensive merchant marine facilities contribute to its role in the international drug trade. Heroin transits Greece en route to Europe and the United States. Police increased their effectiveness in 1988, particularly in interdicting drugs at the Athens airport.

Lebanon, which was given a national interest certification in 1988, continues to be a major narcotics producing and trafficking country, supplying heroin to Europe and the United States as well as hashish to the Middle East and Western countries. The assessment of Lebanon takes into account the limited control of the central government: Syria controls an estimated 65% of the country, including the strategic Bekaa Valley where crops are cultivated and processed and trafficking originates.

Turkey. Traffickers take advantage of this land bridge between Asia producers and European U.S. consumers to smuggle heroin and hashish. Some heroin is also refined in Turkey. There are reports of increased heroin morphine smuggling across the Iranian frontier into Turkey. Authorities dramatically increased seizures in 1988 and successfully targeted several smuggling operations. Turkey produces concentrate of poppy straw and continues to be very effective in preventing diversion from its licit program.

Southeast Asia

Burma's political turmoil has grounded its large-scale aerial eradication program until an effective government is seated in Rangoon. Traffickers capitalized on diminished enforcement efforts to smuggle large quantities of

ium and heroin with little interference. The prospect for 1989 is grim: with highly favorable climatic conditions and the suspension of programs to destroy crops or seize shipments of drugs or precursor chemicals from China, Thailand, and India, traffickers may harvest and move as much as 1,400 metric tons of opium to heroin refiners in Southeast Asia. Money laundering is a factor.

The People's Republic of China does not produce significant amounts of illicit narcotics, but U.S. officials are increasingly concerned about the transshipment of Golden Triangle heroin through southern China to Hong Kong and traffic in precursor chemicals into the triangle. The Chinese Government is responsive to these developments, ironically resulting from its own "openness policy" and is particularly concerned about indications of reestablished triad influence in southern China. A new law controlling precursor chemicals was enacted in December 1988 as part of a reinvigorated enforcement effort. China sent police officials to the United States to give evidence in the "Goldfish" heroin case.

Hong Kong is both the financial and money laundering center of the Far East narcotics trade and an important transit center for Golden Triangle heroin destined for Australia, Canada, the United States, and Europe. Hong Kong police—who made record heroin seizures and arrested a number of key traffickers in 1988—believe that as much as half the heroin seized came overland through China. A high degree of cooperation exists with U.S. officials. Hong Kong is moving forward with legislation enabling the courts to freeze, seize proceeds of drug trafficking and is considering a U.S. proposed mutual legal assistance agreement.

Indonesia is a transit site for heroin, opium, hashish, and precursor chemicals. Heroin is exported to Australia, New Zealand, and Western Europe; the amounts reaching U.S. markets are not considered significant. New interest focuses on Bali; Western Europeans are heavily involved in the increasing traffic from this major resort area, which is augmented by the high number of international flights. Money laundering is not a factor.

Laos is the only country to date for which the extensive involvement of military and government officials led to accusations that the government is facilitating narcotics trafficking during

the corruption review required by Section 2013, PL 99-570. The Lao Government has made repeated efforts in the past year to convince U.S. officials of its intention to curb illicit narcotics production and trafficking. However, U.S. officials believe that opium production continues to expand and could be approaching the 300-metric-ton mark and that heroin refining continues. Laos is exporting heroin and marijuana through Thailand, Vietnam, and China. The government has welcomed U.S. consultations on narcotics and a UN narcotics-related crop substitution program.

Malaysia is an important heroin conversion and transit center, exporting primarily to Europe and Australia. Plagued by drug abuse among its own population and concerned by the dominance of criminal elements in the trade, Malaysia considers drug trafficking a national security problem and has the death penalty for traffickers. A strong domestic enforcement program, which drove heroin seizures up by 700%, seems to have reduced drug availability in 1988, and a new property forfeiture act provides a vital new weapon. But the expected bounty of opium coming from the Golden Triangle in 1989 will put the country's forces to a test.

The Philippines exports locally grown and Thai marijuana and is also a transit point for Golden Triangle heroin and South American cocaine smuggled into Guam, Australia, Europe, and the United States. Foreigners are still principals in the trade, but Filipino groups have also emerged. Filipino police conducted more than 1,000 narcotics raids in 1988 and made important seizures and arrests, but the enforcement effort, which the U.S. assists, is hampered by budget and structural restraints.

Singapore, which is a transshipment point for Southeast Asian heroin and has high potential for money laundering, cooperates with U.S. officials in monitoring and intercepting international drug traffic. Singapore officials are especially worried about domestic drug use.

Thailand has reduced opium cultivation to about 28 metric tons but remains significant as a refiner of heroin and conduit for opium heroin from other sources in the Golden Triangle. High quality Thai marijuana is exported to the United States and other markets, and there is also an active trade in precursor chemicals. The Royal Thai Gov-

ernment counters these efforts with a vigorous enforcement program that doubled heroin seizures in 1988 while also seizing increased amounts of opium, morphine, and marijuana. Thailand is also an important money flow country.

Africa

Cote d'Ivoire continues to suppress marijuana cultivation, which is not a factor on the international market, while trying to cope with a continued flow of heroin, cocaine, and marijuana transiting Abidjan en route to Europe and sometimes the United States.

Kenya is of increasing importance as a transit point for Southwest Asian heroin en route to West Africa, Europe, and the United States. Local consumption of heroin is increasing. Small amounts of marijuana are cultivated and consumed locally. New antidrug legislation should be adopted in 1989. U.S. officials concentrate on raising awareness of these problems with Kenyan officials and have provided some commodity support as well as training and technical assistance.

Morocco is a source of cannabis and hashish, primarily for European and African markets, and also a transit point for heroin and cocaine. Cannabis cultivation is increasing as is domestic consumption. The effect on the U.S. market is considered insignificant. A UN-funded crop substitution project should begin in 1989.

Nigeria is a major heroin transit country, a principal link between Southwest Asian producers and consumer markets in Europe and the United States. Cocaine from South America is also smuggled through Nigeria en route to Europe. Improved enforcement at Lagos airport has caused some diversion of heroin to other West African cities then back to Nigeria through land routes. U.S. officials provide training and technical assistance.

Senegal is primarily concerned with an expanding domestic drug problem, but some trafficking in narcotics is occurring, which has prompted increased police action.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Visit of Australian Prime Minister



White House photo by David Valabro

Prime Minister Robert H.L. Hawke of the Commonwealth of Australia made an official visit to Washington, D.C., June 24-27, 1989, to meet with President Bush and other government officials.

Following are remarks the President and the Prime Minister made at the welcoming ceremony on June 27.

President Bush

Barbara and I are very pleased to welcome you as old friends to the United States and to the White House. We had the opportunity to enjoy Australia's renowned hospitality in 1982 during Australian-American Friendship Week. Barbara and I are just delighted to try to return that marvelous hospitality.

There is another reason why it is so fitting for Australia's Prime Minister to be among the first official guests. Our nations share a similar heritage: a pioneer heritage in the taming of two vast continents, a heritage of democratic ideas, and a heritage of common sacrifice in war and common efforts in peace. In our last visit, Barbara and I joined your countrymen in the commemoration of one of the most costly battles of the Second World War—the Battle of the Coral Sea—a

poignant reminder of how much Americans and Australians have sacrificed four times in this century in the defense of freedom.

This is not just an alliance between two great powers; it is an intimate partnership between two peoples. Your visit reaffirms the vigor of this partnership, the enduring strength of our alliance.

The giant strides that we have made recently toward many of our common goals—major progress in arms reductions; major progress in resolving conflicts in Afghanistan, Angola, and Cambodia—all were made possible by the resolve of the West. Our countries prize peace but recognize that peace comes only through Western strength and vigilance. We must maintain our alliances and stand by our friends if we are to fulfill the promise of a new era of lessened tension and confrontation. And that is why the United States is so grateful for Australian leadership in our common defense.

America also admires Australia's bold leadership in foreign policy, both close to home and far from your shores. From the South Pacific to Africa, Australia is a force for economic growth and a beacon of democracy. We value your contribution, your good judgment, and your advice.

We have much to discuss at an important moment in history. Events in China call for close consultation among the free nations. The United States and Australia have a longstanding tradition of such consultation on important issues. I am interested in hearing your assessments of recent world events.

There are many pressing international issues. Your leadership in organizing global efforts to cope with the threat of chemical weapons is one position that is greatly admired by Americans. The United States supports Australia's efforts, and you may be assured of our commitment to the early achievement of an effectively verifiable treaty banning these weapons. Today we shall discuss world events—arms control, trade, Pacific regional cooperation, economic cooperation, other subjects.

You have a busy schedule in your very brief time with us. But we hope to make your visit to Washington as pleasant and as memorable as ours was to your great country.

Prime Minister Hawke

It is an immense pleasure for me, in these 3 days in Washington, to renew our long friendship. And it is a special pleasure and privilege to join with you as the elected chief of the greatest democracy in reaffirming the deep, abiding friendship of our two countries. In you the Western world has an experienced and forward-looking leader, and in you Australia has a valued and long standing friend.

Today, as you have said, I look forward with you to continuing the exchange of views on all the issues affecting our countries in the spirit of friendship and of frankness which has always characterized our association and which befits the relationship and, if I may say, the partnership between Australia and the United States. As you say, we are meeting at a time of historic and far-reaching change across the world. There now exists unparalleled new opportunities, challenges, and, may I say, responsibilities for leadership and positive achievement on crucial issues of peace and security, East-West relations, economic progress, world trade, and the protection of the world environment.

You have already demonstrated your determination to give leadership. Your constructive approach to East-West relations is demonstrated by your creative and bold proposal for the re-

ction of conventional weapons in Europe. In this and other arms control endeavors aimed at reducing nuclear armaments and, as you importantly emphasize, banning chemical weapons, you know that you can count consistently on the support of Australia.

In this new and challenging era, the constancy, the depth, and the vitality of the alliance between Australia and the United States will remain crucially important to the national interests of both our countries. But it has a wider regional and, indeed, global significance. Under ANZUS [Australia, New Zealand, United States security treaty], the joint Australia-U.S. defense facilities in Australia are significant elements in maintaining the peace and in supporting the effectiveness of arms control and disarmament agreements. Over recent years, our cooperation and consultations at the highest levels have been stronger, broader, and more productive than at any other time since ANZUS was formed.

But as we both agree, our alliance goes far beyond our defense alliance. It encompasses dynamic economic links and broad and deep human and cultural associations. But above all, it is based on the firmest of foundations: our shared commitment to democracy and individual liberty within the rule of law.

It is precisely because of the depth and the maturity of our relationship that the differences of views that do exist between us can be faced openly and honestly as, for example, on some trade matters, particularly aspects of agricultural policy. I am quite confident that today we will be able to focus on ways to minimize, if not entirely resolve, such differences. I look forward to exploring with you means of cooperating in the current Uruguay Round of multilateral trade negotiations to achieve some progress toward the goal that we both want—an international trading system based on free and fair competition.

I know that we both understand that moving in the opposite directions toward a world of separate and competing trade blocs would be economically disastrous and quite possibly strategically destabilizing. That is one of the reasons, I might add, why earlier this year I suggested the development of closer regional economic cooperation in the Asia-Pacific region. Implementation of my proposal could, I believe, im-

Australia—A Profile

Geography

Area: 7.7 million sq. km. (2,966 million sq. mi.); about the size of the continental United States. **Cities:** (1987 est.) *Capital*—Canberra (pop. 286,000). *Other cities*—Sydney (3.5 million), Melbourne (3.0 million), Brisbane (1.2 million), Perth (1.1 million). **Terrain:** Varied, but generally low lying. **Climate:** Relatively dry, ranging from temperate in the south to semitropical in the north.



People

Nationality: *Noun and adjective*—Australian(s). **Population** (1988 est.): 16.5 million. **Annual growth rate:** 1.5%. **Ethnic groups:** European 93%, Asian 5%, aboriginal 1%. **Religions:** Anglican 26%, Roman Catholic 26%. **Languages:** English, aboriginal. **Education:** *Years compulsory*—to age 15 in all states except Tasmania, where it is 16. **Literacy**—100%. **Health:** *Infant mortality rate*—8.8/1,000. *Life expectancy*—males 73 yrs., females 79 yrs. **Work force** (end-1987, 7.9 million): *Agriculture*—6%. *Mining, manufacturing, and utilities*—26%. *Services*—63%. *Public administration and Defense*—5%.

Government

Type: Democratic, federal-state system recognizing British monarch as sovereign. **Constitution:** July 9, 1900. **Independence** (federation): January 1, 1901.

Branches: *Executive*—prime minister and cabinet responsible to Parliament. *Legislative*—bicameral Parliament (76-member Senate, 148-member House of Representatives). *Judicial*—independent judiciary.

Administrative subdivisions: Six states and two territories.

Political parties: Liberal, National, Australian Labor, Australian Democrats. **Suffrage:** Universal and compulsory over 18.

Central government budget (FY 1988-89): \$65.1 billion.

Defense (FY 1988-89): 2.7% of GDP or 9.3% of government budget.

Economy

GDP (1988): \$220.96 billion. **Per capita income:** \$14,458. **Inflation rate:** 7.3%.

Natural resources: Bauxite, coal, iron ore, copper, tin, silver, uranium, nickel, tungsten, mineral sands, lead, zinc, diamonds, natural gas, oil.

Agriculture (1985-86, 4% of GDP): *Products*—livestock, wheat, wool, sugar. *Arable land*—9%.

Industry (1985-86, 36% of GDP): *Types*—mining, manufacturing, and transportation.

Trade (1988): *Exports*—\$30.7 billion: coal, wool, wheat, meat, iron ore and concentrates, alumina, aluminum, petroleum oils, nonmonetary gold. *Major markets*—Japan, US (\$3.3 billion in CY 1987), UK, Korea, PRC, Hong Kong, Taiwan, West Germany. *Imports*—\$30.6 billion: transportation equipment, capital goods, industrial supplies, petroleum products. *Major suppliers*—US (\$5.5 billion in CY 1987), Japan, West Germany, UK, Taiwan, New Zealand, Italy, Korea.

Official exchange rate: The Australian dollar floats freely. The November 1988 rate was approximately US\$0.85 = Australian \$1.

Fiscal year: July 1–June 30.

Membership in International Organizations

UN and most of its specialized and related agencies, including the UN Education, Scientific, and Cultural Organization (UNESCO) and the Food and Agricultural Organization (FAO); Organization of Economic Cooperation and Development (OECD); Asian Development Bank (ADB); Economic and Social Council for Asia and the Pacific (ESCAP); Australia-New Zealand-US security treaty (ANZUS); Commonwealth; Colombo Plan; International Energy Agency (IEA); the Antarctic Treaty Consultative Group; and many others.

Taken from the *Background Notes* of March 1989, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

prove significantly the chances for success in the Uruguay Round, as well as acting as a catalyst for further growth in our dynamic region. I am very keen to exchange views with you on this proposal. And may I say that I, indeed, welcome Secretary Baker's support last night [in an address before the Asia Society] for a new mechanism for multi-lateral cooperation among the nations of the region as an idea whose time has come. I am delighted that the United States supports my call for a ministerial meeting this year as a first step if, as I hope and expect, there is consensus in the region.

I make this final point. The American presence has been a prime factor in creating and in maintaining the conditions for stability and prosperity in the

Asia-Pacific region. America's continuing involvement in our region remains a key to its future progress. As you say, we have before us an imposing dialogue that we have to deal with.

What gives this visit and our discussions their real substance, however, and what will make them so mutually beneficial is the sense of common purpose that we bring to these matters based on our common national and international interests and on our common commitment to peace and to freedom.

¹ Made at the South Portico of the White House where Prime Minister Hawke was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of July 3, 1989). ■

U.S. Establishes Diplomatic Relations with Marshall Islands and Micronesia

PRESIDENT'S STATEMENT,
JULY 26, 1989¹

I take great pleasure in signing into law H.R. 2214 [Public Law No. 101-62], which approves diplomatic relations agreements with the Republic of the Marshall Islands and the Federated States of Micronesia. Since 1986 these countries have been our partners in free association. Our ties to them go back to the last World War when American forces liberated their islands in some of the bloodiest fighting of the Pacific campaign. We administered the islands as part of a UN trusteeship until late 1986.

Under the agreements now approved, our current representative offices in Majuro, the Marshall Islands, and in Kolonia, Micronesia, will become full-fledged embassies with resident American Ambassadors. The same welcome transformation will occur here in Washington, and our diplomatic community will be enlarged by the addition

of ambassadors from the Marshall Islands and Micronesia. This change will portray accurately the nature of our relationship with these countries under the Compact of Free Association, the treaty linking our nations in a special partnership.

I would like to recognize the contributions of all those who labored to negotiate and conclude these two agreements. The one person who deserves special mention is Representative Bob Lagomarsino of California, who introduced this bill into the House and who has been a tireless supporter of the American position in the Pacific. I will also pay tribute to Their Excellencies Wilfred Kendall of the Marshall Islands and Jesse Marehalau of Micronesia. With the entry into force of the agreements, let me be the first to address them as Ambassador Kendall and Ambassador Marehalau.

¹ Text from Weekly Compilation of Presidential Documents of July 31, 1989. ■

Visit of Pakistan's Prime Minister

Prime Minister Mohtrama Benazir Bhutto of the Islamic Republic of Pakistan made an official visit to the United States June 5-10, 1989, to meet with President Bush and other government officials.

Following are remarks made by the President and the Prime Minister after their meeting on June 6.¹

President Bush

It was a special pleasure for Barbara and me to welcome Prime Minister Bhutto to the White House this morning. In fact, our relationship goes back to 1971, when she attended Harvard and came with her dad to the United Nations. I have often remarked that her father's 1971 appeal was literally one of the most moving speeches that I ever heard at the United Nations. More recently, we met in Tokyo last February, where, I believe, we were the most newly elected heads of government.

Pakistan and the United States have enjoyed a long history of good relations, friends since the time that Pakistan became an independent nation. I welcome this opportunity to reaffirm those ties and to reassure the Prime Minister of our continued commitment to assist in Pakistan's security and its economic and cultural development.

The Prime Minister knows our country well, and she has many friends here. I congratulated her on Pakistan's historic return to democracy last year, a development of which the people of Pakistan can be truly proud. We discussed how important it is for all elements of Pakistan society to ensure that democracy isn't just an abstract concept but that it works.

The Prime Minister and I reviewed the situation in Afghanistan. For the last decade, the United States and Pakistan cooperated in supporting the Afghan resistance in its fight against foreign occupation. Pakistan deserves great credit and admiration for its extraordinary humanitarian efforts in support of the millions of Afghan refugees during this period. The effectiveness of our mutual policy was proven last February, when the last Soviet troops withdrew from Afghanistan. We agreed, however, that the job is not done. The *mujahidin* continues, and their struggle for self-determination



(White House photo by Carol Powers)

goes on, a goal that both the United States and Pakistan continue to support. Prime Minister Bhutto and I discussed ways to encourage a political solution in Afghanistan that will lead to a nonaligned, representative government, willing to live in peace with its neighbors, to replace the illegitimate regime in Kabul. The United States and Pakistan will continue to explore any serious avenue toward this end.

The Prime Minister and I also reviewed our efforts to enhance stability in South Asia, an important objective of both governments. I expressed our strong support for Pakistan's efforts, and India's as well, to improve relations and stressed the critical importance of avoiding a regional nuclear arms race in the subcontinent. She assured me that Pakistan's nuclear program is committed to peaceful purposes. I underlined my Administration's commitment to discourage proliferation of nuclear and chemical weapons, ballistic missiles, in the South Asia region and around the world.

We also shared our concern about the scourge of drug production and trafficking. Not much detail yet on that, but we're going to go into that one in much more detail later on. It's a matter of grave concern on the United States. I applauded her tough stance on eradicating the opium cultivation and expressed our appreciation for the extradition of alleged drug trafficker Saleem. To effectively combat this menace, we've got to undertake a vigorous enforcement campaign, offering U.S. assistance wherever possible.

Let me say that as far as I'm concerned, these discussions have been productive. Let me note too that that ceremony outside today, the first since I've been President, was a wonderful way to welcome the Prime Minister. We just walked by the Rose Garden, which also is a lovely setting, and as the Prime Minister has observed, roses have a very special meaning in her life. When she was younger, her father would bring back roses every time he traveled abroad, and in time, her family's gardens became filled with varieties of color. During her own detention, she struggled bravely to keep the gardens alive, for as she has written, "I could not bear to watch the flowers wither, especially my father's roses." Madam Prime Minister, you've described your time among the roses and the cool shade of the gardens as "the happiest hours of my life." Now as a gesture of friendship between our

people and to continue your father's tradition, it is my privilege to present you with this American rosebush. May it and you prosper in the years to come.

Prime Minister Bhutto

I'm very grateful to President Bush for the kind invitation to pay an official visit to the United States, and I'd like to thank the President for his consideration in giving me one of the rosebushes from the White House. It shall always remind me of this very useful, productive, and helpful visit—supportive visit—of mine to the United States.

My presence here underlies the great importance that Pakistan attaches to our relations with your country. This is not only because geopolitical realities require a close relationship but, more importantly, because of the ideals and the objectives that we share. As you know, this is not my first visit to Washington or, indeed, to the United States. I have pleasant memories of my student days at Radcliffe, past visits to Washington, one of the great citadels of democracy. But it is a special privilege and honor to be here as the democratically elected leader of a country which has traditionally enjoyed close, friendly ties with your country.

Over the last 10 years, Pakistan has been in the forefront of two great struggles. We have actively supported the cause of the Afghan people and their brave fight against foreign military intervention, and at the same time, at home in Pakistan, we've struggled against military dictatorship to establish a system based upon democratic values and the respect for human rights. In both these epic struggles, we received from the United States unwavering support and material as well as moral encouragement. It has, therefore, been a special pleasure and privilege to come to Washington and to thank President Bush and the Government and the people of the United States for their friendship and their generosity.

The President and I have had wide-ranging discussions on a number of issues, and I am convinced that this exchange will be of immense benefit to the bilateral relations that exist between us and also to the cause of world peace. President Bush has just returned to Washington from a spectacularly successful visit to Europe and where he has launched a series of

initiatives which could open an entire new era in international relations, with the exciting prospect of a genuine and durable peace. Pakistan, which is situated in one of the more sensitive geopolitical regions of the world, will contribute toward these objectives as efforts.

While the withdrawal of Soviet forces has brought a welcome change in Afghanistan, the continued fighting and prolonged presence of over 3½ million Afghan refugees pose serious threats to the peace and stability of the region. The President and I have reviewed the situation in the light of the prevailing circumstances, and we are in complete accord, both in terms of our analyses as well as the future policies that need to be evolved. Pakistan remains committed to a political solution of the Afghan problem, whereby the brave people of Afghanistan will have the right to freely choose their own government without interference from outside. Pakistan's commitment to peace and democracy are fundamental.

In thanking President Bush for the valuable support that the United States has rendered to us in the pursuit of these objectives, I have assured him our continuing efforts toward maintaining peace in the South Asian region and of our determination to strengthen the process of nuclear nonproliferation by seeking accords, both bilateral and international, within the regional context.

The President and I discussed measures to increase our cooperation in the fight against drugs. We have already achieved some success in this direction in Pakistan, but much remains to be done.

In conclusion I would once more wish to thank President Bush for the generous hospitality, for the warmth and the friendship with which we have been received. I go home greatly encouraged by our constructive and fruitful discussions. I look forward to the opportunity of reciprocating in Pakistan some of the warmth, kindness, and hospitality that my husband and I have been privileged to receive from the President and Mrs. Bush in Washington.

¹ Made in the East Room of the White House (text from Weekly Compilation of Presidential Documents of June 12, 1989). ■

Proposal to Sell F-16s to Pakistan

Teresita Schaffer

*Statement before the Subcommittee on Asian and Pacific Affairs and on Arms Control, International Security, and Science of the House Foreign Affairs Committee on August 2, 1989. Mrs. Schaffer is Deputy Assistant Secretary for Near Eastern and South Asian Affairs.*¹

I am pleased to have this opportunity to discuss with you the Administration's plans to sell 60 F-16 A B fighter aircraft to Pakistan. This is a particularly memorable event for me, being my first opportunity to meet with you since my appointment as Deputy Assistant Secretary. Assistant Secretary [for Near Eastern and South Asian Affairs] John H. J. Kelly regrets that he is unable to testify himself. He has spent the last 2 days in Stockholm in bilateral discussions on Afghanistan with Soviet experts and is, unfortunately, still on the road.

It has been almost 5 months since representatives of the State and Defense Departments have testified before the Asia and Pacific Affairs Subcommittee on the Administration's foreign aid assistance requests for Pakistan and India, including the possibility of selling additional F-16s to Pakistan. At that time, we indicated that we had not reached a firm decision on how to respond to the Pakistan Government's request for additional F-16s and intended to consider carefully the whole range of relevant factors. The most important of these factors was the impact of selling or not selling on Pakistan's security and development, on Pakistan's improving relations with India, on the risks of conventional and nuclear arms proliferation in the region, on the new democratic government in Pakistan, and on U.S. relations with Pakistan.

Pakistan's Need for Modernization

Pakistan is surrounded by nations with large military forces—Iran, Afghanistan, the Soviet Union, China, and India. The ongoing conflict in Afghanistan, the massive influx of modern weapons into Afghanistan from the Soviet Union, and repeated attacks on Pakistani soil by the Kabul regime continue to pose a very real threat to

Pakistan's security. The current U.S. security assistance program to Pakistan aims to help it maintain a credible deterrent to possible aggressors by sea, land, and air, but these funds are limited. The current Pakistan Government, like its predecessor, has made the modernization of its fighter force a top defense priority and is prepared to do this out of its own funds.

After her ascension to the prime ministership in early December 1988, Benazir Bhutto called for a thorough review of Pakistan's military procurement plans. At the end of January, she informed our Ambassador in Islamabad that she had decided that Pakistan needs more F-16s. She subsequently reviewed the situation again, carefully, from the standpoints of regional relations and affordability. She reaffirmed her earlier decision and communicated it to the Administration in writing before her visit here in June.

We have discussed this decision in detail with a number of Pakistan authorities. They explain that important elements of Pakistan's Air Force, such as the Chinese variants of the MiG-19 obtained in the 1960s, are old and increasingly outmoded. Many of its fighter aircraft will be retired in the next few years. Unless these aircraft are replaced with modern versions, the present military equation in South Asia will shift increasingly to Pakistan's disadvantage, with potentially destabilizing consequences. The Pakistan Government has examined various replacement possibilities, including high-technology models from other Western countries, and has decided that the U.S.-built F-16 A B, which is present already in its air force, makes the best sense in terms both of performance and economics.

The Bhutto government, although deciding to pursue the F-16 purchase, has taken steps to increase the developmental thrust of overall government expenditures. The great bulk of the \$1.5 billion cost of the F-16 package will be covered by funds already earmarked for an aircraft that Pakistan had intended to coproduce some years ago. In the new government's budget for 1989-90, defense is allotted a small nominal increase, which represents a substantial decrease in real terms. In contrast, spending on education is up 68% and health 26%. A people's development

structure has been erected and allocated \$143 million the first year to ensure that development monies are spread widely at the grass roots.

Indian Government's Concerns

The Government of India has expressed its concern about our intention to sell more F-16s to Pakistan. We have considered India's views very carefully but feel that a sale of 60 F-16 A Bs will not contribute to an escalation of military technology on the subcontinent, change the military balance, or destabilize the region. On the contrary, we believe that a more confident Pakistan, with a reasonable defensive capability, will be better able to negotiate the kind of fair and lasting agreements with India which will reduce the chances of war between them. I would note that the Indian and Pakistani Prime Ministers have continued their efforts to improve relations since the Administration formally notified Congress of this sale.

We believe also that our own good relations with India are sustained by a growing range of mutual interests. Growing ties in trade and high technology occupy an increasingly important place in our bilateral dialogue. We do not consider our relations with India and Pakistan to be a zero-sum game. I believe that the Government of India understands this position and would agree that Indo-U.S. relations should not be defined predominantly in terms of our relations with Pakistan, the Soviet Union, or any other country.

We have heard concerns expressed that the sale of F-16s to Pakistan could increase the dangers of nuclear proliferation on the subcontinent. We believe the opposite is true. None of the F-16s Pakistan already owns or is about to purchase is configured for nuclear delivery. Pakistan, moreover, will be obligated contractually not to modify its new acquisitions without the approval of the United States. More importantly, a Pakistan with a credible conventional deterrent will be less motivated to pursue a nuclear weapons capability.

Strengthening Democratic Government

The establishment of democracy in Pakistan after more than a decade of military rule is, we believe, one of

the most important events in modern Pakistani and South Asian history. The United States should do all it can to support and strengthen these democratic institutions and their civilian leadership. Our willingness to cooperate with the new government's efforts to modernize its fighter force will contribute to Pakistan's sense of security and assure the Pakistani public that the country's defense needs can be met effectively by a civilian democratic government.

In May the State Department consulted informally with a number of members and staff in both the House and Senate. Our conclusion from those consultations was that there is broad-based support in Congress for the sale of this major weapons system as one indication of U.S. support for the new democratic government of Pakistan.

In early June, Prime Minister Bhutto visited Washington. In her address before a joint meeting of Congress and in discussions with high-level Administration officials, she spoke of a new partnership with the United States based on shared democratic and developmental values and on a growing range of common interests. She reasserted Pakistan's commitment to working with the United States in supporting the Afghan resistance, assisting the millions of Afghan refugees, suppressing the illicit drug trade, and preventing nuclear proliferation. She stated that U.S. military assistance to Pakistan has contributed to peace and stability in South Asia. She also reaffirmed the importance she attaches to the purchase of more F-16s.

On June 8, informal notification of the proposed F-16 sale was sent to the Congress. This was followed on July 11 with formal notification. On July 27-28, the U.S.-Pakistan consultative group met in Washington to review our security assistance relationship, as we do at regular intervals. During these discussions, the two sets of experts discussed the specifics of Pakistan Government funding and various delivery schedules for the aircraft in the 1990s. Although our foreign military sales organization will administer the proposed sale, we were assured that the Government of Pakistan has budgeted to meet the full cost of the aircraft from its own resources.

In sum the evidence we have examined since we testified before you in March persuades us that it is strongly in the interests of the United States that we sell more F-16s to Pakistan. Not to sell the needed aircraft would not only jeopardize the close cooperation we have developed with Pakistan

over the past decade but would show a unfortunate lack of support for Pakistan's fledgling democracy.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

American Hostages in the Middle East

Lt. Col. William R. Higgins, USMC, chief of the UN peacekeeping force in southern Lebanon, was kidnapped on February 17, 1988, and allegedly hung by pro-Iranian terrorists on July 31, 1989.¹

PRESIDENT'S REMARKS, JULY 31, 1989²

Before I make my remarks, I want to comment on a very disturbing report that we have just heard. There are unconfirmed reports that Col. Higgins has, indeed, been executed. I had planned to go on out to Nevada for another appearance today and then to go to Oklahoma tonight. But this matter is of such concern to me and to all of you and to the American people that I think it's appropriate that I go back to Washington.

Whether the report is true or not, I know I speak for all here when I try to express to the American people the sense of outrage that we all feel about this kind of brutality, this uncalled-for terrorism. This was a young American colonel serving in an international force, and it is incumbent on all of us to try to rectify this situation, if at all possible.

I have no more to share with you on this. We have not been able to confirm this horrible report, but I will go back to Washington and convene our top national security people and, first, establish to the best of our ability if the report is true and then figure out what might conceivably be done. I'm sorry to bring to this meeting a message of that nature—the bad news—but I felt you would want to know about it.

PRESIDENT'S REMARKS, JULY 31, 1989³

Let me just, on behalf of the American people, express the outrage that we feel at the brutal murder of Col. Higgins. At this juncture, I don't have what I would call a final confirmation. On the way home from Chicago, I was on the phone to the Secretary General [of the United Nations Javier Perez de Cuellar]. He, at that moment—which was about an hour ago—was still hoping that Higgins had not been murdered. I called Col. Higgins' wife and talked to her—wonderful stoic individual who is going through sheer hell. I will convene a meeting here in the White House about 5:30 p.m. to get an update on the intelligence and to meet with my top advisers on this whole matter.

There is no way I can properly express the outrage that I feel. Somehow there has got to be a return to decency and honor, even in matters of this nature.

I will have nothing more to say about this until I have had this meeting and been with some—I may say something more today but probably not. At this juncture, we want to get all the information and be sure we're dealing from the facts, not from—regrettably—heresay. It is a most troubling and disturbing matter that has shocked the American people right to the core.

WHITE HOUSE STATEMENT, JULY 31, 1989

The President met at 5:30 this afternoon in the Cabinet Room with senior advisers concerning the hostage situation in Lebanon. The President received a briefing on the status of our knowledge of the situation. This was primarily an informational meeting at which all aspects of the case involving

Col. Higgins and the other hostages were discussed. Deputy Secretary [of State Lawrence S.] Eagleburger discussed the UN resolution today which condemned hostage-taking.

Attending the meeting were the President, the Vice President, Secretary [of Defense] Cheney, Adm. Crowe [Chairman of the Joint Chiefs of Staff], Deputy Secretary Eagleburger, Attorney General Thornburgh, CIA Director Webster, National Security Council adviser Scowcroft, Bob Gates [Deputy Assistant to the President for National Security Affairs], and Gov. Sununu [Chief of Staff to the President].

RESIDENT'S STATEMENT, JULY 31, 1989¹

Our grave concern over the taking and holding of American citizens as hostages has been made clear on numerous occasions in the past.

On Friday [July 28 during a news conference], I said that the taking of any hostage was not helpful to the Middle East peace process. The brutal and tragic events of today have underscored the validity of that statement. That position, and our firm opposition to negotiating with hostage-takers, was further reinforced in my discussions this evening within the Administration and consultations with the congressional leadership.

Tonight I wish to go beyond that statement with an urgent call to all—both parties who hold hostages in the Middle East—to release them forthwith, as a humanitarian gesture, to begin to reverse the cycle of violence that region.

WHITE HOUSE STATEMENT, AUG. 1, 1989

The President called His Holiness Pope John Paul II this afternoon to urge the Holy Father's intercession to have the body of Col. Higgins returned as a humanitarian gesture, although we still have no direct confirmation of his death.

The President and the Holy Father also discussed the situation in Lebanon, the escalation of the fighting, the shellings, and the difficulty of the Arab League's peace efforts.

The call was described as warm, friendly, and cooperative. It lasted approximately 12 minutes.

QUESTION-AND-ANSWER SESSION, AUG. 2, 1989²

Q. Are you going to discuss the hostage crisis? Do you think that there are any other hostages in danger?

President Bush. We're considering that that might well be the case, given statements that we've seen. And yes, indeed, we have started to discuss it, and I'm not going to put words in his mouth, but he expressed his concern. You're free to say something if you want to; you're our guest.

Foreign Minister Khalifa. I would like to express our condemnation for such a terrorist act which we think is not aimed against the United States but against all humans everywhere. This man, Col. Higgins, is an international figure; he represented the United Nations. He is an American citizen but he is a world citizen. The attack on him is really against us all. We think, worldwide, not only condemnation but action should be taken to stop such acts.

Q. What action are you going to take or are you considering taking?

President Bush. You can just rest assured that we're going about our business in a, I'd say, prudent way and not—with a heavy heart, obviously, because of the feeling that the [Foreign] Minister expressed on behalf of the whole world, but the feeling that I feel just so personally about what happened to Col. Higgins. But I would just leave it at that; please assume we are thinking prudently about this matter in every way possible.

We have exercised every diplomatic channel that I can think of—some personal, some through our Secretary of State and our national security adviser [Brent Scowcroft]. We've been in touch—I have personally—with many world leaders, and our State Department has fleshed this out, so we're leaving no stone unturned. But regrettably, as you know, we're dealing with less than a full deck when it comes to information. It is very hard when you're dealing with this kind of cowardice and this kind of dastardly act to get all the information that you need to make a decision.

Q. Do you feel you've received assurances from any of the other countries that you've contacted that they will be able to help in the situation? Is there anything you can tell us today that you feel—have some new confidence at all?

President Bush. I feel that everybody I have talked to, and including my distinguished guests here, would do everything they can to try to help. Yet they face the same problems that we face when it comes to information and trying to find out exactly what happened. We are not dealing with all the facts. But I've had assurance after assurance from world leaders that they want to help. I'm sure you know, I was very recently on the phone with [British Prime Minister] Margaret Thatcher and many others—several others—today and quite a few yesterday, and so it transcends religion, it transcends alliances.

It gets in, as the [Foreign] Minister said, to a matter that concerns the entire civilized world. So we will keep on trying. In the meantime, we've got to go about our business, and I'm doing that. But I don't want anyone in this country or around the world to think that it is anything of other than tremendous concern. But we must prudently move on with the business of our country.

Q. Would it help if the Israelis release Sheik Obeid?

President Bush. I have made clear the position of the United States that I think—or, at least of everyone held against their will, would be a good thing.

Q. How about ship movements? Are you planning any kind of military action?

President Bush. We're prudently planning.

Q. Like what?

President Bush. Like that's all I've got to say about it. [Laughter]

WHITE HOUSE STATEMENT, AUG. 3, 1989

We have seen a statement this afternoon declaring a "freeze" of the sentence issued earlier against hostage Joseph Cicippio [acting comptroller at

the American University of Beirut, who was abducted from the campus on September 12, 1986]. We regard this as an encouraging and hopeful development. But it still does not answer our continuing concern for release of all hostages. We urge that all parties in the region use whatever influence they have to end the tragedy of hostage-taking and to release those remaining in captivity. And we express our appreciation to all those who have been thus far trying to help.

**QUESTION-AND-ANSWER
SESSION (EXCERPT),
AUG. 1, 1989¹**

Q. What do you make of Rafsanjani's [President and Speaker of the Parliament of Iran] offer to help resolve the hostage crisis?

A. We have engaged in an extraordinarily broad exercise of diplomacy here in the last couple of days, and let me say, I am pleased about that. I don't know what it means fully, but I think the world is familiar with our policy. But there will be nothing that will be done ever that will create a new incentive for taking somebody else hostage.

I feel the burden of going to every end possible to try to find—get the return of these Americans to their loved ones and find out the truth about Col. Higgins.

Q. What do you think was the motivating factor for the freeze on the execution? And where do you go from here?

A. I like to think that a broad-spread appeal to nations in every corner of the globe had something to do with it. And many—

Q. You don't know?

A. I don't know for sure. And the response that I have had on my personal calls and that the Secretary [of State] has had on his has been heartwarming. It's come from all sectors. I've been very, very encouraged by that. Where we go from here, though, we'll just keep on trying.

Q. What has Iran's role been in this? And do you see an opening in the structure here to allow you to work for the release of the hostages?

A. I just answered I was certainly pleased that that brutal murder that had been threatened was set aside. I don't

Commission on Aviation Security and Terrorism Formed

**WHITE HOUSE STATEMENT,
AUG. 4, 1989¹**

The President has announced [by Executive Order 12686] his intention to form a Commission on Aviation Security and Terrorism to review and evaluate policy options in connection with aviation security, with particular emphasis on the destruction, on December 21, 1988, of PanAm #103. He has complimented the efforts of Majority Leader Mitchell and Republican leader Dole, and their staffs, on their work with families of the victims and with the Administration in the creation of this commission.

The commission's terms of reference call for a comprehensive study and appraisal of practices and policy options with respect to preventing terrorist acts involving aviation security, an evaluation of the adequacy of existing procedures for aviation security, including compliance and enforcement, and consideration of options for handling terrorist threats. In addition, the commission will make recommenda-

tions regarding policies and laws concerning the families of victims of terrorist acts. Ongoing, intensive investigations into all aspects of the destruction of PanAm #103 will not be affected by the commission's work. Rather the commission will focus on the need for additional measures to improve aviation security.

The Commission on Aviation Security and Terrorism will be independent, have access to all information it needs to perform its functions, and report to the President within 6 months of its formation. In the event the commission's report contains classified portions, a report for public distribution shall also be prepared. The commission will have seven members. Four members will represent both parties in the Senate and the House of Representatives and will be appointed in consultation with congressional leadership.

¹ Text from Weekly Compilation of Presidential Documents of Aug. 8, 1989. ■

know the total role of any individual country in that area in all of this, but when you see a statement that offers hope for the return of our hostages, I want to explore it to the fullest.

Q. Have you made a decision to take military action if another American hostage is killed?

A. If I had made such a decision, I expect this would be the last place I'd be talking about it.

Q. Surely you must see this as a golden opportunity now—you have the momentum, you have a diplomatic flurry going on in Damascus, International Red Cross, apparently. Is there a new impetus?

A. I'm encouraged but I don't want to get the hopes of the hostages' loved ones up once again to have those hopes dashed. This is a brutal process, where you see people paraded before cameras and their families get their hopes up. My heart is still with Mrs. Higgins. We can't tell her with any definition of her husband's fate. I have made appeal after appeal for the return of Col. Higgins' remains, if, indeed, he has been killed.

You deal with what you have out there, and what is foremost on my mind are the families and the hostages themselves. I don't want to raise hopes beyond fulfillment, but there's reason to be somewhat encouraged. I think of the brutality of the process: a man condemned to die at 11:00 and then it's moved to 3:00 in the afternoon. Put you self in the position of these families; think of the hurt that just that 4 hours of experience causes somebody. I would just appeal to the civilized world or any country anywhere in the world to lay aside this holding of people against their will—hostages—and do what is right and decent and honorable in terms of the release of those hostages that are still held, and a full accounting in the case of Col. Higgins, a distinguished officer who was wearing the uniform of the United Nations.

As the Foreign Minister of Bahrain said in this office yesterday or the day before, this is the business of the whole world. Sitting at this desk, it is—you as what I feel about it; I feel for the families and for those who are held.

Indochinese Refugees Conference Held in Geneva

The International Conference on Indochinese Refugees was held in Geneva on June 13-14, 1989. Following are a statement by Deputy Secretary of State Lawrence S. Eagleburger, head of the U.S. delegation, and the texts of the draft declaration and comprehensive plan of action which were adopted by consensus.

DEPUTY SECRETARY EAGLEBURGER'S STATEMENT, JUNE 18, 1989

"Let us do something meaningful—something profound—to stem this misery. We face a world problem. Let us fashion a world solution. History will not forgive us if we fail. History will not forget us if we succeed." It is with these words that then Vice President Mondale, the head of the U.S. delegation to the 1979 Geneva meeting on refugees and displaced persons, challenged his fellow delegates to develop a multilateral response to the human tragedy of Indochina's refugees.

The international effort that resulted from that meeting was unprecedented. Since 1975, over 1.5 million Vietnamese, Cambodians, and Laotians have been resettled in third countries; 900,000 of them in the United States alone. And yet, as shown by our presence here today, our work is not finished. Much has been accomplished; much more remains to be done. The 1979 program, important though it was, did not become the truly viable alternative to clandestine departure so hopefully envisaged a decade ago. The simple fact is that thousands upon thousands of Vietnamese—unable to obtain exit permits from the Vietnamese authorities—have fled their homeland. Until Vietnam reforms its system, the exodus of Vietnamese will continue.

Our task today is to deal as humanely and effectively as we can with this inescapable reality, building upon the many accomplishments that have been realized since the 1979 conference. We must, first of all, unequivocally reaffirm the practice of first asylum, thereby safeguarding the protection and humane treatment of all those who seek asylum. We must address the very real and legitimate concerns of those

nations which have so generously sheltered asylum seekers. We must ensure that the means for direct and orderly departures are available as alternatives to hazardous escape. We must provide for the dignified and safe return to their country of origin of those people who freely choose to return. Finally, we must continue our refugee resettlement programs.

These principles have the strong bipartisan support of the U.S. Congress and the American people.

The *comprehensive plan of action* we are asked to adopt at this conference will—if approved—move us a long way toward the accomplishment of these worthwhile goals. Those who labored so long and so hard on the comprehensive plan are to be congratulated. They have fashioned a practical course of action in a terribly complex area, balancing the often conflicting interests of states with the human needs of the asylum seekers. The balance that has been struck is delicate; we should not seek to alter it.

The world looks to Vietnam to provide full opportunity for resettlement to those who have been detained in re-education camps. Nothing the Socialist Republic of Vietnam could do in this area would be more favorably received by the United States and the international community. In 1984, President Reagan affirmed the commitment of the American people to welcome with open arms prisoners and their families from reeducation camps. Today, I reaffirm that commitment on behalf of President Bush. And I call upon Vietnam to resume negotiations with the United States, looking toward the day when this large group of excluded persons will be allowed to emigrate. Only then will the orderly departure program become a true alternative to clandestine departure.

The United States commits itself to accelerate and expand orderly departures from Vietnam. We will assign additional personnel to the program so that our interviews in Vietnam can be more than doubled to 3,500 per month. We applaud those other resettlement nations which have made similar commitments to expand their own programs for direct departure from Vietnam.

Q. This hostage, Mr. Cicippio, was among those who stayed on in Beirut after the United States had warned him to get out—had warned all Americans to get out or stay at their own risk. What kind of a claim should such a person have on the diplomatic resources of this country when they act against the wishes of the government?

A. We have put people in that—in the past, people in that part of the world on notice. But that doesn't fulfill my obligation as President if a person is held against his will, in the case of Mr. Cicippio. That doesn't mean we wash our hands of it. He's an American, and he is entitled to the concern of the President and every one of these Senators and everybody in our Administration. He's got a great big wonderful family up there that are eating their hearts out in Norristown, Pennsylvania, and we're very much concerned about it. I've not talked to Mr. Cicippio. The State Department has been in daily contact with them—daily.

WHITE HOUSE STATEMENT, AUG. 7, 1989

The Federal Bureau of Investigation (FBI) today released the results of forensic examinations of the videotape purported to be of Lt. Col. Higgins.¹ Mrs. Higgins was informed of the results by the Commandant of the Marine Corps, Gen. Al Gray. President Bush called Mrs. Higgins at about 2 p.m. to offer his support and encouragement. The President said the U.S. Government will continue to do all it can to obtain a full accounting of what happened to her husband.

¹ Texts from Weekly Compilations of Presidential Documents of Aug. 7 & 14, 1989.

² Made at a meeting of the National Governors' Assn. in Chicago.

³ Made on the South Lawn of the White House upon his return from Chicago.

⁴ In this statement, the President refers to the July 28 kidnapping of Sheik Abdul Karim Obeid, senior cleric in southern Lebanon with the Iranian-supported Hizballah, and two aides from the cleric's home in Jibchit Israeli commandos.

⁵ Made in the Oval Office following discussions with Foreign Minister Mohammad bin Mubarak al-Khalifa of Bahrain.

⁶ Made in the Oval Office.

⁷ After examining a videotape released by the pro-Iranian group, FBI forensic experts and pathologists concluded that, although a positive identification could not be made, the person depicted in the videotape probably was Lt. Col. Higgins and that he was "within a reasonable degree of medical certainty" dead. ■

The United States welcomes Vietnam's commitment to accept, with UNHCR [UN High Commissioner for Refugees] supervision and protection, those of its citizens who wish to repatriate voluntarily. Clearly, voluntary repatriation is both appropriate and feasible. But such returns must be truly voluntary and not the result of intolerable conditions of detention. Furthermore, it must be accomplished under safe conditions and with assurance that treatment thereafter will be humane.

The plan imposes heavy responsibilities upon the United States; we will carry them out fully and generously. Since 1979, we have contributed more than \$0.5 billion to the care and support of refugees from Vietnam, Cambodia, and Laos. Beyond this, of course, are the billions of dollars in resettlement costs which we have borne as well. We will continue to give generously to the UNHCR and other appropriate organizations for the protection and well-being of persons in first asylum. We will continue the historic effort of the American people to resettle *bona fide* refugees. And we will continue to defend the human rights of individuals who seek asylum, whether or not they are found to be refugees. To Vietnam we say:

- Accept responsibility for the well-being and human rights of your citizens; initiate the reforms—economic, social, and political—that will encourage your people to remain in their cities and villages;
- Make orderly departure programs truly viable by agreeing to an initial target of at least 6,000 orderly departures per month; and
- Demonstrate your genuine commitment to the comprehensive plan by granting all those eligible for orderly departure the right to emigrate freely.

Voluntary repatriation, orderly departure, and other UNHCR programs called for in the comprehensive plan must be allowed a reasonable time to work. The United States accepts as a general principle that asylum seekers who are found not to be refugees are ultimately the responsibility of their country of origin. For more than a decade, conditions in Vietnam have repelled large segments of its population. So long as these conditions continue—unless and until dramatic improvements occur in that country's economic, social, and political life—the United States will remain unalterably opposed to the forced repatriation of Viet-

namese asylum-seekers. We will not consider forced repatriation as falling within the rubric of "acceptable under international practices."

At the same time, however, those who flee clandestinely and cannot establish a well-founded fear of persecution must understand that such flight no longer leads to resettlement. Such persons will face an indefinite stay in a holding camp until conditions in their homeland moderate. It is important for those thinking of fleeing the former North Vietnam to realize that most will fail to qualify as refugees and will, therefore, not be eligible for resettlement.

The comprehensive plan calls upon the countries of first asylum to reaffirm the basic humanitarian practice of temporary refuge for all asylum seekers—a practice which has been upheld with great forbearance and sacrifice by those countries for more than a decade. New screening procedures and the reluctance of most asylum seekers to repatriate voluntarily are likely to result in a continued if temporary growth in refugee populations in first asylum countries. We note, in this respect, the reference in the comprehensive action plan to the possibility of a regional holding center under the auspices of the UNHCR. We stand ready to explore this possibility in the steering committee.

As part of the new regime envisaged by the comprehensive plan, countries of first asylum would commit to:

- Treating all asylum seekers in a humane manner;
- Granting the UNHCR immediate access to all new arrivals; and
- Working in a close collaboration with the UNHCR on screening mechanisms for determining refugee status.

The United States recognizes that these new responsibilities will create additional logistical and administrative requirements and awaits the UN's appeal for funds to support this effort. We will contribute our fair share.

The United States will also assist in alleviating the burden that long-staying refugees pose for the countries of first-asylum. As of mid-March 1989, first asylum countries supported 52,000 Vietnamese who had arrived before the cut-off dates. The United States is committed to resettling 22,000 persons from this population over the next 3 years.

Similarly, the United States will assist in the resettlement of those new

arrivals determined to be refugees. We anticipate accepting up to 50% of this refugee population for resettlement in the United States.

In Laos, although we have been greatly encouraged by improved prospects for voluntary repatriation, the comprehensive plan also recognizes that for many Lao refugees, third-country resettlement remains more appropriate. We have already welcomed over 200,000 Lao to the United States and will continue to process Lao refugees for resettlement.

Finally, a word on the responsibilities undertaken by the donor and resettlement countries under the comprehensive plan of action. We all must remain steadfast in our common commitment to provide funding and resettlement and to stand together as partners in finding an effective solution to this continuing tragedy.

The United States pays tribute to the UN High Commissioner and his dedicated staff for their unflagging efforts over the past year to protect the rights of those seeking asylum, while at the same time addressing the concern of those countries most burdened by asylum seekers. In the months ahead the international community will look to the UNHCR to continue its firm leadership in the implementation of the comprehensive plan.

All of us—countries of origin, countries of first asylum, and countries of resettlement—have a historic opportunity. By adopting here and now this humanitarian and practical plan of action, we will have embraced the beginning of a solution to one of the most appallingly difficult human problems our times.

The plan is not a perfect document but it is a major step forward. Nor is a static concept: some of its elements must evolve over time. The steering committee to be established to monitor the plan's progress will assure flexibility, while at the same time—because it will act through consensus—guaranteeing the support of all states party to the plan. The United States supports this monitoring effort and will actively participate in this and the subsequent regular reviews.

We understand and appreciate the process embodied in the plan of action before us is painful, costly, and often slow. But, however great our burden as we undertake this plan, it pales in comparison with the burden borne by the refugees we seek to help. Surely we cannot ask less of ourselves than we ask of them.

**RAFT DECLARATION
AND COMPREHENSIVE
PLAN OF ACTION,
JUNE 11, 1989**

DECLARATION

The Governments of the States represented in the International Conference on Indo-Chinese Refugees, held at Geneva from 13 to 14 June 1989.

Having reviewed the problems of Indo-Chinese asylum-seekers in the South-East Asian region,

Noting that, since 1975, over 2 million persons have left their countries of origin in Indo-China and that the flow of asylum-seekers still continued,

Aware that the movement of asylum-seekers across frontiers in the South-East Asian region remains a subject of intense humanitarian concern to the international community,

Recalling United Nations General Assembly resolution 3455 (XXX) and the first Meeting on Refugees and Displaced Persons in South-East Asia convened at Geneva in July 1979 under the auspices of the United Nations to address the problem,

Recalling further the 1951 Convention relating to the Status of Refugees and its 1977 Protocol, and related instruments,

Noting with satisfaction that, as a result of combined efforts on the part of Governments and international organizations concerned, a durable solution has been found for over 1.6 million Indo-Chinese,

Preoccupied however by the burden imposed, particularly on the neighbouring countries and territories, as a result of the continuation of the outflow and the presence of large numbers of asylum-seekers still in camps,

Alarmed by indications that the current arrangements designed to find solutions for asylum-seekers and resolve problems stemming from the outflow may no longer be responsive to the size, tenacity and complexity of the problems in the region,

Recognizing that the resolution of the problem of asylum-seekers in the region could contribute positively to a climate of peace, harmony and good neighbourliness,

Satisfied that the international community, and in particular the countries directly involved, have responded positively to the call for a new international conference made by the States members of the Association of South-East Asian Nations and endorsed by the Executive Committee of the Programme of the United Nations High Commissioner for Refugees at its thirty-ninth session and the General Assembly of the United Nations at its forty-third session,

Noting the progress achieved towards a solution of this issue by the various bilateral and multilateral meetings held between the parties concerned prior to the International Conference on Indo-Chinese Refugees,

Noting that the issues arising from the presence of Khmer refugees and displaced persons are being discussed, among the par-

ties directly involved, within a different framework and as such have not been included in the deliberations of the Conference,

Noting with satisfaction the positive results of the Preparatory Meeting for the Conference, held in Kuala Lumpur from 7 to 9 March 1989,

Realizing that the complex problem at hand necessitates the co-operation and understanding of all concerned and that a comprehensive set of mutually re-enforcing humanitarian undertakings, which must be carried out in its totality rather than selectively, is the only realistic approach towards achieving a durable solution to the problem,

Acknowledging that such a solution must be developed in the context of national laws and regulations as well as of international standards,

Have solemnly resolved to adopt the attached Comprehensive Plan of Action.

II. COMPREHENSIVE PLAN OF ACTION

A. Clandestine Departures

1. Extreme human suffering and hardship, often resulting in loss of lives, have accompanied organized clandestine departures. It is therefore imperative that humane measures be implemented to deter such departures, which should include the following:

(a) Continuation of official measures directed against those organizing clandestine departures, including clear guidelines on these measures from the central government to the provincial and local authorities.

(b) Mass media activities at both local and international level, focussing on:

(i) The dangers and hardship involved in clandestine departures;

(ii) The institution of a status-determination mechanism under which those determined not to be refugees shall have no opportunity for resettlement;

(iii) Absence of any advantage, real or perceived, particularly in relation to third-country resettlement, of clandestine and unsafe departures;

(iv) Encouragement of the use of the regular departure and other migration programmes;

(v) Discouragement of activities leading to clandestine departures.

(c) In the spirit of mutual co-operation, the countries concerned shall consult regularly to ensure effective implementation and co-ordination of the above measures.

B. Regular Departure Programmes

2. In order to offer a preferable alternative to clandestine departures, emigration from Viet-Nam through regular departure procedures and migration programmes, such as the current Orderly Departure Programme, should be fully encouraged and promoted.

3. Emigration through regular departure procedures and migration programmes should be accelerated and expanded with a view to making such programmes the primary and eventually the sole modes of departure.

1. In order to achieve this goal, the following measures will be undertaken:

(a) There will be a continuous and widely publicized media campaign to increase awareness of regular departure procedures and migration programmes for departure from Viet-Nam.

(b) All persons eligible under regular third-country migration programmes, Amerasians and former re-education centre detainees will have full access to regular departure procedures and migration programmes. The problem of former re-education centre detainees will be further discussed separately by the parties concerned.

(c) Exit permits and other resettlement requirements will be facilitated for all persons eligible under regular departure procedures and migration programmes.

(d) Viet-Nam will fully co-operate with the United Nations High Commissioner for Refugees (UNHCR) and the Intergovernmental Committee for Migration (ICM) in expediting and improving processing, including medical processing, for departures under regular departure procedures and migration programmes and will ensure that medical records of those departing comply with standards acceptable to receiving countries.

(e) Viet-Nam, UNHCR, ICM and resettlement countries will co-operate to ensure that air transportation and logistics are sufficient to move expeditiously all those accepted under regular departure procedures and migration programmes.

(f) If necessary, countries in South-East Asia through which people emigrating under regular departure procedures and migration programmes must transit will, with external financial support as appropriate, expand transit facilities and expedite exit and entry procedures in order to help facilitate increased departures under such programmes.

C. Reception of New Arrivals

5. All those seeking asylum will be given the opportunity to do so through the implementation of the following measures:

(a) Temporary refuge will be given to all asylum-seekers, who will be treated identically regardless of their mode of arrival until the status-determination process is completed.

(b) UNHCR will be given full and early access to new arrivals and will retain access, following the determination of their status.

(c) New arrivals will be transferred, as soon as possible, to a temporary asylum centre where they would be provided assistance and full access to the refugee status-determination process.

D. Refugee Status

6. The early establishment of a consistent region-wide refugee status-determination process is required and will take place in accordance with national legislation and internationally accepted practice. It will make specific provision, *inter alia*, for the following:

(a) Within a prescribed period, the status of the asylum-seeker will be determined by a qualified and competent national authority or body, in accordance with established refugee criteria and procedures. UNHCR will participate in the process in an observer and advisory capacity. In the course of that period, UNHCR shall advise in writing each individual of the nature of the procedure, of the implications for rejected cases and of the right to appeal the first-level determination.

(b) The criteria will be those recognized in the 1951 Convention relating to the Status of Refugees and its 1967 Protocol, bearing in mind, to the extent appropriate, the 1948 Universal Declaration of Human Rights and other relevant international instruments concerning refugees, and will be applied in a humanitarian spirit taking into account the specific situation of the asylum-seekers concerned and the need to respect the family unit. A uniform questionnaire developed in consultation with UNHCR will be the basis for interviews and shall reflect the elements of such criteria.

(c) The Handbook on Procedures and Criteria for Determining Refugee Status issued by UNHCR will serve as an authoritative and interpretative guide in developing and applying the criteria.

(d) The procedures to be followed will be in accordance with those endorsed by the Executive Committee of the Programme of the United Nations High Commissioner for Refugees in this area. Such procedures will include, *inter alia*:

(i) The provision of information to the asylum-seekers about the procedures, the criteria and the presentation of their cases;

(ii) Prompt advice of the decision in writing within a prescribed period;

(iii) A right of appeal against negative decisions and proper appeals procedures for this purpose, based upon the existing laws and procedures of the individual place of asylum, with the asylum-seeker entitled to advice, if required, to be provided under UNHCR auspices.

7. UNHCR will institute, in co-operation with the Governments concerned, a comprehensive regional training programme for officials involved in the determination process with a view to ensuring the proper and consistent functioning of the procedures and application of the criteria, taking full advantage of the experience gained in Hong Kong.

E. Resettlement

8. Continued resettlement of Vietnamese refugees benefiting from temporary refuge in South-East Asia is a vital component of the Comprehensive Plan of Action.

1. Long-Stayers Resettlement Programme

9. The Long-Stayers Resettlement Programme includes all individuals who arrived in temporary asylum camps prior to the appropriate cut-off date and would contain the following elements:

(a) A call to the international community to respond to the need for resettlement, in particular through the participation by an expanded number of countries, beyond those few currently active in refugee resettlement. The expanded number of countries could include, among others, the following: Australia, Austria, Belgium, Canada, Denmark, Germany, Federal Republic of, Finland, France, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom and United States of America.

(b) A multi-year commitment to resettle all the Vietnamese who have arrived in temporary asylum camps prior to an agreed date, except those persons already found not to be refugees under established status-determination procedure and those who express the wish to return to Viet-Nam. Refugees will be advised that they do not have the option of refusing offers of resettlement, as this would exclude them from further resettlement consideration.

2. Resettlement Programme for Newly-Determined Refugees

10. The Resettlement Programme for Newly-Determined Refugees will accommodate all those who arrive after the introduction of status determination procedures and are determined to be refugees. Within a designated period after their transfer to the resettlement area, those determined to be refugees shall receive an orientation briefing from a UNHCR representative that explains the third-country resettlement programme, the length of time current arrivals may be expected to spend in camp awaiting resettlement, and the necessity of adhering to the rules and regulations of the camp.

11. Wherever possible, a pledge shall be sought from the resettlement countries to place all those determined to be refugees, except those expressing the wish to return to Viet-Nam, within a prescribed period. It shall be the responsibility of UNHCR, with the full support of all the resettlement countries and countries of asylum, to co-ordinate efforts to ensure that departures are effected within that time.

F. Repatriation/Plan of Repatriation

12. Persons determined not to be refugees should return to their country of origin in accordance with international practices re-

flecting the responsibilities of States towards their own citizens. In the first instance, every effort will be made to encourage the voluntary return of such persons.

13. In order to allow this process to develop momentum, the following measure will be implemented:

(a) Widely publicized assurances by the country of origin that returnees will be allowed to return in conditions of safety and dignity and will not be subject to persecution.

(b) The procedure for readmission will be such that the applicants would be readmitted within the shortest possible time.

(c) Returns will be administered in accordance with the above principles by UNHCR and ICM, and internationally funded reintegration assistance will be channelled through UNHCR, according to the terms of the Memorandum of Understanding signed with Viet-Nam on 13 December 1988.

14. If, after the passage of reasonable time, it becomes clear that voluntary repatriation is not making sufficient progress towards the desired objective, alternative recognized as being acceptable under international practices would be examined. A regional holding centre under the auspices of UNHCR may be considered as an interim measure for housing persons determined not to be refugees pending their eventual return to the country of origin.

15. Persons determined not to be refugees shall be provided humane care and assistance by UNHCR and international agencies pending their return to the country of origin. Such assistance would include educational and orientation programmes designed to encourage return and reduce reintegration problems.

G. Laotian Asylum-Seekers

16. In dealing with Laotian asylum-seekers future measures are to be worked out through intensified trilateral negotiation between UNHCR, the Lao People's Democratic Republic and Thailand, with the active support and co-operation of all parties concerned. These measures should be aimed

(a) Maintaining safe arrival and access to the Lao screening process;

(b) Accelerating and simplifying the process for both the return of the screened and voluntary repatriation to the Lao People's Democratic Republic under safe, humane and UNHCR-monitored conditions.

17. Together with other durable solutions, third-country resettlement continues to play an important role with regard to present camp populations of the Laotians.

Implementation and Review Procedures

Implementation of the Comprehensive Plan of Action is a dynamic process that will require continued co-ordination and possible adaptation to respond to changing situations. In order to ensure effective implementation of the Plan, the following mechanisms shall be established:

(a) UNHCR, with the financial support of the donor community, will be in charge of continuing liaison and co-ordination with concerned Governments and intergovernmental as well as non-governmental organizations to implement the Comprehensive Plan of Action.

(b) A Steering Committee based in South-East Asia will be established. It will consist of representatives of all Govern-

ments making specific commitments under the Comprehensive Plan of Action. The Steering Committee will meet periodically under the chairmanship of UNHCR to discuss implementation of the Comprehensive Plan of Action. The Steering Committee may establish sub-committees as necessary to deal with specific aspects of the implementation of the Plan, particularly with regard to status determination, return and resettlement.

(c) A regular review arrangement will be devised by UNHCR, preferably in conjunction with the annual Executive Committee session, to assess progress in implementation of the Comprehensive Plan of Action and consider additional measures to improve the Plan's effectiveness in meeting its objectives. ■

Security Council Adopts Resolution on Central American Peace

Following are the text of the UN Security Council resolution adopted unanimously on July 27, 1989, and statement made in the Security Council after the vote by U.S. Acting Permanent Representative to the United Nations Herbert S. Okun.

UN SECURITY COUNCIL RESOLUTION 637

the Security Council,

Recalling its resolutions 530 (1983) of 10 May 1983 and 562 (1985) of 10 May 1985 and General Assembly resolutions 38/10 of 14 November 1983, 39/4 of 26 October 1984, 37 of 18 November 1986, 42/1 of 7 October 1987 and 43/24 of 15 November 1988, as well as the initiative that the Secretary-General of the United Nations undertook on 18 November 1986 together with the Secretary-General of the Organization of American States,

Convinced that the peoples of Central America wish to achieve a peaceful settlement to their conflicts without outside interference, including support for irregular forces, with respect for the principles of self-determination and non-intervention while ensuring full respect for human rights,

Taking note of the report of the Secretary-General of 26 June 1989 submitted in pursuance of Security Council resolutions 30 (1983) and 562 (1985) (S/20699),

Recognizing the important contribution of the Contadora Group and its Support Group in favour of peace in Central America,

Welcoming the agreement signed at Guatemala City on 7 August 1987 by the Presidents of the Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua as the manifestation of the will of the peoples of Central America to achieve peace, democratization, reconciliation, development and justice, in accordance with their decision to meet the historical challenge of forgoing a peaceful destiny for the region,

Welcoming the subsequent Joint Declarations issued by the Central American Presidents on 16 January 1988 in Costa Rica and on 14 February 1989 in El Salvador,

Aware of the importance which the Central American Presidents attach to the role of international verification as an essential component for the implementation of the above-mentioned instruments, including, in particular, their commitments relating to regional security, especially non-use of territory to support destabilization of neighbouring countries and democratization, especially free and fair elections, as well as to the voluntary demobilization, repatriation or relocation of irregular forces, as agreed in the Tesoro Beach Agreement of 14 February 1989,

Aware also that the commitments enshrined in the Guatemala Agreement form a harmonious and indivisible whole,

Noting with appreciation the efforts undertaken to date by the Secretary-General in support of the Central American peace process, including his assistance in the establishment of appropriate mechanisms to verify compliance with the provisions of the Guatemala Agreement and of the Joint Declaration adopted by the Central American Presidents at their meeting held in El Salvador on 14 February 1989, and particularly

the Secretary-General's agreement with Nicaragua to deploy a United Nations elections observer mission in that country,

1. *Commends* the desire for peace expressed by the Central American Presidents in signing on 7 August 1987 at Guatemala City the agreement on "Procedures for the establishment of a firm and lasting peace in Central America" and in the Joint Declarations subsequently signed in pursuance of it;

2. *Expresses its firmest support* for the Guatemala Agreement and the Joint Declarations;

3. *Calls upon* the Presidents to continue their efforts to achieve a firm and lasting peace in Central America through the faithful implementation of the commitments entered into in the Guatemala Agreement and in the expressions of good will contained in the Joint Declaration of 14 February 1989;

4. *Appeals* to all States, in particular to those which have links with the region and interests in it, to back the political will of the Central American countries to comply with the provisions of the Guatemala Agreement and of the Joint Declaration, particularly that regional and extra-regional Governments which either openly or covertly supply aid to irregular forces or insurrectional movements in the area immediately halt such aid, with the exception of the humanitarian aid that contributes to the goals of the Tesoro Beach Agreement of 14 February 1989;

5. *Leads* its full support to the Secretary-General to continue his mission of good offices in consultation with the Security Council in support of the Central American Governments in their effort to achieve the goals set forth in the Guatemala Agreement;

6. *Requests* the Secretary-General to report to the Security Council regularly on the implementation of the present resolution.

AMBASSADOR OKUN'S STATEMENT¹

The United States is pleased to have joined in the adoption of this resolution supporting the Central American search for democracy and peace. We believe this resolution reflects and supports three very important elements in the Central American peace process. These are:

One, the centrality of the fulfillment of the principles and provisions of the Esquipulas and Tesoro accords to the achievement of peace and democracy in Central America;

Two, the crucial need for a free and fair election and election process in Nicaragua to unlock regional movement toward peace, democracy, and development; and

Three, states which are still supplying lethal assistance to insurgent forces in the region—namely Nicaraguan and Cuban support for the Farabundo Martí National Liberation Front (FMLN)—must cease this supply and declare publicly that they renounce such practices and support solely the use of political means and national reconciliation as provided for in Esquipulas.

The United States looks forward to the reports of the Secretary General regarding the efforts and findings of the UN election observer mission in Nicaragua. We believe that this mission can strengthen the prospects for a free and fair electoral process in Nicaragua.

Although the United States has observed that, to date, the Government of Nicaragua has declined to open the political process in accord with the letter and spirit of its Esquipulas and Tesoro commitments, we applaud its decision to hold elections in February 1990, and we declare again our intentions to respect the results of those elections if they are carried out in a free and fair manner.

We urge the Government of Nicaragua to begin a positive dialogue with the opposition to set the terms of a free election. We note that the political opposition has pledged that it will participate in the elections despite its dissatisfaction with the present rules. Current practices of intimidation, therefore, are wholly counterproductive to the fulfillment of democratic principles and commitments.

Further we call upon the Governments of Nicaragua and Cuba to cease their 9-year supply of weapons, ammunition, safe-haven, and other lethal assistance to the FMLN insurgents in El Salvador. This support for irregular forces in El Salvador has cost the lives of many Salvadoran citizens and frustrated their desires for peace, democracy, and development and continues to undermine the Central American peace accords. Consistent with the spirit and letter of this resolution and the Esquipulas and Tesoro accords, we call on all countries to assist the Central American governments in ensuring full respect for human rights while they seek a peaceful settlement.

My government commends the efforts of the Secretary General to further the progress toward the peace the Central American governments have committed themselves to achieve. The United States was, therefore, pleased to support this resolution.

The Concept of the 'Unitary UN'

by John R. Bolton

Address before the Geneva group consultative-level meeting in Geneva on June 29, 1989. Mr. Bolton is Assistant Secretary for International Organization Affairs.

It is a special pleasure for me to participate in this my first meeting of the Geneva group consultative level. This forum, especially through the 1980s, has provided an important and useful opportunity for exchanging views and coming to conclusions on budgetary, financial, and administrative issues affecting the organizations of the UN system. I look forward to working with all of you in continuing our efforts to assure that the significant resources, we as a group invest in the UN system, are put to good use.

Together, the members of the Geneva group represent over 70% of the contributions to the assessed budgets of the UN system. Were we to add our voluntary contributions to the extra-budgetary activities of the UN agencies, and to the operational programs such as UNDP [UN Development Program], UNICEF [UN Children's Fund], UNHCR [UN High Commissioner for Refugees], and the WFP [World Food Program], the percentage would be at least as high. It is incumbent on members of the Geneva group to fulfill our responsibilities to our taxpayers and to other members of the organizations by continuing to provide the leadership required for adapting the UN system to its growing responsibilities. With your indulgence, I will take a few moments at the opening of the meeting to discuss with you our concept of the 'unitary United Nations.'

In the course of formulating the Bush Administration's diplomacy toward the UN system, it struck me that we should have a policy that treated the United Nations comprehensively. (Let me say at the outset that this analysis does not in any way implicate the IMF [International Monetary Fund], IBRD

[International Bank for Reconstruction and Development], or GATT [General Agreement on Tariffs and Trade].) Instead of a series of unrelated policies toward each UN component, I felt that we needed to address the UN system much the same way as the U.S. State Department's regional bureaus interact with the governments in their respective regions. Just as an action taken toward one specific country affects overall regional relationships, by analogy, so, too, do the actions of individual UN agencies affect the operation of the entire system. For example, the handling of UNDP support costs, which will be discussed, has a direct bearing on the assessed budgets of the specialized agencies.

The unitary United Nations concept provides us with a basis to deal coherently with the UN system on both budgetary and policy grounds. We have all noted the proliferation of committees, councils, conferences, and meetings, all of which cover essentially the same issues. Numerous governing bodies (however denominated) all spend precious time and fiscal resources discussing precisely the same issues, often in several different cities. Moreover, most all components of the UN system have expanded their programs beyond their originally intended missions and are now duplicating each other's work. Moreover, there is always the risk of creating even more new organizations with substantial budgetary claims, when existing agencies could handle emerging problems.

Following the unitary United Nations concept would provide us with a principled rule of decision to prune the thicket of UN governing bodies. It would also permit us to redefine the proper limits of each UN component's responsibilities and help avoid both empire building and turf fighting. By adhering to the original intent underlying the creation of each UN component we should achieve not only budgetary savings but also create a greater sense of political responsibility among member governments and secretariats.

¹ USUN press release 77. ■

Under a unitary United Nations concept, even if some elements of the UN system were to take on new responsibilities, we are not suggesting that the Geneva group abandon its policy of zero real growth. Indeed, the possibility of added responsibilities increases the need for maintaining tight budgetary discipline. In fact, I view the unitary United Nations concept as a logical next step beyond the policy of zero real growth, which is now only applied component by component. But in implementing a policy of zero real growth, we must recognize that there will be instances where some agencies must grow to respond to new and emerging developments. Otherwise they will stagnate, and initiatives will be taken by other organizations which do not have the expertise or qualifications to do so in the most effective way possible. Any such growth, however, must be offset by reductions in other organizations so as to maintain zero real growth throughout the UN system. Difficult choices must be made not only by the secretariats but by us, the member governments; ultimately, the burden of identifying and enforcing priorities rests with us. As we have seen, it is not easy to achieve cutbacks in agency functions, but if we want to strengthen the UN system, it is incumbent upon us to take a hard look at the various components in order to rationalize and harmonize their operations.

My reference to the concept of the unitary United Nations should not be misinterpreted. I am not now suggesting a change in the mandate of the Geneva group. I well understand that the Geneva group does not address the role of the UN system and that its mandate explicitly is limited to concern for administrative, budgetary, and financial issues related to the basic infrastructure of the UN system, i.e., the regular assessed budgets of the specialized agencies and the IAEA [International Atomic Energy Agency]. However, we must recognize that this infrastructure influences, and is influenced by, a much larger whole. We believe more attention must be given to

this larger whole in order to be effective in addressing our concerns about the basic infrastructure.

Let me also make clear that my use of the concept of the unitary United Nations does not mean that I am advocating central control in the UN system. I fully recognize that many of our substantive interests in the UN agencies are fostered and protected by the pluralism of the UN system. I am familiar with the longstanding efforts of some to do away with this pluralism in order to allow the whole of the UN system to be tightly orchestrated by a politicized majority in the UN General Assembly. It is because of the pluralism of the UN system, and our interest in maintaining this pluralism, that I urge the concept of the unitary United Nations. The lack of effective central control in the UN system increases the need for us, the member governments, to guide our participation in the different UN agencies with an eye on the overall system.

One example of the concept of the unitary United Nations at work is in deciding upon the appropriate role of the UNDP for the 1990s. We believe that the UNDP should play a more vigorous coordinating role. Over the years, UNDP has been weakened considerably, since agencies are taking it upon themselves to do what is properly in UNDP's realm. Indeed, if the Geneva group is to be effective in assuring the best use of resources by the United Nations' technical agencies, it will be essential that we assure a clearer division of labor between the UNDP and the technical agencies. Further, there needs to be improved communication among the major donors on the relationships between bilateral and multilateral assistance programs. The current state of play, all too often, means that resources are wasted or that we work at cross purposes in the management of a unitary UN system.

This is important because we recognize the great and growing need for the work of the UN system. In addition to the recent major increase in UN peacekeeping activities, still more can be expected. More directly related to

our work at this meeting are the significant transnational problems increasingly being addressed. Certainly, the UN system has the potential to help deal with issues such as drug control, terrorism, refugees, AIDS [acquired immune deficiency syndrome], human rights, and the host of environmental problems.

Based on the reforms initiated in the United Nations and in the major specialized agencies, and on the important UN peacekeeping activities recently undertaken, President Reagan decided last year to seek restoration of U.S. financial support to the United Nations and its affiliated agencies. He included in the fiscal year (FY) 1990 budget essentially full funding for U.S. assessed contributions to the organizations of the UN system. As indicated in our paper, President Reagan also included in the FY 1990 budget the first step in a multiyear plan for payment of outstanding U.S. arrearages. This commitment to restore U.S. financial support for the UN system has been strongly endorsed by President Bush. Final approval of the budget requests by Congress remains uncertain, but we are hopeful for support of President Bush's program on Capitol Hill.

In conclusion, I want to stress that the United States looks forward to important opportunities in the UN system for dealing with critical world problems. The renewed confidence in the UN system must be further strengthened and maintained; we must guard against allowing the expected return of financial stability to result in renewal of wasteful practices. This will require continued vigor by the Geneva group in insisting on value for money. However, building on what we have achieved in recent years, we must go a step further in identifying and enforcing priorities for the UN system as a whole in order to be sure that our financial resources are being well used. I urge that—within our own governments—we all place more emphasis on what I have called the unitary United Nations. ■

U.S.-Mexico Binational Commission Meets in Mexico City

The U.S.-Mexico Binational Commission held its seventh meeting in Mexico City on August 6-7, 1989.

Following are the prepared statement Secretary Baker made for the opening session of the meeting; a joint news conference by Secretary Baker, Attorney General Richard Thornburgh, and Environmental Protection Agency (EPA) Administrator William K. Reilly and Secretary of Foreign Relations Fernando Solana Morales, Attorney General Enrique Alvarez Del Castillo, Secretary of Finance and Public Credit Pedro Aspe Armella, Secretary of Commerce and Industrial Development Jaime Jose Serra Puche, and Secretary of Tourism Carlos Hank Gonzalez; and the text of the joint communique.

SECRETARY'S STATEMENT. AUG. 7, 1989¹

We have gathered today in the Plaza of the Three Cultures—Aztec, Spanish, Mexican. This was the site of the great ancient marketplace of Tlatelolco. Here stands a Spanish church built by the conquistadores using stones from the Aztec temple. And here we stand in the heart of modern Mexico City—a true amalgam of all that has gone before.

On this very ground, Old and New Worlds were fated to meet. As a consequence, both worlds faced the challenge of change—a future profoundly different than either could have anticipated.

And today, our delegations meet in this historic place at a time of sweeping change throughout the Americas and the world. But unlike our Old and New World ancestors, we have a clearer sense of where the world is headed. We also have the opportunity to shape our destinies.

The strategic, economic, political, and environmental aspects of national security and global well-being are, today, indivisible. Democratic ideas and processes are gaining momentum around the world. Capital, finance, and trade flow across borders instantaneously, forming a global marketplace. Experience teaches us that democracy and development go hand in hand.

Cooperation and Challenge

Pollution, narcotics trafficking, and terrorism respect no borders. They truly are transnational, global concerns. The issues that invigorate U.S.-Mexico relations today are a reflection of these world trends. On any given day, our relationship is a dynamic mix of cooperation and challenge; growing strategic, commercial, financial, and demographic interdependence; and vivid cultural exchange.

In fact, if I wanted to paint a picture of our relations in the changing world I have just described, I would envision a great and vivid mural—a mural in the artistic style of Rivera or Orozco. One with bright and contrasting colors, filled with scenes from family life and the swirling crowds of the marketplace. A composition rich in cultural allusion, historical allegory, and the drama of politics. Uniting these varied images into a conceptual whole would be the democratic values and vision of a better world that draw our two peoples together.

U.S.-Mexican relations are a subject of such breadth, complexity, and vibrancy that they cannot be confined within a conventional frame of diplomatic reference. Thousands upon thousands of lines of communication and contact have developed naturally across our common border. By the year 2000, if current trends continue, Mexico will be home to the world's largest Spanish speaking population, and the United States will be home to the next largest. Today, we work toward joining these homes in a prosperous partnership—one that will unite our governments, our peoples, and our economies as never before.

Mexico is the United States' third largest export market and our second most important source of strategic raw materials. At the same time, our governments share common interests in protecting and promoting security, prosperity, and democracy in our two countries, in our hemisphere, and throughout the changing world.

We are here today because both our governments understand that we must face the challenge of change together. We both recognize that as the

new century approaches, we have the opportunity to forge a partnership for the future—a future that holds many challenges and much promise for both our peoples.

Some defined the old U.S.-Mexico relationship as "managing irritants." We are committed to a new relationship: "creating common opportunities." From now on, we will define the U.S. Mexican relationship not by the narrow differences which divide us but by the growing agenda of common opportunities that unite us as never before. The binational commission can play a pivotal role in turning opportunities into realities.

In preparation for this meeting, the U.S. delegation carried out an extensive review of our relations. We know that Mexico's delegation has gone through a similar process. Reflecting the high priority given our relationship by our two Presidents, several of us have already met with you and your colleagues over the past months.

Indeed, our constructive and ongoing dialogue began last November, when President-elect Salinas and President-elect Bush met in Houston. As a Houstonian, I was proud to take part, as were several of those around this table today. President Bush said then, and has repeated many times since, what he and I believe: The United States has no more important relationship than that with its neighbor and friend, the Republic of Mexico. These are not mere words—they represent the solemn commitment of the United States. On both sides of the border, we now refer with pride to the "spirit of Houston." That spirit moves us to action today.

Our delegation looks forward to what we know will be a productive and mutually beneficial discussion on a variety of topics. Progress has been made on many issues, but much remains to be done.

The Drug Problem

Let me begin with an issue that seriously threatens both our countries: drugs. We have long since stopped pointing fingers of blame, arguing whether drugs are a problem of demand or supply. Instead, our governments are working to reduce the supply of the

son pushed on our citizens—on our own children—by vicious traffickers. Both of us are making vigorous efforts to free our city streets and our youth from the prison of drug addiction.

Mexico's success, over the last 6 months, in capturing and prosecuting drug traffickers has seized the world's attention. Moreover, to its credit, your government has made clear that it wants to tear the roots of the opium poppy and marijuana plant from its soil.

My government, in turn, knows all too well that 60% of the world's illegal drug supply is consumed in the United States. This is senseless demand that must be cut, through the efforts of all Americans. Zero tolerance is more than a policy—it's an attitude we must foster.

Strengthened Debt Strategy

As a matter of great concern to Mexico—its foreign debt—the United States took early leadership with the announcement of a strengthened debt strategy. Now, thanks to the efforts of Secretary [of the Treasury Nicholas F.] Brady, Secretary [of Finance and Public Credit Pedro] Aspe, and others on both sides, an agreement has been reached. A real reduction in Mexico's debt burden will be achieved.

Mexico's bold, far-sighted economic policies and its negotiating team have done outstanding work to convince the private banks and international lending institutions that Mexico is worthy of credit and trust. We believe that Mexico has earned that faith and confidence. Mexico can once again set an example which other nations can follow.

Trade and Investment

Efforts in debt do not stand in isolation from other economic topics. Now we can focus even greater attention on those topics vital for our common growth. Our two-way trade in 1988 totaled more than \$44 billion. We need to strengthen our trade and investment ties in order to build a future of growth and prosperity for all citizens of North America, whether they live north of the Rio Grande or south of the Rio Bravo.

We admire and respect the many positive economic changes introduced by the Salinas Administration—tariffs liberalized, investment restrictions lifted, freer markets, more private business, an increased opportunity for the people of Mexico—whatever their status or station in life—to determine their own economic future. We believe, as we know you do as well, that the un-



Secretary Baker and Mexican Secretary of Foreign Relations Fernando Solana Morales.

U.S. Travel Advisory for Colombia

DEPARTMENT STATEMENT, AUG. 25, 1989¹

President Barco of Colombia has implemented a major effort to control drug trafficking in that country. Extradition of drug traffickers under indictment in other nations is a major element of this program. On August 24, drug traffickers launched a violent campaign in an attempt to force President Barco to rescind his newly established extradition policy.

The United States is confident that this campaign of intimidation will fail. However, in light of the violent retaliation by drug traffickers, Americans

traveling to Colombia could expose themselves to extraordinary personal danger. The Department of State strongly urges Americans to avoid visiting Medellin, the headquarters of the drug traffickers "cartel."

Americans who must travel to Colombia should refer to the travel warning of June 2, 1989, by calling (202) 647-5225. After arriving in Colombia, U.S. citizens are urged to register with the U.S. Embassy or the nearest consulate.

¹ Read to news correspondents by Department deputy spokesman Richard A. Boucher. ■

leashing of economic liberty can create constructive forces and creative energies that extend well beyond that reached by the heavy hand of government directives. We also know that the success to be reached is one to be earned by Mexicans.

But we wish to help where we can. So I am pleased our two governments will work with our business communities to create the jobs, the new enterprises, the hope.

There is no doubt that difficult economic and business challenges still face both our countries. And we recognize those challenges will sometimes require politically sensitive choices on both sides of the border. But I also recognize our governments can transform the challenges into achievements if we work together. We will do so.

For our part, the United States is ready to accelerate trade and investment talks with Mexico under the auspices of the U.S.-Mexico Framework Understanding and the Uruguay Round of the GATT [General Agreement on Tariffs and Trade]. By working closely together in these forums, and by our talks here today, we can chart a new course in U.S.-Mexican relations that builds on the debt agreement. We can stimulate commerce between our nations. We can engage our private sectors in developing new opportunities for growth. We can improve the international trading rules embodied in the GATT.

Cultural Relations

Cultural relations between our two countries have never been better. In our discussions today, we will want to look at ways in which our governments can work together to strengthen those relations even further. Let us move to bring our peoples together—students, teachers, government officials, and journalists—for our nations have so much to gain from each other in learning, understanding, and friendship.

A Common Vision

The opportunities are clearly there. Now we need to get to work. I am confident that, today, we will build the framework for a successful state visit by President Salinas to Washington in October. Every day our citizens are making it clear that they expect their governments not merely to plan, but to act; not merely to discuss, but to do.

We are here to roll up our sleeves and start building a world where legitimate commerce flows freely and illegal drugs do not. For prosperity and jobs and expanding futures on both sides of our border are a common good.

We are here to work together to clean the air, purify the water, and protect our other natural resources, for these are the birthright of both our peoples.

We are here to work together to improve the climate of understanding between our citizens. We want the lives of our children to be enriched by exposure to the distinctive languages, cultures, and histories of our two proud nations.

And finally, we seek to deepen our partnership of democratic values—values upon which both our nations were founded, and which unite our two peoples in a common vision of the future.

We pledge to you our government's commitment to work with Mexico to make this common vision an enduring reality.

JOINT NEWS CONFERENCE, AUG. 7, 1989²

Secretary Solana. The impression held by us in the Mexican delegation is that the broadness of the agenda on which we worked today, the level and depth at which the various topics were treated, is really without precedent in our binational meetings. In fact, we thought over, negotiated, discussed, exchanged points of view, and found points of agreement on an agenda of eleven points in seven different meetings. In all the meetings of the morning and the afternoon, there was an atmosphere of mutual respect, of cordiality, and of intelligent analyses of the problems and opportunities we have as neighbors and of willingness to obtain concrete results. It was a frank dialogue in which no points were ignored.

As you have just seen, six important documents were signed. But many topics were touched upon above and beyond the documents signed. The joint communique, which is being distributed, expands upon the information in this regard. Certain new themes caught the attention, in a positive way, of the Mexican delegation. I will give you only a couple of examples.

With regard to drug trafficking, the sense of responsibility with which the American delegation is already

treating the problem of drug consumption, I think this is something which allows us to be much more optimistic with regard to the joint accomplishments which we can achieve in the fight against drug trafficking. We have to face it in its different aspects of production and trafficking, but consumption is equally fundamental.

Another example is the exchange of diplomatic notes on immigration matters. This will allow us a significant improvement in the protection of Mexicans who live on the other side of the border. Of course, this will work both ways. But it was very important for Mexico to have a somewhat broader framework, and some improvements were made in this regard.

Great advances were made in the preparation for the trip President Carlos Salinas de Gortari will make to Washington, which as you know will take place starting October 3, as has been announced. We think that the agenda which we have begun to prepare—some matters were dealt with today, others were left for that occasion—will make this trip especially important.

Perhaps best of all is that for all the matters taken up, permanent for discussion and negotiation have been established. I believe that this meeting confirms the political will on the part of both governments to recognize problems and opportunities in a mature and calm manner. Two countries as different as the United States and Mexico, living so closely together have problems and opportunities. I believe it behooves us to analyze the problems with respect, mutual trust, and in a spirit of cooperation. And we need to define these opportunities to jointly and equitably make the best of them. This is a very general outline of the Mexican delegation's view of this seventh binational meeting between our two countries.

Secretary Baker. Let me say on behalf of our delegation that we think that this was a very productive and a highly successful meeting. I'd like to thank the numerous officials on both sides who put in a lot of hard work to make this possible. I think it is fair to say that we have today carried forward the "spirit of Houston" which was established by President-elect Bush and Salinas when they first met in November in Houston.

It seems to me our two Presidents saw a special opportunity. They were

newly elected presidents of two great nations—two great nations whose interests are bound together with full respect for one another. President Bush has said that there is no country with which the United States has relations which is any more important to the United States than Mexico.

I think that the sheer breadth of our discussions today is testimony to how very close and interdependent we are of this relationship. Now, of course, as we said in the closing plenary, we cannot stop here. I would hope that this meeting would serve as a building-block in a new structure of even closer cooperation between the United States and Mexico across the full range of the issues that make up our agenda.

As you have just aptly pointed out, the next step will be when President Salinas visits President Bush in Washington on October 3. I know how much President Bush is looking forward to his visit.

I would like to single out, if I could, for special mention the pro-growth economic policies that the Salinas Administration is implementing with great foresight and with great courage. We think these are very important; we think that these make possible the kind of dialogue we had today in the whole range of areas—trade, investment, debt, and so forth.

As the Secretary has told you and as you have just witnessed, we have signed some agreements as well, some agreements that touch on various points of this relationship. One of these involved a bridge-crossing between Mexico and Texas over the Rio Grande. In a way, I think that bridge is symbolic of the linked future that Mexico and the United States are destined to share. I think that today it is fair to say that we made progress toward assuring that that future is a prosperous and bright one for our people.

We have just come from a very delicious lunch hosted by President Salinas. So let me close, if I might, with special thanks to him, with special thanks to you, Mr. Secretary, and with special thanks to the other members of our delegation who made our visit so warm and so productive. Thank you.

Q. It has been pointed out that the main problem is drug consumption. Mr. Baker recognized that 80% of all the world's drugs are consumed in the United States. Our country has had a serious problem: drug certification.

What measures will be taken by the Government of Mexico to do something about that policy, and what steps could the U.S. Government take to do away with the policy of drug certification?

Attorney General Alvarez. Of course I believe that the relations between Mexico and the United States in the area of drug trafficking have changed significantly this year under the Administration of President Salinas. Of course there is no question as to who is to blame, consumer or producer. The relationship has fundamentally changed; it has been transformed into one of coordination and collaboration.

Consequently, we are all united in the struggle against this modern phenomenon of criminal activity, which is truly exceptional in its economic power, in the way in which it damages public health and the security of the state, and with which we are all involved internationally. The fact that a country, within its sovereign powers, could pass a law—with which we may or may not agree—a law consistent with its system, to take for itself the right to certify other countries, is debatable. But for us, this phenomenon is irrelevant because we do, out of conviction and will continue to do, whatever is necessary to combat the plague of drug addiction. Fortunately, Mexico has a very small number of addicts, but it must aid those who have more. And, above all, it must also eliminate the production of those types of drugs which are present in our country. I believe this must be our view of our future problems.

Q. As you know, the Presidents of the Central American republics have said today that they have reached agreement on a plan to demobilize the *contras*. Is this, in your view, the end of the *contras* and will the United States help carry out that demobilization plan, or will the United States place obstacles in its way?

Secretary Baker. First let me say that we have not seen the agreements that have been reached at Tela, so I am not able to comment on the specifics of the demobilization plan *per se*. Let me, though, say that the United States and the Central American democracies have, for a long time, been seeking a direct dialogue between the Government of Nicaragua and the internal opposition. We have been asking that that takes place. We think it is important to

the peace process that that occurs, and the Government of Nicaragua has been resisting these calls up until very recent days.

We are pleased now to see that there finally is going to be a dialogue between the internal opposition and the Government of Nicaragua. Certain promises have now been made about preparations for the holding of elections in February of 1990. It is quite important that those promises be followed by action, that the words be followed by action. So we are very pleased with the steps that the Government of Nicaragua has taken to establish a dialogue with the opposition and to move toward procedures that might permit a free and fair election.

I am not able to comment with specificity as yet upon the details of the demobilization plan since I haven't seen it. But let me say this: It is a promise of Esquipulas that any demobilization or repatriation would be, first of all, into safe and democratic conditions, and second of all, would be voluntary. And I do not think for one minute that the Central American democracies would do anything to change the terms of the Esquipulas accord which they themselves have put forth.

Q. There was some talk of an agreement on extradition of money launderers from Mexico, and there was apparently no accord on that signed. I would like to know why and also why no accords were signed on drugs or immigration at all.

Attorney General Thornburgh. With regard to extradition matters, there is in effect an extradition agreement between the Governments of the United States and of Mexico, and it has been utilized to the advantage of both parties in the past from time to time. The extradition of money launderers, like that of an offender within either country, is subject to that treaty and remains so following our discussion today.

One of the important agreements reached between the Attorney General of Mexico and myself today was to form a study group, a working group of prosecutors within our respective departments, well versed in the technicalities of extradition to ensure that this treaty and this process are utilized to the mutual advantage of both our countries. Therefore, beyond the reaffirming of the existence of the treaty and the commitment to form this working group,

there was no need for any additional action to bring money launderers or any other offenders in either country within the reach of the current law.

Attorney General Alvarez del Castillo. What we discussed was, in a nutshell, what Attorney General Thornburgh has said: a review of the treaty with, I believe, both parties' intention of making it faster and more efficient when prosecuting infractions of all types, while protecting the basic freedoms of citizens of the United States as well as of Mexico.

Q. Up until a few months ago, Central America was considered the main source of tension and conflict in the relations between Mexico and the United States. Now we see that the topic isn't even mentioned in the agenda directly.

I would like to know whether sources of real conflict have been set aside in this binational meeting. There was, of course, great optimism, and I would like to know if there were disagreements on some topics.

Secretary Baker. Let me simply say that the Foreign Secretary and I discussed a range of political issues in a bilateral meeting that we had in his home the night that I arrived—issues involving a number of regions and areas of the world, not just Central America. We discussed Central America as well. I will let the Foreign Secretary speak for himself, but I think there is more of a congruence of views between the United States and Mexico with respect to the policy approach that the United States is now following regarding Central America than there was before.

I am sorry to disappoint you, but I really don't believe that the divergencies and the differences of opinion that you seem to welcome and are seeking are really there anymore on that subject, although I will let the Foreign Secretary speak for himself.

Secretary Solana. Of course, it was a binational meeting in which we emphasized binational issues. With regard to regional issues or political problems in other areas of the world, we talked and exchanged viewpoints and information. It is true that we are not in complete agreement in all our views, in particular in some cases having to do with Central America. However, we agreed that it was useful to exchange our points of view, as we have been doing for several months. I believe

we have been doing this in an atmosphere of the most complete respect with regard to our agreements and differences. It is useful to know the arguments that each country has with regard to issues of this nature.

Q. On the other side of the border from Coahuila, a proposed nuclear simulation/explosion has been a question of concern, particularly among environmentalists. What agreements were reached regarding this issue in the conference today?

Secretary Solana. This has been a matter of considerable commentary. Although it was not a specific item in today's agenda, it has been commented on. Mexico has explained its position on this matter, and we are working on it through the appropriate diplomatic channels. We have received a very cordial and interested reply from the U.S. Government. I reiterate that we are working on this matter to ensure that any experiment of this nature will not affect Mexico's natural resources, in this case underground waters, and much less the health of persons anywhere on the border.

Secretary Baker. Let me just add to that; this is not a nuclear explosion. We are of the view that there will be no collateral damage. But we have made no final decision to go forward, and Mexican concerns are very important to us. As the Foreign Secretary has just indicated, we will be taking those into account. We will be working this through diplomatic channels, and we will be proceeding only in close consultation.

Q. This is the 100th anniversary of the International Boundary and Water Commission, and one of the agreements signed today recognizes this fact. However, the boundaries and water treaty signed by Secretary of State Cyrus Vance and Foreign Secretary Santiago Reol during the Lopez Portillo Administration has yet to be ratified by the U.S. Senate. I would like to know, what is the status of this treaty?

Secretary Baker. What has happened to the treaty and its ratification is that we haven't been able to secure ratification from the Senate yet—we are continuing to work on that—just as we have not yet received ratification of the Mutual Legal Assistance Treaty, which we in the executive branch of our government think is very important. We will continue to work on Senate ratification on both of those treaties.

Q. We would like to ask, what has been Mexico's response with regard to the U.S. proposal to set up mechanisms to control money laundering, such as banking laws? The has also been some talk that the United States is going to suggest the possibility that it be allowed to enter Mexican territory to control drug trafficking planes. Was this issue discussed, and was there any answer the part of Mexico on this matter?

Secretary Solana. Regarding the second point, it was not discussed at this meeting because Mexico's position has been made very clear in that it will not accept such a suggestion. Mexico is carrying out its greatest efforts, and will continue to do so, in the fight against drug trafficking. But Mexico feels that each country should be responsible for such a struggle within its own territory.

With regard to the problem of money laundering, and what was discussed, perhaps Secretary Aspe would care comment on this.

Secretary Aspe. The U.S. Treasury and Mexico's Finance Ministry have established a working group that has been working on the specific issue of exchanging information. As you know, in Mexico the only illegal activity relating to money laundering is tax evasion. But there is no specific category for crimes of this type—as the Attorney General can explain later. Therefore, during this last 2 months we have been working on the first steps of exchanging information. It is going to take some time to go through the details, and afterward the executive branches of both nations must agree terms, and the Senates should ratify them. This is my comment regarding the section dealing with information.

Attorney General Alvarez del Castillo. I would simply like to make the following clear. It is true that one of the ways to trace funds from money laundering is through tax laws. But it is also possible to prosecute someone for illegal or inexplicable enrichment. These problems are subject to investigation in concrete cases. This would be my comment.

Q. I have a question about the juana "ditch" that was controversial several months ago. My question is the U.S. Government plans to go forward with the ditch and, if not, what alternative there is because I understand that the ditch initially responded to environmental concerns.

to Mexico before it became an immigration issue.

Secretary Baker. It is my understanding with respect to that particular matter—and let me simply say that I am not the expert on it and I am not sure that we have anybody up here at the table who is—but it is my understanding that it is on hold, and we are still looking at the situation and reviewing in the prospect of the construction of the ditch and again closely consulting with the Mexican Government. I am not in a position to tell you here today whether or not we will go forward with it or not. But we have put it on hold.

Secretary Solana. I would only say that we have, indeed, been consulting through diplomatic channels and that our concerns have been taken into consideration. This project would be carried out in U.S. territory, thus it is a decision of the U.S. Government. However, the concerns put forth by the Mexican Government have been taken into consideration.

Q. I want to ask you about the agreement on immigration; perhaps you could have more details about this agreement. It seems that the U.S. delegation was particularly interested in reaching an agreement to control the immigration of third-country nationals through the U.S.-Mexican border. Was something achieved on this issue?

Secretary Solana. The matter was discussed, but the exchange of information was discussed more than were control issues. Migration from third countries to Mexico or through Mexico, vice versa, is a regional concern, and we think that the exchange of information leading to concrete measures is useful so long as peoples' rights are always protected, especially when they are in Mexican territory. Therefore, we thought it was beneficial to establish a group that would set up formal mechanisms to exchange information that could help us to analyze this problem, because we do not understand it well—at least as far as specific figures are concerned. We have a general idea, but it is a problem that is happening right now; and we want more systematic and complete information. We think that with this exchange of information, we can make progress on this issue.

Q. What is the nature of the agreement?

Secretary Solana. We have exchanged notes to begin this information exchange. There are more details in the joint communique.

Q. I wonder if Mr. Reilly could tell us what the effects of ammonium nitrate are on subsoil conditions, because that apparently is what the detonation outside of Del Rio is supposed to be. Secondly, I would like to ask whether we can interpret this drawing together between Mexico and the United States as something that might extend further south with time and eventually manifest itself in an expression of similar respect for Central American nations and leaders that have beneficial side effects for the American taxpayers by sparing the expenses of repeated long-distance phone calls placed by President Bush to leaders taking part in summit meetings such as Tela, Honduras, apparently in efforts to influence their decisions.

Secretary Baker. I think it's a statement. I'll answer the first question because it was a question, but I'll refer it to Mr. Reilly, who is the environmental expert.

Administrator Reilly. We are obligated by applicable law in the United States to assess very carefully the environmental impact of any activity that is likely to have a significant impact on the environment. Whether this contemplated simulation is such an activity remains to be seen, and there is a lot more to be determined about it. But if it is, in fact, a lot would have to be done to make sure that it is not going to have adverse consequences for the environment before it is permitted to go ahead. We consider that we are obligated under agreements with Mexico to consult very closely and to inform the Mexican Government about any such effects. This is within the area covered by our agreements, and we fully intend to comply with those agreements.

Q. Three major issues have not yet been addressed. One is the elimination of protectionist barriers by the United States; two, the new investment flows toward Mexico; and three, new tourism flows toward our country.

Secretary Serra. On trade, which is your first question, there was a very productive session with [U.S. Trade Representative] Ambassador Carla Hills in which a number of issues were

addressed. Discussion of issues that fall within the macroagreement, which governs the trade relations between Mexico and the United States, had a short-term focus on issues dealing with the steel industry, intellectual property, and textiles. We reached significant agreements in these three areas and made sure that there will be specific proposals for the summit between Presidents Salinas and Bush.

With regard to the long term, within that same understanding we reached with Ambassador Hills, we agreed that we have to make an effort to give an additional push to that agreement—a framework agreement that at present is a forum for consultations—to see if we can turn it into an agreement for action that will permit us to eliminate barriers and promote access to markets.

Regarding investment, we also had a very productive meeting with Secretary of Commerce Robert Mosbacher in relation to the new foreign investment regulations in Mexico—very detailed report on the characteristics but also an agreement to carry out promotional events among investors in a joint forum between our two governments.

Secretary Hank Gonzalez. With regard to strengthening the flow of tourism, we spoke with Secretary Mosbacher in an extremely cordial climate, and with a spirit of cooperation and good will, about a strengthened flow of tourists between our two countries, about promoting together—the U.S. and Mexico—a strengthening of the flows from other continents toward the United States and Mexico, and about fostering joint U.S. and Mexican investments in infrastructure and construction of tourist facilities.

Q. I want to ask Mr. Baker if the U.S. Government will support the demobilization agreements that the Central American presidents may have reached in Tela, Honduras, or if such support would be subject to any progress attained in the commitments that President Ortega may have with the Nicaraguan opposition.

Secretary Baker. I have already said that I haven't seen the details of the agreement that was reached. It is my understanding that an agreement was reached in Tela just an hour or so ago, and I haven't seen the details of that agreement.

Let me say, the only conditions that I think the United States would put on in such agreement are the very conditions that the Central American democracies themselves put on this issue in the Esquipulas peace agreement; that is, that any repatriation must be voluntary, and it must be a repatriation into safe and democratic conditions. So there must be safe and democratic conditions by the very terms of Esquipulas itself, which seems to me to argue quite strongly that there should be performance of the promises by the Government of Nicaragua if there is to be repatriation. That's not commenting on the specifics of the plan because I haven't seen the plan. But I am quite sure that we would want to see it carry through the commitment of the Esquipulas peace accord, which the four Central American democracies themselves subscribed to.

JOINT COMMUNIQUE, AUG. 7, 1989

Responding to the desire of the two Governments to hold periodic meetings to examine at the ministerial level the state of relations between our countries, the Seventh Meeting of the United States-Mexico Binational Commission was held in Mexico City on August 6-7, 1989.

Within this framework, it was proposed to negotiate new agreements and to consider appropriate actions with a view to overcoming current problems and strengthening relations in all areas.

The meeting was particularly important because of the advances achieved in preparing the agenda which will be discussed during the meeting of the Presidents of Mexico and of the United States in Washington this October.

The meeting was characterized by a climate of cordiality and frankness which prevailed in the negotiations and in the joint evaluation of problems. All questions were examined in an exhaustive and careful manner, and numerous and important understandings were achieved.

In order to systematize the work, both delegations agreed to divide it into the following topics: bilateral relations; border cooperation; environment; migration; legal affairs and antinarcotics cooperation; financial cooperation; trade and investment; promotion of commerce, investment and tourism; and cultural affairs.

Bilateral and International Relations

Both governments reiterated their intention to strengthen even more the relations between Mexico and the United States, in strict observance of the principles which

should govern international relations, especially those which make possible a harmonious relation between neighboring countries. Among others, these principles include support for democracy and self-determination, respect for nonintervention, sovereign equality of states, good faith and international cooperation on a fair and equitable basis.

They confirmed their intention to give impetus to the dialogue in the search for solutions to current or anticipated problems; they recognized that the complexity of the relations requires a permanent dialogue taking into account, on the one hand, the national identity and historical characteristics of each country and, on the other, the need to cooperate in the search for acceptable solutions to common problems.

Both delegations took note with special satisfaction of the simultaneous initiation of the Administrations of Presidents Bush and Salinas; this circumstance led to the meeting in Houston in November, 1988 as Presidents-Elect. Within the spirit of cordiality of the Houston meeting, a commitment was undertaken whose deepening and continuity will be evident during the meeting of both Chiefs of State which will be held in the United States next October.

The heads of delegation held a wide-ranging discussion on international affairs. They discussed and shared their respective views on arms control, East-West relations, Central America and other subjects of mutual concern to Mexico and to the United States.

In analyzing the hemispheric situation, they indicated the importance of overcoming the conflicts in Central America, based on the Esquipulas II and El Salvador agreements.

In evaluating the current state of bilateral relations, both sides agreed in characterizing them as very satisfactory. However, the need for careful follow-up was emphasized to prevent situations from developing which in the past have led to frictions. The Binational Commission mechanism facilitates this task.

Border Cooperation

Both delegations expressed their satisfaction with the manner in which the border ports of entry program is developing. They recognized the important advance deriving from the exchange of notes formalizing the agreement to construct and operate a bridge at Zaragoza, Chihuahua-Ysleta, Texas which occurred during the meeting.

The sides expressed the political will to authorize, as soon as possible, border ports of entry at both Dolores, Texas-Colombia, Nuevo Leon, and Los Indios, Texas-Lucio Blanco, Tamaulipas. Both sides also looked forward to authorization, in the near future, of additional ports of entry, including:

Matamoros, Tamaulipas-Brownsville, Tex. III;
Nuevo Laredo, Tamaulipas-Laredo, Tex. III;
Piedras Negras, Coahuila-Eagle Pass, Tex. II;
Diaz Ordaz, Tamaulipas-Los Ebanos, Tex.

They took note with particular pride the first centenary of the Mexico-United States International Boundary and Water Commission; they confirmed the active role which this institution has had throughout its existence in the solution of numerous border problems and, therefore, the need for it to continue functioning to enhance relations between both countries.

The delegations took note with satisfaction of the creation of an Office of Border Affairs in the Secretariat of Foreign Relations, and of the intention of the Department of State to create a similar office.

The sides praised the work which the border governors are undertaking with a view to the economic development of their respective regions and their contribution to improvement of border relations through their annual meetings.

The delegations discussed the question of the appropriate Federal role in the matter of cooperation at the local level, and decided that this would be examined carefully by the two Governments.

Environment

Affirming the priority which Mexico and the United States assign to sanitation in border cities, the sides exchanged diplomatic notes for the purpose of formalizing, by means of an International Boundary and Water Commission Minute dated August, 1989, the commitment of both countries to carry out a program of cooperation and to share project costs equally for cleaning the Rio Grande the vicinity of Laredo-Nuevo Laredo.

With respect to the San Diego-Tijuana area, the sides indicated that both countries view favorably a proposal for the construction of an international sewage treatment plant on the United States side of the border. They agreed to accelerate the analysis of the pending financial and technical questions with a view to reaching a final decision which could be announced at the October Presidential summit.

Positive discussions were initiated to examine the operation of Annex III of the Border Environment Agreement. Both parties agreed to review the legal aspects of the said Annex.

Both sides agreed to begin negotiating a new Annex V to the Border Agreement with regard to cooperating in monitoring air pollution in border urban areas.

The two sides agreed that they share the political will to reach a cooperative agreement addressing the range of environmental issues facing Mexico City, and that this agreement should be concluded by the

the two Presidents meet in October. This agreement would involve SEDUE, CEF, the State of Mexico and EPA, and will likely be concluded as a Memorandum of Understanding (MOU), although the details of the form will be left to the negotiations that we expect to begin later this month.

Mexico indicated it will support on a timely basis the designation of the Gulf of Mexico as a "Special Area" within the framework of the International Convention for the Prevention of Pollution from Ships (IARPOL), with the participation of appropriate coastal states.

Both governments agreed to cooperate on global climate issues and expressed their intention to work together in the Inter-governmental Panel on Climate Change, and other international fora, to complete preparations for commencing negotiations on a framework convention on climate change.

Migration

Attentive to the inherent complexity of the issue of migration, the deliberations and decisions were characterized by a spirit of mutual understanding.

Both delegations decided to continue exchanging information regarding the application of the Immigration Reform and Control Act (Simpson-Rodino) of 1986 as well as the programs which could eventually be developed to facilitate documented worker flows.

The parties expressed their satisfaction with the exchange of diplomatic notes which enhances a framework for addressing the problems of protection of nationals and migration. Additional procedures were established which, among other things, address the following matters: (a) the dissemination of information on the Mexican legal framework concerning migratory workers and the strengthening of cooperation on specific labor matters of interest to both governments; (b) the maintenance and sharing of information about accidents to Mexicans; (c) the discussion of existing conditions in both countries concerning the arrest, detention and imprisonment of aliens; (d) the establishment of a system of consultations and exchange of information on acts of violence or abuse of authority against the nationals of each country; and (e) the encouragement of cooperation in the struggle against the trafficking of humans and false documentation, the migration of undocumented third-country nationals and the exchange of timely information on criminal immigration activities.

The sides expressed their concern about the increase in undocumented migration from Latin American and other continents into Mexico in order to transit to the United States as well as about criminal groups which traffic in human beings and falsify migratory documents. They recommended exploring possible forms of cooperation to repatriate nationals from other countries and created working group "C" for the analysis and treatment of this theme.

Legal Affairs and Anti-Narcotics Cooperation

The sides took into account the different judicial systems and the consequences that law enforcement can have in the neighboring country. They also considered the fact that certain acts, especially criminal ones, have impact beyond the border. Conscious of the need for respect due to each country's sovereignty, the sides considered important legal questions with a view to cooperating in the fight against criminal actions having international effects.

In this context, both delegations agreed:

1. To exchange information about our respective legal systems as well as relevant judicial processes, efforts to stop the traffic in arms and contraband of stolen vehicles and aircraft and the handling of corruption cases in both countries;

2. To create a working group to exchange information about money laundering and coordinate efforts concerning the seizure of assets;

3. To analyze the possibility of ensuring more effective application of the current extradition treaty;

4. To support the continuation of joint programs for the education and training of police personnel of both countries;

5. The sides considered that the production, trafficking and consumption of narcotics represent a threat to humanity. They agreed that their common efforts against illegal narcotics play an important role in the international struggle to rid the world of this evil. They resolved to increase their collaboration with a view toward making greater progress to stem the flow of narcotics;

6. With this purpose in mind, the sides decided to create and decided on the composition of a working group whose mandate will include the exchange of information about eradication programs in both countries, verification of such eradication, including the application of new technologies to achieve the same, and about the advances which have been achieved in the control or reduction of demand.

Financial Cooperation

The two Governments reviewed the progress on the implementation of the agreement on debt and debt service reduction reached in late July with Mexico's creditor commercial banks. Mexico and the United States agreed that this arrangement will provide lasting support for the Government of Mexico as it endeavors to restore sustained non-inflationary economic growth. Mexico and the United States also discussed efforts currently underway to mobilize external support from official sources for the financing arrangement.

Mexico and the United States reviewed the substantial progress in implementing structural changes in the Mexican economic system. The Government of Mexico has made significant progress in opening and

deregulating its economy to foster efficiency and improved growth and employment prospects. The two delegations reviewed the international support that exists regarding Mexico's commitment to modernize its economy. The U.S. side indicated strong support for Mexico's efforts in achieving this objective.

The U.S. delegation confirmed to Mexico an offer of \$1.225 billion guarantee by the Commodity Credit Corporation to finance the import of U.S. agricultural products during the U.S. fiscal year beginning October 1, 1989. Both delegations agreed that the financing requirements for Mexico's agricultural imports will continue to be carefully reviewed. The two delegations reiterated their commitment to confront the problem of narcotics. Particular emphasis was given to the question of money laundering, to border affairs and the possibility of development of human resources. A working group was established to promote cooperation between both countries on these topics. This group will also work to improve customs cooperation to facilitate and monitor trade flows.

Trade and Investment

They reviewed the advances of the working groups under the Framework Trade and Investment Agreement. After being informed about the recent meetings, both delegations agreed to proceed at a more rapid pace in the corresponding activities. At the same time, the results achieved were analyzed to facilitate the processes of trade and investment. The plan of action agreed to regarding trucking was analyzed and accepted; there was mutual agreement to put it into effect immediately.

After a detailed report by both delegations, an understanding was achieved to accelerate in the short term the negotiations on tariff and non-tariff measures within the framework of the Uruguay Round; to place talks on steel and intellectual property rights on a fast track with a view toward achieving progress by the time of the October Presidential summit; and to hold other talks on textiles.

It was decided to initiate, at the time of the fall Presidential summit, longer term, comprehensive talks on market access and trade and investment facilitation in specific areas and/or sectors.

The governments agreed to continue analyzing diverse matters related to subsidies, countervailing duties and anti-dumping rules. The Commerce Department today issued a notice of its intent to revoke countervailing duties on the first of ten outstanding countervailing duty cases. The governments also agreed to discuss further the related benefits to Mexico under the Generalized System of Preferences (GSP) and the problem of reciprocal access to each other's markets. The United States Government announced today its acceptance for review

of 43 petitions filed by the Government of Mexico, with an estimated export value of \$500 million, in the context of the 1989 GSP Annual Review.

Promotion of Commerce, Investment and Tourism

Regarding foreign investment, the Mexican delegation made a presentation with regard to policy as well as of the recent modification of the Foreign Investment Law Regulations. It was agreed that the governments will establish a promotion mechanism and will formulate a plan of action to take advantage of the opportunities which will be generated in both countries for commerce and investment. Attention was given to the opportunities in the tourism sector. They considered possibilities of investments related to the privatization of public enterprises, of telecommunications and of the expansion of infrastructure.

The two sides will examine further the promising business climate emerging in Mexico. It is hoped that plans can be pursued to organize a high-level group of U.S. business executives to travel to Mexico this fall for the purpose of promoting mutual commercial and investment opportunities.

They carefully analyzed investment opportunities in Mexico's tourism sector following a brief presentation by the Mexican delegation. At the same time, the possibility was mentioned that, in the future, the use of the debt-swap mechanism will be permitted in the Mexican privatization program of public enterprises and in infrastructure projects in accordance with the guidelines and amounts as determined by the Secretariat of the Treasury and Public Credit.

They underscored the interest of both governments to sign, as soon as possible, a convention to facilitate tourist activity, setting as a date certain for such an agreement the visit of President Carlos Salinas de Gortari to Washington next October.

Cultural Affairs

Taking into account the importance of better mutual understanding between the peoples of Mexico and the United States and of the responsibilities of the governments to promote such improved perception, the sides exchanged points of view and agreed to give a new impulse to cultural cooperation, especially in the respective border areas, where our peoples need better understanding and mutual respect. Accordingly, they accepted the following commitments in cultural affairs:

To hold in Mexico in June 1990 the VII meeting of the Cultural Cooperation Commission and at that meeting the two governments will agree on their 1990-93 workplan; to promote visits of officials, official spokesmen, journalists and communications media specialists and the creation of data banks or clearing houses for public and private exchanges; to restructure the Lincoln-Juarez

lecture series to be carried out annually in February and March in the United States and Mexico respectively, to recognize the importance of the border area and to promote ties between universities and libraries of the area.

The U.S. side offered to consider establishing a Fulbright scholarship program for border area residents; both sides agreed to strengthen current scholarship programs and to continue supporting programs to promote the study of the English and Spanish languages and literature in their respective countries.

The two governments will continue their support for measures to safeguard the national heritage of both countries. The U.S. Government will try to identify ways to support the project to restore the "historic center" of Mexico City. Both governments will support the organization of major exhibits in both countries as well as promote participation of performing groups and festivals, particularly film festivals, in both countries.

¹ Press release 149 of Aug. 8, 1989.

² Press release 150 of Aug. 9, 1989.

Current Actions

MULTILATERAL

Aviation

Protocol for the suppression of unlawful acts of violence at airports serving international civil aviation, supplementary to the convention of Sept. 23, 1971 (TIAS 7570). Done at Montreal Feb. 24, 1988. Entered into force Aug. 6, 1989. ¹ [Senate] Treaty Doc. 100-19. Ratification deposited: Mauritius, Aug. 17, 1989.

Collisions

Convention on the international regulations for preventing collisions at sea, 1972. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587. Accession deposited: Mauritius, May 26, 1989.

Copyright

Berne convention for the protection of literary and artistic works of Sept. 9, 1886, as revised at Paris July 24, 1971, and amended in 1979. Entered into force for the U.S. Mar. 1, 1989. [Senate] Treaty Doc. 99-27. Accession deposited: Lesotho, June 27, 1989. ²

Gas

Protocol for the prohibition of the use in war of asphyxiating, poisonous, or other gases and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.

Accessions deposited: Bangladesh, Equatorial Guinea, Guinea-Bissau, Laos, May 1, 1989.

Notification of succession deposited: Grenada, May 20, 1989.

Judicial Procedure

Convention on the taking of evidence abro in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.

Accession deposited: Mexico, July 27, 1989. ^{3,4}

Marine Pollution

International convention on civil liability oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975. Accession deposited: St. Vincent and the Grenadines, Apr. 19, 1989.

Protocol of 1984 to amend the international convention on civil liability for oil pollution damage, 1969. Done at London May 25, 1984. [Senate] Treaty Doc. 99-12.

Accession deposited: St. Vincent and the Grenadines, Apr. 19, 1989.

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.

Accession deposited: Vanuatu, Apr. 13, 1989.

Maritime Matters

International convention on standards of training, certification and watchkeeping seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984. ¹ Accessions deposited: Cameroon, June 6, 1989; Marshall Islands, Apr. 25, 1989.

International convention on maritime sea and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.

Accessions deposited: Italy, June 2, 1989; Trinidad and Tobago, May 4, 1989. ²

Convention for the suppression of unlawful acts against the safety of maritime navigation, with protocol for the suppression of unlawful acts against the safety of fixed platforms located on the Continental Shelf. Done at Rome Mar. 10, 1988. ⁴ [Senate] Treaty Doc. 101-1.

Accession deposited: German Democratic Republic, Apr. 14, 1989. ³

Pollution

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 1985. Entered into force Sept. 22, 1988. [Senate] Treaty Doc. 99-9.

Accessions deposited: Ghana, July 24, 1989; Thailand, June 30, 1989.

Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987. Entered into force Jan. 1, 1989. [Senate] Treaty Doc. 100-10. Ratifications deposited: Burkina Faso, July 20, 1989; Thailand, June 30, 1989.

Protocol to the 1979 convention on long-range transboundary air pollution (TIAS 9641) concerning the control of emissions of nitrogen oxides or their transboundary effects, with annex. Done at Sofia Oct. 31, 1978. ¹

Approval deposited: France, July 20, 1989.
Acceptance deposited: U.S.S.R., June 21, 1989.

Postal

Constitution of the Universal Postal Union, with final protocol. Done at Vienna, July 10, 1948; entered into force Jan. 1, 1966. TIAS 531. Additional protocol done at Tokyo Nov. 14, 1969. Entered into force July 1, 1971. TIAS 7150. Second additional protocol done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.

Accession deposited: Western Samoa, July 13, 1989.

Third additional protocol to the constitution of the Universal Postal Union of July 10, 1964 (TIAS 5881), general regulations with annex, and the universal postal convention with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Notifications deposited: Niger, Nov. 25, 1988; Togo, Jan. 25, 1989; Yugoslavia, Dec. 22, 1988.

Accession deposited: Western Samoa, July 13, 1989. ²

Money orders and postal travellers' checks agreement, with detailed regulations with final protocol. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S., June 6, 1986.

Postal parcels agreement with final protocol and detailed regulations. Done at Hamburg July 27, 1984. Entered into force Jan. 1, 1986; for the U.S. June 6, 1986.

Notifications deposited: Niger, Nov. 25, 1988; Togo, Jan. 25, 1989; Yugoslavia, Dec. 22, 1988.

Accession deposited: Western Samoa, July 13, 1989.

Property—Industrial

Convention revising the Paris convention of Apr. 20, 1883, as revised, for the protection of industrial property. Done at Stockholm July 14, 1967. Entered into force Apr. 26, 1970; for the U.S. Sept. 5, 1970, except for Arts. 1-12 which entered into force May 19, 1970; for the U.S. Aug. 25, 1973. TIAS 6923, 727.

Accession deposited: Lesotho, June 27, 1989. ²

Space Communications Systems

Convention on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.

Accession deposited: Switzerland, May 17, 1989.

Operating agreement on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.

Signature: Switzerland, May 17, 1989.

Amendments to the convention and operating agreement on the International Maritime Satellite Organization (INMARSAT) of Sept. 3, 1976 (TIAS 9605). Adopted at London Oct. 16, 1985.

Acceptances deposited: Belgium, June 15, 1989; Egypt, June 7, 1989 (op. agt.).
Entered into force: Oct. 13, 1989.

Slavery

Supplementary convention on the abolition of slavery, the slave trade, and institutions and practices similar to slavery. Done at Geneva Sept. 7, 1956. Entered into force Apr. 30, 1957; for the U.S. Dec. 6, 1967. TIAS 6418.

Accession deposited: Libya, May 16, 1989.

Tonnage

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.

Accession deposited: Marshall Islands, Apr. 25, 1989.

Trade

Agreement on trade in civil aircraft. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9620.

Ratification deposited: Egypt, July 5, 1989.

Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade [customs valuation code]. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981. TIAS 10402.

Protocol to the agreement on implementation of Article VII of the General Agreement on Tariffs and Trade. Done at Geneva Dec. 1, 1979. Entered into force Jan. 1, 1981. TIAS 10402.

Acceptance deposited: Cyprus, May 24, 1989.

BILATERAL

Argentina

Agreement relating to the reciprocal acceptance of airworthiness certifications. Effected by exchange of notes at Buenos Aires June 22, 1989. Entered into force June 22, 1989.

Bangladesh

Agreement amending the agreement of Apr. 17, 1987, as amended, for sales of agricultural commodities. Effected by exchange of letters at Dhaka May 31, 1989. Entered into force May 31, 1989.

Agreement amending the agreement of Apr. 17, 1987, as amended, for sales of agricultural commodities. Effected by exchange of letters at Dhaka July 24, 1989. Entered into force July 24, 1989.

Bolivia

Swap agreement between the U.S. Treasury and the Central Bank of Bolivia Government of Bolivia, with related letters. Signed at La Paz and Washington July 11, 1989. Entered into force July 11, 1989.

China

Agreement amending the agreement of Feb. 2, 1988, as amended, concerning trade in textiles and textile products. Effected by exchange of letters at Beijing Nov. 7, 1988, and Jan. 24, 1989. Entered into force Jan. 24, 1989; effective Jan. 1, 1989.

Cote d'Ivoire

Agreement for sales of agricultural commodities. Signed at Abidjan June 21, 1989. Entered into force June 21, 1989.

Dominican Republic

Agreement amending the administrative arrangement of Dec. 18, 1986, for visa and certification procedures relating to trade in textile products. Effected by exchange of letters at Santo Domingo Sept. 8, 1988, and Mar. 27, 1989. Entered into force Mar. 27, 1989; effective Jan. 1, 1989.

Agreement for the exchange of information with respect to taxes. Signed at Santo Domingo Aug. 7, 1989. Enters into force upon an exchange of notes confirming that both sides have met all constitutional and statutory requirements to effectuate this agreement.

Postal money order agreement. Signed at Washington July 24, 1989. Entered into force Sept. 18, 1989.

Egypt

Agreement amending the agreement of Mar. 20, 1989, for sales of agricultural commodities. Effected by exchange of notes at Cairo July 26, 1989. Entered into force July 26, 1989.

European Atomic Energy Community (EURATOM)

Agreement extending the agreement of Jan. 28, 1982 (TIAS 10338), in the field of nuclear material safeguards research and development. Signed at Washington and Brussels June 11 and 27, 1989.

Entered into force June 27, 1989.

European Economic Community (EEC)

Agreement amending and extending the agreement of Oct. 1, 1984, concerning fisheries off the coasts of the United States. Effected by exchange of notes at Brussels Sept. 15, 1988, and Feb. 27, 1989.

Entered into force: Aug. 4, 1989, effective from July 1, 1989.

TREATIES

France

Agreement amending and extending the memorandum of understanding of July 8 and 23, 1982 (TIAS 10422), as extended, covering cooperation in the field of geological sciences. Signed at Washington July 17, 1989. Entered into force July 17, 1989; effective July 23, 1988.

Guatemala

Project grant agreement for basic education strengthening, with annexes. Signed at Guatemala July 7, 1989. Entered into force July 7, 1989.

Guyana

Agreement amending the agreement of Feb. 22, 1989, for sales of agricultural commodities. Effected by exchange of notes at Georgetown July 31, 1989. Entered into force July 31, 1989.

Honduras

Agreement amending the agreement of Feb. 9, 1989, for sales of agricultural commodities. Signed at Tegucigalpa July 24, 1989. Entered into force July 24, 1989.

Hong Kong

Agreement for the reciprocal exemption with respect to taxes on income from the international operation of ships. Effected by an exchange of notes at Hong Kong Aug. 1, 1989. Entered into force Aug. 1, 1989, with respect to taxable years on or after Jan. 1, 1987.

Hungary

Agreement on the development and facilitation of tourism. Signed at Budapest July 12, 1989. Enters into force on the date each party has informed the other of completion of necessary legal requirements for entry into force.

Iceland

Agreement amending and extending the agreement of Sept. 21, 1984, concerning fisheries off the coasts of the United States. Effected by exchange of notes at Reykjavik Nov. 23, 1988, and Jan. 17, 1989. Entered into force; July 25, 1989, effective July 1, 1989.

Korea

Memorandum of understanding on royalty fees for U.S. origin defense articles. Signed at Washington July 18, 1989. Entered into force July 18, 1989.

Marshall Islands

Supplementary agreement regarding the military use and operating rights of the Government of the United States and the Marshall Islands, with annex and agreed minute. Signed at Majuro June 12, 1989. Entered into force July 1, 1989.

Mexico

Agreement on maritime search and rescue. Signed at Mexico City Aug. 7, 1989. Enters into force on the date both parties communicate in writing through the diplomatic channel that they have satisfied their necessary domestic legal requirements.

Agreement for relief from double taxation on earnings from operation of ships and aircraft. Effected by exchange of notes at Mexico City Aug. 7, 1989. Entered into force Aug. 7, 1989.

Norway

Memorandum of understanding concerning a cooperative project on investigation of the ocean using radar, with annexes. Signed at Oslo and Arlington June 19 and July 18, 1989. Entered into force July 18, 1989.

Pakistan

Agreement for the reciprocal exemption with respect to taxes on income from the international operation of ships. Effected by an exchange of notes at Islamabad, July 26 and 27, 1989. Entered into force July 27, 1989, with respect to taxable years beginning on or after Jan. 1, 1987.

Philippines

Grant agreement for the support for development program. Signed at Manila Aug. 1, 1989. Entered into force Aug. 1, 1989.

Romania

Agreement amending the agreement of Nov. 7 and 16, 1984, as amended, relating to trade in wool and manmade fiber textiles and textile products. Effected by exchange of letters at Bucharest Dec. 28, 1988, and May 27, 1989. Entered into force May 27, 1989.

Sierra Leone

Postal money order agreement. Signed at Freetown and Washington Mar. 29 and July 18, 1989. Entered into force Sept. 18, 1989.

Sudan

Agreement amending the agreement of June 8, 1989, for sales of agricultural commodities. Effected by exchange of diplomatic note and letter at Khartoum July 28, 1989. Entered into force July 28, 1989.

Turkey

Agreement amending the visa arrangement of Jan. 10, 1987, as amended, concerning textiles and textile articles. Effected by exchange of letters at Ankara June 29 and July 17, 1989. Entered into force July 17, 1989.

Agreement amending the agreement of Oct. 19 and Nov. 16, 1988, concerning trade in cotton and manmade fiber textiles and textile products. Effected by exchange of notes at Ankara June 30 and July 26, 1989. Entered into force July 26, 1989.

U.S.S.R.

Agreement on maritime search and rescue with exchange of letters. Signed at Moscow May 31, 1988. Entered into force; July 3, 1989.

Agreement concerning cooperation in combatting pollution in the Bering and Chukchi Seas in emergency situations. Signed at Moscow May 11, 1989. Entered into force; Aug. 17, 1989.

Agreement extending the agreement of June 28, 1974 (TIAS 7898), on cooperation in the field of housing and other construction. Effected by exchange of notes at Moscow May 26 and July 11, 1989. Entered into force July 11, 1989.

Agreement extending the agreement of June 19, 1973, as amended and extended, (TIAS 7651), on cooperation in studies of world's oceans. Effected by exchange of notes at Moscow June 9 and July 11, 1989. Entered into force July 11, 1989.

Agreement extending the agreement of June 21, 1973, as amended and extended (TIAS 7655, 10757), on scientific and technical cooperation in the field of peaceful use of atomic energy. Effected by exchange of notes at Moscow June 20 and July 7, 1989. Entered into force July 7, 1989; effective June 20, 1989.

United Kingdom

Agreement extending the agreement of Sept. 18, 1986, as extended, concerning Turks and Caicos Islands and narcotics activities. Effected by exchange of notes at Washington July 20, 1989. Entered into force July 20, 1989; effective July 21, 1989.

Agreement (on behalf of the Isle of Man) for the reciprocal exemption with respect to taxes on income from the international operations of ships. Effected by exchange of notes at Washington Aug. 1 and 15, 1989. Entered into force Aug. 15, 1989, with respect to taxable years beginning on or after Jan. 1, 1987.

¹ Not in force for the U.S.

² With declaration(s).

³ With reservation(s).

⁴ Not in force.

⁵ Does not accept optional annexes II IV, and V. ■

October 1989
Volume 89, No. 2151

Arms Control	
CE Talks End Round Two (Ledogar) . . .	75
Foreign Policy Implications of Biological Weapons (Holmes)	22
Status of the Defense and Space Talks (Cooper)	20
Status of the Strategic Arms Reduction Talks (Burt)	17
Australia	
Australia—A Profile	61
Visit of Australian Prime Minister (Bush, Hawke)	60
Aviation	
Aviation's Role in Shaping Today's World (McAllister)	33
Commission on Aviation Security and Terrorism Formed (White House statement)	68
Bulgaria . Ethnic Turks in Bulgaria (NATO and Department statements)	43
Cambodia . International Conference on Cambodia Held in Paris (Baker, statement)	25
Canada	
Canada	7
U.S.-Canada Free Trade Agreement	1
China . U.S. Response to Changes in China (Williams)	27
Columbia	
Emergency Package for Colombia's Drug Fight (Bush)	47
U.S. Travel Advisory for Columbia (Department statement)	77
Congress	
The Challenge of the European Landscape of the 1990s (Eagleburger)	37
Cuba and Narcotics Trafficking (Levitsky)	46
Foreign Policy Implications of Biological Weapons (Holmes)	22
FX Coproduction Prohibition Disapproved by President (letter to the Senate) . . .	32
Global Narcotics Cooperation and Presidential Certification (Wroblewski)	49
Human Rights Situation in Cuba (Schifter)	41
Proposal to Sell F-16s to Pakistan (Schaffer)	65
U.S. Diplomacy in the Middle East (Kelly)	44
U.S. Response to Changes in China (Williams)	27
Cuba	
Cuba and Narcotics Trafficking (Levitsky)	46
Human Rights Situation in Cuba (Schifter)	41
Czechoslovakia . Anniversary of Warsaw Pact Invasion of Czechoslovakia (Department statement)	40
Environment	
U.S. Ratifies Treaty to Reduce Smog Pollutant (White House statement)	36
World Environment Day (Bush)	36
Europe . The Challenge of the European Landscape of the 1990s (Eagleburger) . . .	37
Germany . Anniversary of the Berlin Wall (Bush)	41
Human Rights	
Ethnic Turks in Bulgaria (NATO and Department statements)	43
Helsinki Human Rights Day, 1989 (proclamation)	42
Human Rights Situation in Cuba (Schifter)	41
Japan . FSX Coproduction Prohibition Disapproved by President (letter to the Senate)	32
Korea . U.S. Relations With Korea	30
Marshall Islands . U.S. Establishes Diplomatic Relations With Marshall Islands and Micronesia (Bush)	62
Mexico . U.S.-Mexico Binational Commission Meets in Mexico City (Baker, Solana, joint communique)	76
Micronesia . U.S. Establishes Diplomatic Relations With Marshall Islands and Micronesia (Bush)	62
Middle East	
American Hostages in the Middle East (Bush, Khalifa, White House statements)	66
President's News Conference of August 15 (excerpts)	13
U.S. Diplomacy in the Middle East (Kelly)	44
Narcotics	
Cuba and Narcotics Trafficking (Levitsky)	46
Emergency Package for Colombia's Drug Fight (Bush)	47
Global Narcotics Cooperation and Presidential Certification (Wroblewski)	49
President's News Conference of August 15 (excerpts)	13
Nicaragua . Security Council Adopts Resolution on Central American Peace (Okun, text of resolution)	73
North Atlantic Treaty Organization	
The Challenge of the European Landscape of the 1990s (Eagleburger)	37
Ethnic Turks in Bulgaria (NATO and Department statements)	43
Pakistan	
Proposal to Sell F-16s to Pakistan (Schaffer)	65
Visit of Pakistan's Prime Minister (Bhutto, Bush)	63
Panama . President's News Conference of August 15 (excerpts)	13
Poland	
Food Aid to Poland (Bush)	38
Polish Parliament Approves New Prime Minister (Bush)	38
Presidential Documents	
Anniversary of the Berlin Wall	41
Emergency Package for Colombia's Drug Fight	47
Food Aid to Poland	38
FSX Coproduction Prohibition Disapproved by President (letter to the Senate) . . .	32
Helsinki Human Rights Day, 1989 (proclamation)	42
Polish Parliament Approves New Prime Minister	38
President's News Conference of August 15 (excerpts)	13
Steel Trade Liberalization Program	35
U.S. Establishes Diplomatic Relations With Marshall Islands and Micronesia . .	62
Visit of Australian Prime Minister (Bush, Hawke)	60
Visit of Pakistan's Prime Minister (Bhutto, Bush)	63
Visit of Zaire's President (Bush, Mobutu) .	15
World Environment Day	36
Refugees . Indochinese Refugees Conference Held in Geneva (Eagleburger, texts of declaration and plan of action)	69
Terrorism	
American Hostages in the Middle East (Bush, Khalifa, White House statements)	66
Commission on Aviation Security and Terrorism Formed (White House statement)	68
President's News Conference of August 15 (excerpts)	13
Trade	
Steel Trade Liberalization Program (Bush)	35
U.S.-Canada Free Trade Agreement	1
Treaties	
Current Actions	84
U.S. Ratifies Treaty to Reduce Smog Pollutant (White House statement)	36
U.S.S.R.	
Secretary, Soviet Foreign Minister Meet in Paris	39
Status of the Defense and Space Talks (Cooper)	20
Status of the Strategic Arms Reduction Talks (Burt)	17
United Nations	
The Concept of the "Unitary UN" (Bolton)	74
Indochinese Refugees Conference Held in Geneva (Eagleburger, texts of declaration and plan of action)	69
Security Council Adopts Resolution on Central American Peace (Okun, text of resolution)	73
Warsaw Pact . Anniversary of Warsaw Pact Invasion of Czechoslovakia (Department statement)	40
Zaire	
Visit of Zaire's President (Bush, Mobutu) .	15
Zaire—A Profile	16
<i>Name Index</i>	
Baker, Secretary	25,76
Bhutto, Mohtrama Benazir	63
Bolton, John R	74
Burt, Richard R	17
Bush, President	13,15,32,35,36,38,41,42,47,60,62,63,66
Cooper, Henry F	20
Eagleburger, Lawrence S	37,69
Hawke, Robert J L	60
Holmes, H. Allen	22
Kelly, John H	44
Khalifa, Mohammad bin Mubarak al-	66
Levitsky, Melvyn	46
McAllister, Eugene J	33
Mobutu Sese Seko	15
Okun, Herbert S	73
Schaffer, Teresita	65
Schifter, Richard	41
Solana Morales, Fernando	76
Williams, Richard L	27
Wroblewski, Ann B	49

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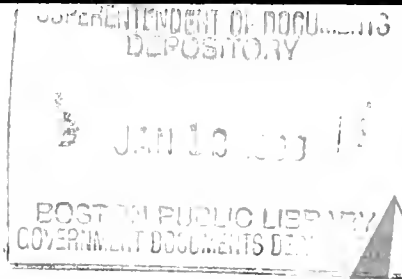
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The Wyoming Ministerial

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The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service. The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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CONTENTS

FEATURE

- 1 The Wyoming Ministerial
(Secretary Baker, Eduard A. Shevardnadze,
Texts of Joint Statements and Agreements)

Economics

- 53 Uruguay Round and U.S. Trade Policy: A Foundation for the Future (Carla A. Hills)
55 Trade-Related Aspects of Intellectual Property Rights (Carla A. Hills)

Europe

- 59 U.S. Recalls Ambassador to Bulgaria (Department Statement)
60 Polish Parliament Approves New Government (Department Statement)
60 Additional Food and Commodity Assistance to Poland (President Bush)

International Law

- 60 Update on U.S.-Iran Claims Settlement (State Department Fact Sheet)

Middle East

- 61 Recent Events in the Middle East (John H. Kelly)
62 U.S. Diplomats Evacuated From Beirut (Department Statement)

Refugees

- 63 U.S., Vietnam Agree on Emigration of Detainees (Joint Statement)

Terrorism

- 64 The Japanese Red Army (Fact Sheet)

United Nations

- 66 Security Council Permanent Members Discuss International Issues (Joint Statement)

Western Hemisphere

- 67 The OAS and the Panama Crisis (Lawrence S. Eagleburger, Declaration)
69 U.S. Severs Diplomatic Contact With Noriega Regime (President Bush)
69 Economic Measures Against Panama (Department Statement)
75 Cuba: A Threat to Peace and Security in Our Hemisphere (Michael G. Kozak)
78 Colombia Drug Dealers' Campaign of Intimidation (Department Statement)

Treaties

- 79 Current Actions

Press Releases

- 80 Department of State

Publications

- 81 Department of State
82 Background Notes

Index

The President

- 7 Outlines of a New World of Freedom

The Secretary

- 1 News Briefings in New York
3 News Conference of September 19

Africa

- 3 Independence Process in Namibia (Herman J. Cohen)
4 South African Elections (Department Statement)

Arms Control

- 5 Conference Against Chemical Weapons (Richard A. Clarke)
6 CFE and CSBM Talks Open Round Three (White House Statement)

East Asia

- 7 Cambodia and Vietnam: Trapped in an Eddy of History? (Richard H. Solomon)
1 Visit of Japanese Prime Minister (President Bush, Toshiki Kaifu)



Secretary Baker and Foreign Minister Shevardnadze with the Grand Tetons in the background.

(Department of State photos by Robert Kaiser)



The Wyoming Ministerial

Soviet Foreign Minister Eduard A. Shevardnadze met with President Bush at the White House on September 21, 1989, and then accompanied Secretary Baker to Jackson Hole, Wyoming, for a ministerial session September 22-23.

Following are remarks made by Secretary Baker and Foreign Minister Shevardnadze on various occasions during the visit, the texts of the joint statements, and the texts of the agreements they signed.

Secretary's News Conference, the White House, Sept. 21, 1989¹

...just come from, as you know, the President's meeting with [Foreign] Minister Shevardnadze. I have a brief statement that I'd like to give you and then I'll be glad to take your questions.

The discussion in the meeting focused on five topics:

- First, a summit;
- Second, recent internal events in the Soviet Union;
- Third, regional conflicts around the world;
- Fourth, human rights; and
- Fifth, the letter on arms control which [Foreign] Minister Shevardnadze delivered from President Gorbachev to President Bush.

With respect to a summit, let me simply say that there was a full discussion of a summit. As I think perhaps [Foreign] Minister told you out on the driveway, we hope to have a general timeframe for a summit which we could announce during the time that we're in Wyoming.

President Gorbachev's letter is a reply to a letter that President Bush sent him 3 months ago. In President Bush's letter, he communicated his desire to make progress on our full arms control agenda. His letter also covered the key principles that President Bush thought should guide us in pursuing strategic arms control. The President wrote of the need to reduce the risk of war through enhancing strategic stability, especially by working "in these negotiations to remove any incentive to attack first." In line with this, the President also wrote, "We must work to ensure that the forces that remain after an agreement are survivable."

In response the Gorbachev letter covers the range of arms control issues. It is a detailed and technical reply. Our experts are studying its contents seriously, and we expect to be discussing that letter in some detail in Wyoming.

Let me make a couple of general points, if I might, about the implications of the letter and then I'll be glad to respond to your questions.

President Gorbachev shares President Bush's concern with increasing strategic stability and ensuring survivability. He also agrees with President Bush's emphasis on improved verification measures. And in Wyoming, we hope to make substantial progress on the verification and stability measures which we propose for START [strategic arms reduction talks] in June.

President Gorbachev also agrees with President Bush that we must move forward to ban chemical weapons from the face of the Earth. In this regard, the memorandum of understanding, which we hope to conclude in Wyoming on exchanges of chemical weapons data, represents a serious step forward.

In closing, let me simply say that I think the letter generally represents a positive response to President Bush's letter. We believe that while the nego-

tiations are complex and many difficult issues still have to be resolved, we're very hopeful that real progress will continue to be made on the full range of our arms control agenda.

Q. [Foreign Minister] Shevardnadze said that the Americans presented some new and interesting ideas. Can you help us and tell us what they were?

A. I think I alluded to some of those in my press conference a day or so ago at the State Department. We have, of course, mentioned before the President's "open skies" proposal. We have talked about the possibility of reaching a memorandum of understanding on chemical weapons. We have talked about the possibility of progress on the nuclear testing talks which would permit us to move forward with the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty—perhaps get those in shape some time next year to send to the Senate. These are two treaties that we've been abiding by for 15 years and that we haven't been able to get in shape to send to the Senate. These are some of the things, I think, that perhaps he was talking about.

Q. I think he was talking about START; it seemed that he was. Did you present a new proposal on START outside of the banning of the mobiles?

A. Nothing that I didn't refer to in my press conference of a day or so ago.

Q. What is your timeframe for a summit? I mean, you must have some ideas as well as—

A. We do, and we hope we'll be able to give you that timeframe in Wyoming. I'm not prepared to give it to you here today.

Q. Would it be this year?

A. I'm not prepared to give it to you here today.

Q. Can you give us a further briefing on what was said on these internal events in the Soviet Union—what position the United States took, and what you sought in today's meeting?

A. The President made it very clear that we have a deep interest in what's going on in the Soviet Union. He restated our commitment to the success of *perestroika*, our desire to see *perestroika* succeed. He indicated that he thought that the Soviet Union had proceeded very responsibly and in a very measured way with respect to changes that are taking place, not just in the Soviet Union but in Eastern Europe as well. He expressed our desire to see that type of an approach continue.

There was a full discussion by both President Bush and the Foreign Minister of the economic situation in the Soviet Union. We will be discussing that in a great deal more detail tonight, as a matter of fact, on the airplane as we fly to Wyoming.

Q. Baltic states come up?

A. As such, they did not, no. Specifically, they did not come up.

Q. Was there any discussion either from the President or you or Shevardnadze as to how the United States might help Gorbachev succeed with *perestroika*?

A. This meeting was about an hour long in the Cabinet Room, and then there was a smaller meeting that went on for maybe another 30 minutes or so. During the course of that time, we didn't get into that level of detail, but I expect to get into that level of detail with the Foreign Minister during the course of this ministerial, as I did during the last ministerial. And I think perhaps we'll be able to give you a more complete fill on what they think we can do to help, and what we think we can do to help.

There are a number of things I can tell you now: a stable international environment is one thing; assistance with respect to their economic problems is another, and I don't mean—and there was a statement generally to the effect

in this meeting that they didn't look for an economic assistance package but technical advice with respect to their economy, how can they move after 70 years to more of an open economy and more of a free-market system.

I mean, those kinds of discussions took place today. We will go into a lot more detail in part tonight, as a matter of fact, as we fly to Wyoming.

Q. On this question of what it is that changed Mr. Shevardnadze's position, he said he hadn't really complained about the President moving too slowly but that he did have concerns about the Geneva talks—and in his words, "Now I see certain interesting suggestions which mean criticism helped."

Obviously, he's taken you to task on something, and you've answered his concern. Can you give us some idea of what this was?

A. I don't know that I would totally agree with that characterization. What we have here is the Soviets responding to a June 20th letter from the President—responding on the 21st of September. We still are awaiting a complete response to the President's conventional forces initiative. So I don't believe it's a case of our doing all the responding.

Q. There must be something that has turned his view around.

A. I don't know.

Q. He's not saying it's because he brought you a letter. It's something you did that makes him feel better.

A. I don't know. Maybe he will enlighten us on what it is that we've done that's made him so happy. But I would refer you to him. I can't answer that question.

Q. Outside [Foreign] Minister Shevardnadze mentioned a whole list of arms control topics that are in this letter. He mentioned particularly strategic offensive nuclear missiles and the ABM [Antiballistic Missile] Treaty issue. Have you evaluated what [General] Secretary Gorbachev has said in this letter, and can you give us your sense of how much movement there really is in this letter on arms control issues?

A. The letter is very detailed. It is also very technical. And it does cover the full range of arms control issues, all the way from chemical and "open skies" and START and nuclear testing and conversion. It's a fairly long letter.

With respect to the subject that you mention, I think it's going to require a bit more analysis, but we will be discussing that in detail with them in Wyoming. Let me simply say that the letter in some instances, restates long-held Soviet positions. In some instances, it puts new twists on those positions.

Q. Did the President bring up the foot-dragging charge and express his objections to that charge?

A. No, he did not.

Q. This week [President] Bush was saying he's in no rush for a summit. What happened for you all suddenly to decide that the time was right to set a date for—or a general timeframe—for a summit? Did Shevardnadze's visit—

A. I don't think the two statements are inconsistent. We've been talking. I had a discussion with respect to a summit when I last met [Foreign] Minister Shevardnadze in Paris at the Cambodi conference. The question of a summit comes up in our meetings. I don't think it's inconsistent for the President to say he's in no rush and for me to tell you I hope to be able to give you a general timeframe when we get to Wyoming.

Q. Where will it be? The United States?

A. That hadn't been decided, but I believe it's our turn. That bridge hasn't been crossed. First, let's decide when we're going to have it. But I think it's our turn.

Q. Did the President and the Foreign Minister discuss the possibility of additional U.S. aid to Poland and Hungary, and what the Soviet attitude would be toward that?

A. No, that was not discussed specifically, although I believe there is a general understanding and approval by



White House photo by Carol Powers

President Bush, Foreign Minister Shevardnadze, and Secretary Baker at the White House.

the Soviets of the manner in which we have approached the dynamic changes that are taking place in Eastern Europe.

Q. Were you suggesting that there was nothing dramatically new in arms control in the Gorbachev—

A. No, I'm not suggesting that at all. I'm just simply saying that it is a long letter. It is detailed. It is technical. It covers the full range of arms control issues. In some instances, there are repeated positions. In some, however, there are new twists, and we'll just have to— we just got it. So we'll have to get into the details a little bit later on.

Q. Can you say whether there was an exchange on Nicaragua and, if

A. There was, indeed, an exchange on Nicaragua. As I mentioned in my opening statement, the President and the [Foreign] Minister talked about regional conflicts. They talked specifically about regional conflicts in Afghanistan and in Nicaragua.

Q. What about the Middle East now?

A. The Middle East was mentioned, but we didn't have time to get into that in detail. I hope to do that with the [Foreign] Minister.

Q. On the question of internal problems, was there any suggestion by the President or by you of what might occur if there is a crackdown of any sort in either the Baltics or the Ukraine or Baku?

A. No, there was no discussion in this meeting of that subject. I would anticipate that there would be a discussion in Wyoming on that.

Q. Were you given any assurances on Nicaragua?

A. We were given certain representations with respect to weaponry that was not being shipped into Nicaragua by the Soviet Union, and we made the point that, notwithstanding that, shipments from the Soviet bloc, taken as a whole, have not diminished; that this repre-

sented a problem to us, and we will be discussing that in quite some more detail in Wyoming as well.

Q. You at least had enough chance to see this lengthy letter from Gorbachev to be able to distinguish between longstanding positions and new twists that are in it. Can you tell us what some of these new twists may be, and does the ABM Treaty—their position on the ABM Treaty—fall in the category of longstanding position or the category of new twists?

A. I think that's going to depend on a bit more analysis. In some respects, there's some ambiguity in the letter, and in the space of a 1-hour meeting, we did not have time to get into that level of detail. We will do so. I'm not in a position to tell you that right now.

Q. Are you talking about weapons that are being shipped, not from the Soviet Union then but from Cuba into Nicaragua and that you asked the Soviets to give us specific assurance that they will see to it that the Cubans stop those shipments?

A. The answer to both questions is yes.

Q. Did they say they would?


A. They demur a bit on that, and they take the position that they can't totally control what happens with respect to Cuba.

Q. Do you believe that?

A. We have some difficulty with that. [Laughter]

Q. If you're agreeing to move in concept toward a summit—toward setting a date—why? What would be the business, the goals, of the next summit?

A. I think it's important that the leaders of the Soviet Union and the United States get together periodically. It will have been some time, if we're looking at something into next year—and I'm not saying that that's the timeframe we're going to give you in Wyoming—but I think it's important that they get together from time to time and talk about the full range of the problems between these two countries.



We have a very broad agenda. It's broader, quite frankly, than simply arms control. A lot of this meeting was spent on regional conflicts, and I think the President feels that he could productively spend time talking about these issues face to face with the leader of the Soviet Union.

Q. Would it be solely to exchange ideas or to do business?

A. Let's first decide when, if, and where we're going to have one, and then we'll talk about what it will accomplish.

Q. Was Yeltsin's [Boris Yeltsin, a member of the Soviet Union's Congress of People's Deputies] visit mentioned or even discussed at all?

A. It was indirectly alluded to.

Q. By whom?

A. I think it was alluded to by the other side.

Q. What was said?

A. There are some things that I'm not going to repeat out of that meeting. [Laughter]

Q. These new twists you talk about, can you say whether these would represent concessions of some sort by the Soviets, or are they simply just a new way of restating—

A. I think some of them could be characterized that way, but I don't mean to brand all of them that way. Let me again say that this is a very serious letter. It's received by us in a serious manner. It will require a lot of detailed analysis, because it is a very detailed and technical letter.

Q. Can you say which area was the most—

A. I really don't—I would hate to make that, because it could be that there would be a different area that would be more promising.

Q. After today's meeting and after looking at Gorbachev's letter, could you characterize where you think U.S.-Soviet relations stand right now, and where you think they're headed?

A. I think there has been, in the recent past, a general improvement in the relationship between the United States and Soviet Union. I know we are fully engaged across a broadened agenda. The agenda has been broadened, as I said the other day, at the suggestion of the United States. We're talking to the Soviet Union now about things that we never dreamed not long ago that we would be talking to them about—counterterrorism, drugs, the environment, these transnational problems.

We are into a great deal more depth with them, I think, on these regional issues than we used to be. I think the relationship is moving forward positively. Sure we have some problems between us, and this was pointed out by both the President and the [Foreign] Minister during the course of this discussion.

Q. Both you and the President have said recently that you'd like to see *perestroika* succeed. Your Deputy [Secretary of State Lawrence S. Eagleburger] recently said it's not necessary for Gorbachev to succeed, or at least he indicated that. Does the Administration differentiate between the two? Can *perestroika* succeed without Gorbachev?

A. That's a hypothetical that I don't choose to answer. Let me simply put it to you this way. It is the position of the President, the position of the Administration, that we want *perestroika* to succeed, and we'd like to see the General Secretary succeed as well, because we think, frankly, that his success is very important in whether or not *perestroika* succeeds.

Arrival Statements, Jackson Hole, Sept. 21, 1989²

Secretary Baker. I want to tell you how delighted I am to be here in this wonderful country. This area has long attracted me, and as many of you know, I have decided to put down a few roots in a ranch not too far away. The Grand Teton National Park and the town of

Jackson Hole are living tributes, I think, to the foresight of Americans, who saw in this natural beauty an enduring value that should be preserved.

Now we are about to intrude on this protected habitat with the diplomatic concerns of the United States and the Soviet Union. Yet we may be able to say that we who gather here have our eyes on the future. We want to preserve and to strengthen the improving international environment. We want to leave as a legacy for our children and our children's children a spirit of openness between our two countries. May I say, Mr. Minister, that like Davy Jackson, who pioneered here so long ago, we hope to clear new paths and explore new territory in the search for better relations.

And now, ladies and gentlemen, please accept our thanks for this very warm welcome, and we look forward to an enjoyable and productive time here. Thank you all, very much.

Foreign Minister Shevardnadze First of all, I would like to thank the Secretary of State whose kind invitation is making it possible for us to hold these negotiations in such unusual conditions. We are grateful to the authorities of the State of Wyoming for their hospitality and to the many members of the press for the great interest that they are showing toward our meeting.

Today a good beginning has been given to our work. We had a meeting with President George Bush, to whom we have conveyed the letter from Mikhail Gorbachev dealing with important problems of arms control and arms reduction. I think that I will express the common view if I say that, today, we see the emergence of fairly good prospects for moving forward in that very important area and in other areas of the Soviet-American relationship.

I also think that today we see some good prerequisites for bringing our relationship to a qualitatively new level, and I hope that the coming days will move us closer to that goal. We need fresh ideas, and, hopefully, the fresh mountain air of Wyoming will help them to emerge and to develop. We need specific deeds for the benefit of both sides, and as I understand from

my conversation with the President and from my talk with the Secretary of State aboard the plane, the American people believes that too. I hope that by the time our negotiations end, we will be able to report to you some important negotiations, and we will be able to report to you some important agreements, because were it to turn out that we have gone this far just to talk, that would be just unforgivable, and, therefore, we are looking forward to results. Thank you for your welcome. Thank you for the warm reception.

Secretary's Statement, Ministerial Session, Jackson Hole, Sept. 22, 1989⁴

Let me begin by welcoming you and your party here to Wyoming. Obviously it's somewhat unusual to hold a ministerial in a place like this, but, I think, is in keeping with our discussions in Moscow about moving the site of the ministerials outside of our nation's capitals.

I hope you can see this morning why I happen to love this area and this setting, and I think it's one of the most beautiful and majestic parts of the American West, and I wanted you and your party to have an opportunity to see that.

I also think that there is something symbolic about a meeting in this kind of unusual place. I really believe that relations between the United States and the Soviet Union are entering a new phase. I believe, and I think most would agree, that there is a new openness and candor in our relationship, and I think, hopefully, we'll be able to take some steps that are unprecedented. So it shouldn't be unusual for us to take the unprecedented step of meeting in a place like this.

Joint Statement, Sept. 23, 1989

Secretary of State James A. Baker, III, and Foreign Minister Eduard A. Shevardnadze met September 22-23 [1989] in Jackson Hole, Wyoming, for discussions on the entire spectrum of U.S.-Soviet relations, in the course of the Foreign Minister's official visit to the United States.

The Foreign Minister also had a discussion with President Bush on September 21 at the White House, where he delivered a letter from Chairman Gorbachev which contained new ideas and proposals on security questions. They had a wide-ranging exchange of views on the overall direction and prospects for development of the U.S.-Soviet relationship.

The two sides attach great significance to contacts between U.S. and Soviet leaders in the development of the U.S.-Soviet dialogue at this important and promising point in U.S.-Soviet relations. Based on earlier understandings between President Bush and Chairman Gorbachev, the sides agreed that the next U.S.-Soviet summit meeting will take place in the United States in late spring-early summer 1990.

Both sides agree that their common goal is to build a more stable, constructive, and sustainable relationship, one in which openness and cooperation increasingly replace mistrust and competition. While significant differences remain on certain issues, the Secretary and the Foreign Minister believe that—with continuing efforts and shared commitment to a candid dialogue aimed at finding practical and concrete solutions—it will be possible to further and broaden the progress that has been made in recent years in U.S.-Soviet relations.

Toward this end, the discussions in Jackson Hole were productive and serious. They were complemented by the efforts of experts' working groups on all parts of the five-part agenda, both in Wyoming and preceding the ministerial in Washington. The Secretary

and the Foreign Minister reached specific agreements in several areas and defined new directions for work in other areas.

I. The Secretary and the Foreign Minister held a thorough and productive review on the range of arms control and disarmament issues. They noted with satisfaction that, since their May meeting in Moscow, the nuclear and space talks, nuclear testing talks, and bilateral consultations on chemical weapons have resumed.

The Secretary and the Foreign Minister had a detailed discussion of nuclear and space issues, including the ideas contained in the letters exchanged by President Bush and Chairman Gorbachev.

Regarding ABM [antiballistic missiles] and space, the Soviet side introduced a new approach aimed at resolving this significant issue. Both sides agree that the Soviet approach opens the way to achieving and implementing a START [strategic arms reduction talks] treaty without reaching a defense and space agreement. The sides agreed to drop the approach of a nonwithdrawal commitment while continuing to discuss ways to ensure predictability in the development of the U.S.-Soviet strategic relationship under conditions of strategic stability to reduce the risk of nuclear war. The U.S. side said it would consider carefully the other aspects of the overall Soviet approach. Both sides agreed that their negotiators would consider these issues in Geneva. They also agreed that the negotiators would discuss the U.S. invitation for Soviet Government experts to visit two U.S. facilities involved in strategic defense research.

The Soviet side stated that, guided by its longstanding goal of strengthening the ABM Treaty regime, it had decided to completely dismantle the Krasnoyarsk radar station. The U.S. side expressed satisfaction with this announcement.

At the same time, the Soviet side stressed again the necessity of removing its concerns about the U.S. radar stations in Greenland and Great Britain. The U.S. side promised to consider these concerns, in consultation with its allies.

In the interest of promoting progress in the negotiations, the Secretary announced that the U.S. side was withdrawing its proposal to ban mobile ICBMs [intercontinental ballistic missiles] in START, contingent on the funding by the U.S. Congress of U.S. mobile ICBMs. The Soviet side expressed satisfaction with this announcement, and the two sides agreed on the need further to develop provisions for effective verification for limits on mobile ICBMs. In this connection, they also reached agreement on additional elements of common ground regarding the verification of mobile ICBMs, building on the elements agreed at the Moscow summit and subsequent work in Geneva.

Both sides noted the need to resolve the ALCM [air-launched cruise missile] and SLCM [sea-launched cruise missile] issues. On ALCMs, the Soviet side put forward a new idea concerning its approach on how to deal with ALCMs and heavy bombers.

On SLCMs, the Soviet side offered new approaches for dealing with this difficult problem. The Soviet side raised the possibility of dealing with SLCMs in a broader naval arms context. As for the nuclear and space talks, the Soviet side appealed to the American side to concentrate on verification and said that in the context of a verification system for SLCMs, these weapons could be limited outside of the text of a START treaty on the basis of reciprocal obligations. While reiterating its willingness to study the Soviet ideas, the U.S. side, for its part, emphasized its doubts about the feasibility of a workable verification system for SLCMs and noted its longstanding view that there are serious problems involved in any discussion of the limitation of naval arms.



Foreign Minister Shevardnadze and his advisers.

The Soviet side responded positively to President Bush's June initiative on verification and stability measures. In this regard, the Secretary and the Foreign Minister had a thorough exchange on the details of the initiative and signed an agreement encouraging the development of such measures and outlining principles for implementing them. They also completed an agreement on the advance notification of major strategic exercises. The sides examined the other verification and stability measures and agreed to explore these further in Geneva.

The sides also agreed that, for purposes of the 1,600 START limit, ballistic missiles will be defined in terms of missiles and their associated launchers, thus resolving a longstanding issue.

New instructions will be issued to negotiators to take account of the exchanges on these and other START issues.

The Secretary and the Foreign Minister reaffirmed the objective of early conclusion of a comprehensive, verifiable, and truly global ban on chemical weapons. To intensify efforts toward this goal, and to enhance openness and confidence between the two countries, they signed a Memorandum of Understanding on a bilateral verification experiment and data exchange.

The MOU provides for an exchange of data on U.S. and Soviet chemical weapons stockpiles and for visits and inspections of chemical weapons sites.

The sides adopted a special joint statement on chemical weapons in which they stressed the need to conclude a chemical weapons ban and underscored their concern about the problem posed by the proliferation of chemical weapons.

The Secretary and the Foreign Minister examined the status of the clear testing negotiations. They noted that the verification protocol for the 1976 Peaceful Nuclear Explosions Treaty has been agreed, *ad referendum*, by their negotiators and reached agreement to incorporate hydrodynamic and seismic monitoring, as well as on-site inspection, into the verification protocol for the 1974 Threshold Test Ban Treaty, as well as the levels above which these measurements would occur. In order to obtain a statistically significant number of data points to improve the national technical means of each side, each side will guarantee the other side the right to make on-site hydrodynamic yield measurements of at least two tests per year during the first 5 years following ratification of this treaty. After 5 years, each side shall guarantee one such hydrodynamic measurement a year thereafter unless otherwise agreed by the two sides.



Secretary Baker and his advisers.

ese agreements provide a framework for the conclusion of the verification protocols, completing a process that began years ago. They instructed their delegations to continue intensive work to resolve all remaining issues so that these two documents can be submitted for ratification as quickly as possible.

The Secretary and the Foreign Minister noted with approval the work done in the negotiations on conventional forces in Europe and called for a rapid conclusion of an agreement.

The Secretary and the Foreign Minister agreed in principle to the "open skies" concept proposed by President Bush in May, which could make a valuable contribution to openness and confidence-building. They noted their willingness to attend an international conference on the subject.

The sides noted the importance of joint efforts by the United States and the Soviet Union to prevent the proliferation of missiles and missile technology and agreed to activate bilateral consultations on this pressing problem.

II. The Secretary and the Foreign Minister had a thorough and frank exchange on regional issues. The sides reaffirmed their belief that active U.S. and Soviet support for political solutions that are comprehensive and based on broad national reconciliation could facilitate the peaceful resolution of regional conflicts around the world. They

noted that the two sides continue to differ on some specific aspects of the question of arms supplies and their effect on the possibility of political settlements.

They noted that a cycle of regional experts' discussions had been held on Central America, Afghanistan, Africa, the Middle East, and East Asia, Southeast Asia, and the Pacific. Both sides found these discussions useful for understanding one another's views and agreed to continue experts' meetings in the future.

The sides expressed their support for efforts by the Central American countries to establish a lasting peace in that region on the basis of the Esquipulas treaty and subsequent agreements, which include a commitment not to permit the use of their territory to support those seeking to destabilize other Central American countries. While noting their differences on certain questions, including the level of arms flows to the region, they called on all interested parties to support this process actively by respecting in full the letter and spirit of the accords signed by the leaders of the five Central American countries. They also called upon all states outside the region to respect the request by the Central American countries to end all military assistance to irregular or insurgent forces.


The two sides agreed on the need for a political settlement in Afghanistan on the basis of national reconciliation, one that ensures the peaceful, independent, and nonaligned status of Afghanistan. While their approaches differ over how to translate these principles into reality, they, nevertheless, agreed that a transition period is required, as well as an appropriate mechanism to establish a broad-based government. The sides reaffirmed their commitment to the Geneva accords on Afghanistan.

The sides reaffirmed their support for an active Middle East peace process. Among other issues, they also exchanged views on the place in that process of an Israeli-Palestinian dialogue leading to a comprehensive settlement of the Arab-Israeli conflict in which all relevant parties will participate.

The Secretary and the Foreign Minister expressed in a separate joint statement their strong support for the Arab League Tripartite Committee plan on Lebanon to bring about a ceasefire, a lifting of the blockade, and a dialogue among the Lebanese parties aimed at achieving a political settlement. They condemned the taking of hostages and called for the immediate release of all hostages.

The Secretary and the Foreign Minister advocated a comprehensive political settlement in Cambodia and a continuation of the negotiation process toward this end. At this stage, they feel it is most important to take efforts to avert intensification of the civil war and the return of the Pol Pot regime to power. The sides declared their readiness to announce, together with other states, a moratorium on military assistance to all Cambodian factions as part of a comprehensive settlement.

The Secretary and the Foreign Minister agreed on the need to implement fully and on schedule the UN plan for the granting of independence to Namibia, including the holding of free and fair elections. They expressed their support for the national reconciliation



process in Angola and for efforts to secure peace and stability in Mozambique. The sides also advocated a peaceful, political solution to the internal conflicts in Ethiopia and supported the negotiation process underway between the Ethiopian Government and the Eritrean People's Liberation Front.

III. Within the framework of the ongoing U.S.-Soviet dialogue on human rights and humanitarian affairs, the Secretary and the Foreign Minister held a constructive discussion of a broad range of human rights and humanitarian issues, including the role of international accords and generally accepted standards in the field of human rights and of the Helsinki Final Act and other CSCE [Conference on Security and Cooperation in Europe] agreements. Specific reference was made to policies and cases of exit and entry, freedom of conscience, criminal practices concerning which questions had been raised and on which information will be exchanged. The Secretary and the Foreign Minister agreed to work to move forward on a range of programs that will promote a better understanding of each other's institutions, legislation, and practices which affect human rights and humanitarian issues.

IV. The Secretary and the Foreign Minister discussed a range of questions related to the other two parts of the agenda, bilateral and transnational issues. They signed two agreements: The Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Concerning Mutual Visits Between Inhabitants of the Bering Straits Region and the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Concerning the Bering Straits Regional Commission.

A U.S.-U.S.S.R. joint statement was also signed on a uniform interpretation of rules of international law governing innocent passage through territorial waters, which removes a potential source of friction in the relation-

ship between the two countries. They endorsed a working paper containing proposals for extending the jurisdiction of the International Court of Justice. In furtherance of this, the sides have agreed to approach the three other permanent members of the United Nations Security Council with a proposal to discuss this question.

U.S. and Soviet experts together elaborated an approach for resolution of the Northern Pacific maritime boundary issue. The Secretary and the Foreign Minister directed the experts to meet again soon to complete their work on this basis.

The two sides agreed to start talks regarding the possible expansion of air routes between the two countries.

In connection with the virtually completed agreement on cooperation in the field of peaceful uses of atomic energy, it was decided to accelerate completion of proposals aimed at drawing up a new agreement on cooperation in the field of non-nuclear energy.

The sides reached agreement in principle that U.S. and Soviet cultural and information centers would be opened in Moscow and Washington, respectively.

The Secretary and the Foreign Minister approved a bilateral work program.

The sides also discussed matters connected with implementation of the U.S.-Soviet Memorandum of Understanding signed in January 1989 regarding cooperation in combating the flow of illegal narcotics. They expressed readiness to consider new ideas for bilateral and international cooperation in this field. They agreed that experts from both sides would meet in Moscow before the end of 1989 to discuss concrete proposals.

The two sides conducted an extensive discussion on the problem of combating international terrorism and agreed in principle that experts would meet again in early 1990.

The two sides underscored the desirability of intensifying contacts between high-level elected and appointed officials in a variety of areas.

They devoted special attention to continued and new cooperation on a range of bilateral and international en-

vironmental problems, including global and climate change, as well as the problem of various sources of pollution.

The two sides confirmed their intent to conclude an agreement on cooperation on study of the world oceans by the end of this year and to continue their work of preparing an agreement on cooperation in the field of housing and other types of construction.

The two sides agreed to consult and cooperate with the goal of increasing the effectiveness of the UN.

The Secretary and the Foreign Minister agreed on the necessity of continuing the search for new spheres of joint action directed at qualitative movement on bilateral and transnational issues in U.S.-Soviet relations.

A detailed discussion took place, including with the participation of experts, on a range of economic questions. It was agreed that these useful discussions will be continued.

Both sides confirmed the utility of conducting regular meetings at the ministerial level for considering and solving major problems of U.S.-Soviet cooperation.

Joint Statement on Chemical Weapons, Sept. 23, 1989

During their September 22-23 meeting in Jackson Hole, Wyoming, Secretary of State James A. Baker, III and Foreign Minister Eduard A. Shevardnadze reaffirmed the commitment of the United States and the U.S.S.R. to pursue aggressively the prohibition of chemical weapons and the destruction of all stockpiles of such weapons on the basis of a comprehensive, effectively verifiable, and truly global ban. Both sides consider the early conclusion and entry into force of a convention to this effect to be one of the highest priorities for the international community. They believe that with the active and constructive participation of all states, it will be possible to resolve expeditiously the remaining issues and to conclude the convention at the earliest date and

all upon all parties to the negotiations to join them in achieving this objective.

The two sides also believe that greater openness between them and among others could contribute to the prospects for reaching an early agreement on an effective ban on chemical weapons. As a concrete expression of the commitment of their two countries toward this end, the Secretary of State and the Foreign Minister signed a Memorandum of Understanding regarding a bilateral verification experiment and data exchange. The steps agreed upon in the Memorandum are intended to facilitate the process of negotiation, signature, and ratification of a comprehensive, effectively verifiable, and truly global convention on the prohibition and destruction of chemical weapons.

The verification experiment and data exchange will be conducted in two phases. Phase I involves the exchange of general data on the sides' chemical weapons capabilities and a series of visits to relevant military and civil facilities on their respective territories. In Phase II, the sides will exchange detailed data and permit on-site inspections to verify the accuracy of the information exchanged.

The sides also agreed to undertake cooperative effort with respect to the destruction of chemical weapons. They agreed to reciprocal visits to monitor destruction operations of the other side and to the exchange of information on past, current, and planned destruction activities and procedures.

The sides noted their agreement on some procedures for conducting challenge inspections and on the provisions governing the order of destruction of chemical weapons and of chemical weapons production facilities. These two approaches will be introduced into the multilateral negotiations in Geneva in an effort to contribute to those negotiations. They also stressed the need to concentrate in the near future on resolving remaining verification-related issues. The two sides intend to pursue intensively their bilateral discussions on a chemical weapons ban with the view to help achieve further progress in the multilateral negotiations.

The Secretary of State and the Foreign Minister expressed their grave concern about the growing danger posed to international peace and security by the risk of the illegal use of chemical weapons as long as such weapons exist and are spread. They reaffirmed the importance of and their commitment to the final declaration of the Paris conference on the prohibition of chemical weapons held earlier this year as well as their commitment to the 1925 Geneva protocol. The two sides emphasized the obligation of all states not to use chemical weapons in violation of international law and urged that prompt and effective measures be taken by the international community if that obligation is violated. In this regard, they underscored their support for the UN Secretary General in investigating reports of violations of the Geneva protocol or other relevant rules of customary international law.

The sides welcomed Australia's convening of a Government-Industry Conference Against Chemical Weapons, which has just concluded in Canberra. They noted that this conference provided an important opportunity for serious discussion between government and industry representatives from around the world. The sides expressed satisfaction with the extensive and productive work accomplished at the conference and the positive results reflected in the chairman's final summary statement.

Finally the sides expressed the view that a truly global, comprehensive, and effectively verifiable ban on chemical weapons is the best means to address the threat posed by the spread of chemical weapons on a durable long-term basis. In the meantime, the sides emphasized their readiness to attempt to prevent the proliferation of chemical weapons. They intend to continue consultations on this issue.



Joint Statement on Lebanon, Sept. 23, 1989

While expressing their deep concern over the absence of peace and a settlement in Lebanon, the United States and the Soviet Union reaffirm their urgent appeal to take all necessary measures to bring to an end the sufferings of the Lebanese people and urge a continued search for a political solution of the Lebanese crisis. They reaffirm the assumption that there is no military solution to the problems of that country. A constructive dialogue between Lebanese, who themselves must reach lasting agreements on peaceful ar-

rangements in Lebanon on the basis of a balance of interests, is the only rational path toward national reconciliation.

The United States and the Soviet Union welcome the resumption of the peacemaking mission of the Tripartite Committee of the Arab League on Lebanon in accordance with the mandate entrusted to it by the Casablanca Arab summit and the committee's efforts aimed at a cease-fire, the lifting of blockades, and initiation of the process of political settlement. They call upon all the parties involved in Lebanese affairs to respond positively to these efforts and to do their utmost to support the Tripartite Committee's action to complete its work successfully. They also note the importance of extending strong international support for the activities of the Tripartite Committee and, for their own part, intend to proceed further in this direction. Both sides reaffirm their resolute position in favor of preserving the sovereignty, territorial integrity, and independence of the Lebanese state.

The United States and the Soviet Union condemn any acts of taking hostages and demand that they be set free no matter where or by whom they are held captive.

Secretary's News Conference, Jackson Hole, Sept. 23, 1989⁵

I really would like to first thank the people of Wyoming for letting us share this majestic location for a few days.

The openness of this setting, I think, epitomizes the new nature of our talks with the Soviet Union. I believe the U.S.-Soviet relationship is entering a fresh phase. We have, in my view, moved from confrontation to dialogue and now to cooperation—joint action on common problems, across a broad range of topics on our five-part agenda.

This has been a productive ministerial. In fact, [Foreign] Minister Shevardnadze told me today that in his view this ministerial was unique from the standpoint both of context and content.

Our flight to Wyoming, when we discussed the challenges of the nationalities problem and *perestroika*, set a tone of openness for our subsequent meetings. We followed with U.S. proposals for "open skies" and open lands, a human rights work program to support the development of a more open Soviet society, our initiative for greater environmental cooperation including exchanges, and a new discussion of the economic changes taking place within the Soviet Union.

We also took a series of steps across the full arms control agenda to overcome old misconceptions and build trust. In fact, [Foreign] Minister Shevardnadze also told me that he thought we made more progress across the full range of arms control issues than in any prior ministerial which he had attended.

We have translated this new spirit of openness into some concrete achievements, too.

First, the Soviets said they have dropped their linkage between completing and implementing agreement on START and achieving a defense and space accord. I made clear that the President remains committed to the Strategic Defense Initiative (SDI) and offered the Soviets the opportunity to visit SDI research facilities.

Second, the Soviets agreed to dismantle their radar at Krasnoyarsk without preconditions.

Third, we broke a 15-year deadlock by agreeing on the full verification regime for the nuclear testing treaties. This provides a detailed framework for the possible completion of these treaties next year.

Fourth, we signed a Memorandum of Understanding on chemical weapons data exchange and verification tests, a good, realistic step toward addressing the larger task of completing an effectively verifiable ban on chemical weapons.

Fifth, our willingness to lift the ban on mobile ICBMs, contingent on congressional approval of funding for the U.S. mobile ICBM programs, made it possible. I think, for us to move ahead on developing verification measures for mobile missiles.

Sixth, based on President Bush's June proposals, we signed an umbrella agreement on START verification and stability measures, as well as a separate agreement on notification of strategic forces exercises.

Seventh, the Soviets agreed to President Bush's proposal to explore the details of an "open skies" regime at an international conference.

Eighth, we explored new ideas about resolving a number of regional conflicts. In particular, I believe we share a view on the importance of free and fair elections in Nicaragua and on stopping support for subversion in El Salvador. We also both support efforts to promote a Palestinian-Israeli dialogue. And we condemn hostage-taking while supporting the immediate release of the hostages held in Lebanon.

Ninth, we followed up on the encouraging efforts by the Soviets to permit refuseniks and others to emigrate freely. We've also developed a new human rights work program placing increased emphasis on exchanges that could promote the institutions that should protect human rights in the Soviet Union.

All in all, we got a lot of work done. We want to keep on going and we shall.

In that connection, as you know by now, President Bush and President Gorbachev have agreed to hold a summit meeting in the late spring or early summer of next year. [Foreign] Minister Shevardnadze and I will, of course, be meeting in advance to try and make that summit as productive as possible.

Before I close, I want to make one final announcement. President Bush intends to offer a new initiative at the United Nations on Monday that will move the world closer to a ban on chemical weapons. The President believes that U.S. leadership is necessary to turn good intentions into a historic achievement.

Q. You just again said that the Soviets removed the linkage between the defense and space talks and the START talks. But in what Mr. Shevardnadze just got through saying, he said, effectively, that they retain the right to withdraw from the START treaty if they perceive that the ABM treaty has been violated. So they continue to say, you've got your choice; you can have a START treaty or you can have the SDI. You can't have them both.

A. That's not it. I'm sorry. They're saying that we can sign and implement a START treaty, whether or not we have concluded a treaty on defense and space.

There is a provision, as you may know, in the START treaty as it is that would permit withdrawal upon a national interest determination within 6 months. Either side could do that. So I'm sorry, but I don't think that interpretation is accurate.

Q. We were told about the new ideas, new suggestions, made by Chairman Gorbachev in his letter to President Bush. What is the attitude of the American Administration to those ideas?

A. And my second question is, is the American side ready to discuss cutting arms not only on land, in air, in space, but also on sea?

A. Let me take the second part of that question first. We have some major problems with naval arms control. We're situated in a far different position than the Soviet Union. We are surrounded on two sides by major oceans. We have been a sea-going power for all of our existence. We use our navy to communicate and maintain our lines of communication and supply with our allies.

There's a significantly different physical situation as far as the United States and the Soviet Union are concerned when it comes to naval arms control.

With respect to the initial part of your question, I think that my opening statement makes it clear that we received many of the suggestions and ideas in President Gorbachev's letter very positively. We think that some of those made possible for us to move forward with concrete achievements at this ministerial. At the same time, we think we

advanced some ideas and broke some ground and took some political decisions—hard decisions—that were necessary to move forward in other areas. I'm thinking particularly of the nuclear testing talks where for 15 years we have been deadlocked.

Q. With the interpretation you're putting on the Soviet announcement about SDI and its connection to a START treaty, you might draw the conclusion that a START treaty is closer to being signed or more likely to be signed sooner or would become more easily negotiated. What is your view of how difficult the issues remain and how soon a START agreement might be signed?

A. Let me say that I think there are some difficult issues that still remain. We have the issues of ALCMs and SLCMs to deal with.

I think I've said, though, that we believe that this proposal is positive. I think I said that it should—if I didn't say, I want to say—it should enable us to finish and implement a START treaty without first requiring an agreement on defense and space, which has, heretofore, we think at least, been the position of the Soviet Union. So I think it is a positive development.

Now, you want me to put a time-frame on it. I'm not able to do that now except to say that, obviously, we will be working—both sides, in good faith—to move the process forward as expeditiously as possible.

Q. The Soviets are saying, however, that they want at least talks to begin on what kinds of tests could be conducted in space that would be permissible under the ABM Treaty and which ones wouldn't. One, do you feel that's a precondition for the Soviets? And, two, is the United States willing to, at least, enter into those discussions?

A. I don't see it as a precondition. I don't believe it was presented as a precondition. It is our interpretation that it was not so presented.

This is a proposal that was made and considered in 1987. We had some problems with it at that time. We have agreed to look at all of the elements of this overall proposal and take it back to

Washington, review it, and give them a detailed response at the negotiations in Geneva which are going to resume on the 28th of September. The response won't come then, but it will come as soon thereafter as we can.

This is a procedure, though, that we had problems with in 1987, and it has not significantly changed from what it was then.

Q. Mr. Shevardnadze suggested that SLCMs not necessarily should be included in the text of the START agreement. What is your reaction to that? Would it help to sign the START agreement?

A. And, secondly, what is your reaction to suggestions that next year, sometime in the late summer and fall, there should be a meeting of the heads of state of Europe, the United States, and Canada to sign possibly the conventional arms treaty?

A. With respect to the question on SLCMs, moving SLCMs out of a START treaty would be, I think, a step in the direction of making progress on a START treaty, because SLCMs are an extraordinarily difficult problem because of the verification difficulties. So we would be interested in hearing more about ideas that the Soviet Union might have to handle the question of SLCMs outside of a START agreement.

With respect to a heads of state meeting on CFE, I told the [Foreign] Minister that that was something that obviously since they had suggested it, the United States would give consideration to, but that's not a decision for us to make. That is a NATO decision just as it is a Warsaw Pact decision; that we would look at that but that it might be a bit premature now to lock into a date until we see how much progress is made on CFE.

As you know, NATO tabled its full proposal just last Thursday, and we are hoping for and looking for a response from the Warsaw Pact to a very detailed proposal which has been put on the table.

Q. Following the Washington summit in 1987, there was the thought about proceeding with a START treaty without having a complete agreement between the two countries about what was allowed or not allowed under the ABM Treaty. At that time, some people, including especially the Joint Chiefs of Staff, felt it would be very dangerous and a bad idea to go ahead with a START treaty without having complete understanding of what could be done on space. Do you see some of that concern in this current situation, as it is building up with the present Soviet proposal? And how do you feel about that?

A. I think it's important that we make it clear that our views with respect to the Strategic Defense Initiative have not changed. We strongly support that. That was made abundantly clear in our dialogue here at this ministerial.

I think, as I've already indicated, there are elements of this proposal that will have to be carefully analyzed and weighed in Washington, D.C.

In terms of whether or not this could open up the prospect of moving forward a START agreement, I think you have to say that it might because it has been seen to be—assuming that it is an unconditional dropping of the linkage, as we interpret it—I think you would have to say that it offers the prospect of moving that forward.

We will be talking about the kinds of issues that you've just raised when we get back to Washington.

Q. You've now spent many hours talking to Eduard Shevardnadze about the problems that Mr. Gorbachev faces—about the economy, the nationalities issue. After those kinds of conversations, do you have different views that you may now carry back to the President about things that the United States might be able to do to weigh-in and help the Soviets in some way or another? Has it altered your views as to what we might or should or could do?

A. We talked for maybe 3–4 hours on the airplane flying from Washington to Wyoming about the just-completed plenum, about the approach to the nationalities problem, about the manner in which the relationship between the central government and the republics in the Soviet Union will be addressed.

It seems to be that there is progress in a reasonable and rational way with respect to that problem. I got the sense that it was being addressed, as it should be, seriously and substantively and that there is a desire on the part of the central government to provide more political and economic autonomy to those republics; that that is already provided for by the Constitution of the Soviet Union but that that has not been followed in practice over the course of past years.

We also talked at length about the economy and about some of the problems of the economy; about the ruble overhang, about how that probably has to be addressed before you move to the more fundamental questions of establishing a price system and getting to convertibility.

But I think it was important that we began this exchange on these economic issues. I hope the Soviet side felt the same way. I believe they did, and we intend to continue that.

Q. So what is your view now of whether or not the United States ought to do more, or something, in the way of directly helping with the economy—no change?

A. We've not been requested—and the Soviet side made it quite clear, they are not coming to the United States for grants, assistance, loans, or that sort of thing. I think there is an interest in learning from our experience. There is an interest in taking steps to open up that economy and move it toward a more open system, and perhaps there are some things that we could contribute there.

So I really believe the approach that's being taken is the right one, and that's what I will tell the President.

Q. What happened to the joint press conference?

A. That was, as I said out there when we were signing the agreements, simply a busted signal. We anticipated that there would be an interest in a joint appearance. But we failed to give the proper amount of notice. I don't want to blame it on the other side. I will take an equal amount of responsibility for it, and maybe this is a better way to proceed.

Q. In Washington, you told us you had some difficulty when Mr. Shevardnadze said there were some limits upon what the Soviet Union could do to restrain the flow of Soviet-bloc arms to Nicaragua. Has the last couple of days changed that difficulty you're having at all?

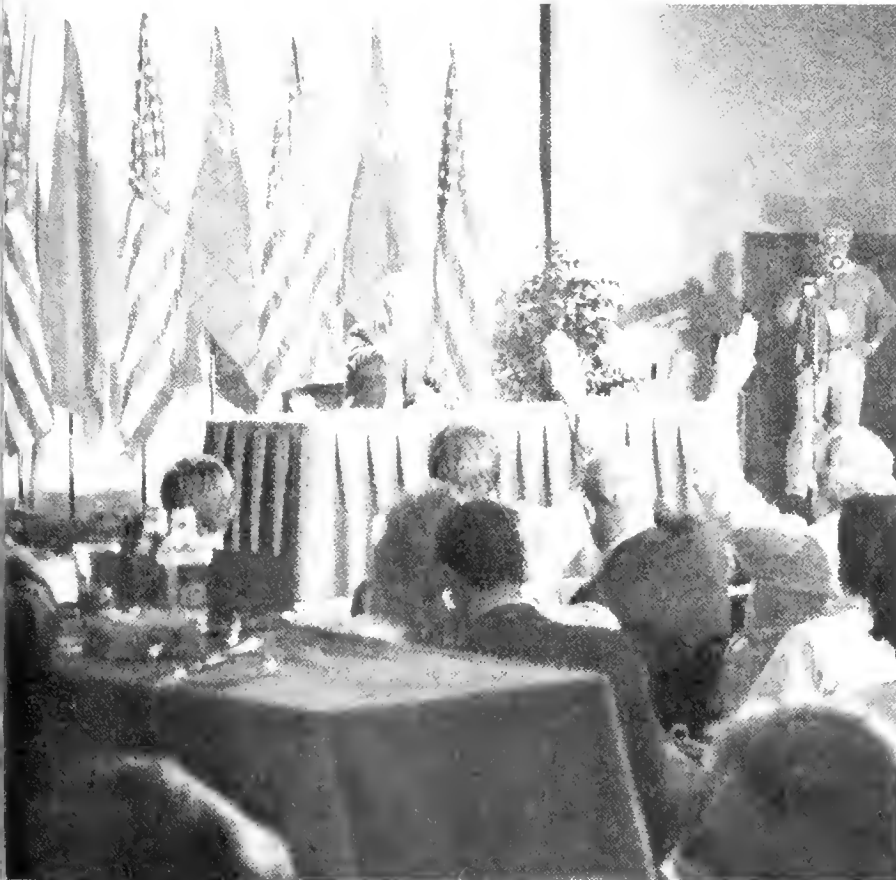
A. We've talked in some detail about that. First of all, let me say that we are not challenging the statement of the Soviet Union that they, themselves, have ceased shipping weapons to Nicaragua. I don't believe anyone in the U.S. Government ever did challenge that.

Our problem has to do with an increase in Soviet-bloc weapons and military equipment going into Central America, going into Nicaragua, quite frankly, and from Nicaragua to the FMLN in El Salvador. Most of that is coming from Cuba. We would simply like to see the Soviet Union do as much as it possibly could with Cuba to stop that flow.

Q. Are they doing as much as they could?

A. You're asking me to be judgmental. What I would like to tell you is that they've indicated to us that they support democracy in Nicaragua. They support the concept of free and fair elections in Nicaragua. They are committed to using their influence to do what they can to stop the flow of weapons to the insurgency in El Salvador.

Q. If I could ask you to reflect for just a moment on what's trans-



At the conclusion of the Wyoming ministerial, Secretary Baker held a news conference.

red here. You've had this extraordinary 2 or 3 days of movement, facilitated by the Soviets moving their positions on a large number of arms control issues and at the same time you've had these very frank economic discussions with them. Is there any relationship between the two? Is one driving the other?

A. No. I don't think there is any—I can't say there's no relationship between the two, but one is not driving the other.

And may I say, we've had the movement, yes, in part because of some changes in Soviet positions but also, I may say so, in part because of some changes in U.S. positions.

Again I would refer you to the nuclear testing talks and I would refer you, as well, to the President's speech at the United Nations on Monday.

Q. Also on the economy, you said that Mr. Shevardnadze had raised a lot of questions and wasn't looking for specific grants of things, but could you give us your assessment at this point of just how far, what kind of strategy—economic strategy—Mr. Gorbachev has, and just how far does he intend to go economically to adopt a market economy?

A. I think they want to move in that direction. I think that they have concluded that it is in their interest to do so. I think they recognize the difficulties involved in getting there, particularly the difficulties in establishing a price system. And you have to do that, really, before you can address in a comprehensive way the question of convertibility. And you have to have both of those before you get to a market system.

Before you do price system and convertibility, though, there are some other problems that have to be taken care of, in our opinion.

One is the ruble overhang. One is the whole idea of incentive and competition that has to be somehow put into that system. And a third is the requirement for some sort of a safety net, if you are going to move to a price system after 60 or 70 years, whatever it is, of having a totally different approach. It is very difficult to do it cold turkey and do it overnight.

Q. Was anything agreed here, this weekend, on CFE to make that mid-1990s target deadline for a completed treaty more possible?

A. Of course, this is not the forum for negotiating CFE. CFE should be negotiated in Vienna because it is a multilateral negotiation. We don't have the power to negotiate here.

There were some suggestions made on the Soviet side with respect to aircraft that we think don't go far enough but that we will analyze and that we will refer to our negotiators in Vienna. This is one of the most difficult problems we have in the conventional forces talks—the definition of aircraft. We think aircraft should be defined on the basis of what they are capable of doing, not what a particular country has given them as an organizational responsibility. The fact that an aircraft that flies and shoots is given a defensive role by the military authorities of a country doesn't mean it ought not to be counted as an offensive aircraft, in our view.

That's the main difference separating us. So we didn't come here to negotiate CFE. That was the only proposal affecting CFE that came from either side.

Q. With regard to your more open society, in Yellowstone National Park this week, they offered the opportunity for students from the Soviet Union to come and learn more about the environment. Do you see more of that kind of exchange and perhaps more of an encouragement toward that kind of exchange between the two countries?

A. I certainly do, and we proposed that as one of our environmental initiatives—that there be greater environmental exchanges, not just students but people across a wide spectrum of society who are interested in the environment—legislators, environmentalists, and others—and we think there ought to be a greater exchange.

And let me say on that score that I believe the [Foreign] Minister shares my view that it is healthy that we are now engaged with the Soviet Union on these transnational problems. I know a lot of people thought this was not a particularly significant idea last May when we surfaced it in Moscow, but we are talking about many global problems that are very, very important to both countries, and the environment is one of them. There is genuine interest on both sides in all aspects of environment.

Q. What kind of progress did you make on human rights in the discussions? Did the Soviets present any new evidence that they were really any closer to passing the freedom of emigration law than they were several months ago? And finally, will there be a continued linkage between trade and human rights?

A. Will there continue to be a linkage between trade and human rights? Of course, there is a legal linkage as far as we are concerned now. We have made it very clear that we are prepared to move to eliminate that linkage the minute the Soviet Union institutionalizes its more liberal emigration policy.

There has been very good progress in the Soviet Union regarding freer emigration. We talked about that. We talked about those remaining cases that we think deserve consideration as we usually do in these ministerials. We presented a list of names that we request they specifically look into. I think you have to say they have made good progress on questions of emigration.

I can't tell you when the Supreme Soviet will institutionalize that progress, but when they do, we'll be prepared to move on Jackson-Vanik and Stevenson.

Q. Do you expect the results of this meeting should silence some of your critics, like Senator Mitchell, who has accused the Administration of moving too slowly? And, secondly, when you get back to Washington, do you expect to take these results and use them to push Congress a little harder on strategic issues in the budget?

A. We've been trying to encourage Congress to move on those strategic issues. We have made it clear that they are very important to the process of negotiation. We have also asked that they move our initiatives with respect to Poland and Hungary, OPIC [Overseas Private Investment Corporation] and GSP [generalized system of preferences] benefits, which are still hung up. So I think that we would like to see action, frankly, in both of those areas.

Q. Mr. Shevardnadze said that he expected you to dismantle the radar stations in England and in Greenland in response to his dismantling of Krasnoyarsk. That's just the opposite of the impression you gave when you addressed us.

A. I would be very surprised to hear that he said that he expected us to dismantle—

Q. Of course, it was interpreted.

A. Yes. If he did, he told you something he didn't tell me.

Q. What does he expect? There is this impression this is the Soviet's thought.

A. As I understand it, he said that he wants us to consider the possibility of Soviet observers going to look at those radars to see if there is any violation or to see if they think, after inspection, that there might be any violation.

As I may have mentioned to you, these are not ABM radars. They existed prior to the completion of the ABM Treaty and their modernization is totally legal under the treaty.

I did tell him that we would consider his suggestion, or we would take his concern into account. We have an established process, as you know—I think it is the CSCE process—by which both sides attempt to alleviate concerns such as this. We'll be taking a look at that, because we think it is important in main-

taining a relationship here of trust and confidence that when they have something they want us to look into, we look into it. Just like we ask them to look in things from time to time.

Let me say one final thing. These radars are located on the territory of our allies, and again, anything we do, we will have to do in close consultation with those allies. I do not believe—and do not believe he said that this was a precondition to his—

Q. At your press conference before this meeting, you indicated you will be informing Mr. Shevardnadze on the health of the plans to aid from the United States to both Poland and Hungary. I was wondering whether the question on the changes in Poland and Hungary came up at all in the meeting.

A. We talked about Eastern Europe and the approach of the United States the problems of Eastern Europe yesterday on the flight in. That was one of the topics that we discussed in some detail.

Q. When will you two be meeting again? Neither of you have said that.

A. We haven't decided what the exact date would be. We will want to consider when we do that in light of the no definitive summit timeframe.

Q. As far as the summit is concerned, did you talk at all about having a summit away from Washington or perhaps including stops like this one during the summit?

A. No, we haven't talked about that.

Q. What was the idea behind saying that next spring and summer, or summer, would be the time that you should have a summit? What went behind that calculation?

A. That was the time that the two heads of state saw as the most convenient time for both of them. That was the time that it was determined would give us an opportunity—at least to give us adequate time to prepare for a summit, and we do believe that a summit should be thoroughly prepared.

If we had moved it up before late spring, we don't think—and we think the Soviets share this view—there would have been adequate time for preparatio-

Q. In connection with the events in Eastern Europe, the German question is often mentioned more in the American media than apparently the German media. Did you discuss any aspects of that question with [Foreign] Minister Shevardnadze?

A. We talked about the problems of East German migration, and we discussed what I think you referred to when you say the German question. I would like to leave those discussions, at the time being, confidential.

Q. Could we ask you to be philosophical for a minute? All of your staff certainly have been very positive about what has been accomplished here. You have been very positive. You come away from this meeting with an enlarged sense of what is possible in this relationship, do you see it going on as a steady, linear progression forward?

A. Here does this weekend leave you *s-a-vis* your own thoughts about the Soviet Union and what is possible?

A. I think a steady progression onward is not a bad way to characterize the way I see it. I think we made good progress here. I'll tell you that, and I think it is due to efforts on both sides.

Can there be setbacks? Yes. Could we move even a bit better than just steady progress? I suppose that's possible. But I think that those who want to see an improvement in the U.S.-Soviet relationship across the full range of our agenda should take heart from this ministerial.

Secretary's Interview on "Face the Nation," Sept. 24, 1989⁶

Outside of an announcement on the summit, being spring or early summer, the big news out of your meeting in Wyoming, as I read it, was this Soviet offer to delink the whole question of "star wars," or SDI from the START treaty. And I want to

know if you consider that a major victory for the Bush Administration, or do you think that the Soviets have concluded that SDI ain't never going to fly and it's not worth all the trouble, and so why not just sort of make it a secondary issue?

A. I think it shows the merit in sticking to your negotiating position when you believe you're right. Of course, we're not home yet by a long shot in these negotiations, either in START or in defense and space. Nevertheless, I think this is a positive development and would mean that we could have a START treaty negotiated and implemented without having a defense and space treaty.

Q. Does that mean we could have a START treaty very soon—let's say even in conjunction or at the same time that you wrap up the conventional? Would that be your goal?

A. I don't think we would state it that way, because there is a certain timeframe with respect to the goal of a conventional forces agreement. There are still a lot of problems in the START negotiations. We have to figure out how to deal with air-launched cruise missiles. We've got to figure out how to deal with submarine-launched cruise missiles. So I don't think you can put a specific timeframe on it. But clearly this was a major stumbling block, and this will make it easier to move forward.

Q. I want to ask you more about that, but first let's stay on the ABM or "star wars" question. Does this mean that we've lost the chance to use "star wars" as a bargaining chip? And I say that that is important, because Congress has really begun to cut that budget back so much, and it's even in our laws that you can't do the testing; Congress has passed laws to prevent it. Have they removed it as a way for you to use it to get more concessions from them? And doesn't that hurt us in the end?

A. You know we really never saw it as a bargaining chip. I mean, it is a concept that we think is important, that is in the national security interest of the United States, and we are still every bit as committed to the Strategic Defense Initiative as we were before.

Q. Yes, but with these laws, how can you go forward with it? Congress says you can't.

A. Of course, if the Congress decides to say you can't move forward, then we will be constrained from moving forward, and—

Q. But they've done that.

A. Yes, and they are making a heavy run at the budget on SDI, much against the wishes of the Bush Administration. We don't like that, and we are continuing to oppose that. The final bill is not out yet, so let's see where we come out before we prejudge it. I mean, I don't think you should assume that what's in the legislation from one house is going to be the ultimate result.

Q. Can we assume you're going to accept this proposal from the Soviets to delink these two? Can I read that in what you've said so far?

A. There are other elements of this proposal. And as I said today, we will have to take those back to Washington and look at those and analyze those, and we will be responding in detail to the Soviets through our negotiator after the defense and space talks reopen in Geneva on the 28th of September.

As far as the narrow question of delinkage—unconditional delinkage—as I've said, I think that is a positive development and should enable us to move forward perhaps more expeditiously with the START treaty.

Q. Why do you say "perhaps"? Why don't you just say, "This is great. Now we can really get in there."?

A. Because they're still—

Q. Part of the criticism is that you really don't want to have START. You know that's been around. People say that all the time.

A. You know, there's a lot of criticism from time—there was a lot of criticism in advance of this ministerial that I hope will be absolutely gone now because we have made some really fundamental progress, not just in START, not just because the Soviets have delinked START from defense and space. But we've made it across the full range of arms control,

the arms control agenda. We have broken a 15-year deadlock in the nuclear testing talks. That is a major and very significant achievement.

Q. But we've been complying with that anyway—

A. We have a chemical weapons—we've been complying with it, but we've never been able to reach agreement. And what I think you see here is an exercise of political will by the leadership on both sides—the Soviet Union and the United States—to move us forward across the broad range of our arms control agenda. So I really think you need to look at chemical, you need to look at nuclear testing. Yes, you need to look at START and other elements, in START and defense and space other than just this question of delinkage.

The President's verification and stability initiative that he submitted to the Soviet Union, they have come back and said, yes, we like this idea, we'll work with you on it, let's see if we can't make it work. So we have an umbrella agreement here with respect to that.

We've signed an agreement on pre-notification of strategic air exercises, something that would have been unheard of just a few short years ago. We're really moving in a whole lot of areas, and I don't think that the criticism, if I can say so—and of course I'm a bit biased—is warranted.

Q. The criticism that you've gone slowly?

A. Yes.

Q. But the other half of that is that you, for some reason, say there are all sorts of speculations about what your reasons are, that you don't want to move that quickly on START. I'd love to hear from you that you are now ready to roll—are you ready to roll your sleeves up and really go in there and push for an early—you know, Reagan had it half done.

A. Yes, we want a START agreement. We've said that from the beginning of this Administration. But we don't want a bad one. We've said that from the beginning of this Administration. We want a START agreement, but



The Bakers and the Shevardnadzes shared a quiet dinner at a local restaurant in Jackson, Wyoming.

we don't want one that we can't get ratified. So we're proceeding in the manner that we think is best to get a good agreement and to get one that we think we can get ratified. That, after all, is the end gain.

We really made progress, it seems to me here, when you look at what we've done on mobile missiles, the dropping of our mobile ban, the verification and stability initiatives. We solved the question of a unitive count. We have in the defense and space talks the Krasnoyarsk radar being dismantled by the Soviet Union, and we have this question of delinkage. These are major accomplishments in the START and defense and space area flowing out of this ministerial.

Q. Does the Administration still have as its goal the reduction of 50% of these missiles on both sides? Is it the heart of this treaty?

A. What had been negotiated in the Reagan Administration is still on the table. The joint draft text is basically as it existed in the Reagan Administration.

Q. And you're not going to tamper with that?

A. No, there's not going to be any tampering with that.

Q. Here we have the same strategic lineup—two new missiles, two new bombers, everything that we wanted when our relationship with the Soviets was so tense. They blew up the KAL plane. Everybody agrees that the threat from the Soviet Union is greatly diminished. The relationship is clearly, from what you're saying, much, much warmer.

Why don't we start unilaterally, for our own country's budget problems—for whatever other reasons—

start cutting back on some of the things that we had at the worst point in the relationship?

A. The military threat has not diminished if you look at it just in terms of military to military. The Soviet Union still has a distinct advantage in strategic nuclear. We've been debating in this country the question of strategic modernization for 15 or 16 years. We still don't have a resolution of it.

Mobile missiles are a good example. Mobile missiles are stabilizing types of nuclear weapons. The Soviets have mobile missiles, and they have them deployed. We have them on the drawing board and still don't have congressional approval to even move forward. I think it would be really quite naive for the United States to talk about unilateral reductions of its strategic nuclear arsenal.

Q. But you're asking for new weapons, and we need money to fight wars, we need money—

A. Oh, yes, but we have seen major reductions in the defense budget over the course of the past 2 or 3 years.

Q. But not on the strategic weapons.

A. Yes, we have. Oh, yes we have.

Q. We have an MX and a Midgetman, a B-2, and another bomber. The major components for the big buildup are still in place.

A. But we have seen reductions in the defense budget, significant reductions over the course of the past few years. I really think it would be a terrible mistake for the United States to talk in terms of stepping out here and suggesting unilateral reductions in its strategic arsenal.

Let me just say one final thing on this. Our policy of flexible response and forward defense and our nuclear deterrent strategy have kept the peace for over 40 years. It would be a mistake for us to abandon that now or to turn away from that now. On the other hand, we would make every effort to reduce nuclear weapons and to negotiate good agreements to accomplish that but not ad agreements.

We went out in a hurry in the late 1970s to negotiate the SALT agreement [Strategic Arms Limitation Treaty], an agreement that we couldn't get ratified. That was a terrible mistake and we did it because there was this frantic rush to get an agreement. We think we're doing this just right. So far, at least, I think—I hope—the facts bear us out.

Q. But is it true that you are not saying that we are now ready, for instance, to set a timetable for START as you did for the conventional? You said, let's finish it by "X" time. You are not willing to say that on START?

A. No, I don't think we should set artificial deadlines when we're talking about strategic arms negotiations. I think that's a bad policy. I think it's a little bit different in the area of conventional forces. I really do. But let me say this: We are now going to have a summit.

Q. Where, by the way?

A. We don't know where, and we don't know exactly when. We know it's going to be late spring or early summer of next year, and that's definite.

Q. In the United States?

A. I believe it's our turn. Yes, I believe—I thought you meant where in the United States. But I believe it's—

Q. I do mean where. The President suggested Washington, when he spoke to reporters in Maine.

A. Did he?

Q. Yes.

A. Good.

Q. Does that sound right to you?

A. That sounds right, if the President suggested it. Sounds like an excellent idea!

Q. Let me ask you about the discussions and the whole subject of Eastern Europe. Would it be our policy to support the Baltic states in their urge for independence, even secession, from the Soviet Union?

A. I don't know that I would put it that way. Let me explain to you what our policy is with respect to the Baltic states.

As you probably know, for over 40 years, the United States has not recognized the incorporation of the Baltic

states into the Soviet Union. We hope that whatever happens with respect to the desire on the part of people in the Baltic states for more autonomy and more self-determination and more freedom happens peacefully. That is our view.

Should there be self-determination? Should there be freedom? Should there be more autonomy? Yes, we think there should be—

Q. Should there be independence?

A. —but it should not take place in the context of major instability, bloodshed, and that sort of thing. That's our policy with respect to the Baltic states.


Q. There have been a lot of reports that the Administration, the foreign policy side, has concluded that Mr. Gorbachev is going to have to crack down. Is that a conclusion that we've reached?

A. No, it's not a conclusion; it's not a conclusion at all. In my conversations with [Foreign] Minister Shevardnadze on the airplane flying out here to Wyoming, he specifically rejected the use of force as not being a feasible alternative. And he says that is a view that is shared by the Soviet leadership. I think that's significant.

Q. What do you say to all the critics—and there are a lot on this point—that you're much more concerned with stability and not making mistakes and all these questions about being careful than you are about speaking to the longings and urgings behind the Iron Curtain for more freedom, for independence, for democracy, all of the things we've always wanted?

A. I think the Administration does speak to the longings and urging of people around the world for freedom.

I've spoken to it, as a matter of fact, with respect to the Baltic states. But I think there's a way to speak to that without, at the same time, inciting rebellion and without, at the same time, creating instability which could have a significant adverse result, in terms of our relation-



ship with the countries of Eastern Europe and, for that matter, our relationship with the Soviet Union.

We see that relationship with the Soviet Union now moving away from competition, more to dialogue and to cooperation. There are still some areas where there's too much competition. There is now quite a bit of dialogue and more and more we're finding areas of cooperation, areas in which the Soviet Union and the United States can move to their mutual advantage.

So I think the balance that we have struck on these issues is exactly the right balance.

Q. Let me ask you a final question, and that relates to Mr. Gorbachev himself and his chances of success. At the White House, you said—I think for the first time—that the United States does have an interest in seeing him personally succeed. Have you, in your own mind, decided in what ways we can help him beyond what has been said in the past?

A. Last week we ticked off a number of things that we can do. One is to work to maintain a stable international environment. That is accomplished, if I may say so, by making the kind of progress across the full range of our arms control agenda that we made here in Wyoming over the last couple of days.

We can help economically—with their economic problem—not by grants and loans and aid but by giving them technical advice with respect to how you can best move to a free market economy.

We can help by not fomenting rebellion in areas within the Soviet Union or Eastern Europe, quite frankly, that are having some major difficulties.

Yes, we should speak to the hopes and aspirations of people all around the world for freedom because our democracy—our national soul—has been built on that. But we've got to be careful that in doing so, we don't foment rebellion and instability.

Q. But nothing of what you said is new. What is? Nothing came out of these talks. I know you and Mr. Shevardnadze talked about their problems.

A. It seems to me we just started talking to the Soviets about economics. In fact, this ministerial was the first time we really engaged with them in detail about the specifics of their economic problems, and time doesn't permit me to go into all of that here with you now. But we got a very detailed discussion. We've engaged with them for 2 days, again, across the full range of arms control—chemical, conventional, nuclear. So I would not accept the categorization that "nothing is new." These are broad general areas where we think we can cooperate with the Soviet Union to the mutual advantage of the Soviet Union and the United States.

Q. You really seem up. You say things have improved. You say the atmosphere has improved. How would you describe the state of U.S.-Soviet relations right now? I know you hate the word detente, but we're clearly—

A. Yes. I wouldn't want to put a buzz word on it. Let me say that I think we are making steady progress. I think I said to you that we are moving more and more away from competition. A lot of the relationship now could be embraced under the heading "dialogue," and we're moving more and more into cooperation. It is a process of change. There's a great deal of change going on in the Soviet Union, and there's a great deal of change going on in our relationship in the Soviet Union.

Texts of Agreements

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS REGARDING A BILATERAL VERIFICATION EXPERIMENT AND DATA EXCHANGE RELATED TO PROHIBITION OF CHEMICAL WEAPONS

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics,

Determined to facilitate the process of negotiation, signature and ratification of a comprehensive, effectively verifiable and truly global convention on the prohibition and destruction of chemical weapons,

Convinced that increased openness about their chemical weapons capabilities is essential for building the confidence necessary for early completion of the convention,

Desiring also to gain experience in the procedures and measures for verification of the convention,

Have agreed as follows:

I. General Provisions

1. As set forth below, the two sides shall conduct a bilateral verification experiment and data exchange related to the prohibition of chemical weapons.

2. The bilateral verification experiment and data exchange shall be conducted in two phases. In Phase I, the two sides shall exchange general data on their chemical weapons capabilities and carry out a series of visits to relevant facilities. In Phase II, the two sides shall exchange detailed data and perform on-site inspections to verify the accuracy of those data.

3. The bilateral verification experiment and data exchange is intended to facilitate the process of negotiation, signature and ratification of a comprehensive, effectively verifiable and truly global convention on the prohibition and destruction of chemical weapons by:

(1) enabling each side to gain confidence in the data on chemical weapons capabilities that will be provided under the provisions of the convention;

(2) enabling each side to gain confidence in the inspection procedures that will be used to verify compliance with the convention; and

(3) facilitating the elaboration of the provisions of the convention.

4. Terms used in this Memorandum shall have the same meaning as in the draft convention text under negotiation by the Conference on Disarmament. The draft convention text that is current as of the date of the exchange of data shall be used.

5. Data shall be current as of the date of the exchange, and shall encompass all sites and facilities specified below, wherever they are located.

6. Each side shall take appropriate steps to protect the confidentiality of the data it receives. Each side undertakes not to divulge this data without the explicit consent of the side that provided the data.

II. Phase I

In Phase I, each side shall provide the following data pertaining to its chemical weapons capabilities:

1. the aggregate quantity of its chemical weapons in agent tons;
2. the specific types of chemicals it possesses that are defined as chemical weapons, indicating the common name of each chemical;
3. the percentage of each of its declared chemicals that is stored in munitions and devices, and the percentage that is stored in storage containers;
4. the precise location of each of its chemical weapons storage facilities;
5. for each of its declared chemical weapons storage facilities:
 - the common name of each chemical defined as a chemical weapon that is stored there;
 - the percentage of the precise aggregate quantity of its chemical weapons that is stored there; and
 - the specific types of munitions and devices that are stored there;
6. the precise location of each of its chemical weapons production facilities, indicating the common name of each chemical that has been or is being produced at each facility; and
7. the precise location of each of its facilities for destruction of chemical weapons, including those currently existing, under construction or planned.

In Phase I, each side shall permit the other side to visit some of its chemical weapons storage and production facilities, the exact number of which will be agreed upon as soon as possible. In addition, each side shall permit the other side to visit two industrial chemical production facilities. Each side will select the facilities to be visited by the other side.

III. Phase II

In Phase II, each side shall provide the following data pertaining to its chemical weapons capabilities:

1. the chemical name of each chemical it possesses that is defined as a chemical weapon;
2. the detailed inventory, including the quantity, of the chemical weapons at each of its chemical weapons storage facilities;
3. its preliminary general plans for destruction of chemical weapons under the convention, including the characteristics of the facilities it expects to use and the time schedules it expects to follow;
4. the capacity of each of its chemical weapons production facilities;
5. preliminary general plans for closing and destroying each of its chemical weapons production facilities under the convention, including the methods it expects to use and the time schedules it expects to follow;
6. the precise location and capacity of its planned single small-scale facility allowed under the convention for the production, for non-prohibited purposes under strict safeguards, of a limited quantity of chemicals that pose a high risk, i.e., Schedule 1 chemicals;
7. the precise location, nature and general scope of activities of any facility or establishment designed, constructed or used since 1 January 1946 for development of chemical weapons, *inter alia*, laboratories and test evaluation sites.

IV. Timing

1. Except as specified below, Phase I data shall be exchanged not later than 31 December 1989. Visits shall begin not later than 30 June 1990, provided that the sides have agreed, with appropriate lead time, on the number of visits, as well as on the programs and other detailed arrangements for the visits, and assuming that the sides have agreed by 31 December 1989 on the type of facility to be visited by each side in its first visit to the other side.

2. In Phase I each side may withhold temporarily, for reasons of security, data on the locations of storage facilities that together contain a total quantity of chemical weapons that is not more than two percent of the precise quantity of its chemical weapons. In addition, the other data pertaining to these locations, as specified in Section II, paragraph 5, shall be grouped under the heading "other storage locations" without reference to specific locations. Precise data pertaining to these locations shall be exchanged later in Phase I on a subsequent date to be agreed.

3. Phase II data shall be exchanged on an agreed date not less than four months prior to the initialing of the text of the convention. At that time, both sides shall formally and jointly acknowledge the possibility of initialing the convention within four months.

V. Verification

1. Each side shall use its own national means to evaluate Phase I data and Phase II data.


2. During Phase I, the sides shall hold consultations to discuss the information that has been presented and visits that have been exchanged. The sides will cooperate in clarifying ambiguous situations.

3. During Phase II, each side shall have the opportunity to verify Phase I and Phase II data by means of on-site inspections. The purpose of these inspections shall be to verify the accuracy of the data that has been exchanged and to gain confidence that the signature and ratification of the convention will take place on the basis of up-to-date and verified data on the chemical weapons capabilities of the sides.

4. Prior to the initialing of the convention, each side shall have the opportunity to select and inspect at its discretion up to five facilities from the list of chemical weapons storage facilities and chemical weapons production facilities declared by the other side. During Phase I, the sides will consider whether each side may inspect not less than half of the declared facilities of the other side if their number is more than 10. Should either side as of the date of the Phase II exchange possess a single small-scale facility for production of Schedule 1 chemicals, it shall be subject to an additional inspection.

Each side shall also have the opportunity to carry out up to five challenge inspections, as specified below. All inspections shall be carried out within the agreed four months from the date of the declaration pertaining to Phase II, referred to in Section IV.

5. While the signed convention is being considered by their respective legislative bodies, each side shall have the opportunity to request from the other side, and to obtain from it, updated data. Each side shall have the opportunity to conduct up to five challenge inspections, as specified below. During this process, the two sides will consult with their respective legislative bodies, as appropriate, in accordance with their constitutional requirements.



For each side, these inspections shall be carried out within a four-month period, beginning with the date that it conducts its first inspection. The sides shall consult and agree on the dates when the first inspection will be conducted by each side. The dates shall be chosen to ensure that the inspections shall be conducted by both sides at approximately the same time. Once the inspections begin, the sides may, by mutual consent, extend the four-month periods for an additional specified time.

6. Inspections of declared facilities, as well as challenge inspections, shall be conducted in accordance with the corresponding provisions of the draft convention, taking into account that these inspections are being carried out on a bilateral basis and do not involve the bodies that will be established under the convention. If necessary, the two sides shall supplement the provisions of the draft convention by mutually-agreed procedures.

7. Challenge inspections may be made at any location or facility of the other side, as provided for in the draft convention text, except that, for the purposes of this Memorandum and without creating a precedent, challenge inspections at facilities not on the territory of the sides may be made only at military facilities of a side in a limited number of countries; the sides will agree later on these specific countries.

8. Challenge inspections conducted pursuant to this Memorandum shall be conducted in a manner consistent with the domestic law of the side being inspected and shall be based on a recognition by both sides of the need to resolve concerns and build confidence.

9. To clarify questions related to the data provided during Phase I and Phase II, the two sides shall employ normal diplomatic channels, specifically-designated representatives or such other means as may be agreed upon.

VI. Format

1. Unless otherwise provided in this Memorandum, the agreed data shall be provided according to the specifications contained in the draft convention text for the declarations that are to be made not later than 30 days after the convention enters into force.

2. Precise locations shall be specified by means of site diagrams of facilities. Each diagram shall clearly indicate the boundaries of the facility, all structures of the facility

and significant geographical relief features in the vicinity of the facility. If the facility is located within a larger complex, the diagram shall clearly specify the exact location within the complex. On each diagram, the geographic coordinates of the center of the facility shall be specified to the nearest second.

VII. Entry into Force

This Memorandum of Understanding shall enter into force upon signature.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Memorandum of Understanding.

DONE at Jackson Hole, Wyoming, in duplicate, this 23rd day of September, 1989, in the English and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS:

E. A. SHEVARDNADZE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS ON RECIPROCAL ADVANCE NOTIFICATION OF MAJOR STRATEGIC EXERCISES

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics, hereinafter referred to as the Parties,

Affirming their desire to reduce and ultimately eliminate the risk of outbreak of nuclear war, in particular as a result of misinterpretation, miscalculation or accident,

Believing that a nuclear war cannot be won and must never be fought,

Recognizing the necessity to promote the increase of mutual trust and the strengthening of strategic stability,

Acknowledging the importance of exchanging advance notification of major strategic exercises on the basis of reciprocity,

Reaffirming their obligations under the Agreement between the United States of America and the Union of Soviet Socialist Republics on the Establishment of Nuclear Risk Reduction Centers of September 15, 1987,

Have agreed as follows:

Article I

On the basis of reciprocity, each Party shall notify the other Party no less than 14 days in advance about the beginning of one major strategic forces exercise which includes the participation of heavy bomber aircraft to be held during each calendar year.

Article II

1. Each Party shall provide to the other Party the notifications required by Article I through the Nuclear Risk Reduction Centers established by the Agreement between the United States of America and the Union of Soviet Socialist Republics on the Establishment of Nuclear Risk Reduction Centers of September 15, 1987.

2. The notifications required by Article I shall be provided no less than 14 days prior to the date in Coordinated Universal Time (UTC) during which the relevant exercise will commence.

Article III

The Parties shall undertake to hold consultations, as mutually agreed, to consider questions relating to implementation of the provisions of this Agreement, as well as to discuss possible amendments thereto aimed at furthering the implementation of the objectives of this Agreement. Amendments shall enter into force in accordance with procedures to be agreed upon.

Article IV

This Agreement shall not affect the obligations of either Party under other agreements.

Article V

1. This Agreement shall be of unlimited duration.

2. This Agreement may be terminated by either Party upon 12 months written notice to the other Party.

Wyoming Ministerial



The Foreign Minister and the Secretary signed several bilateral agreements while in Wyoming.

Article VI

This Agreement shall enter into force on January 1, 1990, and notifications pursuant to this Agreement shall commence with the calendar year 1990.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Jackson Hole, Wyoming, in duplicate, this 23rd day of September, 1989, in the English and Russian languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS:

E.A. SHEVARDNAZHE

**AGREEMENT BETWEEN
THE GOVERNMENT OF
THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF
THE UNION OF SOVIET
SOCIALIST REPUBLICS
ON PRINCIPLES OF
IMPLEMENTING
TRIAL VERIFICATION
AND STABILITY MEASURES
THAT WOULD BE CARRIED OUT
PENDING THE CONCLUSION
OF THE U.S.-SOVIET TREATY
ON THE REDUCTION
AND LIMITATION OF
STRATEGIC OFFENSIVE ARMS**

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics, hereinafter referred to as the Parties,

Proceeding from their mutual interest in using every opportunity to strengthen international security and reduce the risk of war,

Seeking to provide, through stability and predictability in the military sphere, a solid foundation for concluding the Treaty on the Reduction and Limitation of Strategic Offensive Arms and with a view to expediting agreement on effective verification procedures for this Treaty,

Desiring to achieve maximum confidence that the measures being negotiated at the Nuclear and Space Talks in Geneva to verify compliance with the obligations assumed under this Treaty will be both practical and sufficient for effective verification,

Have agreed as follows:

1. In the framework of the Geneva Nuclear and Space Talks, the Parties agree to develop verification and stability measures to be implemented pending the conclusion of the Treaty on the Reduction and Limitation of Strategic Offensive Arms.

The purpose of the above measures is to conduct pilot trials with the aim of subsequently refining, during negotiations, the verification procedures to be included in the Treaty on the Reduction and Limitation of Strategic Offensive Arms, as well as enhancing confidence in order to facilitate early finalization of the Treaty text for signature.

2. Trial verification and stability measures shall involve agreed kinds of strategic offensive arms to be covered by the Treaty being drawn up and agreed facilities for such arms.

3. These measures shall be selected with a view to examining, refining and trying out agreed on-site inspection and continuous monitoring procedures from among those proposed by the Parties for consideration and inclusion in the Treaty being drawn up.

4. Trial verification and stability measures shall be worked out on the basis of reciprocity and in light of the procedures agreed upon in the draft Treaty on Reduction and Limitation of Strategic Offensive Arms as applied to some designated locations, facilities and arms of both Parties.

5. These measures shall be agreed upon concurrently with continuing efforts to work out the draft Treaty on the Reduction and Limitation of Strategic Offensive Arms and must not slow down this work in any way whatsoever.

The implementation of these measures must not be a precondition for finalizing and concluding the Treaty on the Reduction and Limitation of Strategic Offensive Arms.

6. Trial verification and stability measures shall be implemented as they are agreed upon, within the time periods established by the Parties.

7. Each specific measure may be formalized either through agreements concluded by the Parties or through other means as appropriate.

8. This agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Jackson Hole, Wyoming, in duplicate, this 23rd day of September, 1989, in the English and Russian languages, each text being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS:

E.A. SHEVARDNADZE

**AGREEMENT BETWEEN
THE GOVERNMENT OF
THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF
THE UNION OF SOVIET
SOCIALIST REPUBLICS
CONCERNING THE
BERING STRAITS
REGIONAL COMMISSION**

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics;

Desiring to promote cooperation in the Bering Straits Region; and

Desiring to provide a mechanism for resolving minor disputes at the local level;

Having agreed to create the Bering Straits Regional Commission (hereinafter Commission) for the settlement of local minor incidents which shall be established and function as follows:

Article 1

1. The Commission shall be composed of three U.S. and three Soviet members. The Government of the United States of America

and the Government of the Union of Soviet Socialist Republics shall each appoint three Commissioners, and each designate one of them as the Chief Commissioner.

2. The Commissioners shall cooperate in performing the duties arising from this Agreement and shall maintain direct working contacts with a view to resolving expeditiously matters which arise within their jurisdiction under this Agreement.

Article 2

1. The official seats and districts of operation of the Chief Commissioners shall be as follows:

On the part of the United States of America, the Chief Commissioner shall have a permanent seat in Gambell and Nome. The district of operation shall be the Nome and Kobuk census areas of Alaska.

On the part of the Union of Soviet Socialist Republics, the Chief Commissioner shall have a permanent seat in Provideniya and Anadyr. The district of operation shall be the Iultinskiy Rayon, Providenskiy Rayon and Chukotskiy Rayon, as well as the eastern part of the Anadyrskiy Rayon, bounded on the south by the Anadyr River and on the west by Tanyurer River, including Anadyr (Chukotskiy Autonomous Okrug).

2. Each Party shall communicate the names of the Commissioners to the other Party through diplomatic channels.

Article 3

1. The Commission shall:

A. Investigate and, where appropriate, resolve all local minor incidents including:

(1) The unintentional entry by individuals into the territory of the other Party without the permission of that Party or other legal basis;

(2) In cases not covered by the Agreement between the United States of America and the Union of Soviet Socialist Republics on Mutual Fisheries Relations, the return of fishing equipment, including crab pots, in the territory of the other Party as a result of natural causes;

(3) As appropriate, the return of property which, in connection with an incident, is found in the territory of the other Party.

B. Assist in arranging emergency services for citizens of one Party visiting in the other Party's national territory.

Such emergency services may include:

(1) checking and verifying the welfare and whereabouts of individuals who are detained, arrested, lost, or ill;

(2) assisting in the transmission of funds for the repatriation of destitute individuals;

(3) assisting in matters arising from the death of an individual; and

(4) assisting in arranging medical treatment for individuals who take ill.

C. Cooperate to prevent incidents of a local character from arising.

D. In furtherance of the Maritime Search and Rescue Agreement between the United States of America and the Union of Soviet Socialist Republics, cooperate in the search for persons, vessels, and property which are lost in the territory of each of the Parties.

2. The Commission shall refer any incident where there is a dispute over the location of the maritime boundary for resolution through diplomatic channels.

Article 4

1. Persons who have been detained for unintentionally crossing into the territory of the other Party without the permission of the Party or other lawful basis, shall be returned as soon as possible to the Commissioners or appointed representative of the Party from whose territory they have crossed.

2. Vessels, means of conveyance, floats, hunting and fishing gear and other articles in the possession of the detained persons shall be returned at the same time such person is returned.

3. The Commission shall decide on the procedure and designated meeting points for the return of persons and property referred to in paragraphs 1, 2 and 5 of this article.

4. The Commissioners shall not refuse to accept the persons returned.

5. Questions concerning the return of persons who have intentionally crossed into the territory of the other Party without the permission of that Party or other lawful basis, which cannot be handled directly by the Commission shall be dealt with through diplomatic channels.

Article 5

1. Chief Commissioners may, at their discretion, refer any matter of particular importance for settlement through diplomatic channels.

2. All incidents of particular gravity, such as homicide, serious bodily harm or unauthorized overflight, shall in every case be referred for settlement through diplomatic channels.

Wyoming Ministerial



Members of the media between events in Jackson Hole.

3. Incidents which cannot be settled by agreement of the Commission shall be settled through diplomatic channels. In such cases, the Commission shall make the necessary inquiries into the incident and register the results in a joint record.

4. The Commission shall undertake activities in settlement of local incidents and record them in the record.

5. When incidents are referred for settlement through diplomatic channels, Commissioners shall, at the direction of their governments, cooperate in providing relevant information.

Article 6

Commissioners shall provide information to visitors concerning procedures available for the settlement of claims. Commissioners shall not be held liable, and shall not be involved in, the settlement of matters relating to claims for compensation for damages.

Article 7

Each Party will fund its own expenses for activities pertinent to this Agreement.

Article 8

1. Periodic meetings will be scheduled by the Commissioners. Additional meetings may take place at the request of a Commissioner. The agenda of a meeting shall be settled by means of preliminary discussions or by correspondence. Items not on the agenda may be dealt with by mutual consent.

2. The Commission shall keep a record of each meeting which shall briefly indicate the proceedings of the meeting and actions taken at the meeting. The record shall be in the English and Russian languages, with each text considered as equally authentic.

3. Location of meetings shall alternate between the United States of America and the Union of Soviet Socialist Republics.

4. Commissioners may enter into the territory of the other Party for the purpose of attending Commission meetings by giving appropriate notification to the other Party's Chief Commissioner. The documents authorizing such visits are:

For the U.S.S.R. Commissioners, a Soviet passport or identification document and written authorization issued by the chief of the U.S.S.R. Border Troops;

For the U.S. Commissioners, a U.S. passport and written authorization of the U.S. Department of State.

Article 9

Commissioners shall inform each other as soon as possible of actions taken in accordance with the decisions adopted at a meeting.

Article 10

1. The Commission shall decide on the procedure for the exchange of official correspondence.

2. Official correspondence shall be accepted at any time of day or night, including holidays or other non-working days.

3. Communications and logistics capabilities of agencies of the Parties, including the U.S. Coast Guard and the U.S.S.R. Border Troops, may be utilized in furtherance of this Agreement.

4. For the purpose of implementing this Agreement, the Chief Commissioner may bring to the meetings an assistant and an interpreter, who shall be enlisted to enter the territory of the other Party with at least ten days prior notification to the other Party's Chief Commissioner. The documents authorizing the visit by an assistant and an interpreter shall be a passport or identification document and written authorization issued by the Chief Commissioners identifying the person as an assistant or interpreter. Such persons shall depart with the Commissioner.

5. The crew of the aircraft or vessel transporting the Commissioners to a meeting may disembark the aircraft or vessel and remain in the place designated by the Chief Commissioner of the Party hosting the meeting until the meeting is concluded. The crew shall depart with the aircraft or vessel transporting the Commissioners. The documents authorizing crew disembarkation shall be a passport or identification document and written authorization issued by their Chief Commissioner identifying the person as a crew member.

Article 11

1. Nothing in this Agreement shall prejudice the ongoing maritime boundary negotiations between the two Parties or any agreements or understandings resulting from those discussions.

2. Nothing in this Agreement shall derogate in any way from the rights and obligations provided for in other agreements between the Parties.

Article 12

1. This agreement shall enter into force on the date the Parties exchange diplomatic notes notifying each other that necessary internal procedures have been completed.

2. This Agreement shall remain in force unless terminated by either Party upon six months' advance notice to the other Party of its intention to terminate this Agreement.

3. This Agreement may be amended by written agreement between the Parties.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Jackson Hole, Wyoming, in duplicate, this 23rd day of September 1989.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS:

E. A. SHEVARDNADZE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS CONCERNING MUTUAL VISITS BY INHABITANTS OF THE BERING STRAITS REGION

The Government of the United States of America and the Government of the Union of the Soviet Socialist Republics (the "Parties");

Recognizing that native inhabitants live on both sides of the U.S.-Soviet border;

Noting that these inhabitants have relatives on both sides of the U.S.-Soviet border; and

Striving to promote contacts between the U.S. and the U.S.S.R. inhabitants of the Bering Straits Region;

Have agreed as follows:

Article 1

For the purposes of this Agreement:

1. "U.S. inhabitants" shall mean U.S. citizens who are permanent residents of the designated U.S. area.

2. "U.S.S.R. inhabitants" shall mean U.S.S.R. citizens who are permanent residents of the designated U.S.S.R. area.

3. "Designated U.S. area" shall mean the Nome and Kobuk census areas of Alaska.

4. "Designated U.S.S.R. area" shall mean the Iultinskiy Rayon, Providenskiy Rayon and Chukotsky Rayon, as well as the eastern part of the Anadyrskiy Rayon, bounded on the south by the Anadyr River and on the west by the Tanyurer River, including the city of Anadyr (Chukotsky Autonomous Okrug).

5. "Relatives" shall mean blood relatives, fellow clan or tribe members or native inhabitants who share a linguistic or cultural heritage with native inhabitants of the other territory.

6. "Designated U.S. authorities" shall mean designated representatives of the U.S. Secretary of State.

7. "Designated U.S.S.R. authorities" shall mean the internal affairs authorities of the Magadan Oblispolkom and the departments of the internal affairs of city and Rayon Ispolkoms of the Magadan Oblast.

8. "Chief Commissioner" is as defined in the 1989 Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Concerning the Bering Straits Regional Commission.

Article 2

1. Upon invitation of relatives, U.S. and U.S.S.R. inhabitants may travel to the designated areas in accordance with the procedures established by this Agreement.

2. U.S. inhabitants desiring to visit relatives residing in the designated U.S.S.R. area shall notify the U.S.S.R. Chief Commissioner, through the U.S. Chief Commissioner or through a Soviet relative who has extended them a written invitation to visit, a minimum of ten days in advance of the visit. They shall provide their names and passport numbers, their dates and places of birth, the names and addresses of the relatives who have extended them an invitation to visit, the date of their intended visit, their method of travel and the intended checkpoint of entry.

3. Upon notification of the U.S.S.R. Chief Commissioner, U.S. inhabitants may enter and exit the designated U.S.S.R. area, including passage through U.S.S.R. terri-

torial waters, using a U.S. passport and an insert to the passport stating that they are inhabitants of the designated U.S. area.

4. U.S.S.R. inhabitants desiring to visit relatives residing in the designated U.S. area shall notify the U.S. Chief Commissioner, through the U.S.S.R. Chief Commissioner or through a U.S. relative who has extended them a written invitation to visit, a minimum of ten days in advance of the visit. They shall provide their names and passport numbers, their dates and places of birth, the name and address of the relatives who have extended them an invitation to visit, the date of their intended visit, their method of travel and the intended checkpoint of entry.

5. Upon notification of the U.S. Chief Commissioner, U.S.S.R. inhabitants may enter and exit the designated U.S. areas, including passage through U.S. territorial waters, using a Soviet passport and an insert to the passport stating that they are inhabitants of the designated U.S.S.R. area.

6. Unmarried children under the age of sixteen may travel only when accompanying their parents or other adults. An insert stating that such children are inhabitants of the designated U.S. or U.S.S.R. areas shall be placed in the passport of the parent or accompanying adult.

7. The Chief Commissioners shall determine the air and sea routes permitted for travel.

Article 3

1. The insert referred to in article 2 of this Agreement shall be issued by the designated authorities of the United States of America and the Union of Soviet Socialist Republics in their respective territories.

2. The Chief Commissioners shall exchange sample inserts, and shall notify each other of any modifications to the insert thirty days in advance of the issuance of such modified inserts. The insert text shall be in English and Russian and a photograph shall be attached.

Article 4

Duration of stay for U.S. and U.S.S.R. inhabitants in the designated area of the other Party shall not exceed ninety days.

Article 5

1. Border crossings by the U.S.S.R. and U.S. inhabitants into the designated areas shall be made through the following checkpoints:

In the designated U.S. area, the checkpoints for crossing the border shall be Nome and Gambell, Alaska.

In the designated U.S.S.R. area, the checkpoints for crossing the border shall be Provideniya, Anadyr, Lavrantiya and Uelen (Chukotsky Autonomous Okrug).

2. U.S. and U.S.S.R. inhabitants may enter only at the checkpoint provided in the prior notification to the Chief Commissioners.

3. Procedures for operation of each checkpoint will be established by agreement in writing signed by the Chief Commissioners.

Article 6

1. U.S. and U.S.S.R. inhabitants crossing into the designated areas pursuant to this Agreement shall be subject to border and customs control.

2. Customs control at the checkpoints shall be carried out in accordance with the laws of the Parties and bilateral agreements in force.

3. U.S. and U.S.S.R. inhabitants may bring in with them items for personal use or for gifts. These items cannot be sold in the country of visit.

4. Procedures for taking items, including currency and financial documents, in and out of the country shall be subject to the laws of the Parties and bilateral agreements in force.

Article 7

1. In the event that the passport or the inserts to the passport of a U.S. or U.S.S.R. inhabitant is lost or becomes unusable during a visit in the territory of the other Party, such person shall notify the designated authorities of the country of visit.

2. After consultation with the designated authorities of the other country, the designated authorities of the country of visit shall issue a document to facilitate return travel.

Article 8

1. U.S. and U.S.S.R. inhabitants while visiting in the territory of the other Party pursuant to this Agreement are subject to the laws of the latter.

2. Persons acting contrary to the provisions of this Agreement or laws of the country of visit may be denied permission to enter the country or to stay further in its territory.

3. In those cases referred to in paragraph 2, the designated authorities of the country of the visit shall notify such person of the grounds for such decision.

Article 9

In exceptional circumstances, such as epidemics and natural disasters, a Party may temporarily restrict or suspend entry into its territory, by notifying the other Party through diplomatic channels. Such Party shall give notice of the lifting of the restrictions as soon as possible.

Article 10

Questions relating to application or interpretation of this Agreement shall be resolved through diplomatic channels.

Article 11

1. This Agreement shall enter into force on the date the Parties exchange diplomatic notes notifying each other that the necessary internal procedures have been completed.

2. This Agreement shall remain in force unless terminated by either Party upon six months' advance written notice to the other Party of its intention to terminate this Agreement.

3. This Agreement may be amended by written agreement between the Parties.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE at Jackson Hole, Wyoming, in duplicate, in the English and Russian languages, each text being equally authentic, this 23rd day of September 1989.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS:

E.A. SHEVARDNADZE

JOINT STATEMENT BY THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS

Since 1986, representatives of the United States of America and the Union of Soviet Socialist Republics have been conducting friendly and constructive discussions of certain international legal aspects of traditional uses of the oceans, in particular, navigation.

The Governments are guided by the provisions of the 1982 United Nations Convention on the Law of the Sea, which, with respect to traditional uses of the oceans, generally constitute international law and practice and balance fairly the interests of all States. They recognize the need to encourage all States to harmonize their internal laws, regulations and practices with those provisions.

The Governments consider it useful to issue the attached Uniform Interpretation of the Rules of International Law Governing Innocent Passage. Both Governments have agreed to take the necessary steps to conform their internal laws, regulations and practices with this understanding of the rules.

FOR THE UNITED STATES OF AMERICA:

JAMES A. BAKER, III

FOR THE UNION OF SOVIET SOCIALIST REPUBLICS:

E.A. SHEVARDNADZE

Jackson Hole, Wyoming
September 23, 1989

UNIFORM INTERPRETATION OF RULES OF INTERNATIONAL LAW GOVERNING INNOCENT PASSAGE

1. The relevant rules of international law governing innocent passage of ships in the territorial sea are stated in the 1982 United Nations Convention on Law of the Sea (Convention of 1982), particularly in Part II, Section 3.

2. All ships, including warships, regardless of cargo, armament or means of propulsion, enjoy the right of innocent passage through the territorial sea in accordance with international law, for which neither prior notification nor authorization is required.

3. Article 19 of the Convention of 1982 sets out in paragraph 2 an exhaustive list of activities that would render passage not innocent. A ship passing through the territorial sea that does not engage in any of those activities is in innocent passage.

4. A coastal State which questions whether the particular passage of a ship through its territorial sea is innocent shall inform the ship of the reason why it questions the innocence of the passage, and provide the ship an opportunity to clarify its intentions or correct its conduct in a reasonably short period of time.

5. Ships exercising the right of innocent passage shall comply with all laws and regulations of the coastal State adopted in conformity with relevant rules of international law as reflected in Articles 21, 22, 23 and 25 of the Convention of 1982. These include the laws and regulations requiring ships exercising the right of innocent passage through its territorial sea to use such sea lanes and



traffic separation schemes as it may prescribe where needed to protect safety of navigation. In areas where no such sea lanes or traffic separation schemes have been prescribed, ships nevertheless enjoy the right of innocent passage.

6. Such laws and regulations of the coastal State may not have the practical effect of denying or impairing the exercise of the right of innocent passage as set forth in Article 24 of the Convention of 1982.

7. If a warship engages in conduct which violates such law or regulations or renders its passage not innocent and does not take corrective action upon request, the coastal State may require it to leave the territorial sea, as set forth in Article 30 of the Convention of 1982. In such case the warship shall do so immediately.

8. Without prejudice to the exercise of rights of coastal and flag States, all differences which may arise regarding a particular case of passage of ships through the territorial sea shall be settled through diplomatic channels or other agreed means.

¹ Press release 168.

² Press release 169 of Sept. 22, 1989.

³ Foreign Minister Shevardnadze spoke in Russian, and his remarks were translated by an interpreter.

⁴ Press release 170.

⁵ Press release 171 of Sept. 26.

⁶ Taped on Sept. 23 in Jackson Hole for broadcast the following day (press release 172 of Sept. 26). ■

Outlines of a New World of Freedom

*President Bush addressed the 44th session
of the UN General Assembly on September 25, 1989.¹*



(White House photo by Susan Biddle)

I am honored to speak to you today as you open the 44th session of the General Assembly.

I would like to congratulate Joseph Garba of Nigeria, a distinguished diplomat, on his election as president of this session of the General Assembly, and I wish him success in his presidency.

I feel a great personal pleasure on this occasion, for this is a homecoming for Barbara and me. The memories of my time here in 1971 and 1972 are still with me today—the human moments, the humorous moments that are part of even the highest undertaking.

With your permission, let me share one story from one of the many sessions of the Security Council. I was the Permanent Representative of the United States. I was 45 minutes late getting to the meeting, and all 45 minutes were filled by the first speaker to take the floor. When I walked in and took my seat, the speaker paused and said with great courtesy: "I welcome the Permanent Representative of the United States and now, for his benefit, I will start my speech all over again—from the beginning." That's a true story. At that moment, difference of alliance, ideology didn't matter. The universal groan that went up around that table, from every member present, and then the laughter that followed, united us all.

Today, I would like to begin by recognizing—again, a personal privilege—the current permanent representatives with whom I served—Ambassador Dugersuren, Roberto Martinez-Ordonez, Blaise Rabetafika, Permanent Observer John Dube.

It's wonderful to look around and see so many familiar faces—foreign ministers, members of the Secretariat, delegates. And, of course, Mr. Secretary General—you were then the permanent representative for your country when we served together. Under Secretary Abby Farah—you were a permanent representative back then, too.

Ambassador Aguilar was then here and is now back. And off we go. It's an honor to be back with you in this historic hall, and I apologize if I have forgotten any of you old enough to have served in 1971 and 1972.

The United Nations was established 44 years ago upon the ashes of war—and amidst great hopes. The United Nations can do great things. No, the United Nations is not perfect. It's not a panacea for world problems. But it is a vital forum where the nations of the world seek to replace conflict with consensus, and it must remain a forum for peace.

The United Nations is moving closer to that ideal. And it has the support of the United States of America. In recent years—certainly since my time here—the war of words that has often echoed in this chamber is giving way to

In recent years...the war of words that has often echoed in this chamber is giving way to a new mood. We've seen a welcome shift—from polemics to peacekeeping.

a new mood. We've seen a welcome shift—from polemics to peacekeeping.

UN peacekeeping forces are on duty right now—and over the years, more than 700 peacekeepers have given their lives in service to the United Nations. Today, I want to remember one of those soldiers of peace—an American, on a mission of peace under the UN flag—on a mission really for all the world. A man of unquestioned bravery, unswerving dedication to the UN ideal—Lt. Col. William Richard Higgins.

I call on the General Assembly to condemn the murder of this soldier of peace—and call of those responsible to have the decency to return his remains to his family. Let us all right now—right here—rededicate ourselves and our nations to the cause that Colonel Higgins served so selflessly.

Freedom's Advancement Throughout the World

The founders of this historic institution believed that it was here that the nations of the world might come to agree that law—not force—shall govern. The United Nations can play a fundamental role in the central issue of our time.

For today, there's an idea at work around the globe—an idea of undeniable force; that idea is freedom.

Freedom's advance is evident everywhere. In central Europe, in Hungary—where state and society are now in the midst of a movement toward political pluralism and a free market economy, where the barrier that once enforced an unnatural division between Hungary and its neighbors to the West has been torn down—torn down—replaced by a new hope for the future, a new hope in freedom.

We see freedom at work in Poland—where, in deference to the will of the people, the Communist Party has relinquished its monopoly on power and, indeed, in the Soviet Union—where the world hears the voices of people no longer afraid to speak out or to assert the right to rule themselves.

But freedom's march is not confined to a single continent or to the developed world alone. We see the rise of freedom in Latin America, where, one by one, dictatorships are giving way to democracy. We see it on the Continent of Africa—where more and more nations see, in the system of free enterprise, salvation for economies crippled by excessive state control. East and West, North and South, on every continent, we can see the outlines of a new world of freedom.

Of course, freedom's work remains unfinished. The trend we see is not yet universal. Some regimes still stand against the tide. Some rulers still deny the right of the people to govern themselves. But now, the power of prejudice and despotism is challenged. Never before have these regimes stood so isolated and alone—so out of step with the steady advance of freedom.

Today we are witnessing an ideological collapse—the demise of the totalitarian idea of the omniscient, all-powerful state. There are many reasons for this collapse. But in the end, one fact alone explains what we see today: Advocates of the totalitarian idea saw its triumph written in the laws

of history. They failed to see the love of freedom that was written in the human heart.

Two hundred years ago today, the United States—our Congress—proposed the Bill of Rights—fundamental freedoms belonging to every individual; rights no government can deny. Those same rights have been recognized in this congress of nations—in the words of the Universal Declaration of Human Rights, “a common standard of achievement for all peoples and all nations.”

From where we stand—on the threshold of this new world of freedom—the trend is clear enough. If, for those who write the history of our times, the 20th century is remembered as the century of the state, the 21st century must be an era of emancipation—the age of the individual.

Make no mistake: Nothing can stand in the way of freedom's march. There will come a day when freedom is seen the world over to be a universal birthright—of every man and woman, of every race and walk of life. Even under the worst circumstances, at the darkest of times, freedom has always remained alive—a distant dream, perhaps, but always alive.

Today, that dream is no longer distant. For the first time—for millions around the world—a new world of freedom is within reach. Today is freedom's moment.

You see, the possibility now exists for the creation of a true community of nations—built on shared interests and ideals. A true community—a world where free governments and free markets meet the rising desire of the people to control their own destiny, to live in dignity, and to exercise freely their fundamental human rights. It is time we worked together to deliver that destiny into the hands of men and women everywhere.

Our challenge is to strengthen the foundations of freedom, encourage its advance, and face our most urgent challenges—the global challenges of the 21st century—economic health, environmental well-being, and the great questions of war and peace.

Economic Growth

First, global economic growth. During this decade, a number of developing nations have moved into the ranks of the

world's most advanced economies—all of them, each and every one, powered by the engine of free enterprise.

In the decade ahead, others can join their ranks. But for many nations, barriers stand in the way. In the case of some countries, these are obstacles of their own making—unnecessary restrictions and regulations that act as dead weights on their own economies and obstacles to foreign trade.

But other barriers to growth exist, and those, too, require effective action. Too many developing countries struggle today under a burden of debt that makes growth all but impossible. The nations of the world deserve better opportunity to achieve a measure of control over their own economic fate and build better lives for their own people.

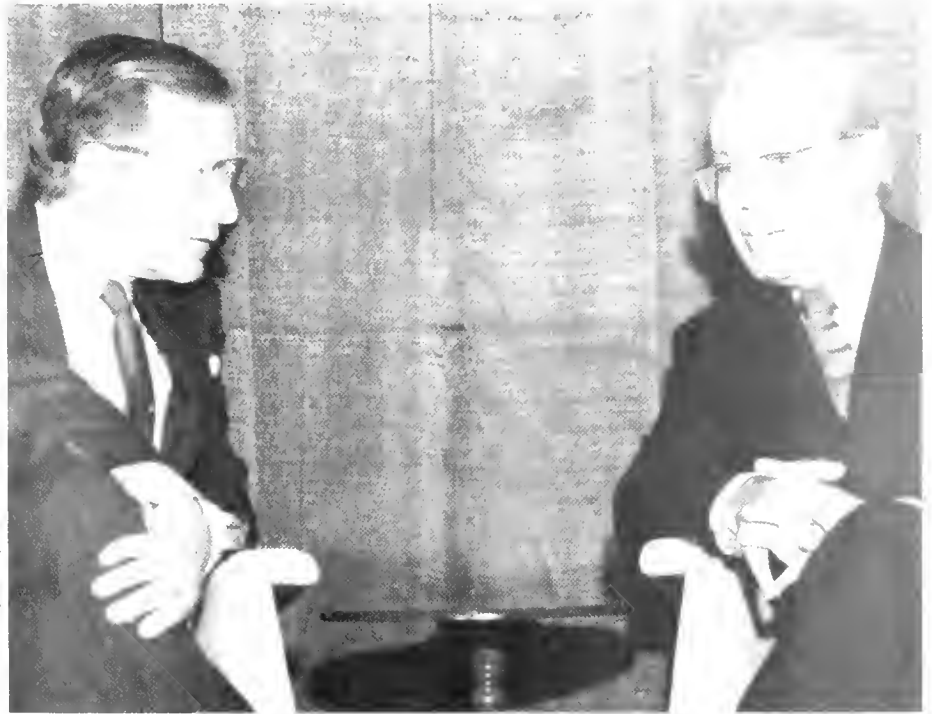
The approach the United States has put forward—the Brady plan—will help these nations reduce that debt and, at the same time, encourage the free market reforms that will fuel growth. In just 2 days, I will be speaking to the International Monetary Fund and the World Bank. And I'll discuss there, in more detail, the steps that our nations can take in dealing with the debt problem. But I can say now, the new world of freedom is not a world where a few nations live in comfort while others live in want.

The power of commerce is a force for progress. Open markets are the key to continued growth in the developing world. Today the United States buys over one-half of the manufactured exports that all developing nations combined sell to the industrialized world. It's time for the other advanced economies to follow suit—to create expanded opportunities for trade.

I believe we'll learn in the century ahead that many nations of the world have barely begun to tap their true potential for development. The free market and its fruits are not the special preserve of a few. They are a harvest that everyone can share.

Environmental Issues

Beyond the challenge of global growth lies another issue of global magnitude—the environment. No line drawn on a map can stop the advance of pollution. Threats to our environment have become international problems. We must develop an international approach to urgent environmental issues—one that seeks common solutions to common problems.



White House photo by Susan Erdiler

The President with UN Secretary General Perez de Cuellar.

The United Nations is already at work—on the question of global warming, in the effort to prevent oil spills and other disasters from fouling our seas and the air we breathe.

And I will tell you now, the United States will do its part. We have committed ourselves to the worldwide phaseout of all chlorofluorocarbons by the year 2000. We've proposed amending our own Clean Air Act to ensure clean air for our citizens within a single generation. We've banned the import of ivory to protect the elephant and rhinoceros from the human predators who exterminate them for profit. And we've begun to explore ways to work with other nations—with the major industrialized democracies and in Poland and Hungary—to make common cause for the sake of our environment. The environment belongs to all of us. In this new world of freedom, the world's citizens must enjoy this common trust for generations to come.

U.S. Chemical Weapons Initiative

Global economic growth and the stewardship of our planet both are critical issues. But as always, questions of war and peace must be paramount to the United Nations.

We must move forward to limit—and eliminate—weapons of mass destruction. Five years ago, at the UN Conference on Disarmament in Geneva, I presented a U.S. draft treaty outlawing chemical weapons. Since then progress has been made, but time is running out. The threat is growing. More than 20 nations now possess chemical weapons or the capability to produce them. These horrible weapons are now finding their way into regional conflicts. This is simply unacceptable.

For the sake of mankind, we must halt and reverse this threat. Today I want to announce steps that the United States is ready to take—steps to rid the world of these truly terrible weapons—toward a treaty that will ban—eliminate—all chemical weapons from the Earth 10 years from the day it is signed. This initiative contains three major elements.

First, in the first 8 years of a chemical weapons treaty, the United States is ready to destroy nearly all—98%—of our chemical weapons stockpile, provided the Soviet Union joins the ban. And I think they will.

Second, we are ready to destroy all of our chemical weapons—100%, every one—within 10 years, once all nations capable of building chemical weapons sign that total ban treaty.

And third, the United States is ready to begin now. We will eliminate more than 80% of our stockpile, even as we work to complete a treaty, if the Soviet Union joins us in cutting chemical weapons to an equal level, and we agree on the conditions, including inspections, under which stockpiles are destroyed.

We know that monitoring a total ban on chemical weapons will be a challenge. But the knowledge we've gained from our recent arms control experience—and our accelerating research in this area—makes me believe that we can achieve the level of verification that gives us confidence to go forward with the ban.

The world has lived too long in the shadow of chemical warfare. So let us act together—beginning today—to rid the Earth of this scourge.

Conventional Arms Reductions

We are serious about achieving conventional arms reductions as well. And that's why we tabled new proposals just last Thursday at the conventional [armed] forces in Europe negotiations in Vienna—proposals that demonstrate our commitment to act rapidly to ease military tensions in Europe and move the nations of that continent one step closer to their common destiny—a Europe whole and free.

The United States is convinced that open and innovative measures can move disarmament forward and ease international tensions. That's the idea behind the "open skies" proposal about which the Soviets have now expressed a positive attitude. It's the idea behind the "open lands" proposal—permitting, for the first time ever, free travel for all Soviet and American diplomats throughout each other's countries. Openness is the enemy of mistrust, and every step toward a more open world is a step toward the new world we seek.

Wyoming Talks

Let me make this comment on our meetings with the distinguished Foreign Minister of the Soviet Union, Mr. Shevardnadze, over the past few days. [Secretary Baker met with Foreign Minister Shevardnadze in Jackson Hole, Wyoming, on September 22-23.] I am very pleased by the progress made. The Soviet Union removed a number of obstacles to progress on con-

ventional and strategic arms reductions. We reached agreements in principle on issues from verification to nuclear testing. And, of course, we agreed to a summit in the spring or early summer of 1990. I look forward to meeting Mr. Gorbachev there.

Each of these achievements is important in its own right, but they are more important still as signs of a new attitude that prevails between the United States and the U.S.S.R. Serious differences remain—we know that—but the willingness to deal constructively and candidly with those differences is news that we and, indeed, the world must welcome.

Regional Conflicts

We have not entered into an era of perpetual peace. The threats to peace that nations face may today be changing, but

The environment belongs to all of us. In this new world of freedom, the world's citizens must enjoy this common trust for generations to come.

they've not vanished. In fact, in a number of regions around the world, a dangerous combination is now emerging—regimes armed with old and unappeasable animosities and modern weapons of mass destruction. This development will raise the stakes whenever war breaks out. Regional conflict may well threaten world peace as never before.

The challenge of preserving peace is a personal one for all of you right here in this hall. Mr. Secretary General, with great respect, you have made it your own. The United Nations can be a mediator—a forum where parties in conflict come in search of peaceful solutions.

For the sake of peace, the United Nations must redouble its support for the peace efforts now underway in regions of conflict all over the world. Let me assure you, the United States is determined to take an active role in settling regional conflicts. Sometimes our role in regional disputes is and will be highly public. And sometimes, like many of you, we work quietly behind the scenes. But always, we are working for positive change and lasting peace.

Threats of Narcotics and Terrorism

Our world faces other, less conventional threats—no less dangerous to international peace and stability. Illegal drugs are a menace to social order and a source of human misery wherever they gain a foothold. The nations which suffer this scourge must join forces in the fight. And we are. Let me salute the commitment and extraordinary courage of one country in particular—Colombia—where we are working with the people and their president, Virgilio Barco, to put the drug cartels out of business and bring the drug lords to justice.

Finally, we must join forces to combat the threat of terrorism. Every nation—and the United Nations—must send the outlaws of the world a clear message: Hostage-taking and the terror of random violence are methods that cannot win the world's approval. Terrorism of any kind is repugnant to all values that a civilized world holds in common. Make no mistake, terrorism is a means that no end—no matter how just that end—can sanctify.

Democracy and Peace

Whatever the challenge, freedom greatly raises the chances of our success. Freedom's moment is a time for hope for all of the world. Because freedom—once set in motion—takes on a momentum of its own.

As I said the day I assumed the presidency of our country: "We don't have to talk late into the night about which form of government is better." We know that free government—democracy—is best. I believe that is the hard-won truth of our time—the unassailable fact that still stands at the end of a century of great struggle, of human suffering.

This is true not because all our differences must give way to democracy, but because democracy makes room for all our differences. In democracy, diversity finds its common home.

At the very heart of the democratic ideal is respect—for freedom of belief, freedom of thought and action in all its diversity, for human rights. The world has experienced enough of the ideologies that have promised to remake man in some new and better image. We've seen the colossal tragedies and dashed hopes. We know now that freedom and democracy hold the answers. What men and nations want is the freedom to live by their own lights and a chance to prosper in peace.

Secretary's News Briefings in New York

UN Role as a Peacemaker

When I began today, I spoke to you about peacekeeping. I want to speak to you now about peacemaking. We must bring peace to the people who have never known its blessings.

There's a painting that hangs on the wall of my office in the White House, and it pictures President Abraham Lincoln and his generals meeting near the end of a war that remains the bloodiest in the history of my country. Outside, at that moment, a battle rages—in this picture. And yet what we see in the distance is a rainbow—a symbol of hope, of the passing of the storm. That painting is called "The Peacemakers." For me, it is a constant reminder that our struggle—the struggle for peace—is a struggle blessed by hope.

I do remember sitting in this hall. I remember the mutual respect among all of us proudly serving as representatives. Yes, I remember the almost endless speeches—and I don't want this to be one of them—the Security Council sessions; the receptions, those long receiving lines; the formal meetings of this assembly; and the informal discussions in the Delegates' Lounge over here.

And I remember something more. Something beyond the frantic pace and sometimes frustrating experiences of daily life here—the heartbeat of the United Nations—the quiet conviction that we could make the world more peaceful, more free.

What we sought then—all of us—now lies within our reach. I ask each of you here in this hall: Can we not bring a unity of purpose to the United Nations? Can we not make this new world of freedom the common destiny we seek? I believe we can. I know we must.

My solemn wish today is that here—among the United Nations—that spirit will take hold and that all men and all nations will make freedom's moment their own.

Thank you. God bless you, and may God bless the work of the United Nations.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 2, 1989. ■

Department of State photo by Robert Kausery



Secretary Baker held news briefings in New York City on September 25, 28, and 29, 1989.

SEPT. 25, 1989¹

The President will meet with [Colombian] President Barco later this week in Washington. I don't have the exact date or time for you, but I'm sure Marlin [Fitzwater, White House spokesman] will have it a little bit later.

The President, following his speech this morning, hosted a lunch for the NATO Foreign Ministers and the Foreign Ministers of Australia, Japan, and Korea. The discussion at lunch centered around the U.S.-Soviet relationship, specifically the meeting the President had with Foreign Minister Shevardnadze in Washington and the 2-day ministerial that we had out in Wyoming.

He then had a bilateral with President Sarney, during the course of which they discussed the environment, the Brazilian economy, Panama, and democracy and the transition in Brazil. He then had a bilateral with [Israeli Vice Prime Minister] Shimon Peres, and the major topics covered during

the course of that bilateral were the Israeli economy, the peace process, and Soviet Jewish refugees.

Q. On Mr. Peres, could you give us—because he—after all, he isn't the Prime Minister, he's a deputy and he really doesn't represent the government's point of view. Can you give us some notion of where you and the President are heading on this? You had hoped to have a three-way meeting—apparently you won't—with the Egyptians. What is ahead in the next couple of weeks?

A. I think there is still a very good chance that we will have a three-way meeting at the foreign minister level. I can't tell you exactly when that meeting will be held, but I would suspect that within the course of the next week, we'll be able to arrange that meeting. It's been a problem with scheduling. I think we will have that meeting.

We continue to be committed to the Israeli elections proposal. We continue to view the Egyptian 10 points as an acceptance, in effect, by Egypt of Israel's elections proposal. We continue to be

committed to trying to promote direct discussions between Israelis and Palestinians, and we continue to see this as a potential way of getting there.

The President will have a brief meeting this evening with [Israeli] Foreign Minister Arens, and I will have a more extensive meeting with him during the course of my stay up here this coming week, and I don't know what exact date that is.

Q. That may make academic beyond this meeting what I was going to ask you, but let me try anyhow. Did he get any hint, or did the two of you get any hint, from Peres that the other part of the Israeli Government is about to come aboard? The Egyptian idea.

A. I think the way I would characterize that is that the proposal has not been rejected by, as you put it, the other part of the Israeli Government; that it's a matter for continued discussion and consideration.

Q. In the talk with the Brazilian President, Panama came up. What's left to say about Panama?

A. Simply that President Sarney was talking about the commitment of Brazil to democracy and, picking up on the President's speech, was talking as well about the movement toward democracy in Latin America. He was talking about how, in Brazil's case, they are entering a transition period; they will be conducting an election in November. The two Presidents agreed that the situation in Panama was regrettable when you consider that democracy there was being subverted and perverted by Gen. Noriega.

Q. Even after the unhappy experience that you have had with the OAS [Organization of American States], are you still willing to try a multilateral approach toward Panama?

A. We think it's very important to continue to note that 20 out of 22 Latin American nations have basically said that Gen. Noriega is the problem, and they have expressed profound regret at the fact that the will of the Panamanian people is being thwarted. We think it's important that they continue to maintain that position, and we have every reason to believe that they will.

Q. Was there any suggestion at that meeting, though, that the Latin Americans are prepared to go any further than that in terms of pressuring Panama?

A. Many of these countries, as you know, have recalled their ambassadors, and there was a general discussion about the continuation of that as far as Latin American nations were concerned.

Q. From your discussions with Foreign Minister Shevardnadze over the last weekend, to what extent do you think the Soviets will take up the President's offer on this chemical weapons idea that he proposed today?

A. I can't respond for them and don't want to suggest in any way here today that I can. Let me simply say to you that we told them this was coming—in Wyoming—and we have notified them in detail in writing in Moscow. We'll, I am sure, see a response from them in due course. I can't predict when that will be.

Q. But you did discuss chemical weapons at great length with Foreign Minister Shevardnadze. Presumably you also discussed at great length methods for destruction and verification and so on. What is your opinion of the way the Soviets are approaching this question of a bilateral arrangement to reduce separate from the multilateral problem?

A. I read that, really, as repeating the question I was just asked here by Don. I don't want to prejudge or predict what their response will be until we see it.

Q. President Gorbachev, in his letter, suggested a NATO-Warsaw Pact summit of some sort to consummate the conventional arms deal. Did this come up in the President's report to the NATO allies today? Did they discuss this outlook, and is it possible such a large summit will happen?

A. It came up in the sense that we reported it to the NATO Foreign Ministers—and the Secretary General of NATO, by the way, attended this lunch. We reported it simply as a fact, and we told the foreign ministers that our response to [Foreign] Minister Shevardnadze in Wyoming had been—this is a matter for alliance consideration; the United States cannot unilaterally make that determination, and we will take the request and consult with our allies and get back to you. We are now in the process of consulting with our allies on that suggestion, and once we finish, we'll have a position and we'll get back to the Soviet Union.

Q. On chemical weapons, it seems the real problem has not been the Soviet Union but countries like Libya, Iran, and Iraq. What about the President's proposal makes it more likely that these countries will give up their chemical weapons?

A. Because this proposal really attacks the proliferation problem by making it impossible for these countries to argue that major countries have them and are just dragging their feet in chemical weapons negotiations—Why should we not develop them? You've got them. The point here is that, assuming the Soviet Union joins in, we will be taking affirmative and accelerated steps to get rid of them. So I think it does focus on the proliferation problem. It also brings a bit more into public focus the problems of proliferation, and it shows what at least one major power is willing to do to try and deal with the problem.

Q. Isn't one of their complaints, though, that the big powers have nuclear weapons, they don't need chemical weapons, whereas these little countries, it's a cheaper and easier way for them to protect themselves?

A. The Third World's atomic bomb argument, yes. That is an argument that is heard more and more frequently as the proliferation problem is discussed but I think it is logical for the countries that have those weapons to say, look, you shouldn't develop them, they're abhorrent, and we're going to get rid of ours. The nuclear question is an entirely different question. We get that in nuclear nonproliferation discussions as well. The point, I think, there is—at least as far as the United States is concerned—we've had them for over 40 years, and we've never used them. At one point we were the only nation in the world that did have them.

Q. What do you do about a country like Iraq which not only has used them but has acknowledged that they've used them, and has, furthermore, said that they have absolutely no intention of getting rid of them?

A. If we get to the point where we are destroying and the Soviet Union is destroying and other chemical-capable countries are joining with us to promote an absolute ban, I think you bring the force of public opinion to bear worldwide on any country that says that they're going to keep them and they're going to use them.

Secretary's Bilateral Meetings



Foreign Minister Tserenpilyn Gombosuren (Mongolia).



Foreign Minister Faruq al-Shara (Syria).



Foreign Minister Siddhi Savetsila (Thailand).



His Royal Highness Prince Mohamed Bolkiah (Brunei).



Foreign Minister Alois Mock (Austria).



Foreign Minister Jaromir Johanes (Czechoslovakia).



Foreign Minister Sahabzada Yaqub Khan (Pakistan).



Foreign Minister Hernan Felipe Errazuriz (Chile).



Foreign Minister Nguz a Karl-I-Bond (Zaire).

(Department of State photos by Robert Kaiser)

Q. Is it just the force of public opinion, or will the United States use its own diplomatic and economic leverage with a country like Iraq?

A. Certainly you would do everything you could to bring them on board just like you would any other country that was developing them or keeping them and flaunting the idea of joining a worldwide ban.

Q. To what extent is Mr. Bush's offer of today predicated on the amount of chemical weapons Congress was demanding that the Administration take apart anyway? Is it a sizable part of what you had to take apart to begin with?

A. I don't think I would say a sizable—yes, there were some that we were going to be getting rid of, but by reaching a prompt agreement with the Soviets, we're going to be able to carry out the destruction of our unitary stocks well before any congressional mandate.

The congressional mandate with respect to unitary runs until 1997, so that's number one. Second, it seems to me that there's a virtue in having the Soviets agree to this, not only for the effect that it has on our relations but also because of the effect that it will have on the international community—gets to the question there, back there—about other states. If you get the Soviet Union and the United States moving together, you've got a heck of a lot better chance, in my view, of getting to a chemical ban.

And third, if our binary program were to be carried out to the full extent of what is now planned—and I'm not going to tell you what that is because it's classified—and there were no initiatives like this, our chemical stocks would be vastly greater than the interim 20% level that the President's initiative talks about.

To say that we're making a silk purse out of a sow's ear doesn't wash. We're not.

Q. The French are talking about building their stocks of chemical weapons and, I think, along with the United States and U.S.S.R., have one of the largest inventories. Was there any consideration of bringing them in on this initiative that the President proposed this morning?

A. I think that there's an excellent chance that we and the French will be seeing eye-to-eye in this whole area and that we do see eye-to-eye in this whole area.

Q. On the question of sanctions, how tough is the United States willing to be with nations that would not sign on?

A. I think that this will move this process forward significantly, and I think that we would be willing to be pretty tough.

Q. Economic sanctions?

A. I don't want to stand up here today and say we're going to do this whole wide range of things because we're just now advancing the initiative. You know how strongly the President feels about chemical weapons. He tabled a treaty, he's now taking this step. He feels extraordinarily strongly about it, and I would think that if we get to that point and could bring some of the allies along, certainly we would consider economic sanctions. They don't work, though, unless you get everybody joining in.

Q. You seem to be suggesting that this might be the first major test of whether the Soviet Union is willing to join the United States in sort of bringing stability to that part of the world which most depends upon chemical weapons—the Third World—where regional conflicts and other problems are taking place. Would that be a fair assessment?

A. I don't know whether it would be fair to say it's the first test. We've, as you know—

Q. I said a major test. I don't know of another one.

A. We have been engaged with them full-time with respect to regional conflicts. There are some instances in which they've taken some positive positions; some in which they've not taken such positive positions. I think it would be a pretty good example of a test—I don't know whether it's the first one.

Q. Aside from the Soviets, what was the general feedback on this proposal at the United Nations and the President's speech?

A. The feedback on the President's speech at lunch was very, very positive. Many of the foreign ministers there were congratulating the President on his speech. And I think that the feedback on the initiative was basically positive, although there's a lot in that initiative and it is not uncomplicated, and I think everybody wanted to see exactly how it would work.

Many have said recently that the United States has been dragging its feet in the chemical weapons negotiations. We don't believe we have, but this ought to put that to rest once and for all.

Q. Did the President, who you said feels extraordinarily strongly about this issue, raise it with anyone he met with on a one-on-one basis today?

A. He only met with President Sarney and with Shimon Peres, both of whom were very congratulatory of his speech.

Q. If I'm not mistaken, he has several bilaterals today throughout the afternoon.

A. He has only met with two. I sat in those two meetings. I can't tell you what is going to happen in future meetings. I will be in one of those, but I will not be in two because I'm here.

Q. Can you give us a sense of timing on when the idea for this proposal came about and how fast it proceeded—the chemical weapons proposal?

A. Maybe 3 or 4 weeks ago. So it proceeded reasonably fast.

Q. Do you think it would be a good idea or do you think that it might come about that you would meet again this week with Foreign Minister Shevardnadze here in New York, perhaps to discuss this issue or other things by way of followup?

A. I'm rather certain I will talk to him. Whether it's face-to-face or on the telephone with interpreters, I can't tell you, but the way we left it in Wyoming was that we would meet if there was a reason to do so; we will be talking to each other during the course of the week.

Q. Was there any discussion at the NATO ministers' meeting about Poland and Hungary and about trying to step up the pace of the Paris Club rescheduling or perhaps go farther than that?

A. There was a discussion at the meeting about developments in Eastern Europe from the standpoint of my discussions with the [Foreign] Minister in Wyoming; how did the Soviet Union see this, what were the parameters, what was the situation, and that sort of thing. But there was not a discussion that revolved around the initiative which came out of the economic summit which is being administered by the European Community.

SEPT. 28, 1989²

Let me say that I've just finished meeting with Foreign Minister Meguid [Egypt] and Foreign Minister Arens [Israel]. There was so much interest in this meeting that I thought I'd come down here and give you the readout on it myself.

We met one-on-one-on-one. We met for an hour and a half. We had a good discussion, I think, on ways to move forward in the peace process. The three of us agreed to stay in close touch, and I believe that there may be some potential for progress—and I want to emphasize the “may.”

It's important to note that the Israeli cabinet is going to be meeting next week and will be considering the status of their elections initiative as it has developed since it was announced last May.

For our part, we intend to remain active and committed to helping the parties move toward dialogue, elections, and negotiations.

Q. What gives rise to this hope of yours that there may be progress? What changed today?

A. It's not a new hope; it didn't spring just from this meeting. I have said for a long time that I thought the Israeli elections initiative offered some prospect for moving forward. I think that the response that we've seen from the Egyptians is positive when you consider that the Egyptians readily concede that their so-called 10-points proposal constitutes an acceptance of the concept of elections as advanced by Israel. And it's not in any sense a competing proposal.

Q. Did you agree on the list of the Palestinians, which it was reported, that [Egyptian President] Mubarak was bringing them in?

A. No, and we didn't review any such list. This is one of the major questions of modalities with respect to how you get to a dialogue—who will represent the Palestinians—and that issue has not as yet been determined.

Let me say one more time, the Israeli cabinet will be meeting next week to consider this, and we will really not know until after that meeting has been concluded whether there really are prospects for progress or not.

Q. Did you get more positive—

Q. [Inaudible] the Egyptians negotiating for the Palestinians or what?

A. Did what? Do I anticipate—that's not what we did today. We didn't get into that kind of level of detail. What we were meeting on was the general concept of the Israeli elections proposal, and how we could take practical, pragmatic steps to make that work—how could we move toward getting Israelis and Palestinians at the same table to talk about the modalities for elections.

Q. It sounds as though you reached some kind of—something that moved the process forward in asking those questions among the three of you.

A. I think the fact that we were meeting—the three of us were meeting—is, to some extent, progress. Again I want to say that the Israeli cabinet will be meeting next week, and much rests on that decision and that determination.

Q. Did you ask or encourage the Israeli Government to go to Cairo and have talks with the Palestinians under Egyptian auspices?

A. I don't want to get into the exquisite detail of everything I said in this meeting or, for that matter, what anybody else said. What I did encourage was that we—the three of us—continue to look for ways in which we can move this process forward; what practical steps can we take to move the process forward.

And when I say “the process,” I'm talking now again about the Israeli elections proposal. I want to say one more time that the suggestion that the Egyptian Government has made is simply the position that the Palestinians would take to the table to start talking about elections. It is not in any sense a competing proposal to the Israeli proposal.

Q. There's a distinction, too, in that the Palestinians would come to the table—not exactly the Palestinians the Israelis would like to have come to the table. That's an issue.

A. That will be an issue. That will be a bridge that will have to be crossed in future discussions, absolutely. The question of who represents the Palestinians in the territories is a major issue that will have to be—

Q. Is your hope—the hope you've expressed—is it based on possibly the hope that Israel will see the Egyptian proposal as a helpful facilitator, or is your hope based possibly on some blending now between the Egyptian proposal—

A. No. It is not the latter.

Q. —and the Israeli proposal?

A. It is not the latter, because they are not competing proposals, and what we are trying to make clear—and I think the Egyptians quite readily concede—they, too, are trying to move the process forward. They are not trying to, in any way, impede it by putting a competing proposal on the table.

This so-called Egyptian 10 points would simply be the position the Palestinians would embrace at the beginning of a dialogue with Israel on the modalities for elections.

Q. The Soviets have offered to hold talks of their own in Moscow with all the parties concerned. How do you react to that? Mr. Shevardnadze made that comment after his meeting with Mr. Arens.

A. Yes. I don't react particularly positively to that, frankly, because this process is extraordinarily difficult to get started. There have been many, many suggestions through the years of an international conference, the meetings of the permanent five [members of the UN Security Council], a meeting of the superpowers to kick this off.

What we really ought to concentrate on now is not any of these other ideas but the proposal that Israel itself had advanced for a dialogue with Palestinians. Let's get the parties talking together at the same table. Without that, you're not going to make any progress. That is a very difficult first step. It is a very important first step, and that's what we ought to concentrate on.

Q. The Israeli cabinet previously has been evenly split on whether the Egyptian 10 points is what you say it is or is a competing proposal. Did you get any indication from [Foreign] Minister Arens that there might be a change in that deadlock at the meeting next week?

A. I don't want to get into questions that involve internal Israeli politics. But what is clear from our discussions today is that the United States does not see it as a competing proposal, and Egypt is conceding quite readily that it is not a competing proposal but simply a means of trying to assist to get the parties to the table.

Q. Did you get a more positive reaction from Mr. Arens than we had been led to believe he would give? Is that part of the source of your hope?

A. I don't know what you've been led to believe, so I can't judge that.

Q. We thought that he would reject the 10 points out of hand. Did you get a more positive response from him than that?

A. I want to make it very clear, he did not accept or reject. He was not in a position to do so, because the Israeli Government will be meeting next week. So he was quite careful to reserve on that.

I do believe there is some clearer exposition or explanation of what at least the United States and Egypt see this proposal as being. I mean, I think there was a lot of misunderstanding out there. A lot of people felt that this was a competing proposal with the Israeli elections proposal, and it is not that at all.

Q. I'm a little confused by something—a couple of things you said today. You said several times the Israeli cabinet has to meet and make a decision of some sort. At the same time, you've said the decision on who comes to talk with the Israelis is something to deal with down the road.

A. That's correct.

Q. That's a decision you have to face later on. What is it you expect to occur? You keep talking about getting the two sides together, but, if you wait down the road to decide on who's going to come to get together—

A. There is a debate in Israel now with respect to whether to continue to pursue this process at all, as I understand. And it is that, in part, that the Israeli cabinet will be debating on—or will be considering early next week.

Q. In effect, you're first trying to get direct negotiations between Likud and Labor, and then you're going to get—

A. No. We're not involved in that. We're not involved in that.

Q. You said that Arens would not accept or reject the Egyptian proposal as a way of facilitating getting to the table. Would it be fair to say that he now understands that he would like the Israeli cabinet to accept and move forward from there?

A. Let me put it to you this way: The United States would very much like the Israeli cabinet to move forward on Israel's initiative, announced in May, to come to an agreement with respect to Palestinians regarding elections. That's the way we see this.

Now, the other items—matters that they have to debate internally in Israel early next week—are not something

we're going to opine on or state an opinion with respect to or a preference. That's a matter of internal Israeli politics.

Q. Will you be disappointed if Israel does not go with this next week? What effect will that have on U.S.-Israeli relations?

A. It's not going to be something that's going to affect the fundamental U.S.-Israeli relationship. Let me simply say to you, we're in this thing in order to try and find a way to move toward peace, and we don't start out taking that position.

I think that's the purpose and goal of the Shamir elections proposal as well.

Q. You expressed optimism, and I'm just wondering, have you received any kind of indication—

A. I don't know how much optimism I expressed. What I said was there "may" be—we "may" see—some possibility of progress, and I emphasized the "may," because we may not. And I want everybody to understand that. This is a road that many have tried to travel down for a long, long time, and there are many bumps and many land mines in the road, and who knows? All I'm trying to do is give you a sense of where we are today, and what took place in this meeting, because I know there's a great deal of interest.

Q. If I could complete my question; just for the fact that there may be some progress, I'm just wondering, have you received any kind of indication that the cabinet may be willing to—

A. No. And let me simply say that Moshe Arens was quite frank in saying, "Now, you know this is something we have to consider next week, and I cannot speak to some of these questions." But I do think that we have identified what some of the major questions are that have to be answered—

Q. And what are they?

A. That's something I don't want to get into right here. We identified those among ourselves. Some of them have been referred to—who sits at the table, what is the shape of the table, who represents the Palestinians—questions like that. The modalities of the dialogue respecting elections will have to be—

Q. You keep saying that the cabinet is going to meet; we were led to understand that it was going to be inner cabinet.

A. It may be the inner cabinet. I don't mean to suggest it won't be the inner cabinet. We didn't get into that.

That's not something we really got into in detail. It may just be the inner cabinet.

Q. Mr. Peres got the impression yesterday in Washington that—and he said that he had been told by the Administration that the American Administration is not going to let this momentum die. Is that true?

A. The American Administration doesn't have it solely within its control as to whether or not the momentum dies and I wouldn't overemphasize the momentum. I said there "may" be some possibility for progress. There may not.

Q. When you say that it is a Palestinian position at the outset brought to the table, is this what the Egyptian said that these 10 points would be accepted by the Palestinians at the outset, and was there any discussion of the 10 points as to whether they were a package deal or some were acceptable to the Israelis, some were not?

A. No. Now, you see, that's where there's a lot of misunderstanding. It's not a question of whether they are acceptable to the Israelis or not; it is not a competing proposal. The Israelis would bring to the table their original proposal with respect to elections and the transitional period, and their policy with respect to permanent status.

The Palestinians, on the other hand, would start with these 10 points as their opening position for the discussion on modalities of the election and the transitional period, and they, too, would be free to raise their bottom-line concerns when the discussion turned to permanent status.

SEPT. 29, 1989³

I don't know whether some of you who have been with us all week are as tired as I am, but I think it's been a pretty good 8 days, notwithstanding that. I've had 46 meetings with foreign officials over the past 5 days, including 35 bilaterals. To sum it up, I think that the progress we made in Wyoming, particularly on arms control, helped set a positive spirit that is encouraging to all members of the United Nations.

For a while it's undoubtedly true that international relations no longer has to move in the shadow of a bipolar world. It's also true, I think, that the U.S.-Soviet relationship remains very important to the entire international community.

This week, of course, also saw the President's proposal on chemical weapons which offers a new and realistic program for moving in a practical way toward a global ban on chemical weapons. It also presented us with an opportunity to address further the process of change in Eastern Europe. I believe that the nations of the West are working collectively to encourage these changes with real support and also with a real recognition that the success of these reforms must depend in the end upon the peoples of Poland and Hungary themselves. We can help, and we should help, and we will help, but they must act.

It is our hope, of course, that others in Eastern Europe will not be long to follow. That's one of the reasons that I met with the Czechoslovakian Foreign Minister.

I've also had the chance this week to discuss some other important regional problems and opportunities in both bilateral and multilateral meetings. It's been a productive week, and we look forward to building on our efforts here in the days and weeks ahead.

Q. Could you expand somewhat on your earlier comments about the bilateral with the Chinese Foreign Minister and assess whether you see any change in China since the crackdown in June—any lessening of repression?

A. I think there's a desire on the part of the Chinese Government to do what they can, as I indicated, to preserve a relationship that is very important to both countries from a geopolitical and geostrategic standpoint. I think we've made it very clear in the action which the President has taken and in the two meetings that I've had with the Foreign Minister that we have some problems with the approach toward human rights that was exemplified, of course, by what happened in Tiananmen Square.

I took this occasion to reiterate that. There's a clear difference of opinion between the two countries with respect to exactly what happened and what the appropriate approach should be, but we will continue to make our views known in this respect.

You ask me to judge the state of repression in the People's Republic of China, and I cannot really quantify that for you except to say that we have been told that people who were simply expressing peaceful dissent will not be punished. People who were destroying property and violating laws—against that type of behavior—will be punished. That is the position of the Chinese Government.

Q. There are indications today that the United States is prepared to and wants to sell approximately 300 main battle tanks to the Saudis. Can you say anything about the appropriateness of the reported effort by the United States to get the Israelis not to gin up a lobbying effort against us on the Hill so that this plan might go forward? Is that an appropriate thing for the United States to do—to take that action?

A. First of all, you would want me to, I think, confirm that that action was taken, and I am not going to confirm it nor deny it for you. Let me simply say that we have a longstanding security relationship with Saudi Arabia. It's in our interests, and it's in the interests, we think, of peace that moderately oriented Arab governments feel secure and capable of dealing with threats from radicals.

We don't contemplate sales like this to any Arab government without first taking into account the question of Israel's security. We are committed, as you know, to maintaining a qualitative edge for Israel, and that commitment is simply not going to change.

Q. Since you are on the Middle East, you met today with the Foreign Minister of Syria. Can you tell us anything positive about Lebanon, and any commitment that the Syrians will ever withdraw from Lebanon?

A. The Syrians did not challenge us when we said that we think ultimately there must be a withdrawal of all foreign forces from Lebanon. In fact, I got the distinct impression from the discussion that they clearly agree with that.

The [Foreign] Minister did say that they support the [Arab League] Tripartite Committee's approach, and we, of course, have expressed our support for that approach.

Q. What about the peace process? Did he support it, or [is] Syria rejecting it? Was that condition about Mubarak's 10 points—did you discuss that with Syria?

A. Do they support the Tripartite Committee's approach in Lebanon?

Q. No, no. About the 10 points of Mubarak; are they still against it?

A. The position of Syria is that they should be involved in any negotiations regarding the peace process in the Middle East, and I explained to them that it is not the policy of the United States that they should not be involved. Of necessity, they will have to be involved where we are dealing with questions involving the Golan Heights.

However, the problem confronting us is to find a way to get Palestinians and Israelis talking to each other, and it may be that we can do that without the active involvement of the Government of Syria. That's the point I made to them.

Q. Did they buy the argument that they should not be involved in any way in negotiations that do not involve issues of the Golan Heights?

A. They didn't—that's not really the way it was put. The way it was put was that it's not our policy to take a—of general exclusion of Syria from peace process discussions. And, clearly, they must be involved where we're talking about the Golan Heights.

Q. On the Middle East, today you and the other four representatives—the five permanent members—signed a statement, and in it, it says the ministers—including you—"the Ministers reaffirm their support for an active peace process in which all relevant parties would participate." Is that a code word for an international conference, including the five permanent members?

A. No. Are you talking about the communique that came out of the luncheon that the Secretary General gave for the five permanent members? It's not a code word in our view. You'd have to ask others about their interpretation, but as far as the United States is concerned, that is not a code word for an international conference.

Q. What do you mean by "all relevant parties" then?

A. What we mean right now are the parties that are necessary to begin the process of dialogue and negotiation.

Q. Who are?

A. Right now that's Palestinians and Israelis. It may be that in order to get there, we may need to see the involvement of the United States. We may need to see the involvement of Egypt. It seems to me that, again, the name of the game is to get Israelis talking to Palestinians; and whatever is required in that regard is what needs to be done, and that would include the question of who should be in attendance at any initial session of that sort.

Q. Now that you've seen Poland's reform plan, could that be the basis, or do you think it should be the basis, for more aid from the United States, that's not through the IMF [International Monetary Fund], but in addition to?

A. I think it could be, and that is a matter that is going to be considered by the Administration next week. I think it's important to note that the stabilization proposal that they have submitted is consistent with the general principles that the President outlined in announcing his initial package of aid before the government moved from a communist government to a democratic form of government.

We had a discussion last night at the dinner of the summit seven about the importance of that stabilization proposal. As you may know, the G-24 has met, and there have been pledges made to Poland and Hungary in the amount of—well, I don't want to put an amount on it, because I'm not sure of the exact amount—but a substantial, three-figure, millions of dollars.

The question is, will those commitments be made as a part of the stabilization proposal, or will they be made separately? That's still a question that has to be decided.

Q. Would you comment on the Afghan Foreign Minister's proposal that the United States send an envoy to Kabul and also the proposal he made for a settlement in Afghanistan?

A. For a settlement, I'm not sure that I am aware of the full details of what he said about a settlement in Afghanistan. Let me simply say that the United States would like to see a political settlement in Afghanistan. The one bar to that right now is the issue of transfer—not sharing but transfer—of power from Najibullah to a government that is acceptable to all Afghan parties.

That is the one thing, in our view, that stands between us and a political settlement in Afghanistan. The United States, when it evacuated its Embassy in Kabul for security reasons, made it very clear that that was not a permanent evacuation, and we will return when we think that the situation warrants it.

Q. What did you demand or require for the Chilean Government about Letelier's case?

A. We require a solution of that case. That's been a longstanding demand of the U.S. Government with respect to our relationship with Chile.

Q. President Mubarak will be going Monday to meet with President Bush in Washington. How far do you expect some kind of progress can be achieved and what have you done so far with the Egyptians and the Israelis?

A. I would hope that there will be some progress, but, as I indicated to you in a brief press conference yesterday, the real question is what action the Government of Israel takes when their cabinet meets early next week.

I think that President Mubarak and President Bush both want to see the Shamir elections proposal advanced. I'll say one more time that the Egyptian 10 points is not a competing proposal. It is simply a method of trying to get implementation of the Shamir proposal and simply a way to afford Palestinians to meet with Israelis. It would be an opening position or position that would be adopted by Palestinians when they sit down with Israelis to talk about elections.

Q. What would be the position of the United States if, when the Israeli cabinet meets next week, they do not take favorable action or any action on the proposal?

A. We'd have to go back to the drawing board, wouldn't we?

Q. It appears that you're trying to send them a message in advance.

A. No. We want to see progress toward peace. We think that the Shamir proposal represented an excellent opportunity to get there, and we just hope that the Israeli Government will be as firmly committed to that proposal as it has been in the past and will decide to move forward toward peace.

Q. You met with Mexico's Foreign Secretary and talked about the agenda of the next week's visit by President Salinas. How do you assess the relationship between Mexico and the United States?

A. Better than it's been in quite a few years, and I think that view is shared by the Presidents of both countries—better than it's been, if I might say so, during the 9 years that I have been a member of the U.S. Government.

Q. The Swedish Foreign Minister said that continued U.S. aid to the *mujahidin* is [inaudible]. What is your comment on that, and what should the United States do now, and what will it do now to get a political settlement in Afghanistan? I mean, it has been a stalemate for months now.

A. Let me comment on humanitarian assistance which the United States is sending to the *mujahidin*. We don't think that's a bar to a settlement in Afghanistan.

Insofar as what we're willing to do toward arriving at a settlement, we are

willing to exercise our diplomacy, as we do every time we get together with the Soviets and others, as we have done on a number of occasions just today. We had a full discussion of that as well at the Secretary General's lunch for the permanent five.

Q. A lot has been said about Poland as well as about Hungary. Could you elaborate what real aid—American aid—you have mentioned would be for Hungary, and could you sum up your meetings with the Hungarian Foreign Minister?

A. Yes, I'll be glad to. I included Poland and Hungary in my opening statement when I talked about spending some time this week further addressing the changes in Eastern Europe; and the changes in Hungary we see as every bit as important as the changes in Poland. It's not a case of weighing one against the other.

Poland is making a bit more progress on the political side in its reform. That may still be coming in Hungary. Hungary, on the other hand, has been making a bit more progress than Poland on the economic side.

We had a full discussion of these issues when the Hungarian Foreign Minister met with me—a discussion of how we can assist them in the reform effort. We talked about the courageous decision that the Hungarian Government had to make with respect to refugees from the German Democratic Republic seeking to go to the Federal Republic of Germany, and a whole host of other issues.

Q. If I may go back to the Middle East. When you said that you are waiting for the decision from the Israeli Government, what do you expect to follow—that they will negotiate only on elections in the territories, or is it any way linked with the comprehensive settlement?

A. I think we have to take the peace process in the Middle East a step at a time, and I think we have to crawl before we walk, and walk before we run. The name of the game right now, it seems to me, is to, for the first time, get Israelis and Palestinians talking to each other.

Initially, of course, they should talk about elections and the modalities for such elections. Ultimately, those discussions should evolve into discussions of transitional arrangements and discussions respecting permanent status.

¹ Press release 174 of Sept. 26, 1989.

² Press release 176 of Sept. 29.

³ Press release 179. ■

News Conference of September 19

Secretary Baker held a news conference at the Department of State on September 19, 1989.¹

I thought I would join you today to share a few perspectives on the upcoming ministerial [with Soviet Foreign Minister Shevardnadze in Jackson Hole, Wyoming], so I have a short statement that I'd like to give you, and then I'd be pleased to take your questions.

These discussions are taking place against a backdrop of significant major changes in the Soviet Union. We recognize progress, but we are also alert to the severe challenges and pressures which the Soviets face.

There are no simple or quick fixes to these. No one from the outside can solve these problems for them. Having learned the lessons of what General Secretary Gorbachev calls the "era of stagnation," the Soviets know that it's up to them to make the fundamental structural reforms that are necessary. The General Secretary has called it a revolution, and we would agree with that characterization.

So the question is: What can and what should we do? The answer, I think, to that is that we should find points of mutual advantage, gains that help them but that also at the same time serve our interests. This approach requires, of course, some creativity on the part of both of us.

I think that this ministerial will reflect that strategy. We are now fully engaged across an increasingly broadened agenda—broadened, if I may say so, at our suggestion in earlier meetings between us. So let me mention some of the things that we are doing that we think are to the mutual advantage of both the United States and the Soviet Union.

First, I think it's fair to say that the Soviets can best concentrate on internal reform if the external international environment is stable and positive. That's one reason why we've urged them to join us in trying to settle regional conflicts. It could also save the Soviets billions of dollars that we still see spent in a disappointing pattern of support for those who fuel conflict—in Central America, Cambodia, Afghanistan, Cuba, Ethiopia, and elsewhere.

Second, arms control could offer the Soviets some real economic savings if they respond positively to our conventional forces initiative. I would suggest that it's their turn to move, and we hope that they will. I think we stand to make progress across a broad front of other arms control issues at this forthcoming ministerial.

We will be offering proposals designed to break the 15-year nuclear testing logjam, which could free up to two testing treaties for ratification next year.

In the area of chemical weapons, we have, I think, a reasonable shot at an agreement to exchange data on chemical stocks which I think is a first practical step toward achieving real controls and eventually a total ban.

In START [strategic arms reduction talks], we look forward to a positive Soviet response to our verification and stabilization initiatives. Agreement on this topic now, of course, would help with ratification later, as the President indicated when these initiatives were announced. I also expect START to be a major subject in the arms control letter that [Foreign] Minister Shevardnadze has said he would bring. And while we had hoped to see this letter in advance of the ministerial so that we could work on the subjects it raises this week, we will and do appreciate movement whenever we get it.

However, to start the ball rolling this week, I am announcing today that we will lift our ban on mobile ICBMs [intercontinental ballistic missiles] in START, contingent upon congressional funding of our mobile ICBMs. We will be instructing our START negotiators in Geneva to work out the appropriate details of limits to be applied to mobile ICBMs and effective verification measures.

A third way that I think we can make a constructive contribution to *perestroika* is to assist the possible catalytic reform processes in Poland and Hungary. And this week, I'll be speaking with [Foreign] Minister Shevardnadze about our intentions to play a positive role in helping those two nations help themselves.

Finally, I believe our efforts to institutionalize the human rights agenda with the Soviets to expand our joint efforts on transnational problems such as the environment can support *glasnost* through fostering a pluralistic society

in the Soviet Union. I will be giving the [Foreign] Minister a list of possible environmental initiatives, and I hope that we can reach an agreement on a human rights statement, on the rule of law, and other topics.

We seek to encourage a spirit of openness between the Soviet Union and the United States, and that's a spirit that we hope to find in Wyoming.

Q. Could you give us some details on what you have in mind specifically on mobile missiles?

A. We want to make it clear that if the Congress funds the strategic modernization program that the President has asked for, we will lift the ban which currently is in place in the START negotiations on mobile missiles.

Q. In other words, you would permit the Soviets to keep the SS-25s?

A. No, we will lift the ban, but, as I indicated, we will instruct our negotiators in Geneva to begin discussions upon the appropriate limits and effective verification measures with respect to mobile missiles. So those two things will still have to be negotiated out within the context of the START discussions.

Q. Will the chemical weapons agreement that seems to be in sight include inspection of American chemical weapons on West German soil, or are the Germans objecting, and are you going to finesse that issue?

A. I'd rather wait to see if we can close this out, because there are still a few issues. I said I think we have a fair shot at this, and that's exactly where we are today. You had put your finger on one of the last issues to be resolved. But this would involve a two-stage exchange of information on locations and quantities of U.S. and Soviet stocks, as well as a regime of inspections to confirm the data.

Q. Is a second stage to tie in the inspection regime to a 40-nation agreement, or do you hope to have an agreement that will stand on its own bilaterally, possibly being a model for others but one that can be carried out by these two countries?

A. We would, of course, prefer ultimately to find ourselves in the position of moving multilaterally in this area. If we can't do that, then, of course, we will move to the extent that we can bilaterally.

Q. The United States, if it lifts its own distaste for mobile missiles unilaterally, as you appear to be announcing you're willing to do, would

you expect the Soviets perhaps to do the same thing with their insistence on controlling submarine-launched cruise missiles (SLCMs)? Would that be something that you'd expect of a reciprocal—

A. I can't forecast what might be included in the proposal that we presume we will see on Thursday. So I really would prefer not to just speculate here with you. I just don't know what could be in it.

As you know, we have major differences with the Soviet Union on the question of SLCMs. I don't anticipate a lot of progress on that issue at this ministerial. This has been a very, very thorny, difficult problem throughout the entire history of the START negotiations.

Q. But if the Soviets did with SLCMs what you appear to be doing with mobiles, you wouldn't have to face that issue, either at this ministerial or—

A. I can't guess with you about what they might or might not do.

Q. Would you talk to us a little more about what you're thinking of *vis-a-vis* Poland and Hungary? Are you anticipating a greater level of U.S. support that takes into account that Solidarity is now running the government instead of the communists?

A. I think it's fair to say that when the President went to Poland and Hungary, we were talking about how we might assist a communist government in the process of reform. Now we are talking about assistance to a democratic government seeking to survive, and, therefore, we should take a harder look at the problem and at the issue. We are doing that.

You saw just the other day where the President announced an additional \$50 million in food aid to Poland. We don't want to make the same mistakes that the industrialized democracies made in the 1970s when we funneled a lot of loans into Poland and a lot of grants into Poland without insisting upon the appropriate economic reforms.

There are a lot of things that the Poles need to do to help themselves. We need to assist in that in every way possible. We need to try and move, for instance, a Paris Club rescheduling in advance of any requirement for an International Monetary Fund (IMF) agreement. We need to push to make certain that the cooperative effort that was agreed to at the economic summit goes forward expeditiously. As we are presently doing, I think, with Secretary [of Commerce] Mosbacher on a trip over there, we need

to concentrate on the Enterprise Foundation and fund so that we can create a private sector in these countries. This is very, very important.

Q. But are you anticipating a greater level of U.S. aid than the President announced, other than the food?

A. We've already bumped it by \$50 million. What I think we need to do is take a look at requirements and take a look at what we can do, because the point you make is a very good one. We are now dealing with a democratic government seeking to survive, rather than a communist government seeking to reform itself. I think it's appropriate that we look particularly hard at our bottom line and do everything that we possibly can.

But we shouldn't make the mistake of thinking that it's just U.S. aid in the form of grants and loans that's going to cure the problem, because it didn't cure it in the 1970s, and it's not going to cure it now. It's going to take some fundamental economic reform in both of those countries.

Q. Since the Soviets seem anxious to move ahead on START, is the United States willing to move without regard to progress in the conventional arms talks, to move on a separate track toward a START agreement?

A. I don't think we've ever conditioned START and CFE [conventional armed forces in Europe], one on the other. We have a fairly far-reaching and ambitious proposal out there on the table as far as conventional is concerned, as you know. And, as I indicated in my statement, we would hope that the Soviets would pick up that offer. This would enable them to save a significant amount of money and, as you know, some of their problems are economic in nature.

Q. But there's a widespread perception that because of the problems in the Administration about what the position should be in the START talks relevant to the sea-launched cruise missiles and particularly the ABM [Antiballistic Missile] Treaty that it would be easier to move forward on conventional. The Soviets, on the other hand, seem to want to push very hard on START. Are you willing to make that push?

A. As I mentioned in my statement, we're going to be moving across the full range of our arms control agenda. We're going to be moving in START; we're going to be moving in conventional; we're going to be moving in chemical; and we're going to be moving in nuclear testing, we hope—in all of these areas.

Will we conclude a treaty in Wyoming? The answer to that is obviously no. That's not the purpose or the function of these meetings. They are to continue to move the process forward, and I think if you judge us at the end of the day—hopefully next Sunday—that you will agree that we've moved the process forward substantially across the full range of our arms control agenda.

Are there still some major issues in START? You bet there are, and they're going to be very difficult to resolve, but we're going to keep at it.

Q. The Senate Majority Leader accused the Administration of timidity in the face of unprecedented changes in the Soviet Union and Eastern Europe, and the Speaker of the Hungarian Parliament expressed unhappiness with the "wait-and-see" attitude on the part of the Administration. What's your reaction to those charges?

A. I don't think that we can appropriately be accused of having a "wait-and-see" attitude. Frankly, I think that the statement, coming as it did on the eve of the ministerial, was unfortunate in its timing. I also think it ignores our approach as I've laid it out here to you in the opening statement that I just made.

We have clearly recognized the historic changes that are taking place, not only in the Soviet Union but in Eastern Europe as well. That's why we are fully engaged, not just on the full range of our arms control agenda but on the broadened agenda as well—environmental problems, drug problems, terrorism problems, a whole range of issues that we never used to discuss, even with the Soviets.

That's why we're focusing greater efforts on regional conflicts. That's why we're offering technical economic advice on what it's going to take to accomplish the kind of reform that's necessary in Poland and Hungary and, for that matter, in the Soviet Union.

Frankly, we could move forward a lot faster and with more effect, it seems to me, if the Congress would act expeditiously on the President's request for GSP and OPIC [generalized system of preferences and Overseas Private Investment Corporation] benefits for Poland and Hungary.

So I think we have to be careful not to become frantic and rush out here to negotiate a treaty on strategic arms, or anything else for that matter, that would be nonratifiable. You know, the United States did that recently; we did it, I

think, in the late 1970s timeframe, and it turned out to be a mistake. I don't think we ought to do it again.

Q. Your statement seems to be implied criticism of the previous Administration, of which you were a part, inasmuch as they negotiated START to the point at which it is now. I mean, is that the way we should take this?

A. No. I don't intend to be criticizing the prior Administration of which I was a part. [Laughter] I think what's happened is they've taken it a long way down the track. There are about two or three really fundamental, very tough, difficult issues in START that that Administration was not able to resolve, and that so far we have not been able to resolve. But we need to keep negotiating on those, and that's the full thrust and import of my statement.

Q. How much do you feel your hands are tied because of the legislative slowness up on Capitol Hill, particularly with regard to the mobile missile issue and the B-2 issue and the "star wars" issue? Has that made it difficult for the Administration to even field a coherent arms control strategy going into this ministerial?

A. I do think it is fair for us to say that we have been debating in this country the question of strategic modernization for almost 15 or 16 years. It is very difficult to negotiate a strategic arms treaty until you know for sure what your strategic modernization program and policy are going to be.

So that relates to the question you've just addressed on mobiles and to some extent, I suppose, in a related way on SDI [Strategic Defense Initiative] and ABM. On the question of ALCMs [air-launched cruise missiles], which is yet another issue that's unresolved in the START discussions, it's pretty hard to know what limits or what kind of trade you should make on ALCMs until you know whether or not you're going to have a penetrating bomber such as the B-2.

So we do need to move together—the legislative and executive branches—if we're going to ultimately reach a strategic arms agreement.

But I want to say in concluding that answer that I hope you will look at the progress that is going to be made across the full range of the arms control negotiations and not just look only at that one negotiation.

Q. You seemed to have conditioned additional aid for Poland on their carrying out reforms. But some

people have said that this government is not going to be able to succeed with a reform program without massive additional aid from the West. Could you address that?

A. I'm not just saying they've got to reform and then we'll help them. The President has made it quite clear that we want to help the process of reform, and we've made that quite clear as well. We want to get OPIC coverage for them so that we can encourage U.S. investment in Poland and Hungary.

We want to give them GSP benefits so that they get the benefit of that in their trading relationship. We want to continue to be liberal and generous in our food aid and assistance. We want to continue to press for a liberal Paris Club rescheduling for Poland in advance of an IMF agreement, and not all countries are quite so forward-looking, if I may say so. We want to see the implementation of our Enterprise Foundation, \$125 million proposal.

I think it's fair to say that we need to assist them, and we need to help them over the rough spot. Whether they succeed or not is going to depend on their willingness to effect some very fundamental and substantial economic reforms. They've got to find a way to move to a free market economy.

Q. Are you going to make Soviet bloc aid to Nicaragua a priority issue during the talks?

A. We have before and we will again, and we're a little disappointed in what's going on down there. So we'll make that known.

Q. Are the Soviets contributing directly to the build-up of the Sandinista arsenal?

A. To the buildup of the arsenal, I would have to say yes, if you ask me the question that way. Most of it is coming in indirectly but it's materiel and weaponry that we think they could have a significant influence on reducing if they so chose.

Let me say one more time, as I did in my statement: They are spending billions of dollars in regional conflict situations that we think could be put to better use to assist the process of *perestroika*. That's what I mean about assisting them where it's to our mutual advantage to do so. It's just one example.

Q. When this ministerial meeting was scheduled, it was agreed that one of the topics that would be discussed would be the question of a future summit meeting between President Bush and President Gor-

batchev. Now statements from the White House seem to suggest that it's too early to talk about a summit meeting. Could you clarify your willingness, or the Administration's willingness or unwillingness, to consider a summit meeting schedule at this time? And what kind of criteria are you going to use—the President going to use—to determine whether you want to proceed with one?

A. What I will say for you is that it is anticipated and intended that we have a full discussion of the possibility of a summit. That will take place, as we indicated it would, when we broke up, I think, following our meeting in Paris. We will have a discussion of when it would be appropriate for the General Secretary and the President to get together. Beyond that, I really don't want to go—

Q. Is there some feeling that this is too early to have a summit?

A. I don't want to go beyond what I've just said. We will have a full discussion of that.

Q. You said the Administration is not taking a "wait-and-see" attitude toward change in Eastern Europe and in the Soviet Union. Can you explain, in that context, why it has not yet acted on most-favored-nation (MFN) for the Soviets, and also why you feel the need to talk to Mr. Shevardnadze before taking additional steps in Poland and Hungary?

A. I don't feel the need to talk to him before taking additional steps. What I said in my statement was that I would be telling him what our approach to Poland and Hungary is. I don't feel a need to talk to him before doing that.

With respect to MFN, I think we've made it very clear that this is one way in which we could significantly assist the process of *perestroika*. We made it clear months ago that the only thing that was a bar to our moving on MFN was that they institutionalize the freer emigration policies which they have pretty consistently been following over the course of the past year or so. We're still waiting for that institutionalization.

There's a good case of, it seems to me, helping others help themselves. If they'd simply pass the law, we would be in a position to provide MFN.

Q. But the parliament, as you know, has a lot of things on its agenda, and some of the Soviet officials are now saying that they don't expect it to happen right away. Yet the practice is there. Why doesn't the Ad-

ministration do some kind of selective lifting or things that are within its purview or its legal—

A. Because I think we took a forthcoming and far-reaching position on it. We made it very clear months ago that we were prepared to do this. I think that there is substantial consensus within the United States for that approach, particularly when it rests only on their enacting legislation. I don't think we ought to change our position.

Q. Despite what you said a moment ago about not wanting to rush out and sign agreements, do you have any concern, given Mr. Gorbachev's domestic problems, that there may be a limited period of time during which you can make agreements with this regime in the Soviet Union?

A. You know we want *perestroika* to succeed. You know we believe it's up to the Soviet people whether or not it will succeed and what happens to their leadership.

Let me remind you that we hope—*hope*—to be able to tell you on Saturday night or Sunday that we've got significant movement on conventional forces because we hope they're going to come back and give us an answer on our proposal. We hope to be able to tell you we're going to have good progress on nuclear testing, good progress on chemical weapons, and some progress on START.

I think that's responsive to the concern that is suggested by your question. It's one reason that we believe in being fully engaged across a broad agenda in the U.S.-Soviet dialogue.

Q. Just in regard to what you said, do you anticipate your remarks will have some impact back in Moscow now with a meeting going on there, to give a little assurance to your willingness to work with Gorbachev?

A. I hadn't anticipated that in scheduling this. That's not the reason I'm down here.

Q. With regard to most-favored-nation status, there's some debate over whether or not that would really improve trade that much between the United States and the Soviet Union. And for those who do argue that the biggest problems that the Soviets face internally pertain to the continued stagnation economically there, is there anything that the United States can do, practically, or that could be done at this meeting perhaps?

A. Yes, and we hope to do that. We suggested at the last meeting that we

have an informal dialogue on the subject of economics generally and how *perestroika* works and how we might assist them through technical advice, or otherwise, in doing what they need to do to move more toward an open market-type economy.

They've got, as you know, some extraordinarily difficult problems involving the convertibility of their currency and involving a price system. These are things that have to be at some time addressed.

Q. Is that going to be discussed, then, this weekend?

A. Informally, we will be discussing those, yes.

Q. [Foreign] Minister Shevardnadze will be coming to the ministerial from a nationalities plenum. What is our position on the Baltic states? Do we support the independence of the Baltic states, or would we like—

A. As you know, it's been the position of the United States for some time that we do not recognize the incorporation of the Baltic states into the Soviet Union. That continues to be our position. We would hope that whatever takes place with respect to that would take place in a peaceful manner.

We do not seek to foster, nor would we profit from, instability in the Soviet Union. We'd like to see a peaceful move toward independence for the Baltic states.

Q. In the spirit of your concern about solving regional conflicts, what do you think of [Egyptian] President Mubarak's 10-point plan to move the peace process in the Middle East forward? And how do you assess the U.S.-PLO [Palestine Liberation Organization] dialogue at the present time?

A. Let me answer the first one and then you ask me the second one later, because I'm going to give you a longer answer to the first one than you might have anticipated.

First of all, let me say that we strongly support the Government of Israel's elections initiative. We would like to—and we have been working toward, ever since I've been in this office—find a way to bring about a dialogue between Israelis and Palestinians because we don't think there will ever be peace in the Middle East except through direct negotiations.

We see Egypt's 10 points not as an alternative to the Israeli Government's proposal; on the contrary, we think they

represent Egypt's acceptance of the Israeli proposal and Egypt's views on how to get to elections and make it work—how to get to a dialogue.

We are encouraged by the recent diplomatic activity that has taken place in this regard, and we intend to remain actively involved and engaged with the parties.

I have been in touch with both Foreign Ministers—the Foreign Minister of Egypt and the Foreign Minister of Israel—and I would hope that we will, the three of us, be able to meet when we're all three in New York at the UN General Assembly next week to further discuss ways in which we might implement the Israeli elections proposal.

Q. Could you explain more fully the rationale or the reasoning behind your announcement here on mobile missiles? There are some arms control supporters—I think Senator Nunn and [Representative] Les Aspin—who have argued that we should maintain a ban on mobile missiles that carry multiple warheads because they maintain a breakout threat for a START treaty while allowing single-warhead mobile missiles. I gather you're not drawing the sort of distinction. You would allow both types.

A. I'm not getting into the question of MIRVing or de-MIRVing or any of that right now. If you ask me "rationale," I think, frankly, there has been some confusion out there about exactly where the United States was when we have a ban on mobile missiles in a START negotiation with the Soviet Union and yet we send a request to the Congress for authority to build and deploy mobile missiles. I just wanted to make that very, very clear.

Some have faulted us for maintaining the ban. Others think that, well, you ought to maintain the ban until you get congressional—what we've done here, I think, is to accentuate the positive and that's the purpose of the announcement.

Q. Senator Mitchell's criticisms yesterday went beyond specifics regarding Poland or Hungary or the Soviet Union. In general, I think he was making the assessment that the Administration lacked vision and leadership and didn't have an overarching policy to deal with these revolutionary changes. He even went so far as to say there was some nostalgia—there appeared to be nostalgia for the cold war era. Can you

address the question more generally than just the specifics of what you do want to do in each of those countries?

A. I thought I addressed it generally in the first answer I gave you, because I told you what we are doing. I think that the criticism fails to take that into account. So I disagree with the criticism. [Note handed to the Secretary] I have another announcement for you. I'm sorry, where did I leave you?

Q. You said you reject the criticism. I'd say it was an unusually harsh assessment of overall Administration policy, and I'm asking you to address that.

A. Let me address it this way by saying that when the President of the United States is rocking along with a 70% approval rating on his handling of foreign policy and I were the leader of the opposition party, I might have something similar to say. [Laughter]

Q. Back to the question for a moment of the instability in the Soviet Union, there seems to have been an upsurge in that since your last ministerial meetings. How do those factors enter into your thinking on the pace of U.S. cooperation with the Soviet Union? Do Mr. Gorbachev's internal problems—the difficulty he has in getting his economic program off the ground—put limits on really what you can achieve?

A. I don't think it enters in in the way in which your question would imply because we have, from the very beginning, felt that it was important to cooperate where it was in our interest as well as theirs to assist *perestroika* to succeed. We've made that very clear, and we have felt a certain—all along—dynamic in this thing to do that without any undue delay. That's exactly what our position is now, and that's why we're moving across this full range of our agenda.

If you're asking me, does it make us frantic because of what's happened over the course of the past 3 months, the answer is no, and it shouldn't and it's not in our interest for it—

Q. I meant my question to actually be the opposite. Does it tend to make you more cautious and more prudent?

A. I would hope, and again as we said early on in this Administration, that we've been approaching this relationship with the proper degree of prudence. We talked a lot about the importance of doing that. Why? Because

we can have no assurance with respect to what the final result will be. So we shouldn't go out, as someone said, and do something dumb.

Q. Senator Don Riegle is sending you a letter asking you to raise the Baltic question in Wyoming.

A. We will be discussing that. That's an item that we would expect to discuss, the situation in the Baltics.

Q. Will you spend much or any time discussing the South African situation with the Foreign Minister? And do you have any private indications that the new South African Government will make the reforms that you seek in the near future?

A. We hope they will. They haven't been in very long. As you know, when we congratulated that government on its election and caught a little flack for doing so, we made it very clear that that congratulation was tempered with a de-

sire on our part to see them move expeditiously in a whole host of areas having to do with the abolition of apartheid. I hope that we will see that.

We will be discussing the situation generally in southern Africa. I'm not sure we will get into detailed discussions about the De Klerk government.

Let me say also that I can now inform you that allied representatives meeting in Brussels today have reached agreement on tabling concrete proposals on verification information, exchange, and stabilizing measures in the CFE negotiations in Vienna—they will table these [on Thursday, September 21]—together with the proposals that were tabled on July 13. This fully implements the decisions that were made at the May NATO summit as a result of the President's conventional forces initiative.

¹ Press release 167. ■

Independence Process in Namibia

by Herman J. Cohen

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on July 20, 1989. Ambassador Cohen is Assistant Secretary for African Affairs.¹

I am pleased to be here today to discuss the independence process in Namibia. This is particularly timely, since I have just returned from Africa and a stop in Windhoek, where I had an opportunity to view the process firsthand. In the brief time I was there, I met with parties representative of Namibia's entire political spectrum: the Administrator General, the UN Secretary General's special representative, and senior officials both of the South West Africa People's Organization (SWAPO) and its principal opponent in the electoral campaign, the Democratic Turnhalle Alliance (DTA), as well as observers from a variety of foreign governments.

The United States has long taken the leading role in negotiations aimed at achieving Namibian independence. We are proud of our role in reaching agreement on UN Security Council Resolution 435. And we are equally proud of our mediating role in the negotiations that led to the New York

accords which opened the way to implementing that resolution. Today we stand ready to assist the Secretary General, his special representative, and the UN Transition Assistance Group (UNTAG) as they discharge their responsibilities.

Situation Since Implementation of Security Council Resolution 435

Nearly 4 months into the implementation of Security Council Resolution 435, the transition to Namibia's independence is firmly in place. Despite some delays, primarily caused by SWAPO's surprise incursion on April 1 and the resulting administrative glitches, all parties remain committed to keeping the independence process on track and ensuring that elections for the constituent assembly are held in November 1989.

The Secretary General's special representative, Martti Ahtisaari, and the Administrator General, Louis Pienaar, have worked together to achieve the repeal of discriminatory legislation, the promulgation of a blanket amnesty for all returnees, a peaceful repatriation of refugees, and the successful start of nationwide voter registration.

I would note that the South African Government has also kept its side of the bargain. Once the problems arising from the April 1 incursion were solved, the withdrawal and demobilization of the South African Defense Forces and the South-West Africa Territorial Force has proceeded according to schedule. As required by the UN plan, the remaining South African forces, which may not exceed 1,500, are now restricted to bases at Grootfontein and Oshivelo and monitored by UNTAG military units.

Return of Exiles and Voter Registration

The return of exiled Namibians represents another significant milestone on the road to independence. Although delayed by 4 weeks, the arrival of the first planeload of returnees at Windhoek airport on June 12 testified to the fact that transition to independence was irreversible. Over 20,000 refugees have been repatriated to be full participants in this historic process.

On July 3, the registration of voters began. Having already registered over a third of the estimated electorate, representatives from the Administrator General's office and UNTAG are working side-by-side to sign up all Namibians who qualify to vote in the upcoming elections.

Obstacles to Overcome

Of course, there are still some obstacles to overcome.

- The problem of intimidation in the north remains.
- Reports of the continued presence of armed SWAPO fighters in Angola prevents a complete sense of security inside Namibia.
- Final election legislation, while under active consideration, has not yet been promulgated.
- Questions concerning SWAPO detainees are not fully resolved, while political prisoners remain in South African custody.
- UNTAG and the Administrator General's office continue to discuss whether additional legislation should be repealed because of its discriminatory nature.

In our judgment, these issues, though not serious, do not constitute an insurmountable threat to the independence process.

Let me add a few words, however, about the issue of intimidation. We raised the matter one more time with the South African delegation at the joint commission meeting in Luanda June 7-8. There have been some positive moves, including:

- Removal of heavy armaments from police vehicles;
- Removal of the large, mine-resistant *casspirs* [large armored vehicles] from populated areas;
- Reduction of the numbers of *casspirs* in use;
- Donation of 40 *casspirs* to UNTAG so it can accompany South West African police patrols; and
- Appointment of a commission to review complaints.

However, the South Africans have yet to remove ex-Koevoet counterinsurgency troops in the police force from the north. We will continue to support the UN Secretary General's special representative as he works on this problem.

SWAPO Detainees

Let me now turn to the issue of SWAPO detainees. At the Luanda joint

commission meeting, the head of the Angolan delegation, Gen. Ndalú, reported he found 151 detainees in SWAPO camps, of which 99 had gone to Namibia and 52 had chosen to remain in Angola or be repatriated as refugees. However, 2 weeks ago, some of the SWAPO detainees who did return to Namibia reported graphically to the press on their imprisonment and torture. A senior SWAPO official publicly apologized to the returnees and said that his organization would deal with anyone involved in torture.

I continue to be concerned with reports that not all the detainees previously held by SWAPO have been released. We urge a full accounting from SWAPO. We also urge that the South Africans release all political prisoners and detainees they still hold.

In sum I am encouraged by what I saw in Windhoek. Resolution 435 is being implemented fully and correctly, and we remain confident that free and fair elections will occur on schedule.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

South African Elections

DEPARTMENT STATEMENT, SEPT. 7, 1989¹

We congratulate Acting President [F.W.] De Klerk on his party's victory at the polls and for leading his party to win its mandate for real change in South Africa. Apartheid must end. The elections themselves once more underscore the systematic denial of political rights to the majority population in South Africa.

The international community is carefully watching what the new South African Government will do to begin the process of change. Promises of reform must be followed by concrete, specific action. We are committed to working with all parties to bring the South African Government and black South Africans together in a substantial effort to end apartheid. We, therefore, are prepared to work with the new government toward this end.

The most important first step in the process of change is dialogue be-

tween South Africans. To begin this dialogue, we believe that the following steps will be necessary:

- Release all political prisoners, including Nelson Mandela and Walter Sisulu, and the return of political exiles
- Lift the state of emergency and associated restrictions on political activity and freedom of association for the black opposition;
- Unban all political organizations, including the African National Congress (ANC); and
- End violence from all sources.

We urge the new South African Government to move as quickly as possible to create the conditions for dialogue to begin. We hope all parties will take advantage of this opportunity to pursue negotiations on a peaceful process of constitutional change leading to nonracial democratic government.

¹ Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

Conference Against Chemical Weapons

The International Government-Industry Conference Against Chemical Weapons was held in Canberra September 18-22, 1989. Following is a statement by Richard A. Clarke, head of the U.S. delegation and Assistant Secretary for Politico-Military Affairs, on September 19.

"If I am remembered for anything, it would be this, a complete and total ban on chemical weapons." Those are the words of George Bush.

President Bush is committed to a verifiable and total ban on chemical weapons. The U.S. Government is so committed. On behalf of President Bush, I want to extend my thanks to the Government of Australia for hosting this unique and essential conference against chemical weapons.

It is interesting that the very title is a conference against chemical weapons; not on chemical weapons or about chemical weapons but against—for we all here are pledged to the total elimination of chemical weapons. This is a unique conference—a unique conference because it brings together, in a formal setting for the first time, those governments that could make chemical weapons and could also eliminate them, in the same setting with those industries that could make chemical weapons or could help us in the process of eliminating them. It is an essential conference because we cannot go ahead to implement a ban without the cooperation of industry.

Role of Governments

Let me begin by talking about the role of governments. Those nations that have chemical weapons bear a special responsibility to conclude the convention as rapidly as possible. Those nations which do not have chemical weapons also have a responsibility and that is not to acquire them; not to make the problem any worse.

Both classes of nations have a moral responsibility to prevent the diversion of dual-use chemicals through governmental export controls and end-user confirmation. That is the best way to stop proliferation until we have a convention in force. Until that time, stopping proliferation of chemical weapons is a national responsibility. It

would be a mistake for us to adopt any international regime as an interim to deal with proliferation. That would only divert us from the important task of completing the convention. While it is a national responsibility, nations can and should—and I am pleased to say many nations are—cooperate in their efforts to control the spread of chemical weapons.

The threat of proliferation is a threat that affects us all. But I think there may have been some misunderstanding about who is most at risk from that threat. It is not the great powers that have elaborate laboratories, that have chemical defensive gear, that have antidotes and elaborate hospital facilities. Those nations which are most at risk from the threat of proliferation are the nations in the Third World, the so-called developing nations.

Steps Toward Building Confidence

There are those who say that we cannot simultaneously support efforts to stop proliferation and at the same time support efforts to achieve a treaty. The United States believes that is the fallacy of a false dichotomy. We believe we can and must do both.

A global ban, a verifiable global ban, is the best ultimate answer to the problem of proliferation. Those who are party now to the spread of chemical weapons put further roadblocks in our path to the ultimate achievement of that total ban. We must take practical steps now as governments to achieve that global ban. We must take initial steps—steps that will make it possible to go ahead more rapidly later on, steps which will build confidence in the treaty and in the process. We would like to propose three such steps today.

First, an end to secrecy. There are not just two nations that have chemical weapons. There are two nations that acknowledge they have chemical weapons. To the best of our information, there are 22 nations that have chemical weapons in their inventories, controlled by their military and ready for use. It would be a major step forward in building confidence in the treaty if those other nations which have chemical weapons would begin by admitting that fact. Only two thus far have made that acknowledgment. Only one nation thus

far has listed by site the location of all of the storage facilities for chemical weapons on its territory.

The United States and the Soviet Union are moving this week to put a further end to secrecy on their parts. They are negotiating today in Washington and later this week in the American State of Wyoming the memorandum of understanding which will detail the size of their stocks; the type of agent; and the type of weapon and the locations. And if we can conclude this agreement this week, that data will be exchanged by the end of this calendar year. The agreement will also call for mutual visits to a variety of types of facilities on each others' territories. Other nations should follow this example.

Second, we propose today that nations build confidence in the treaty through a variety of unilateral, regional, and multilateral steps. Australia's regional conference in support of the chemical weapons convention earlier this year and Australia's announcement today of an organization to begin the implementation of the convention are two examples of such steps. Pledges not to acquire chemical weapons are another example of this sort of measure.

Third, the United States is proposing today the creation of a forerunner of the technical secretariat that will be created when the treaty is implemented. Some of the tasks that that technical secretariat will be called upon to do need not wait upon the implementation of the treaty. They can be done now; they should be done now. What would such a group do in specific?

We have called the group in our preliminary proposal the technical experts' group but in discussions here yesterday, I have been given a variety of other suggestions for names, including the interim international staff or the assistance groups. We are not wedded to any particular name.

We have some ideas about what such a group should start immediately to do. It could establish data bases from governments and industries. There is not today a single reliable list of the location of chemical plants in the world or their number. A data base would be a good beginning. The group could assist in national inspections; it could assist in multinational inspections and develop lessons learned from each of them. It could research and disseminate information on environmentally safe destruction of chemi-

cal weapons. The United States has much information to offer in this regard.

We have destroyed 15 million pounds of chemical weapons agent already. We have spent \$240 million in the creation of a single facility to destroy chemical weapons stocks. The group could coordinate research on methods and technologies for verification. Last year the Congress of the United States appropriated \$6 million specifically for research into chemical weapons verification. I suspect and I hope that other governments in this room are also spending money on research of that kind. Right now that research might be duplicative. Such a group could coordinate the research among countries. There are other ideas for the group which are outlined in the paper distributed by the secretariat.

It is important, in thinking about such a group, to also understand what it would not do, and what it would not be. It could not be a diversion from the real work of getting the convention. It must only be a necessary step on the way to implementing the convention. It should not be an exclusive organization but rather one open to all the members of the Conference on Disarmament. It

should not be a committee, such as those five that already exist in Geneva, to do political work, but rather it should be a small body to coordinate and to recruit experts, who would be brought in for specific tasks, given to it by the chairman. It should not be a duplication of existing groups but rather an umbrella and a supporting mechanism for them; not a parallel structure but a staff reporting to the existing chairman.

We put this concept forward today as a preliminary proposal, with the intention of obtaining comments and criticism here, and in Geneva, during the intersessionals before we put it forward formally in the Geneva talks.

Verification

Much of the work that this group would have to do would focus on verification. A lot of discussion has already occurred here today about verification. We in the chemical weapons conference must not make the mistake that was made in the biological weapons conference, for the Biological Weapons Convention has no effective means of verification. We cannot do what we did there and simply rush to sign a piece of

paper because we want to ban that type of weapon and have not yet been successful in working out the details. The Biological Weapons Convention sits there today without verification procedures, and there are countries today actively engaged in creating biological weapons, acquiring them for the first time. And that convention, because it was rushed through without verification procedures, is doing nothing either to identify those nations or to stop them.

A sloppy job of verification in the chemical weapons convention would damage the entire international structure for arms control. And it would do so at a time—a unique time in the history of arms control—when we can make progress, bilaterally and multilaterally, on a number of vital agreements.

Other Arms Control Negotiations

In addition to the chemical weapons talks, the United States and the Soviet Union are today implementing the Intermediate-Range Nuclear Forces (INF) Agreement. We are blowing up missiles in the United States and in the Soviet Union. Perhaps our experience there can help answer some of the questions about how much it costs to do inspection and how many inspectors you need.

There are today 300 Americans in the Soviet Union and an equal number of Soviets in the United States verifying this one small agreement to eliminate one class of nuclear missiles. Last year the agency of the U.S. Government created for verification of that agreement—the On-Sight Inspection Agency—had a budget of almost \$100 million. That agreement is a very small agreement compared to what we are trying to achieve here. But it is not the only one that is going on.

We are engaged in negotiations on nuclear testing, which will require both the United States and the Soviet Union to allow very intrusive inspection. There will be very intrusive inspection required in the strategic arms reduction agreement, in which we are attempting to reduce 50% of our strategic nuclear forces. NATO and the Warsaw Pact are negotiating on conventional forces in Europe and have already reached agreement in broad principle on numbers of weapons to be destroyed, and those numbers of weapons total in the tens of thousands. That entire process of arms control, unique in modern history, could be put at risk

CFE and CSBM Talks Open Round Three

WHITE HOUSE STATEMENT,
SEPT. 7, 1989¹

The third round of the negotiations on conventional armed forces in Europe (CFE) began today in Vienna.

At the NATO summit in May, allied leaders endorsed the President's initiative to include land-based combat aircraft and land-based combat helicopters and U.S. and Soviet ground and air manpower stationed in Europe in the negotiations. On July 13, 2 months ahead of schedule, the allies presented details of this initiative at the negotiations in Vienna. The tabling of those elements of our proposal reflects our determination to fulfill the President's commitment and move forward as rapidly as possible in these negotiations.

The members of the Warsaw Pact have indicated that they want to conclude a conventional arms reduction agreement, and we await their response to our initiatives during this round.

Similarly we hope that the Warsaw Pact members will be prepared to discuss the 12 detailed measures that we and our NATO allies put forward during the last round of the 35-nation talks on confidence- and security-building measures (CSBMs), which have just resumed in Vienna. Greater openness and predictability about military forces and actions in Europe are key elements in the NATO alliance's approach to conventional arms control.

Our objectives in both these negotiations is to secure a more stable balance of forces in Europe and to reduce the risk of arms confrontation on the continent. It is a goal we and our allies have been seeking for 40 years. We believe that the conditions are right for achieving sound and stabilizing agreements which will increase security for all the nations concerned.

¹ Text from Weekly Compilation of Presidential Documents of Sept. 11, 1989. ■

Cambodia and Vietnam: Trapped in an Eddy of History?

by Richard H. Solomon

Address before an international symposium sponsored by The Los Angeles Times, the Times Mirror Company, and the Asia Society in Los Angeles on September 8, 1989. Mr. Solomon is Assistant Secretary for East Asian and Pacific Affairs.

It's a pleasure and honor to join here with friends and colleagues in this impressive display of interest in Indochina. It is a telling sign of the times that this gathering is taking place now and here in Los Angeles, one of the great cities of the Pacific rim.

Contemporary Asia's economic dynamism and political ferment highlight global transformations that are shaping the world we will know in the 21st century. Secretary of State Baker has succinctly characterized these trends as an increasingly integrated global economy based on an open market trading system sparked by spectacular technological change, the failure of communism as an economic and political

system, and a worldwide trend toward democracy and free enterprise.

Would that the realization of these trends was without conflict and evenly accomplished. Yet, as we know, development is an arduous process characterized by conflict, uneven growth, and setbacks as a new era strains to break through the constraints of the old.

Asia's explosive economic growth and political ferment have yielded dramatic successes, as in the Philippines and South Korea, where intense social pressures shattered authoritarian political orders and brought forth democratic reform. Yet in Burma, and more recently in China, we have seen how uncertain and painful the rites of passage to a new era can be.

What do these forces for change mean for Indochina? Does Vietnam's announced intention to end its occupation of Cambodia signal a major shift in policy? Or do old suspicions, old ambitions, and old ideologies still hold sway? The inconclusive results of the recent Paris conference on Cambodia leave us with an ambiguous picture of the fu-

Assistant Secretary for East Asian and Pacific Affairs



(Department of State)

Richard H. Solomon was sworn in as Assistant Secretary for East Asian and Pacific Affairs on June 23, 1989. Previously he served as Director of the Policy Planning Staff of the Department of State (March 1986-January 1989). He held the position as head of the Rand Corporation's Political Science Department (1976-86) and also directed the corporation's research program on international security policy (1977-83). From 1971 to 1976, he was Senior Staff Member for Asian Affairs on the National Security Council (NSC), having earlier been Professor of Political Science at the University of Michigan (1966-71).

Dr. Solomon received his Ph.D. from the Massachusetts Institute of Technology (1966) where he specialized in political science and

Chinese politics. He has contributed articles to a variety of professional journals, including *Foreign Affairs* and the *China Quarterly*, and has published five books—*The Soviet Far East Military Buildup: Nuclear Dilemmas and Asian Security* (1986), *The China Factor* (1981), *Asian Security in the 1980's* (1979), *A Revolution is Not a Dinner Party* (1976), and *Mao's Revolution and Chinese Political Culture* (1971).

Dr. Solomon has done research and consulting work for a variety of U.S. Government offices and served as a visiting professor at the John Hopkins School of Advanced International Studies in Washington (1972-74). He was an International Affairs Fellow at the Council on Foreign Relations (1971) and served as a consultant to the President's Commission on Foreign Language and International Studies (1978-80). He was a board member of the National Committee on United States-China Relations and the International Research and Exchanges Board (IREX). He has served on the Chief of Naval Operations Executive Panel since 1984. ■

y bringing to governments and to parliaments a chemical weapons convention which did not have adequate verification means. Verification, as you can see by the example of the INF agreement, will not be cheap, and it will not be easy. But the United States would rather spend money on verifying global ban on chemical weapons than would on the production of chemical weapons because no verifiable ban has been achieved.

Industry's Role in Verification

The role of industry is also crucial in verification, but we must design a regime—and I think we can design a regime—that allows us to have effective verification and, at the same time, does not reveal proprietary information; does not penalize developing countries or their chemical industries; and does not damage legitimate commerce in dual-use chemicals. We in the United States are proud of our chemical industry; proud of its enthusiastic support of the chemical weapons convention, and its willingness to undergo inspection once that agreement is implemented.

We are proud of the announcement today by the U.S. Chemical Manufacturers Association of a five-point plan to supplement the regulation of the U.S. Government on the export of dual-use chemicals. We are pleased to note that the European Community chemical industry and the Japanese chemical industry have also implemented such voluntary and supplemental regulations on dual-use chemical exports.

Industry representation here today is larger than it has ever been in Geneva, but there are many who are not here, who should be. We need to build on this meeting in ways that are best left to industry, to increase and to foster international cooperation among the chemical industries in support of the chemical weapons convention.

In conclusion, let me again thank the Government of Australia and in so doing, again quote President Bush who said this June [in welcoming Prime Minister Hawke] that Australia's leading role "in organizing global efforts to cope with the threat of chemical weapons is one position that is greatly admired by Americans. The United States supports Australia's efforts, and you may be assured of our commitment to the early achievement of an effectively verifiable treaty banning these weapons." ■

ture. Progress on the international aspects of a settlement contrasts with the inability, thus far, to construct a process of internal political reconciliation.

Tonight, I would like to share with you some thoughts on the prospects for peace in Indochina and about U.S. policy toward the region.

Asia After Vietnam

In 1967, Richard Nixon wrote his now-famous *Foreign Affairs* article "Asia After Vietnam," forecasting the gains to American interests that would come with an end to U.S. involvement in the Vietnam quagmire. The fruits of that policy perspective have given us two decades of dramatic benefits in Asia: normalization of relations with China; a general reduction in great power rivalries; and widespread economic growth and social advance—especially for the noncommunist states of the region. The developing countries of Southeast Asia—and their regional grouping ASEAN, the Association of South East Asian Nations—have thrived in this post-Vietnam war environment. Thailand and Malaysia are now forecast to join Singapore as Asia's newest "newly industrializing economies." In the Philippines, the dramatic political revolution brought about by "people power" is now being matched by economic reform and increasingly sustainable growth. And Indonesia, the world's fifth most populous nation, enjoys political stability and increasingly successful economic reform.

ASEAN has become one of the pillars of U.S. policy in Asia. Collectively it is our seventh largest trading partner. Two of our security treaty allies in the region, the Philippines and Thailand, are ASEAN states. And since Vietnam's invasion and occupation of Cambodia in late 1978, we have cooperated closely with ASEAN in order to counter Vietnamese threats to the region, whether through military action or the major refugee flows that continue to burden East Asia.

It is in this context that we must view the contemporary situation in Indochina. Along with the Korean Peninsula, Indochina is one of two conflict zones that threaten stability and prosperity in East Asia. And while Vietnam's noncommunist neighbors have joined the global economy of computer chips and floppy disks, the Socialist Republic of Vietnam and Cambodia seem trapped in an eddy of history, as they play out the antipathies and ambitions of times past.

Conflict in Indochina

To much of the world, Cambodia has become "Vietnam's Vietnam." The ghoulish horrors of the Khmer Rouge reign were replaced in 1979 by the harsh realities of what is now a decade of Vietnamese occupation.

This third cycle of warfare in Vietnam and Cambodia has reflected a volatile mixture of three overlapping contemporary, yet historical, antagonisms.

Geopolitically, Indochina became engulfed by the Sino-Soviet rivalry during the 1970s. After the 1968 Tet offensive, Hanoi began to increase its dependence on the U.S.S.R. This trend accelerated when Vietnam fully aligned itself with the Soviet Union in 1978, in anticipation of its invasion of Cambodia—and expected counterpressures from China, thus adding a new dimension to the centuries-old Sino-Vietnamese antagonism.

Perhaps even more deep-seated than Sino-Vietnamese enmity is the historical conflict between the Khmer and Vietnamese. Such tensions were muted during the second Indochina war. Hanoi had nurtured a small Cambodian communist movement since the 1930s as an element of the Indochina Communist Party, and Vietnam reluctantly backed the Khmer Rouge during their guerrilla days.

Yet Vietnam has long considered hegemony over Indochina a fundamental axiom of its own security. In 1950 Gen. Vo Nguyen Giap, Hanoi's leading strategist, described Indochina as "a single strategic unit." At the 1976 Congress of the Vietnamese Workers' Party, building a "special relationship" with Laos and Cambodia was identified as a top foreign policy goal. Through intimidation and invasion, Vietnam persistently built such a relationship. As late as 1986, a party resolution elevated the special relationship among Vietnam, Laos, and Cambodia to "a law governing the survival and development of all three fraternal nations."

Vietnam's objective of hegemony over Indochina fueled ancient Khmer fears of national survival. Among the groups victimized during the Khmer Rouge holocaust were ethnic Vietnamese and Khmer communists suspected of loyalty to Hanoi. And like Cambodian rulers before them, the Khmer Rouge looked to China for protection against Vietnamese ambitions. Border skirmishes along the Cambodian-Vietnamese frontier in 1977

and 1978 grew into a full-scale Vietnamese invasion and occupation of Cambodia—to which China responded with its tutelary border war, thus fully interlocking the rivalries of Indochina with the Sino-Soviet conflict.

U.S. Objectives

The Vietnamese invasion of Cambodia confronted Thailand with the daunting prospect that Hanoi—at that time in possession of the world's fourth largest armed force and an age-old rival for influence in Southeast Asia—would control Thailand's eastern frontier. In response ASEAN, the United States, and other Western nations embarked on a policy of condemning Hanoi internationally and supporting a noncommunist resistance to Hanoi's imposition of a surrogate regime in Phnom Penh.

Over the past decade, we have followed ASEAN's lead in pursuit of three interrelated objectives in Cambodia: restoring the country's national sovereignty through a verified Vietnamese withdrawal; preventing a return to power of the murderous Khmer Rouge; and facilitating self-determination for the long-suffering Cambodian people.

Equally consistent has been our policy toward Vietnam. While abhorring Hanoi's occupation of Cambodia, we have not closed the door to normalization of relations. We have made clear to Hanoi that its occupation of Cambodia is the principal obstacle to normalization—that establishment of diplomatic relations can occur only after a complete and verified Vietnamese withdrawal from Cambodia in the context of an acceptable settlement.

Vietnam's troop withdrawal by the end of this month will be a welcome step. But it is not enough. After more than a decade of occupation, Hanoi has an obligation to do more than just walk away, leaving Cambodia in a state of civil war. Vietnam must participate constructively in efforts to bring about a settlement in Cambodia that combines an equitable and stable political reconciliation with national independence.

We have also developed an active dialogue with Hanoi on a range of humanitarian issues, in particular, on a matter which this Administration and the last have deemed of the highest priority: achieving the most complete accounting possible of our servicemen missing in Indochina. Hanoi understands that as a practical matter prog-

ness in these areas will affect the pace and scope of the development of our overall relationship.

This has been basic U.S. policy through four Administrations, both Democratic and Republican. Central to realizing these goals has been U.S. and ASEAN support for the noncommunist resistance led by Prince Sihanouk. If there is to be a political process of national reconciliation, we believe that the noncommunist resistance holds the vital balance in achieving an independent Cambodia at peace with itself.

Let me also say a word about Laos, which often gets short-changed in discussions of Indochina. Laos is the one state of Indochina with which we have maintained diplomatic ties. In the past 18 months, Laos has embarked on a course of market-oriented economic reforms, greater political openness, and improved cooperation with its neighbor Thailand. These are welcome developments that appear to reflect a desire for greater interaction with the West.

Unfortunately, Laos is also a major source of narcotics; the involvement of some Lao officials in drug trafficking has led us to declare Laos ineligible for U.S. aid and to oppose some multilateral aid programs for that country. We continue to urge Laos to enhance cooperation with us in the war on drugs. I am pleased to say that this dialogue has recently produced some positive results, including a crop substitution program that we are now developing for a drug-producing area in northern Laos. We are also encouraged by Lao cooperation on the POW/MIA issue. Taken together, these developments augur well for the further development of U.S.-Lao relations.

While our policy has been constant, what has changed are the circumstances, both regionally and globally. Vietnam's self-created isolation—reinforcing self-defeating domestic policies of economic socialization and political repression—has heightened the deterioration of its economy and society. In terms of development, Vietnam is now well over a decade behind buoyant ASEAN neighbors such as Thailand.

The combined impact of this domestic deterioration, diplomatic and economic pressures from abroad, and the unrelieved burdens of its occupation of Cambodia has led Hanoi to embark on a major "renovation" program, with the focus on domestic needs. As a consequence, it decided to withdraw its forces from Cambodia and to rethink at least its short-term goals.

Another dramatic change affecting the diplomacy of Southeast Asia has been the emergence of an international environment of accommodation. Since the mid-1980s, we have seen new directions in Soviet foreign policy which have led to agreements on the withdrawal of foreign occupation forces from Afghanistan and Angola and diplomatic efforts to resolve these and other regional conflicts.

One aspect of Mr. Gorbachev's new diplomacy has been the effort to achieve a Sino-Soviet rapprochement, which in turn has fostered a new geopolitical calculus in Indochina. The Soviets have pressed Vietnam to withdraw from Cambodia. And China has begun a high-level dialogue with Vietnam, while expressing its willingness to cut off aid to the Khmer Rouge in the context of a complete and verified Vietnamese withdrawal from Cambodia and a comprehensive political settlement.

Cambodia: The Road to Peace

What does all this imply for Cambodia? The circuitous path that led to the conference in Paris last month has seen many of the same factors at play that are at work in other contemporary regional conflicts: the burdens of a decade of inconclusive warfare and heightened interest among the major powers in resolving the conflict—as reflected in U.S.-Soviet discussions on regional disputes, and Mr. Gorbachev's efforts to normalize relations with China.

But there is one factor that seemed to distinguish Cambodia from other such conflicts: the existence of a national leader around whom a process of political reconciliation might be built. Well before the pace of diplomacy stepped up—and again, following ASEAN's lead—the United States took steps to enhance the position of Prince Sihanouk and the noncommunist resistance. An initiative launched by Congressman [Stephen] Solarz in 1985 resulted in a \$3 million humanitarian aid program to the noncommunists—a program carefully structured to prevent materiel from falling into the hands of the Khmer Rouge.

In more recent months, Congress has further expressed its support for the noncommunists in House and Senate resolutions proposed by Representative Solarz and Senator [Charles] Robb. The objective of such expressions of support has been to strengthen

Prince Sihanouk's hand in anticipation of a diplomatic resolution of the conflict.

The prospect of a political solution began to take shape in 1985, as Vietnam vaguely hinted it would withdraw its occupation forces from Cambodia by the end of 1990. Beginning in December 1987, Prince Sihanouk held the first of a series of meetings with Hun Sen, Prime Minister of the Hanoi-backed regime in Phnom Penh.

While progress in these contacts was modest, positions were clarified and the broad requirements for a settlement became apparent. Then in August 1988, Indonesia hosted the first of what became known as the Jakarta informal meetings. These meetings moved the diplomatic process forward by bringing together, for the first time, the Cambodian factions, ASEAN, and Vietnam.

The pace of diplomacy quickened this past spring as Vietnam announced on April 5 that it was accelerating its timetable for withdrawal to September 30, 1989. Hanoi's initiative was an effort to structure a settlement so as to leave intact its surrogate regime in Phnom Penh led by Heng Samrin and Hun Sen. By forcing on the international community and on Prince Sihanouk a time-constrained choice between the Hun Sen regime, on the one hand, and the Pol Pot faction of the Khmer Rouge, on the other hand, Hanoi sought to load the diplomatic endgame in its favor.

This strategy was clearly evident during the Paris conference in Hanoi's—and Hun Sen's—unwillingness to compromise on a formula for power sharing as a basis for constructing a transitional coalition government under Prince Sihanouk.

A major aspect of the power-sharing issue at Paris was what to do about the Khmer Rouge. Should the Pol Pot wing of the divided Cambodian communist movement, responsible for the genocidal violence of the 1970s, be totally excluded from the political process with only a military option? Or should it—less its top leadership—be given a limited stake in a transitional political coalition that would, under international supervision, face the test of Khmer public opinion?

Secretary Baker has stated clearly that, from an American perspective, we want no role for the Khmer Rouge in a future Cambodian Government. However, the judgment of Prince Sihanouk, China, and the ASEAN countries—as expressed in the communique of their annual ministerial meeting this past July—has been that the

chances for peace are better if the Khmer Rouge is included in a four-party interim coalition.

In other words, total exclusion of the Khmer Rouge is seen by those most directly involved as a sure formula for civil warfare, while their inclusion holds out some prospect that the struggle can be contained within a political process monitored by the international community.

The Paris Conference

It was the desire to prevent another round of civil warfare that led most participants in the Paris conference to insist on the need for a comprehensive settlement. International conciliation and internal reconciliation were thus integrally linked. Formation of a transitional coalition under Prince Sihanouk had to be combined with an international control mechanism to verify the Vietnamese withdrawal, monitor a cease-fire and the cessation of outside assistance to all the factions, and oversee the elections which would reestablish a legitimate political authority in Cambodia. And a UN role in organizing and overseeing all aspects of this complex effort was seen as essential to a credible peace process.

With these considerations in mind, France took the initiative in May of this year to convene yet another international conference in the lengthening series of efforts since Geneva in 1954 to bring peace to Indochina. France's historic ties to the region—yet its geographic distance—gave Paris a unique standing in efforts to catalyze a process that brought together the five permanent members of the UN Security Council, the ASEAN six, five other concerned nations, the UN Secretary General, and the four Cambodian factions. Assembled together for 1 month in a conference room about one-third the size of this hall was an international mixture that at times generated high political drama.

Regrettably the historical and persistent antagonisms, noted earlier surfaced in daily, often bitter, exchanges. The hostilities, suspicions, and distrust—personal and political—among the Khmer factions and between the Khmer and Vietnamese, pervaded the conference sessions. The code words for these divisions—"genocide" and "settlers"—suffuse the conference documents; the issues of Pol Pot's genocidal violence and Khmer fears of Vietnam's hegemonial ambitions, as

reflected in charges of large-scale, illegal Vietnamese settlement in Cambodia.

All the same, the conference did generate some encouraging progress on the external aspects of a settlement. The three formal working committees elaborated many of the enormously complex details of an international framework: the modalities of a cease-fire; the workings of an international control mechanism; the definition of international guarantees for Cambodia's independence and neutrality; plans for the repatriation of refugees; and the eventual reconstruction of the Cambodian economy.

Yet, the rock on which the Paris conference ultimately foundered was the deep distrust dividing the Cambodian factions. While Prince Sihanouk tabled, on August 4, a framework for power-sharing that might have been the basis for negotiations, neither Hun Sen nor the Vietnamese displayed any real flexibility. If they found the Prince's proposal for a transitional coalition government unacceptable, they did not propose any realistic alternative. Their objective remained to leave the Hun Sen regime intact, while hoping to graft on to it the legitimacy of Prince Sihanouk's standing as a Khmer nationalist.

Beyond the Paris Conference

Where do we go from here? Our commitment is to a negotiating process and a political resolution of Cambodia's future. Yet it is clear, in the wake of Paris and as the Vietnamese prepare to withdraw, that Cambodia faces the prospect of continuing conflict. The four factions seem prepared to test their relative strengths in an internal political/military struggle before again engaging in an international negotiation. And Vietnam has expressed, as recently as August 24, its willingness to reintervene in the conflict if Hun Sen requests Hanoi's assistance.

What should U.S. policy be? Three propositions underlie the Administration's approach to this continuing tragedy:

First, Cambodia is a challenge to the conscience and concern of the entire international community. The Khmer people deserve their opportunity for national sovereignty, self-determination, political reconciliation, and development—and we want to ensure that there are no more Cambodian killing fields. The United States will play

an active role in pursuit of these objectives, but it must be recognized that we have neither the political position nor the resources to do the job on our own.

Second, our primary security obligation in this region is to Thailand, to which we are legally bound by the Manila pact of 1954. As well, we have a major interest in the continuing integrity and vitality of ASEAN.

Third, we have a strategic objective in seeing Indochina freed of the rivalries of the great powers—an objective most likely realized if Cambodia and Vietnam are at peace within themselves and with their neighbors.

Given these propositions, the Administration will pursue three levels of activity in the months ahead, all designed to build on the diplomatic momentum of Paris.

- We will sustain active contacts with the five permanent members of the UN Security Council. France, China, and the Soviet Union are the major powers with the most direct influence and interests in Cambodia and Vietnam. The Soviet Union, as the primary supporter of Vietnam and Hun Sen, must restrict its increasing flow of arms into Cambodia and bring Hanoi to see that its own interests will not be served by another cycle of warfare in Indochina—which certainly will be the case if it seeks full power for Hun Sen in the absence of a process of political reconciliation. In return Hanoi and Hun Sen—and the international community—have a right to expect China to equally restrict the supply of arms to the Khmer Rouge. Indeed Beijing has an obligation to take active measures that will prevent the Khmer Rouge from again imposing a murderous rule on the Cambodian people. France, for its part, is due credit for taking the diplomatic risks associated with trying to help the Khmer factions bridge their differences. And we should remember that the Paris conference was only suspended, not adjourned—which is one way of saying that France and conference cochairman Indonesia have continuing credibility as diplomatic deal makers.

- At a second level, the United States will continue to work closely with the ASEAN countries in support of their political approach to the Cambodian conflict. Their security interests are most directly affected by the search for peace in Indochina; we will support their efforts—most immediately at the upcoming session of the UN General Assembly.

• Finally, we will sustain our support for the noncommunist resistance and Prince Sihanouk as the political center of a process of national reconciliation.

Some now argue that the threat of Khmer Rouge resurgence is such that the United States must rely on Hun Sen rather than press for a comprehensive political settlement. This approach is seriously flawed on several counts.

First, a regime imposed and sustained by foreign force of arms lacks legitimacy. There is a fundamental principle here, which we would violate at the risk of the integrity of the international system and to our peril in many other parts of the world. Second, there is at present little basis for assuming that Hun Sen's unproven forces, absent their Vietnamese protectors, can eliminate the Khmer Rouge, a goal that eluded Hanoi's vaunted army for the past decade. And lastly, in the absence of a political settlement supported by Prince Sihanouk, such a move would pit the United States against Khmer nationalism—a policy hardly acceptable to the American people.

As democrats (with a small "d"), our commitment must be to a political process that permits national self-determination for the Cambodian people. We see press reports of Hun Sen's popularity—of reformist policies promoted by Phnom Penh that are restoring Buddhism, allowing private property and free market activity. If the Phnom Penh regime is as popular as its public relations campaign portrays it to be, it can only benefit by making its case to the people in free and fair elections supervised by the United Nations.

The United States remains prepared to accept the results of such a credible test of Cambodian public opinion and to work with the international community in supporting a process of political reconciliation in Cambodia that contains safeguards against a Khmer Rouge return to dominance.

Thus the issue comes back to whether the Cambodian factions, encouraged by their foreign supporters, can join together in a political process of national reconciliation. The United States will use its influence to move events in this direction. China and the Soviet Union must do the same. Moscow, in particular, must accept and act on the reality that without some willingness by Vietnam and Hun Sen to compromise on power-sharing, there can be no negotiated settlement, no respite from armed conflict.

The immediate lesson of the Paris conference is that the divisions and distrust among the Khmer factions seem too great to be bridged by the compromises and constraints of coalition politics. Our continuing challenge is to provide the Cambodians an alternative

to a test of strength on the battlefield. For without political reconciliation, Cambodia and Vietnam will remain outside the mainstream of development elsewhere in Southeast Asia, trapped in their own sad eddy of history. ■

Visit of Japanese Prime Minister



(White House photo by Susan Eiddle)

Prime Minister Toshiki Kaifu of Japan made an official working visit to Washington, D.C., August 31-September 2, 1989, to meet with President Bush and other government officials.

Following are remarks made by the President and the Prime Minister after their meeting on September 1.¹

President Bush

An old proverb says, "The foundation for a better tomorrow must be laid today." Mr. Prime Minister, you and I are here today to shape tomorrow. On America's behalf, let me welcome you to this country.

When I was in Japan earlier this year, I observed how ties—national and personal—bind our two people. Your visit reaffirms those ties and underscores this commitment by you and your government to the continued health of our historic friendship. That friendship lives and grows, as today's meeting evidenced. But while we met

as new friends, our talks were conducted like old friends. They were characterized by cordiality, a positive atmosphere and understanding, and by broad agreement on the major items of our bilateral and international agenda. For that, I credit the goodwill and perspective that you brought to these discussions and the enduring partnership between our two governments.

That partnership is based on shared interests and mutual respect and rests on our belief that together we can be a global force for peace and prosperity. This global partnership works in several ways.

First, as in past meetings between our nations' leaders, the Prime Minister and I affirmed that the treaty of cooperation and mutual security is vital not only to our joint security but to the stability of the entire Asia-Pacific area. In that context, we agreed that this alliance will continue to be crucial to the region's future. We vowed to continue to consult closely on all aspects and arrangements of our security partnership and shared responsibility for peace and stability.

Second, the Prime Minister and I discussed how we can promote peace and prosperity through greater freedom—economic and political—around the world. Already we have joined to support the Multilateral Assistance Initiative (MAI) for the Philippines launched in Tokyo in July. Today we restated our intent to encourage still more open economic and political systems and, specifically, to support recent political and economic reforms in Eastern Europe, notably in Poland and Hungary. We also discussed the situation in China for, as I have said before, we seek to preserve our relations there while endorsing the legitimate aspirations of the Chinese people for political expression.

Then a third area of agreement concerns how diplomacy can help resolve regional conflicts. America and Japan, with others, will continue to urge a comprehensive settlement that gives the people of Cambodia both security and the ability to choose their own government. We agreed, too, to accelerate our efforts to protect our citizens against international terrorism. In particular we repeated the mutual commitment to aviation security that we made at the [economic] summit in Paris and pledged to pool our technical and economic resources to combat all forces of terrorism that affect civil aviation.

Finally the Prime Minister and I discussed our economic relationship at great length. We are mindful that our economies are the world's largest. We know that the health of our relationship partly depends on bringing our economic relationship into better balance. The Prime Minister confirmed the agreement I reached with his predecessor at the Paris summit to launch talks on structural impediments, and these discussions will begin in a few days. I stressed to him the importance that we attach to the success of those talks and to the trade committee talks which will also occur next week. I share the Prime Minister's belief that, while Japan is noted as an exporting superpower, the time has also come for Japan to be an importing superpower. Each of us desires that these discussions produce results which further

strengthen our economic relationship and open the world trading system. To advance that goal, we restated our commitment to the success of the Uruguay Round, and we also vowed to continue our frequent consultations at all levels on other international economic and trade issues.

In sum ours has been a highly productive meeting—one which will enhance the broad U.S.-Japanese agenda. A writer once observed friendship is a sheltering tree. Because of ties which prosper and a partnership which endures, both the United States and Japan have been, I believe, and will remain better for the shade.

We have a mature, effective working partnership. And with you at the helm, I know the partnership between Japan and the United States will produce positive results. I look forward to seeing you again. Thank you very, very much for honoring the United States by this very early visit in your prime ministership.

Prime Minister Kaifu²

I wish to express my heartfelt gratitude for your heartwarming hospitality and kind words. This is my first visit as Prime Minister, and I have just completed my first meeting with the President. Nevertheless I was able to conduct talks with the President as if I were meeting an old friend, which I believe is because the Japan-U.S. relationship rests on a solid foundation laid down by the strenuous endeavors of both the Japanese and American peoples over these many years. I conveyed to the President my conviction that the Japan-U.S. relationship is the cornerstone of Japan's diplomacy and that it shall continue to be so.

The President and I confirmed that we shall firmly maintain the Japan-U.S. security arrangements which are the basis of our bilateral relations. The President and I shared a view that cooperative Japan-U.S. relations, based on the Japan-U.S. security ties, are indispensable for the peace and stability of the Asia-Pacific region, including Japan.

At the same time, the solution of various economic problems that arise between our two countries because of our close ties requires effort on the part of both Japan and the United States, and it is important to continue efforts and joint collaboration toward their resolution.

I conveyed to the President my thinking that Japan will continue to promote appropriate macroeconomic policies as well as structural reform and make efforts for expanding import

I expressed my appreciation to the President for his continuing efforts to reduce the budget deficit, improve the savings rate, and strengthen competitiveness. In this connection, I expect the Structural Impediments Initiative (SII) between Japan and the United States, which will start shortly, to bear significant outcome.

Japan and the United States share such fundamental values as freedom and democracy and are partners sharing major responsibilities in global tasks. Japan and the United States must join forces in dealing with many broad issues related to world peace and prosperity, such as management of the world economy, problems of debt in the developing countries, relief for starvation, efforts for strengthening the free trade system such as the Uruguay Round, resolution of regional conflicts, protection of human rights, international cooperation for the prevention of terrorism, and the eradication of drugs.

The President and I expressed our common determination to actively shoulder responsibilities in a manner commensurate with our respective abilities under such global partnership. In this connection, the President and I shared the view that further importance must be placed on international cooperation for the preservation of the global environment. My present visit will take me to Mexico and Canada where I intend to discuss the global environmental problems with their leaders.

As a program symbolizing Japan-U.S. cooperation in development issue such as combating poverty in the world and relieving hunger, I proposed to the President the establishment of a Le-

Uruguay Round and U.S. Trade Policy: A Foundation for the Future

by *Carla A. Hills*

Address before the American Chamber of Commerce (U.K.) and the Royal Institute for International Affairs in London on September 14, 1989. Ambassador Hills is U.S. Trade Representative.

Trade and London are inseparable. For centuries they have gone together like a stiff wind and a schooner's sails. Open trade is the keystone of your prosperity. Three revered Britons—David Hume, Adam Smith, David Ricardo—are the intellectual heroes of those of us who now defend and seek to expand the free trade system. That system persists but is sorely strained—tested by governments that impede the free play of market forces, distort trade, and constrain competition.

I am here today to assure you that the trade policy of the Bush Administration emanates from the spirit of Hume, Smith, and Ricardo and is dedicated to the expansion of open trade.

Earlier this year, President Bush conducted an extensive review of the global trading system and of our trade policy. I should like to outline for you the results of our deliberations; in particular, to articulate the goal of U.S. trade policy, our strategy for achieving it, and the centrality to it of the Uruguay Round.

Trade Goals and Strategy for the 1990s

We have, I assure you, a clear vision of the world that we seek: one where entrepreneurs, not government bureaucrats, determine how industries and farms compete and how nations trade.

The policy of the Bush Administration is to open markets, not to close them; to create an ever-expanding global trading system based upon clear and enforceable rules.

The President has designed, and we are vigorously executing, a three-pronged strategy to achieve our vision.

- We are committed—and we are challenging our trading partners to match our commitment—to conclude

successfully the Uruguay Round of multilateral trade talks by the December 1990 deadline.

- In a manner that is entirely consistent with our Uruguay Round aims, we will pursue bilateral and regional market-opening initiatives.

- We will use the strength of our domestic market to further our objectives in the Uruguay Round.

The one essential target of our strategy is to get government out of business; out of the business of making steel, selling grain, growing beef, building ships, and the hundreds of other ways that governments distort trade. This goal drives all of our recent trade actions, including:

- Our negotiations in steel and shipbuilding, which aim to curb government subsidies and open markets;

- Our clear and constant support for the European Communities' (EC) march toward a single market and our call for it to lower barriers not only within Europe but between Europe and its trading partners;

- Our implementation of the 1986 Trade Act in ways that will free global commerce from government interference;

- Our visit last month to Mexico, where we applauded the creativity of the Salinas Administration, which is tearing down tariffs and trade barriers and restructuring Mexico's economy;

- Our visit next month to the Pacific rim to reinforce that region's tilt toward market-driven trade and investment regimes; and

- Our continued opposition to protectionist pressures in our own country, such as attempts to restrict foreign investment.

And sometimes we need to prod government to eliminate anticompetitive practices in industry that can equally restrain trade. For example our Structural Impediments Initiative (SII) with Japan is designed to root out visible and "invisible" barriers that severely limit competition in both countries.

and memorial program for international development in commemoration of the ideals and achievement of the late Congressman Leland, and obtained his support.³

I stated to the President that my ideal in politics is the realization of a more equitable and humane society and that, to this end, I believe it crucial to advance political reform and to promote reforms for improving the Japanese people's quality of life with an emphasis on the views of consumers. I strongly emphasized with the President, who is not relaxing with the success of the United States but is implementing realistic policies aimed at realizing the gentler and kinder society, Japan and the United States are facing common challenges to realize their aspired societies.

For example, the role of education, which brings up the generation which will shoulder tomorrow's responsibilities, is very important for both Japan and the United States. I stated to the President that deepening discussion on those tasks, including the problem of education, is useful for Japan and the United States and that such discussions will also lead to enhancing genuine mutual understanding between the two countries.

I believe the President strongly supports my views. I am convinced that the expansion of such an in-depth dialogue is precisely what is needed to add another important dimension to our bilateral relationship. I believe the past decade of the 20th century, which is called the century of war and revolution, should be devoted to laying the groundwork for a 21st century filled with peace and prosperity for all. To this end, I am determined to fulfill the role that Japan should play in the world on the basis of close and cooperative Japan-U.S. relations.

¹ Made at the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Sept. 4, 1989).

² Prime Minister Kaifu spoke in Japanese, and his remarks were translated by an interpreter.

³ U.S. Representative Mickey Leland (D-Tex.) was killed in a plane crash in Ethiopia in August 1989 enroute to refugee camps in that country. ■

The Uruguay Round

Each of these market-opening efforts addresses specific issues. But they alone will not accomplish the sweeping reform of the global trading system that is so clearly needed.

Since World War II, the General Agreement on Tariffs and Trade (GATT)—the main platform for international trade negotiations—has sponsored seven successful rounds of tariff cuts among the world's great trading nations. These rounds lowered barriers and expanded trade. As a result, our economies have grown faster in the last four decades than in any similar period of world history.

The GATT continues to promote trade expansion and has accommodated a growing membership of diverse economies. Most important it has generated widespread acceptance of, if not always adherence to, certain basic principles—such as national treatment—that support open trade.

The problem, however, is that the trading system is outstripping the GATT. As tariffs have decreased, non-tariff barriers have increased. Moreover areas poorly covered by GATT rules—like agriculture, or not covered at all, like intellectual property, services, and investment—are of much greater importance than they once were.

In short the GATT is akin to a one-bedroom bungalow on a priceless piece of property; the benefits of renovation far outweigh the costs. All told more than \$1 trillion in goods and services trade is not adequately covered by international rules of fair play. And when rules are weak or nonexistent, trade disputes turn into trade wars; exporters are frustrated; inefficient industries feed at government troughs. The cost is staggering.

- Europeans spent almost \$120 billion last year to support agriculture; in the United States, the bill came to almost \$75 billion. That is \$300 or \$400 out of each of our pockets annually.

- In the EC, an additional \$50 billion is squandered in subsidies to European steelmakers, shipbuilders, and other manufacturers. That is another \$150 taken out of each consumer's pocket each year.

- Inadequate protection of intellectual property costs U.S. software designers, pharmaceutical companies, and other exporters more than \$40 billion annually. Their European counterparts lose billions more. This piracy is sapping the productivity of the Ruhr and "silicon" valleys alike.

We cannot go on like this. The Uruguay Round is our best chance to control what may soon be uncontrollable.

It is for this reason that President Bush has made the Uruguay Round—launched in Punta del Este, Uruguay, in 1986—America's highest trade priority. Right now 100 nations are working in Geneva to expand the GATT, strengthen it as an institution, broaden its coverage of agriculture, and extend it to new concerns such as services, intellectual property rights, and investment.

My message to Europe is simple—and urgent. We must reach for ambitious results. If we merely tinker at the margins, we face a return to brinksmanship and trading blocs. For too long, we have only reacted to changes in global trade. The round is this century's last best chance to act.

- Act in *agriculture*. The U.S. goal is to eliminate all trade-distorting measures, while still giving farmers time to adjust to market forces. Last month we proposed converting all non-tariff trade barriers—such as quotas and variable levies—to tariffs which are visible and thus more easily reduced. Later this month, we will table in Geneva a comprehensive proposal under which farmers can grow what they want, when they want, and earn a decent income without government interference. In our view, without fundamental reform in agriculture, the round will fail. With reform we all succeed; reform could create 3 million new jobs in Europe, cut the U.S. budget deficit by \$37 billion, and boost real Japanese wages 2.5%.

- Act to ensure *market access* for industrial products. The United States challenges its trading partners to envision a future "zero tariff" world. We stand ready today to work with others to achieve this in key sectors in the present round.

- Act to protect *intellectual property rights*. We submitted a far-reaching proposal last year. Negotiators are now drafting an agreement that, in practical terms, should provide patent protection for pharmaceuticals, chemicals, and other products; copyright protection for sound recordings and computer software; trade secret protection for manufacturing processes and data; and effective enforcement to stop trademark counterfeiting and the piracy of copyrighted materials such as books, motion pictures, and recordings.

- Act to ensure that international rules of fair play cover *services*.

British and French insurance companies, U.S. travel agencies, and other service firms must be able to set up shop in foreign countries and be treated like local firms. We will table our ideas on a comprehensive agreement in October.

- Act to curb restrictions on foreign *investment*. U.S. and Japanese automakers, German equipment manufacturers, and other companies should be able to invest overseas without being forced to take a local partner, export a given percentage of their output, use local parts, or meet any one of a dozen other investment conditions. I just came from Geneva, where our private sector advisers and I spent 2 days discussing the investment proposal we tabled in July.

- Act to end trade-distorting *subsidies*. I have mentioned the U.S. initiative in steel and shipbuilding, but the problem goes beyond these sectors. Subsidies destroy business and bankrupt budgets. We can help workers in regions more effectively without resort to subsidies that stifle competition. The United States will present an ambitious proposal to limit subsidies by year's end.

- Act to *contain disputes*. We need new mechanisms to resolve our differences before the inevitable disputes escalate into a regrettable war. Ideas we challenge our trading partners to consider run the gamut from arbitration to "appellate review" to an actual "GATT court." Whatever the final outcome, we need a system that is swift, fair, and effective.

Time is short; the task great. By the end of this year, countries must table all remaining proposals in each of the 15 negotiating groups. The United States has submitted numerous proposals. We will present the rest of our ideas by year's end. In the first half of 1990, countries will work to reach agreements in each area. We must hammer these agreements into a complete package by the time the GATT ministers meet in Brussels in November 1990.

Conclusion

Europe and America have worked hand-in-hand to promote freedom throughout the world. Whether in terms of freedom of expression, religion, or political belief, we have fought for the right of people everywhere to make their own choices.

Choice is the indelible link between our political system and our economic system.

Trade-Related Aspects of Intellectual Property Rights

by Carla A. Hills

*Statement before the Subcommittee on Courts, Intellectual Property, and the Administration of Justice of the House Judiciary Committee on July 25, 1989. Ambassador Hills is U.S. Trade Representative.*¹

I am pleased to testify today on a topic of the utmost importance to the United States and the international trading community—the trade-related aspects of intellectual property rights. This hearing is an important part of our consultation process with those congressional committees that have legislative responsibility for areas affected by matters now under negotiation. My office has the lead on trade negotiations, but our negotiating efforts benefit from the full participation of other agencies, especially the Department of Commerce, through the International Trade Administration and the Patent and Trademark Office, and the Department of State. Almost every other executive branch agency makes an active contribution to our policy development, and we benefit greatly from the full participation of the Copyright Office [under the Library of Congress] and the input and assistance of many congressional advisers and staff. The input of staff of this subcommittee, in particular, has been very helpful. Our private sector advisers are indispensable and, on this topic, have never failed to respond constructively, even on short notice.

This is a topic of the utmost importance. Americans who engage in international trade are very concerned about the harm to U.S. trading interests that results from the lack of adequate and effective protection of intellectual property rights in many foreign markets. Our businesses are losing money, but more importantly, our economy is losing the competitive edge we gain from research and development, innovation and creativity. As a nation, we simply cannot afford it.

The share of U.S. exports made up of articles that rely heavily on intellectual property protection (chemicals, pharmaceuticals, computers, software, movies, sound recordings, books, scientific equipment) has more than doubled

in the postwar period to over a fourth of total exports. U.S. companies experience worldwide losses due to inadequate and ineffective intellectual property protection. One estimate put those losses at \$43–61 billion in 1986. Recent submissions to my office indicate that new sources of losses arise at least as fast as we solve existing problems. With this magnitude of problem, it was not surprising to see a dramatic shift in the last decade of evolving U.S. trade policy to address these problems.

It was almost exactly 10 years ago this month that the last round of multilateral trade negotiations was concluded and implemented by statute in the United States. Late in that round, the United States sought to include an agreement to require strict border enforcement to stem international trade in goods bearing counterfeit trademarks. Although that effort was unsuccessful, it did open multilateral trade negotiations to the topic of intellectual property rights.

U.S. trade policy objectives evolved in the first half of this decade to expand our negotiating mandate on intellectual property. The Caribbean Basin Initiative, the duty-free treatment for developing countries under the generalized system of preferences (GSP), and Section 301 procedures to address unreasonable foreign actions that burdened or restricted U.S. commerce saw legislation and Administration policy include negotiating objectives to obtain adequate and effective protection of intellectual property rights. The underlying premises of the Administration's trade-related intellectual property objectives include the following.

- All countries' economic growth and international competitiveness can be enhanced by strong domestic intellectual property protection.

- When countries do not provide strong protection of intellectual property rights, and when an effective system of international enforcement does not exist, then substantial distortions in international production and trade result.

- The United States has a very substantial stake in a healthy system of international trade and strong protection of intellectual property.

omic system. Political freedom and economic freedom are mutually dependent. Everyone should have the ability to choose who, when, and where to buy and sell goods and services freely in a free market. That is competition—the fundamental strength of our two nations. David Ricardo in 1817 called it the freedom to do most what each of us does best.

That is what the Uruguay Round is all about—competition. That is why it is the centerpiece of our trade policy and the key to the future of world trade. If the round is to succeed, there are, in our view, certain agreements we must have:

- Fundamental reform of agricultural trade;
- Extension of GATT rules to the "new areas" of services, investment, and intellectual property;
- Expanded market access for trade in goods;
- Removal of trade-distorting subsidies; and
- Fair and effective dispute settlement.

America does not seek an unfair advantage, but we will not unilaterally disarm. We do not seek to open markets for the sole benefit of American entrepreneurs. Rather we are firmly committed to use our strength to open markets to all who would compete for them.

We succeeded, for example, in opening the Japanese beef market, which served Australian ranchers at least as well as our own. The lesser developed countries in particular must have the openness that we seek, so that they too can become markets for our products and assume the responsibilities of the international trading system. In short we seek what we have always sought—freedom and fairness—for farmers and factory workers throughout the world.

Each cycle of diplomatic effort adds its own chapter to history. Ours should reflect our daring, not our fears; our confidence, not our insecurities. The trading system that best mirrors these qualities is one that does most to develop them. If the Uruguay Round succeeds, we will have produced a sequel worthy of the work done 40 years ago—a sequel vibrant with hope and prosperity for the next generation. ■

Unfortunately, many countries do not realize that improved protection of intellectual property is in their interest, or knowing it do not pursue it; and trade problems for U.S. producers have inevitably resulted. These policies cause three types of trade-related problems for Americans.

First, U.S. companies lose exports and foreign sales, royalties, and the value of investments in the market where the American intellectual property right is appropriated without compensation.

Second, our firms lose sales in third markets when unauthorized products are sold there.

Finally, U.S. companies may lose sales in our own country to imports—involving unauthorized use of goods, works, or processes covered by U.S. intellectual property laws.

As our economic interests led us to focus on the broader aspects of intellectual property protection, including the adequacy of foreign laws and their enforcement, the United States insisted in 1986 that intellectual property protection be included in the Uruguay Round of multilateral trade negotiations. We were successful in launching these negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT).

The GATT has formed the backbone of the international trading system since 1947. Early rounds of negotiations focused almost exclusively on the reciprocal reduction of tariffs. Our present negotiations on trade-related intellectual property rights, including trade in counterfeit goods, is one of our top priorities. Success in those negotiations is essential to the successful conclusion of the round.

Because of the relationship between trade and the protection and enforcement of intellectual property, the GATT is an appropriate forum to negotiate improved minimum standards for protection and enforcement of intellectual property rights. Since the topic shares a trade dimension with the other subjects under discussion in the Uruguay Round, there is an incentive for all participants in the round to reach a result that includes benefits for all. These benefits may come from within the context of the trade-related intellectual property rights negotiations or from other areas of the negotiations.

The GATT trade-related intellectual property rights negotiations also

present the opportunity for a comprehensive agreement covering all areas of intellectual property, including areas such as trade-secret protection for which no current international agreements exist. Significantly, the GATT forum also provides an opportunity to negotiate dispute settlement and international enforcement obligations that will enhance the implementation of agreed standards. Our deliberations during recent negotiations on a treaty to protect layout designs of semiconductor mask works reinforced the view that intellectual property-based sanctions may not be an effective means of ensuring that governments meet their international obligations to protect intellectual property rights.

Our negotiating objectives on intellectual property in the Uruguay Round were spelled out in the Omnibus Trade and Competitiveness Act of 1988. We have been successful in obtaining an agenda in April in Geneva for the remaining negotiations that closely reflects U.S. objectives. The key points in our objectives are to reach a multilateral agreement that will reduce or eliminate trade distortions and impediments to legitimate trade through agreement on:

- Adequate substantive standards;
- Effective enforcement of those standards, both internally and at the border;
- An effective dispute settlement procedure; and
- Application of basic principles, such as national treatment and transparency.

The April Trade Negotiating Committee decision sets forth this agenda.

The topics for negotiation of substantive standards in the U.S. proposal are copyrights, patents, trademarks, trade secrets, and semiconductor chip layout designs. In addition, other participants have raised the topics of industrial designs, neighboring rights and geographic indications, and appellations of origin.

I will briefly summarize the major elements of the U.S. proposal on each of the five topics that we believe need to be addressed. The key points in that proposal are intended to provide minimum adequate standards and the elements of effective enforcement mechanisms. We have drawn provisions on standards from international conventions where they are adequate and from laws or other sources where the international conventions are inadequate or silent.

Copyrights

On copyrights some of our key objectives are drawn from the Bern Convention for the Protection of Literary and Artistic Works. A consensus seems to be emerging that the minimum rights and obligations set out in the Bern convention ought to be recognized as part of a GATT intellectual property standard, and indeed, the U.S. proposal is largely based on the convention. The U.S. proposal reiterates those features of Bern that are particularly relevant and spells out the obligations in those cases where the convention is weak or unclear.

Specifically the U.S. proposal clarifies the subject matter of protection in several important areas. It recognizes the growing consensus in over 40 countries that computer programs are protected works. It recognizes the conclusion of the 1982 joint WIPO/UNESCO [World Intellectual Property Organization/UN Educational, Scientific and Cultural Organization] Committee of Governmental Experts on Copyright Problems Arising from the Use of Computers for Access to or the Creation of Works that computer data bases and other machine readable works are proper copyright subject matter. Our proposal clarifies that all compilations are protected subject matter. It clarifies that convention's obligation to provide copyright protection for works embodied in new media of expression and to include new forms of authorship as they emerge and adds sound recordings to the list of protected works. The U.S. proposal also makes it explicit that works of juridical entities are entitled to at least a 50-year-from-publication term of protection. Our proposal also provides that computer software and sound recordings have full copyright protection as now received by literary and artistic works. This would provide a term of the life of the author plus 50 years, or 50-years-from-publication for works of juridical entities.

Our proposal emphasizes that copying includes copying less than all of a work and producing a work that is substantially similar to the copyrighted work. Our proposal includes a distribution right for works in addition to cinematographic works and makes it clear that the rights of the copyright owner include the right of public display of a work. It also clarifies what constitutes a "public performance" and defines public. It further clarifies that satel-

transmissions are protected even if they emanate from beyond national frontiers.

The U.S. proposal establishes a presumption against the implementation of compulsory licenses and requires that any compulsory licenses be implemented in strict accordance with the Paris text of the Bern convention.

Patents

In patents, we propose that patents must be granted for all products and processes that meet the criteria for patentability (i.e., novelty, utility, and nonobviousness). For the sake of clarity, the U.S. proposal cites certain items whose very nature do not lend themselves to meeting these criteria. If the publication of a patent document containing certain subject matter would be detrimental to national security, it may be withheld from publication, but the subject matter itself should be eligible for purposes of patentability. This would change the form, but not the effect, of U.S. law.

We have proposed a patent having a term of at least 20 years from filing and that restoration of the effective patent term be encouraged where governmental regulatory approval processes delayed the patentee's ability to market the patented invention. We recognize that this would require a change in U.S. law but are willing to propose this in the context of overall improvements in patent standards.

We spell out that a patent provides the right to exclude others from making, using, or selling the patented invention and that this right, as well as the right to exclude importation, extends at least to the product directly made by a patented process.

Our proposal deals with the threat of trade caused by compulsory licenses. Accordingly, it proposes that compulsory licenses, if at all, must be granted in only the most extraordinary circumstances. To this end, we have recommended that these licenses be available only during declared national emergencies or to remedy an adjudicated violation of antitrust laws. Of course, a government has the right to use a patented invention for governmental purposes. However, it must always be ensured that the patent owner recovers full compensation if a compulsory license is issued to address a national emergency or if use occurs by the government.

Further, exclusive compulsory licenses which deprive a patent owner of all rights—including that of practicing his own invention—are precluded by our proposal. All decisions regarding the grant of compulsory licenses and the compensation to be paid must be subject to judicial review. Lastly we propose that merely nonworking of a patent should not expose a patentee to the overly harsh and counterproductive sanction of revocation of the patent.

Trademarks

The U.S. proposal on trademarks is designed to remedy deficiencies in the Paris convention, which result in inadequate standards of protection, and to clarify or reinforce certain provisions which are not being adhered to and are causing distortions of or impediments to legitimate trade.

The U.S. proposal provides a definition of a trademark and requires that service marks be registered and protected the same as trademarks. It specifies the exclusive rights of a trademark owner and expands protection for well-known marks to include those that are internationally well-known as well as those well-known in the country where protection is sought. It provides that the regulations and procedures implementing the required registration system must be transparent and that an early opportunity must be given to third parties to challenge applications or registrations.

The U.S. proposal provides a specific 10-year minimum original term and renewal terms of similar duration. It specifies what circumstances must be considered justification for non-use of marks and provides that use of the mark by a licensee must inure to the benefit of the licensor for use-requirement purposes. It prohibits special requirements for use of a mark, and it prohibits compulsory licensing.

The U.S. proposal further specifies that trademark rights may be acquired by use or registration, that use may be a prerequisite to registration, and that assignments must be permitted.

Trade Secrets

Our trade-secrets proposal is designed to ensure a multilateral obligation to provide protection for proprietary information. It opens the negotiations on how to prevent misappropriation and unwarranted governmental disclosure.

Our private sector has identified the protection of trade secrets as one of the most important areas for obtaining adequate protection.

Integrated Circuit Layout Designs

Our objectives for integrated circuit layout designs are similar to other areas; that is, filling gaps or lacunae in existing international intellectual property conventions. Our position is not altered by the proximity of the recent Washington treaty. There is a broad consensus among countries that have legislation providing for the protection of integrated circuit layout designs on the appropriate standards for the level of protection that should be provided to this important new technology. Unfortunately, the treaty adopted for the protection of layout designs of integrated circuits fails to reflect those standards.

Our proposal on protection of integrated circuits provides basic standards for protection and remedies those deficiencies by requiring parties to provide a term of at least 10 years from the date of first commercial exploitation or the date of registration, if required, whichever is earlier. This provision is consistent with the term provided in every national law enacted to date.

Our proposal includes a compulsory license provision that, combined with the reverse engineering provisions and short duration of protection, provides appropriate access to this technology. Our proposal also eliminates any question of whether importing, selling, or distributing products that contain infringing chips are an infringement. Finally, our proposal requires innocent infringers to pay a royalty on chips after receiving notice of infringement.

Each of these provisions represents a careful balance between the interests of producers and consumers of integrated circuits—a balance reflected in the laws of all countries that have addressed this right. We believe that it is important to provide a level of protection that both the producers and consumers of chips consider adequate. The clarifications and improvements in standards contained in our proposal are necessary to provide that level of protection.

Enforcement of Intellectual Property Rights

A second major element of the U.S. proposal on intellectual property rights is obtaining effective enforcement of rights both internally and at the border. Our complex task in the area of enforcement will require the flexibility to accommodate different legal traditions and approaches to the enforcement of intellectual property rights.

Our detailed proposal focuses on providing owners of intellectual property rights the means to initiate proceedings to enforce their rights and receive a fair and open hearing on their case consistent with the concepts of due process. The thrust of our proposal is to ensure that owners of intellectual property rights will be provided a means by which they can take action to enforce their rights; however, we recognize that by governments may be necessary. In the United States, for example, U.S. Customs officials take some enforcement actions on their own initiative. This is why our proposal provides that governments would be obligated to take action on their own initiative when effective enforcement required such steps.

Governments would be required to provide an adequate means for obtaining evidence necessary to prove an infringement and an opportunity to present such evidence to the decision-maker. Although proceedings could be either administrative or judicial or a combination of the two, final administrative decisions and initial judicial decisions would be subject to judicial review. Reasoned decisions would be required with significant decisions in writing and available to the public.

Appropriate sanctions that deter infringement of intellectual property rights and deprive persons trading in infringing goods of the economic benefits of this activity are another important element in the U.S. proposal on enforcement. We propose providing interim relief in the form of preliminary injunctions and other appropriate prompt procedures to prevent the sale or disposition of allegedly infringing goods pending a final determination of infringement.

Final injunctive relief and monetary awards sufficient to compensate fully owners of intellectual property rights should be available. Remedies should also include seizure of infringing goods at the border and internally and forfeiture, destruction, and remov-

al of the goods from commercial channels. Criminal remedies should be available for at least trademark counterfeiting and copyright infringement which are willful and commercial.

Enforcement of intellectual property rights at the border is another essential element for a trade-related intellectual property rights agreement. The U.S. proposal builds upon the earlier effort to address counterfeit trademarks and extends it to all forms of intellectual property rights. Owners should have the right to initiate action against infringing imports before they are released from the jurisdiction of customs authorities. Authorities should have the ability to act on their own initiative and seize goods, or when they have reason to believe that imported goods are infringing, detain such goods pending a determination whether they are infringing.

Balanced against the rights of the intellectual property right owner is the need to minimize the effect of border and internal enforcement on legitimate trade. Indemnification and bonding requirements, as well as ensuring both owners and alleged infringers due process, should provide sufficient safeguards to prevent abuse of enforcement mechanisms.

Recently a GATT dispute settlement panel examined a complaint against one of the border enforcement mechanisms contained in U.S. law, Section 337 of the Tariff Act of 1930. The panel has made a recommendation that certain aspects of Section 337 be found by the GATT to be inconsistent with our GATT obligations. The basic issue was whether Section 337 procedures were less favorable to imported products than enforcement actions in U.S. District Courts were to domestically produced products. The matter is now before the GATT council for a decision whether to adopt the report. If the report is adopted, the United States would be obligated to bring its procedures into conformity with the GATT.

The Administration is carefully considering the merits of the panel's complex 72-page report and its implications for U.S. law and border enforcement of intellectual property rights in general, if it is adopted. I am not prepared to discuss the details of our examination of the report at this time. However, I can say that the United States will not be able to accept adoption of the report until we have thoroughly evaluated these issues and conducted consultations with congressional advisers, including this sub-

committee. The action we take will be consistent with our commitment to strong enforcement of intellectual property rights against imports of infringing goods.

This commitment provides the context for our evaluation of the Section 337 report and any GATT agreement provisions on the enforcement of intellectual property rights. This is, of course, wholly consistent with the GATT.

My testimony has focused, to this point, on our Uruguay Round negotiations. Those negotiations are multilateral and are not in conflict with other negotiations in other fora. Indeed, no element of our proposal conflicts with existing international conventions. Our GATT efforts do not and will not undermine our commitment to pursue adequate intellectual property protection in traditional fora. Our objective is to achieve adequate levels of protection for intellectual property rights and effective enforcement of those rights. We will pursue that objective through all available multilateral avenues and through bilateral initiatives.

Bilateral Initiatives

Special 301. The Omnibus Trade and Competitiveness Act of 1988 includes a special criteria and procedures for conducting certain Section 301 investigations on intellectual property. The provisions require the U.S. Trade Representative to identify countries that deny adequate and effective intellectual property protection or fair and equitable market access to U.S. persons relying on intellectual property rights. The statute empowers the U.S. Trade Representative to designate priority countries and initiate Section 301 investigations against those countries which have the most onerous and egregious policies or practices and largest actual or potential markets.

On May 25, 1989, I announced my decision on designation of such priority countries. Because of the significant progress made in various negotiations, I identified no "priority countries" under the "special" intellectual property rights 301 provisions. Rather the Administration singled out 25 countries whose practices deserve special attention and rapid progress. Eight countries—Brazil, India, Mexico, the People's Republic of China, the Republic of Korea, Saudi Arabia, Taiwan, and Thailand—were placed on a priority watch list. Action plans have been de-

veloped for resolving outstanding issues with each of these countries and their status under "Special" 301 will again be reviewed no later than November 1, 1989. Seventeen countries were placed on a watch list, and I will also review the progress we make with each of them no later than next April to determine what additional measures are appropriate.

The decision to place these countries on either the priority watch list or watch list followed an exhaustive review of the laws and practices of most of our trading partners. Government experts, including representatives of the Patent and Trademark Office, Copyright Office, the International Trade Administration, and the State Department, worked with the U.S. Trade Representative on this effort. In addition, we received extensive advice and support from the private sector and groups such as the U.S. Chamber of Commerce.

We have either already held, or will hold very shortly, consultations with all 15 countries. It is my expectation that we can make substantial and rapid progress with these countries either bilaterally or through their cooperation in the GATT intellectual property negotiations. If we fail to make progress, I am prepared to exercise the authority granted to me by the 1988 Trade Act and initiate investigations.

Section 301 Actions Initiated in Response to Petitions. Currently we have one such case pending—a case led by the Pharmaceutical Manufacturer's Association concerning Argentina's denial of product patent protection for pharmaceuticals and lack of protection for proprietary information. I am not satisfied with the progress we have made to date; therefore I have instructed my Assistant U.S. Trade Representative for Latin American Affairs to travel to Argentina in August to intensify our effort to resolve the problem. I must make an unfairness determination no later than September 23.

Petitions Under GSP. The 1984 Trade Act provisions reauthorizing benefits under the GSP also direct the President to take into account the intellectual property laws and practices of a country in making decisions regarding GSP eligibility and benefit levels. This year we have had two petitions requesting the removal of GSP benefits based on inadequate and ineffective intellectual property protection: one from the

copyright industries on the Philippines and a second from the pharmaceutical industry on Brazil. These petitions are now under consideration, and the President's decision on whether to initiate reviews will be announced shortly.

Science and Technology Agreements. The Omnibus Trade and Competitiveness Act of 1988 requires that science and technology agreements properly protect intellectual property. Recently, we have successfully concluded comprehensive science and technology agreements that include intellectual property annexes with Japan and the Soviet Union. Talks are ongoing with China, India, Korea, New Zealand, Spain, Hungary, and others. The importance of protecting and commercially exploiting the results of Federally supported research and development make this an increasingly important effort. Concluding these cooperative agreements provides an incentive for governments to improve their standards of protection.

Another bilateral avenue for advancing U.S. intellectual property objectives is through consultations through established bilateral trade committees. For example, the U.S.-Japan Trade Committee has a subcommittee on intellectual property, as does the U.S.-European Community high technology working group. We have held two rounds of talks with the Japa-

nese under the umbrella of the trade committee, and a further round is scheduled for September. The U.S.-EC high technology group has been around for several years, and it has proved a very useful forum for discussing a broad range of issues, most recently protection of inventions in the field of biotechnology.

Bilateral negotiations and actions we have taken under our domestic legal procedures, including Section 301, are fully complementary to our Uruguay Round objectives. We do not expect countries whose practices are identified as being of special concern to the United States to thank us. But neither do we believe that the solutions to the problems we are raising are good for us and bad for them.

We do not believe closed markets are good. We do not believe in mercantilist tenets that imports are bad, that any domestically produced article is better than any import. Protectionism is protectionism. It makes little difference whether it takes the form of a high tariff or a compelled local working requirement. I can assure you of one thing—the United States will do what is necessary to eradicate it.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S. Recalls Ambassador to Bulgaria

DEPARTMENT STATEMENT, AUG. 29, 1989¹

As a result of the continuing abuse of the human rights of Bulgaria's ethnic Turkish community, which has caused some 310,000 Bulgarian Turks to flee to Turkey, the Department is recalling Ambassador Sol Polansky to Washington for consultations.

The ongoing abuse of the human rights of Bulgarian ethnic Turks by the Government of Bulgaria remains an issue of serious concern to the U.S. Government. The United States has made

its views on this matter known to the Government of Bulgaria both publicly and privately, and President Bush has spoken several times to Turkish leaders to express our strong support for their efforts to end this tragic situation. The United States has also been active in securing NATO support for a strong statement deploring the human rights problems in Bulgaria and is exploring refugee aid to the Government of Turkey.

¹ Read to news correspondents by Department deputy spokesman Richard A. Boucher. ■

Polish Parliament Approves New Government

DEPARTMENT STATEMENT,
SEPT. 12, 1989¹

The Polish Parliament has approved a new Polish Government. This is an important date in what has been a historical process of transformation. The unanimous vote is evidence that the new government will enjoy the strong support of the Polish people that will be necessary to implement successfully its programs.

All political participants should be applauded for the statesmanship which they have displayed in managing a difficult and complex process. We look forward to discussions with the new government and to hearing about its plans and programs. The new government can count on our continued support.

¹ Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

Additional Food and Commodity Assistance to Poland

PRESIDENT'S STATEMENT,
SEPT. 14, 1989¹

I am pleased to announce today that the United States will offer to provide additional food and commodity aid to the Polish people. Subject to consultations with the Polish Government, we are prepared to offer an additional \$50 million in assistance in FY 1990. This amount would be in addition to the \$50 million already announced on August 1st. Together with the \$8.4 million in emergency food aid in FY 1989, this new aid brings to \$108.4 million the total of U.S. food/commodity assistance. Our effort works in tandem with the \$140 million of agricultural aid pledged by the European Communities as part of the coordinated effort called for by

the United States at the recent Paris economic summit. We expect to offer quantities of meat, corn, butter, butter oil, cotton seed sunflower oil, cotton, rice, and/or other commodities.

It is intended that the food aid will support long-term reform of the Polish agricultural system by providing much needed commodities during a transitional period toward a market economy. The food shortages and extremely high prices in Poland in recent weeks have placed a heavy burden on the Polish people. We expect that shipments of the

new assistance will arrive in time for the difficult winter months.

This new assistance is one element of our continuing effort, working with our allies and others, to support the process of change that is underway in Poland. It underscores our continuing commitment to assist the Polish Government and people in their efforts to introduce market principles and to build a private sector that will enable Poland to invigorate its economy.

¹ Text from Weekly Compilation of Presidential Documents of Sept. 18, 1989. ■

Update on U.S.-Iran Claims Settlement

STATE DEPARTMENT
FACT SHEET,
AUG. 9, 1989

Under the Algiers accords, which resolved the hostage crisis in 1981, a claims settlement process was established. The Iran-United States Claims Tribunal in The Hague was set up to arbitrate certain claims between the two governments and certain claims of nationals of each country against the other country's government. Escrow accounts were set up for payment of tribunal awards to U.S. claimants and bank claims.

In 1981, \$9.975 billion was transferred by the United States. These funds were Iranian funds that the United States had frozen during the hostage crisis. (These funds are entirely separate from the Iranian foreign military sales trust fund, discussed below.) Of the \$9.975 billion, \$1 billion was placed in a Security Account to pay awards of the Iran-U.S. Claims Tribunal to U.S. nationals and the U.S. Government, \$3.667 billion was placed in Dollar Account No. 1 to pay claims of bank syndicates of which a U.S. bank was a member, and \$1.418 billion was placed in Dollar Account No. 2 to pay nonsyndicated U.S. bank claims. The remaining \$3.89 billion was transferred to Iran. All Iranian property not under arbitration at the Claims Tribunal was returned to Iran in 1981.

The current status of these accounts is as follows.

- The Security Account contains \$500 million. Iran must replenish it whenever it falls below this amount.
- A separate Interest Account holding interest on the Security Account contains \$106 million.

- Dollar Account No. 1 contains \$11.9 million. Since virtually all the claims were satisfied, pursuant to a tribunal order, \$454 million was transferred from this account to Iran in M 1987; a further \$37.9 million was transferred to Iran in April 1988.

- Dollar Account No. 2 contains \$800 million.

U.S. nationals have been awarded approximately \$1.278 billion (including interest) by the Iran-United States Claims Tribunal through August 8, 1989. The tribunal has also awarded a proximately \$118 million (not including interest) to Iranian nationals. The remaining private U.S. nationals' claim against the Iranian Government are 1 billions of dollars.

Also pending before the tribunal are certain claims of the United States and Iran against each other. The remaining Iranian Government claims against the U.S. Government are for billions of dollars.

Included among these government claims is Iran's claim arising out of the Iranian foreign military sales program. This program spanned over 15 years and was massive. By 1979 it consisted of over 2,800 contracts with a cumulative value of over \$20 billion. Money was paid to the United States into a Trust Fund as each contract was entered into, and the fund was drawn down as the contracts were implemented. Iran claims that it is due the balance remaining in the Trust Fund and the value of military equipment purchased but not exported from the United States. The amounts in question involve complex legal and accounting issues and are being arbitrated in the Claims Tribunal. ■

Recent Events in the Middle East

John H. Kelly

*Statement before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee on September 19, 1989. Ambassador Kelly is Assistant Secretary for Near Eastern and South Asian Affairs.*¹

I am very pleased to appear before the Subcommittee today and to have the opportunity to discuss a number of developments which have occurred in the Middle East and Southwest Asia since I last testified before this committee in July. Today I plan to focus on the Middle East peace process, Lebanon, and Jordan.

The Peace Process

My first wish is to deal with our efforts to advance toward a resolution of the Arab-Israeli conflict. As you well know, efforts to advance the prospects for a comprehensive peace are fraught with difficulties. But there are hopeful signs as well.

On the one hand, the cycle of violence continues unabated. The human toll is high. Palestinians and Israelis continue to fall victim to violence.

This is not a time for despair, however, for there are positive signs. There is growing recognition of the need to channel efforts in the direction of practical and pragmatic steps, grounded in solid and enduring principles.

Our policy on the peace process has not changed. The peace we seek could be comprehensive, including all parties to the conflict. It should come about through direct negotiations. The negotiations should be based on UN Security Council Resolutions 242 and 338 and should involve territory for peace, security, and recognition for Israel and the legitimate political rights of the Palestinian people.

The Israeli Government took a step toward the achievement of these goals through its peace initiative of May 14. We endorse this initiative, and we continue to believe the proposal for elections in the occupied territories holds the potential to launch a political process of negotiations that can advance the prospects of peace. Since my last appearance before this committee, we have pursued our efforts on behalf of this initiative in a number of ways.

- I visited Israel, Egypt, and Jordan in August. Much of my discussions focused on the peace process. I came away convinced that the leaders of all three countries are committed to peace and anxious to move forward if mutually acceptable mechanisms can be found. [Egyptian] President Mubarak has been particularly helpful and energetic in seeking ways to advance the process, developing ideas to keep up momentum and encouraging all sides toward moderation and flexibility. In July he advanced a 10-point proposal which might provide a bridge for the Israelis and the Palestinians. It is important to remember that the Egyptian 10 points are not an alternative to the Government of Israel's May proposal but, rather, represent Egypt's acceptance of the elections concept and Egypt's views on how to get elections and make them work. We believe the Egyptian points constitute a constructive and valuable addition to ongoing diplomatic efforts. Egypt's efforts are continuing. Yesterday Israeli Defense Minister Rabin was in Cairo for further discussions on how to bridge differences and get a dialogue started. We understand Egyptian-Israeli discussions on this will continue in the days ahead.

- In my meeting with Palestinians in Jerusalem and in the U.S. dialogue with the Palestine Liberation Organization (PLO) in Tunis, we have stressed the need for a constructive response to the Israeli proposal. There are some signs recently that the PLO will move in this direction and is seriously considering Egypt's 10 points. For our part, we take our dialogue with the PLO seriously. We have told the Palestinians that we can provide no guarantees regarding final outcome—this is a matter for the negotiations. And we have explained the need for a pragmatic approach to get a process of negotiations started. Once they begin, the Palestinians will be able to bring to the table whatever preferences and positions they wish. As I noted, we are beginning to have a sense that our message may be getting through.

- At the same time, we have continued to stress to the PLO that we will not accept efforts to have the so-called "state of Palestine" admitted to international organizations. The Ad-

ministration shares the strongly held views of Congress on this issue. So far we have registered success in our efforts—in the World Health Organization and the World Tourism Organization.

- We are continuing our exchanges with the Soviets on the Middle East, as recently as yesterday when Dennis Ross [Director, Policy Planning Staff] and I met with the Soviets. We continued to stress the advantages of the elections proposal. Our Soviet interlocutors showed serious interest in our views and posed legitimate questions. We are not yet persuaded that the Soviets will, in fact, pursue the types of policies that will contribute to real progress. This is something we will have to watch carefully and to continue to nurture.

The weeks ahead will see opportunities for continuing discussions with a variety of regional and other interested leaders. In Wyoming, where the Middle East will be on the agenda for Secretary Baker's meeting with Foreign Minister Shevardnadze, we will be using the occasion to press the Soviets to accept the Israeli elections proposal. We will have other occasions in New York at the UN General Assembly and here in Washington. We intend to make full use of these opportunities.

Lebanon

Turning to another subject, I would like to lay out for you the Administration's views about Lebanon. First let me explain our decision to temporarily withdraw our Embassy personnel from Beirut. As we stated at the time, the action was taken when we concluded that the mission could no longer conduct its work and that there was a significantly increased risk to our American staff. The evacuation is temporary, and we intend to return our staff as soon as we are convinced that circumstances exist in which our presence can be reasonably safe and effective. The decision does not represent a change in policy. It is not, as some would say, "an abandonment of Lebanon." We are deeply committed as a nation to helping Lebanon through this difficult time, and we are deeply committed as a people to helping end the anguish and pain of all Lebanese.

We warmly welcome the decision of the Arab League Higher Committee on Lebanon to reengage. On Saturday, September 16, Saudi Foreign Minister Prince Sa'ud announced a seven-point Arab League plan on Lebanon. The plan consists of a cease-fire, lifting of all blockades, and a meeting of parliament to discuss national reconciliation. It also asks Lebanese to pledge not to acquire weapons and ammunition and asks others to pledge not to ship any to Lebanon. Finally the implementation of the proposal begins with a trip of Arab League Assistant Secretary General Lakhdar Ibrahim to Beirut. Ibrahim arrived in Beirut to begin his work this past Sunday.

We believe that the Arab League's plan provides a constructive basis upon which all parties to the conflict in Lebanon can engage in a political process, devoid of violence and coercion. We are pleased that the committee calls for a cease-fire and lifting of all blockades, and sets a date for a meeting of Lebanon's parliamentarians to discuss national reconciliation. These are essential first steps on the path to restoring a strong central government in control of all of Lebanon's territory and to achieving the withdrawal of all foreign forces and the disbandment of militias, objectives we all share.

We, therefore, call upon all parties to stop the fighting, lift the blockades, and allow a political process of reconciliation to begin.

Our humanitarian commitment to Lebanon has not lessened. Our aid programs continue, administered through private voluntary organizations on the ground. U.S. food aid currently provides about half of the food for 800,000 Lebanese in all regions and communities in Lebanon. In fact, the next shipment of about \$5 million worth of rice, lentils, and vegetable oil under PL 480 Title II food aid is due to arrive in Lebanon later this month.

This Administration considers our efforts to assist Lebanon an important part of our overall Middle East policy. We will, therefore, continue our active diplomatic efforts to promote a political resolution to the conflict that can end the senseless bloodshed and suffering.

Now is the time for all of those with an interest in bringing peace to Lebanon and for all of those who have been involved in Lebanon, to support the tripartite committee's efforts so that the process of peace and healing can begin.

U.S. Diplomats Evacuated From Beirut

DEPARTMENT STATEMENT, SEPT. 6, 1989¹

At midnight last night, Washington, D.C., time, September 5—7:00 a.m. Beirut time, September 6—we evacuated all U.S. Government personnel from Beirut on a temporary basis because local circumstances no longer permit the embassy to function effectively. We have a responsibility to ensure the safety of our personnel. We plan to go back to Beirut as soon as conditions permit.

The evacuation does not represent a lessening of our intention to try to help Lebanon in its time of trouble. We will be consulting with friendly Arab states, our European allies, and the Soviet Union, as well as Lebanon's neighbors, on how to try to achieve a cease-fire and an end to all blockades and the beginning of a political reconciliation process.

We are committed to working with others to try to end the ongoing tragedy in Lebanon. The United States is not abandoning Lebanon. We regret having to evacuate the embassy and the actions by Gen. Awn [Christian-backed leader] and his followers that made it necessary.

The President's and the Secretary's policy has always been to maintain our embassy as long as useful work could be done. But for 5 months, the embassy has been unable to go to Muslim west Beirut because of shelling and bad security conditions.

Gen. Awn told journalists that he would not receive Ambassador McCarthy until McCarthy presented his credentials to Awn, one of two competing governments.

On September 5, a demonstration with 1,000 people was organized around our embassy and a "blockade" was declared by the organizers. The demonstrators said that this blockade would continue until the U.S. Government did the following four things: (1) presentation of McCarthy's credentials to Gen. Awn; (2) recognition of Gen. Awn as the "sole legitimate authority in Lebanon;" (3) arrival of a special envoy from the United States; and (4) the United States to force Syria to lift its blockade of the Christian enclave.

The demonstration leader told the crowd that U.S. personnel could enter and leave "at their own risk." He said the blockade would move closer to the embassy and an indefinite next step would take place September 6.

A telephone caller threatened to shoot down the September 5 scheduled helicopter support mission, and shortly thereafter, the demonstration organizer took credit for preventing the helicopter mission.

We were told yesterday by reliable journalists on the ground that Gen. Awn said that Lebanon needed a good dose of "Christian terrorism." As Gen. Awn's threats and implications about the United States grew nastier, the Department and the embassy were in close touch throughout the Labor Day weekend. On Friday, September 1, Gen. Awn told the French newspaper *Figaro* that perhaps he should take "20 American hostages."

Secretary Baker spoke by telephone to Ambassador McCarthy on September 5. On the morning of September 5, Secretary Baker met with the President who gave his approval to evacuate. At 2:00 p.m., Washington time, following his conversation with Ambassador McCarthy, Secretary Baker met in the Oval Office with the President, Secretary [of Defense] Cheney [President's national security adviser], Gen. Scowcroft, Chief of Staff Sununu and Assistant Secretary [for Near Eastern and South Asian Affairs] Kelly. They discussed alternative means of implementing the evacuation and activated the military chain of command.

Assistant Secretary Kelly was in repeated contact—more than a dozen times—yesterday with Ambassador McCarthy, throughout the day and the night, consulting the Secretary frequently for guidance as details were worked out with the Ambassador. Secretary Baker himself chaired approximately 8–10 meetings yesterday on this subject and the course of the evacuation on September 5.

¹ Read to news correspondents by Department spokesman Margaret DeB. T. Wiler. ■

me now address a subject which I know is on your minds as much as it is mine—the eight American citizens who remain captive in Lebanon and the separate but related question of our relationship with Iran.

It may help in thinking about these issues to remind ourselves of three basic realities.

- The hostage issue involves the deliberate, cold-blooded, and calculated use of innocent people.

- The Iranian Government gives political, financial, and moral support to the groups which are responsible for this.

- Spokesmen for the Iranian Government deny that Iran has any responsibility for the situation and condemn hostage-taking. And in the next breath, without any apparent sense of shame or logical contradiction, they add that Iran will only use its influence over the hostage-holders if the United States meets various conditions.

These facts are clear. What should we do about them?

We are mobilizing every possible resource to drive home a clear message to the Iranian leadership. We have used a variety of private channels to convey this message, but it is not a secret. Its essence is as follows: We expect you to obtain the release of the hostages. Your failure to do so is a fundamental obstacle to the normalization of U.S.-Iranian relations.

Our objective is to help convince the Iranian Government that it is in its best interest to act to end the practice of international terrorism. This would remove a fundamental obstacle to the normalization of the U.S.-Iranian relationship. We have no quarrel with the system of government of the Islamic Republic. That is a matter for the Iranian people to decide. We believe that a more normal relationship between the United States and the Islamic Republic of Iran based firmly on mutual respect would be desirable, and we don't believe Iran should be anybody's strategic preserve. Our interests would be well-served by a strong, prosperous, nonaligned Iran. We would like to see Iran make a contribution to stability in the gulf and Southwest Asia, instead of threatening its neigh-

bors. We are ready to play a part in the reconstruction of the Iranian economy if Iran wants this. But none of this will be possible until the Iranian leadership turns its back, once and for all, on the practice of international terrorism.

In this regard, although there have been some encouraging statements in Tehran, Iran's behavior in the world continues to leave much to be desired. In recent weeks and months, Iran's hand has been evident in terrorist at-

tacks in Europe and the Middle East. Iran must end these practices once and for all if it wants to rejoin the family of nations. We will continue to emphasize this message to Iran, but in the end the Iranian leadership itself must make its own choice.

¹ The complete transcript of the hearing will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

U.S., Vietnam Agree on Emigration of Detainees

JOINT STATEMENT,
JULY 30, 1989

Representatives of the United States and the Socialist Republic of Vietnam at a meeting in Hanoi July 27-29, 1989, announced that they hope to commence by October 1989 a program for the resettlement in the United States of released reeducation center detainees and their close family members who wish to emigrate to the United States. The Vietnamese delegation was led by Assistant Minister of Foreign Affairs Vu Khoan. The U.S. delegation was led by Senior Deputy Assistant Secretary of State [for Refugee Programs] Robert L. Funseth, Acting Director of the Bureau for Refugee Programs.

The Socialist Republic of Vietnam and the United States of America, in order to resolve one of the issues of mutual concern to the two countries and consistent with their humanitarian policies and with the commitments undertaken in the declaration and the comprehensive plan of action adopted by the UN International Conference on Indochinese Refugees [June 13-14, 1989], will—in addition to existing programs—allow those released reeducation center detainees who were closely associated with the United States or its allies and who wish to do so to emigrate, together with their close relatives, to the United States.

The U.S. delegation declared that released reeducation center detainees coming to the United States would be subject to all U.S. laws, including those affecting the activities of U.S. residents toward other countries. The U.S. delegation reaffirmed that the United States has not encouraged nor does it have any intention of encouraging or using released detainees to engage in any illegal activities hostile or harmful to Vietnam—and is opposed to any such activities—and that the United States will accept these persons solely for humanitarian reasons and not for any hostile actions against Vietnam. The Vietnamese delegation also reaffirmed that Vietnam has not and will not encourage or use released detainees to engage in illegal actions hostile or harmful to the United States.

The two sides drew up a draft agreement, which included a technical annex, and agreed to establish a joint working group to coordinate implementation of the program. The two sides agreed that the program would be in addition to the existing Amerasian and orderly departure programs.

The two sides expressed great satisfaction with the results achieved and expressed hope that the first group of 3,000 persons for resettlement in the United States under this agreement will depart Vietnam before the end of the year after processing is completed. ■

The Japanese Red Army

Following is a fact sheet of August 24, 1989, prepared by the Coordinator for Counter-Terrorism.

Goal

The Japanese Red Army (JRA) attempts to support, through terrorism, a worldwide Marxist-Leninist revolution. The JRA has long identified itself with radical Palestinian movements, especially the Popular Front for the Liberation of Palestine (PFLP).

Although based in the Middle East and operating worldwide, the JRA also has goals for its native Japan—to unite leftist anarchist organizations, end the imperial system, oppose “Japanese imperialism,” and establish a people’s republic. As Emperor Hirohito lingered near death at the end of 1988, the JRA issued a threat saying it would resume its fight against Japan’s imperial system, a threat the JRA repeated when Hirohito died 2 months later. The JRA is believed to be affiliated with the Anti-War Democratic Front (ADF), an overt leftist political organization in Japan.

Links to Libya

In recent years, the JRA has again been linked to Libya, which we suspect provides it with financial and other assistance. Indicative of this relationship was the hero’s welcome accorded to the sole surviving JRA terrorist involved in the 1972 Lod Airport massacre, who was released following a prisoner exchange in 1985 and went directly to Tripoli.

After a 9-year lull in terrorist activity beginning in the late 1970s, JRA members, using the name “Anti-Imperialist International Brigade” (AIIB), resumed operations in Jakarta in May 1986, a month after the U.S. retaliatory raid on Libyan terrorist facilities. AIIB attacks in 1987 against U.S. facilities in Madrid, as well as a 1988 attack in Naples executed by a known JRA member, also took place around the time of the anniversary of the U.S. air raid on Tripoli and were publicly linked to it.

1986–88 Terrorist Resurgence

The JRA terrorist resurgence began in May 1986 in Jakarta with homemade rocket attacks against the U.S., Canadian, and Japanese Embassies to protest the Tokyo economic summit. The attacks were claimed by the AIIB, which appears to be comprised of JRA members, possibly working in conjunction with Middle Eastern and other terrorist elements. JRA members were also involved in other AIIB-claimed operations, such as the June 1987 rocket and car bomb attacks against the U.S. and British Embassies in Rome, again to protest that year’s economic summit being held in Venice. Forensic evidence linked the Rome attacks with the AIIB’s April 1987 rocket attacks in Madrid against the U.S. Embassy and U.S. Information Service (USIS) offices.

Following a car bombing outside a USO club in Naples on April 14, 1988, which killed five persons including a U.S. Navy servicewoman and left 17 persons injured, Italian authorities identified known JRA member Junzo Okudaira as responsible. The attack was claimed under the name “Jihad Brigade” to commemorate the U.S. retaliatory raid on Libya.

Two days before the Naples attack, JRA member Yu Kikumura was arrested on the New Jersey Turnpike carrying three 18-inch antipersonnel pipe bombs intended for use in a terrorist attack in the United States, possibly against a Navy recruiting office in Manhattan. The bombs were designed to cause maximum casualties due to shrapnel and fragmentation. This thwarted attack was likely planned to coincide with the Naples attack. In Federal court proceedings, U.S. prosecutors stated that the evidence suggested Kikumura was secretly working for Libyan leader Mu’ammar Qadhafi. Kikumura was convicted in a U.S. District Court and sentenced to 30 years in prison in early 1989.

JRA Background

The JRA, headquartered in Lebanon’s Syrian-occupied Bekaa Valley, was formed in 1971 by Fusako Shigenobu who had been joined by members of the now-defunct Japanese Red Army Faction (JRAF) while she served as liaison between the JRAF and Palestinian ter-

rorists. Shigenobu, who was born in Tokyo in 1945, remains the JRA leader spending a significant amount of time in Lebanon.

The JRA’s core strength has probably never exceeded 25 members. Sympathizers in Japan probably number several hundred. Homeland supporters have provided some moral and financial assistance as well as an audience for JRA propaganda. The primary source of JRA funds is believed to be Palestinian factions (primarily the PFLP) and Libya.

From 1972 to 1977, the JRA conducted terrorist acts on behalf of the PFLP beginning with the massacre of some 26 people at Lod Airport in Tel Aviv in May 1972. JRA members participated in additional PFLP operations including a series of bombings and hijackings in Singapore and Kuwait in early 1974. Subsequent JRA actions in the mid-1970s included hostage-taking and hijackings, nearly all of which were aimed at freeing jailed JRA members. An example was the JRA’s August 19 occupation of the consulate building of the U.S. Embassy in Kuala Lumpur and seizure of 52 hostages which, following threats on their lives, forced the release and safe passage to Libya of five JRA members who were imprisoned in Japan.

Arrests

The arrest of several members of the Japanese Red Army over an 8-month period beginning in late 1987 has shed light on the organization’s activities and probably has had a negative impact on its capabilities.

In November 1987, Japanese authorities arrested high-ranking JRA member Osamu Maruoka in Tokyo. Maruoka, who participated in two hijackings in the 1970s, was carrying several passports, including one stolen from Japanese tourists in Madrid in 1986. He had traveled widely in Europe and Asia and also had a ticket for Seoul, South Korea, leading to speculation that the JRA would target the upcoming Olympics. Details released following Maruoka’s arrest indicated that the JRA may have been organizing cells in Manila and Singapore.

Prior to his arrest in April 1988, Yu Kikumura had been in the United States just over 1 month and had traveled over 7,000 miles by car, passing through 13 States. Kikumura had previously been arrested in the Netherlands in 1986 carrying explosives at Amsterdam’s Schipol Airport. He was

ported to Japan but later released on technicality. He was known to have maintained an apartment in Athens and had a bank account in Zurich. According to evidence presented in U.S. court proceedings, Kikumura was confined at a Bekaa camp in late 1986 and early 1987.

In May 1988 Yasuhiro Shibata was arrested in Tokyo. Shibata was one of the 1970 hijackers of an aircraft from North Korea of the "Yodo-go" Japanese Airlines. The group has remained in Pyongyang, harbored by the North Korean Government. Although the "Yodo-go" group predates the formation of the JRA, some of its members are believed to have been in recent contact with the JRA. Shibata may have met Maruoka in Tokyo before the latter's arrest.

In June 1988, Philippine authorities arrested Hiroshi Sensui and deported him to Japan. Sensui had been living in Manila since 1984 and had set up a trading company, posing as a legitimate businessman. Investigations revealed that Sensui, who had undergone plastic surgery and had to be identified through fingerprints, created a regional support base—presumably for the JRA—dealing in illegal passports, re-transit facilities for Maruoka and others, and fundraising through the suspected JRA affiliate, the ADF. Sensui had previously been convicted of a crime in Japan but was released in 1977 as part of an exchange for 156 hostages held by the JRA during a hijacking. The JRA's relationship with the New People's Army in the Philippines is uncertain.

Prospects

JRA members have demonstrated an ability to travel extensively, establish covert support networks (possibly in Europe, as well as in Asia), and conduct terrorist operations in widely separate regions of the world. These capabilities—combined with a publicly stated intention to strike at Japanese, U.S., and other Western government targets and the use of stand-away techniques such as car bombs and rockets which assist the terrorists in making good their escape—means that the JRA is likely to remain a serious threat for the foreseeable future.

Selected Incident Chronology

May 1972, Israel. JRA terrorists carried out a machinegun and grenade attack at Lod Airport. Twenty-six people were killed, including 16 U.S. Puerto Rican citizens on a pilgrimage to the Holy Land.

July 1973, Libya. The JRA participated in a joint Arab/Latin American/Japanese operation in which a Japan Airlines 747 was hijacked to Libya. The hostages were offloaded and the plane destroyed when a ransom demand of \$30 million was not paid.

January-February 1974, Singapore. JRA terrorists attacked Shell Oil refinery storage tanks and seized a ferryboat crew and passengers as hostages. All hostages were released unharmed.

September 1974, Netherlands. The JRA seized 11 hostages at the French Embassy in The Hague. The terrorists demanded, and were provided, an airliner for transport to Syria. Two Dutch police were wounded during the incident.

August 1975, Malaysia. Ten JRA members took over the consulate building at the U.S. Embassy in Kuala Lumpur and seized 52 hostages, including the U.S. Consul and the Swedish Charge. The terrorists threatened to blow up the building and kill the hostages unless seven prisoners in Japan, mostly JRA members, were released and allowed safe passage to the Middle East. The five who were willing to go were flown to Tripoli, Libya, by way of Kuala Lumpur.

September-October 1977, India. The JRA hijacked a Japan Airlines plane in Bombay and forced it to land in Dhaka, Bangladesh. The Japanese Government agreed to release nine imprisoned JRA sympathizers and pay \$6 million in exchange for the 159 hostages. The JRA hijackers were then flown to Algeria.

May 1986, Indonesia. Fingerprints of JRA member Tustomu Shirotsaki were found in a hotel room from which crude mortars were fired at the Japanese and U.S. Embassy buildings in Jakarta. The AIBB claimed responsibility for the two attacks as well as a car bombing at the Canadian Embassy.

1986, Netherlands. JRA member Yu Kikumura was arrested at Schiphol Airport in Amsterdam carrying a bomb in his luggage. Kikumura was later deported to Japan but released on a technicality shortly thereafter.

April 1987, Spain. The AIBB claimed responsibility for rocket attacks on the U.S. Embassy and USIS facilities in Madrid and linked them to the anniversary of the U.S. 1986 airstrike on Libya.

June 1987, Italy. The AIBB claimed responsibility for two rockets fired at the British Embassy in Rome and a car bomb and rocket attack against the U.S. Embassy on the same day. An Italian judge later issued arrest warrants for JRA members Shirotsaki and Junzo Okudaira based upon photo identifications.

November 1987, Japan. Authorities in Tokyo arrested Osamu Maruoka, a high-ranking JRA member. Maruoka, who had participated in two hijackings in the 1970s, had traveled widely in Europe and Asia.

April 1988, Italy. A bomb planted in front of the USO club in Naples killed five people, including one U.S. Navy servicewoman. Based on fingerprints, Italian police identified JRA member Okudaira as responsible for the bombing, which had been claimed under the name "Jihad Brigade."

1988, U.S. JRA member Yu Kikumura was arrested on the New Jersey Turnpike with three antipersonnel bombs in his possession. Kikumura was later convicted for transporting bombs and sentenced to 30 years in prison.

May 1988, Japan. Yasuhiro Shibata, one of the original "Yodo-go" hijackers in 1970 who had since lived predominantly in North Korea, was arrested in Tokyo.

1988, India. A Citibank branch in New Delhi was heavily damaged by a powerful bomb explosion in which one person was killed and 13 wounded. Although no group claimed responsibility, Indian authorities believe that the JRA is a suspect in the attack.

June 1988, Philippines. JRA member Hiroshi Sensui was arrested and deported to Japan. Sensui, posing as a businessman, had created a regional support base for the JRA in the Philippines.

July 1988, Spain. Two improvised mortar devices were found near the U.S. Embassy in Madrid. The AIBB claimed responsibility for the attempted attack, linking it to the U.S. July 4th holiday and the previous day's unintended downing of an Iranian airliner by U.S. naval forces in the Persian Gulf. ■

Security Council Permanent Members Discuss International Issues

JOINT STATEMENT,
SEPT. 29, 1989

On 29 September 1989, the Ministers of Foreign Affairs of the five permanent members of the Security Council were the guests at a luncheon given by the Secretary General of the United Nations, H.E. Javier Perez de Cuellar. Taking part were the Minister of Foreign Affairs of the People's Republic of China, H.E. Mr. Qian Qichen; the Minister of State, Minister of Foreign Affairs of France, H.E. Mr. Roland Dumas; the Minister of Foreign Affairs of the Union of Soviet Socialist Republics, H.E. Mr. Eduard A. Shevardnadze; the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of Great Britain and Northern Ireland, H.E. Mr. John Major; and the Secretary of State for the United States of America, H.E. Mr. James A. Baker, III.

The ministers and the Secretary General exchanged views on a wide range of major international issues and also reviewed developments over those issues since their previous meeting with the Secretary General on 28 September 1988. They agreed that at the present time of positive change in the international political climate from confrontation to relaxation and interaction among states, the United Nations has an important role to play.

The ministers placed particular emphasis on the efforts to resolve the current regional conflicts in accordance with the principles of the Charter of the United Nations. They noted with satisfaction the trend toward dialogue and peaceful settlement of disputes which had developed in recent years. They welcomed the active involvement of the United Nations in this process.

The ministers expressed their firm commitment to the cause of independence of Namibia through the holding of free and fair elections under the auspices of the United Nations. They expressed their strong support for the Secretary General in his efforts to ensure that Security Council Resolution 435 (1978) is fully implemented. They urged all parties concerned scrupulously to abide by their obligations under the settlement plan.

Having reviewed developments in the Middle East, the ministers reaffirmed their support for an active peace process in which all relevant parties would participate, leading to a comprehensive, just, and lasting peace in the region. They reiterated their full support for the efforts of the Arab League Tripartite Committee to put an end to the trials of the Lebanese people through the implementation of a plan for the settlement of the Lebanese crisis in all its aspects by guaranteeing the full sovereignty, independence, territorial integrity, and national unity of Lebanon. In this regard, they expressed the strong hope that the resumed inter-Lebanese dialogue would develop constructively.

The ministers expressed their support for the Secretary General's efforts to secure the full implementation by Iran and Iraq of Security Council Resolution 598 (1987) as an integral whole and urged both governments to cooperate with the Secretary General in that regard.

They reaffirmed their support for the peace process in Central America on the basis of the Esquipulas agreement and subsequent agreements by the Central American states and for the efforts of the Secretary General in this connection.

The ministers expressed their concern at the current situation in Afghanistan and supported the effort of the Secretary General to encourage and facilitate the early realization of comprehensive political settlement. They called on the parties concerned to implement faithfully the Geneva agreement and last year's General Assembly resolution.

The ministers reviewed the situation in Cambodia in the light of the outcome of the Paris conference. They advocated a comprehensive political settlement, which would ensure the independent, sovereign, and neutral status of Cambodia and a continuation of the negotiating process initiated toward this end.

The ministers exchanged views on international cooperation against terrorism. They condemned all acts of terrorism in whatever form and demanded the immediate safe release of all hostages. The ministers called for strengthened international cooperation aimed at combating illicit international drug trafficking.

The ministers commended the peacekeeping operations of the United Nations, which in their view illustrate the vital role of the organization in preventing and resolving regional conflicts. They underlined the importance of the effective functioning of these operations.

In view of the primary responsibility of the Security Council for the maintenance of international peace and security under the Charter, the ministers expressed their satisfaction at the improved working relations within the Council and with the Secretary General. They expressed their determination to continue to work together and in cooperation with the Secretary General for the prevention and resolution of international conflicts.

The ministers expressed their deep appreciation to the Secretary General for his contribution to the cause of international peace and cooperation. They thanked him for the invitation to the meeting which they considered a most useful occasion for an exchange of views. ■

The OAS and the Panama Crisis

Following are a statement by Acting Secretary Lawrence S. Eagleburger before a Meeting of Consultation of Ministers of Foreign Affairs of the Organization of American States (OAS) on August 24, 1989, a declaration by the president of that meeting in consultation, and second statement by Acting Secretary Eagleburger at a special session of the OAS Permanent Council on August 31.

ACTING SECRETARY EAGLEBURGER'S STATEMENT, AUG. 24, 1989¹

Our first meeting on the crisis in Panama was held on May 17. Since that time, three member states of this organization have changed governments through democratic processes—El Salvador, Argentina, and Bolivia. In every case, one political party yielded power peacefully to another. Today we welcome the new Deputy Foreign Minister of Bolivia, just as in previous meetings we welcomed the new Foreign Ministers of Argentina and El Salvador.

Their presence among us is vivid witness to a powerful force that is in the process of transforming our planet. In the Philippines, in Poland, in Hungary, to name but three countries, the forces of democracy are on the march. There is a remarkable, a creative time—time when people who for too long suffered the degradation of totalitarianism, took back into their own hands the right to determine their own future. Those who stand in the way of that process are on the wrong side of history and, in the end, will find themselves, as all dictators eventually have, in the garbage can of history.

Pioneers of Democracy

In many ways, the turn toward democracy that characterizes our era began in this hemisphere. In recent years, nation after nation has decided to follow the democratic path. Together, here in the Americas, we are building the world's first democratic hemisphere. And the leaders of the governments that many of you represent are the pioneers in that historic journey.

The people of Panama also have begun that historic journey toward democracy. They spoke clearly on May 7

of this year. They voted for national dignity. They voted to end a brutal dictatorship. They voted to be free. They have a right to be free. No one has a right to deny that freedom.

Nevertheless that vote for democracy was met with [Gen. Manuel Antonio] Noriega's iron pipes and rifle butts, hired mobs and prison cells. The whole world denounced the violation of human rights which we witnessed in Panama and so did this Organization of American States. Indeed, the images of courage and the images of blood from that historic week in Panama will always be etched in our memory.

The people of Panama called out for our help, and the OAS sought to respond to their plea. We convened an emergency session to defend the principles of our charter and the human rights of the people of Panama. The question before us was never our commitment to Panamanian sovereignty, nor is it today. For the sovereign will of the Panamanian people is what we are here defending. The question before us was never our commitment to the Panama Canal Treaties. For we reaffirmed our commitment to uphold those historic treaties on the first day we met.

And let us be clear about one thing, if nothing else. Noriega did not steal the May 7 election because of "sanctions" or the legitimate exercise of treaty rights. He stole the election because he lost it, and attempts to shift the focus from that overwhelming fact is nothing more nor less than deliberate obfuscation.

The OAS Mandate

The question before us remains what we declared it to be in our first resolution. It is, and I quote: "The grave events and the abuses by General Manuel Antonio Noriega in the crisis and the electoral process in Panama." We recognized then, as we did today, that the grave abuses of Gen. Noriega's dictatorship threaten the peace of our hemisphere and violate the charter of this organization. That is why we dispatched a mission to Panama. Our distinguished Secretary General and the distinguished Foreign Ministers of Guatemala, Trinidad and Tobago, and Ecuador spent countless hours in Panama working with the parties trying to achieve a transfer of power by September 1 as called for in their mandate.

They worked hard, and they made a difference. The United States has supported the work of the commission at every step of the way. Their efforts and commitment deserve all of our respect and gratitude. The commission brought the parties together for face-to-face negotiations. Together, they spelled out a serious agenda. At the last meeting, the parties laid out the elements that would permit a resolution to the crisis:

- The departure of Gen. Noriega from power;
- Formation of a transition government on September 1;
- New, free elections within the shortest possible time; and
- The lifting of measures taken by the United States in response to the crisis in Panama.

All rational Panamanians agree that this formula could resolve the crisis and establish democracy. The United States has always been prepared to do its part. We want to see the crisis end. Nothing would please my government or the American people more than to end the measures currently in place and reestablish normal relations with a democratic Panama.

Response to the Mandate

Let us look at how the parties to the crisis responded to the commission's mandate.

Were the candidates who won the votes of the Panamanian people prepared to make sacrifices for the good of their country? Were they prepared to work within the framework established by the OAS? Is the United States prepared to commit itself before the nations of this hemisphere to respect the Panama Canal Treaties and normalize relations with a Panamanian Government committed to democracy and human rights? Is the United States prepared to end the economic measures it has taken and resume its normal procedures for ensuring the safe passage for all nations through the Panama Canal in full collaboration with the Defense Forces of a democratic Panama? The answer to all of these questions is, and has always been, an unequivocal "yes."

But was Gen. Noriega prepared to define any formula, any scenario, any

set of circumstances under which he would be willing to remove the primary obstacle to resolving the crisis as defined by the OAS? The answer is, and has always been, an unequivocal "no."

There is only one obstacle to resolving this crisis, and we all know who it is. Indeed, at our last meeting, the commission itself, in the report which we adopted, made it clear what that obstacle is: "The continued presence of General Noriega as Commander in Chief of the Defense Forces," the report says, "has been identified both by supporters and opposition as one of the factors, if not the principal factor, which must be addressed in order to solve the crisis."

The people of Panama, the governments of this hemisphere, and this Organization of American States all want this crisis to end. But the dangerous, violent will of one dictator and a few desperate supporters stands in the way of democracy and peace in Panama.

Still, this effort has not been in vain. The Noriega dictatorship thought it could steal the birthright of the Panamanian people on May 7 and the world would look the other way. Instead, the dictatorship has never been more isolated internally or internationally than it is today. And so it will remain. The crisis will not be resolved until the mandate of the OAS has been fulfilled. Indeed, it will only grow worse.

Drug Trafficking

There is another issue at stake in this debate over Panama—the disgrace, the terrible evil of drug trafficking in our hemisphere. Just this past week, we have been reminded again of the awful price brave men and women—and whole societies—pay because these monsters—these drug traffickers—continue in our midst.

Three days ago, the OAS met to discuss recent events in Colombia. Many delegations, including my own, spoke in tribute to the fallen heroes of this battle against the drug cartels; we respect and honor their memories. But we must do more than that. We must protect our children and our societies against these peddlers of poison and death. This is a war as deadly and as dangerous as any fought with armies massed across borders; the survival of democracy is at stake.

We have all heard a great deal in this chamber in recent months, and even today, about the evils of intervention in the internal affairs of member states. It is a legitimate concern. But

what, in God's name, would we gathered here today call the international drug trade—and those who aid it and abet it—but intervention in our internal affairs? The murder of public officials is interventionism by these drug cartels and the states that support and protect them. The poisoning of our children by the drug cartels and those who support and protect them is interventionism in our internal affairs. That, certainly, is how all decent people in this hemisphere regard these activities. That is how the United States regards these activities; we intend to do all we can to bring them to an end.

Countries that provide safe haven and support for the international drug trafficking cartels menace the peace and security of this hemisphere just as surely as if they were using their own military forces to attack our societies. The truth is, and every one of us knows it, Gen. Noriega has turned Panama into a haven for drug traffickers and a center for money laundering and the transshipment of cocaine. Will Gen. Noriega be permitted to falsely wrap himself in the flag of Panamanian sovereignty while the drug cartels with which he is allied intervene throughout this hemisphere? That is aggression as surely as Adolf Hitler's invasion of Poland 50 years ago was aggression. It is aggression against us all, and some day it must be brought to an end.

The Panamanian Constitution requires that in just 8 days a new democratic government take office. The resolution of the OAS affirms as well that a transfer of power through democratic mechanisms must take place by that date. All of us hope, I know, that in the few days remaining, the crisis can be resolved, but time is running out. Rearranging the deck chairs on Noriega's Titanic will not satisfy the mandate of the OAS, nor will it resolve the crisis. Only a genuine transfer of power will achieve the result we all seek.

Panamanian Defense Forces

This is a time for Panamanians of every party and every institution to place the interests of their nation first. That is as true of the Panamanian Defense Forces (PDF) as it is of Panama's civil leaders of all political persuasions. This is not a partisan matter. Their common duty is to defend the constitution and the well-being of the people of Panama. If they do so, the PDF can and should play an important role in a democratic

Panama. When the history of Panama's return to democracy is written—and will return to democracy—the rolls will record for all time those who placed the interests of their suffering nation first and those who defend a corrupt dictatorship to the bitter end.

Let the PDF reflect: Who is, in fact, threatening their institution today? The Panamanian people—including the men and women of the PDF and their families—who voted for an end to the Noriega dictatorship on May 7? The United States, which has worked in partnership for many years with the PDF in their joint responsibility to ensure safe passage through the canal and which will depend on the PDF to carry out that duty when the last U.S. troops leave Panama as the treaties call for on December 31, 1999? The nations of this hemisphere, which voted to condemn the abuses perpetrated by Gen. Noriega against his own people, including many officers of the PDF? Or is the real threat to the PDF posed by the man who abuses their professional loyalty and brings suffering on his nation in pursuit of his own personal interests and power?

Conclusion

If the terms of the OAS mandate have not been met by September 1, then the Noriega regime will have declared itself to be an outlaw among civilized nations, and we should treat it accordingly. Until the Panamanian people enjoy their democratic rights, every member of this body has an obligation to support the mandate of the OAS, to defend human rights in Panama, to combat the alliance of drug traffickers with the Noriega dictatorship, and to isolate this outlaw regime. To do anything less would be to send a terrible dangerous signal to the enemies of democracy and the drug traffickers in our hemisphere. The people of Panama and the whole world will be watching. I spoke earlier about the powerful forces of history transforming our planet today. Can anyone doubt that this idea of democracy, this vision of freedom, represents an idea whose time has come. The dictators in their uniforms and boots can try to stand in the way, but they will be swept aside in time. And then Noriega will be but a bad memory, and Panama will be free.

DECLARATION,
AUG. 24, 1989

The Ministers of Foreign Affairs of Ecuador, Guatemala, and Trinidad and Tobago, as well as the Secretary General of the Organization of American States, are hereby thanked for the painstaking and efficient work they accomplished in compliance with the mandate entrusted to them by the 21st Meeting of Consultation.

2. Grave concern is expressed over the fact that the participants in the political dialogue in Panama have not yet arrived at a solution to the crisis in their country, which solution is the exclusive province of the Panamanians, and they are strongly urged to make new and pressing efforts to achieve, in accordance with Resolution I of May 17 and the declaration by the president of July 20, a national accord prior to September 1, for which purpose they may rely on the assistance, should all the parties so request.

3. It is reaffirmed that, in the solution of the Panamanian crisis, the observance of democratic principles must be ensured in the free exercise of the sovereignty and self-determination of the Panamanian people.

4. The Inter-American Commission on Human Rights is requested to conduct, with the consent of the Government of Panama, another visit to Panama at the earliest possible date for the purpose of completing and updating the information on the situation of human rights in that country.

5. To keep this meeting of consultation open.

ATTENDING SECRETARY
FRANK R. EAGLEBURGER'S STATEMENT,
AUG. 31, 1989²

In the early morning hours of August 31, 1989, as the Meeting of Consultation of Foreign Ministers was concluding its deliberations on the crisis in Panama, the Panamanian representative repeatedly challenged my government to, and I quote, "present to you the evidence against Noriega." He did so knowing—I am a skilled criminal lawyer and as a man who last year participated in negotiations with my government on this issue—that the United States is a nation of laws and is not about to conduct a criminal trial outside the courtroom. He did so knowing that most of the evidence against Gen. Noriega is subject to grand jury secrecy prohibitions and that we would ourselves be committing a criminal offense were we to reveal that evidence in advance of an actual trial. And, I would warrant, he did so hoping that these constraints and the lateness of the hour would cause us to remain silent.

U.S. Severs Diplomatic Contact With Noriega Regime

PRESIDENT'S STATEMENT,
SEPT. 1, 1989¹

On May 7, the people of Panama, by an overwhelming margin of votes, braved repression, intimidation, and fraud to choose democracy over dictatorship. They sent a clear and unmistakable message: They wanted an end to dictatorship and restoration of elected democratic government.

But this act of self-determination was brutally repressed before the eyes of the entire world. Noriega answered the cry of his people with beatings and killings. The candidates chosen by the Panamanian people will not be allowed to take office today, as required by the Panamanian Constitution. Panama is, therefore, as of this date, without any legitimate government.

Accordingly the United States will not recognize any government installed by Gen. Noriega. Our Ambassador will not return, and we will not have any diplomatic contact with the Noriega regime. The United States will continue to take other steps, including the tightening of measures to deprive the illegal regime of funds that belong to the Panamanian people, in support of self-determination and democracy and to

counter the threat posed by Gen. Noriega's support for drug trafficking and other forms of subversion. I am confident that other governments which support human rights, democracy, and self-determination and which oppose drug trafficking will take similar measures.

This should have been a proud day for Panamanians and for all who believe in self-determination and democracy. Instead it is a sad day—a sad day for Panama and for the democratic nations of this hemisphere.

The peoples of Panama and the United States have enjoyed a close and mutually beneficial relationship since Panama's founding in 1903. Our people-to-people bonds have become even closer since the conclusion of the canal treaties of 1977, which the United States will continue to uphold. We will not forget this bond or the sacrifices Panamanians have already made to rid themselves of the outlaw Noriega regime. We will continue to stand by the people of Panama until their fight for self-determination is respected and democratic government is restored.

¹ Text from Weekly Compilation of Presidential Documents of Sept. 4, 1989. ■

Economic Measures Against Panama

DEPARTMENT STATEMENT,
SEPT. 12, 1989¹

The United States is taking several economic measures to deny revenues to the Noriega regime.

On August 31, the United States expanded the list of Panamanian companies and individuals affiliated with Noriega and his puppet regime to which Americans cannot make payments. The list is undergoing further revisions, and more additions will be published soon.

Yesterday the Department of the Treasury sent letters reiterating to all American companies in Panama the prohibitions on trade with the regime which apply to their businesses there. They were informed that the prohibitions will be strictly enforced.

Panama's 1989 sugar quota of 30,537 metric tons has been reallocated to the other countries that participate in the U.S. sugar quota program. The loss of the sugar quota denies the regime close to \$15 million in revenue.

In a related action, this morning the U.S. Trade Representative announced the suspension of the additional quota of 23,403 tons to which Panama would have been entitled due to the quota increase.

All of these actions are a direct result of Gen. Noriega's continued unwillingness to respect the will of the Panamanian people by stepping down and permitting the installation of a freely elected government.

¹ Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

We respected the lateness of the hour on August 24 but will not remain silent. We will not permit Gen. Noriega's representatives to abuse the limitations our Constitution establishes to protect the rights of the accused. We cannot accept his characterization of our unwillingness illegally to reveal evidence in advance of trial as "proof" that the serious criminal charges against Gen. Noriega are frivolous or manufactured.

But neither will we fall into the trap that perhaps the representative of Panama was seeking to lay for us. We will not compromise our ability to prosecute Gen. Noriega by violating the rights that he—like every other criminal defendant—is guaranteed under our legal system. Nor need we do so to produce the "proof" that the Panamanian representative so diligently sought.

In addition, we will respond to allegations by Gen. Noriega's representative that the United States is reneging on our solemn commitment to faithful implementation of the Panama Canal Treaties and that we are intervening in the internal affairs of Panama.

Today I will lay out the facts on those issues as well and allow you to judge: Who threatens the canal treaties? The United States or Gen. Noriega? Who is engaged in intervention in the internal affairs of other countries, and who is depriving the Panamanian people of their right of self-determination? The United States or Panama? Who is responsible for destabilizing the Panamanian military and Panamanian society? The United States or Gen. Noriega? Let us review the record.

The Indictment Process

On February 4, 1988, Gen. Noriega and 15 other defendants—including Pablo Escobar, the Ochoa brothers, and other members of the infamous Medellin drug cartel—were indicted by a Federal grand jury in Miami, Florida, on multiple counts of narcotics trafficking and related offenses. Gen. Noriega and Panamanian businessman Enrique Pretelt were simultaneously indicted by a Federal grand jury in Tampa, Florida, on conspiracy to import an enormous quantity of marijuana and on related charges.

Let me begin by outlining the meaning and seriousness of an indictment under U.S. law.

The criminal process is initiated when a Federal investigative agency, for example the Drug Enforcement Administration (DEA), believes it has evidence of violations of U.S. law. This evidence may be based upon an investigation involving witnesses, physical evidence, bank records, etc. The agents present this information to the office of the U.S. Attorney in their region. A prosecutor reviews this information to determine whether there is sufficient evidence that a crime—or crimes—has been committed to bring the case before a "grand jury".

A grand jury is composed of from 16 to 23 ordinary U.S. citizens selected at random. The grand jury operates under the supervision of a Federal judge. The grand jury has the duty to review the evidence submitted by the U.S. prosecutors. It has the authority to issue a "subpoena" directing a person to give testimony or to produce evidence in his possession. And it can also issue subpoenas to obtain bank records and other corporate documents.

If a grand jury finds that the evidence establishes "probable cause" to believe that the defendant or defendants committed crimes, those crimes and a summary of the facts based on the evidence must be specified in an indictment. "Probable cause" has been defined by U.S. courts as "evidence sufficient to cause a person of ordinary prudence and caution consciously to entertain a reasonable belief of the accused's guilt."

Grand jury proceedings are not public. It is a crime for a prosecutor or a member of the grand jury to discuss grand jury proceedings in public. In general, evidence obtained by a grand jury may only be used at a later criminal trial.

Under our system, the actual trial can only occur when the defendant is physically present before the court. At that time, the prosecutors must produce the evidence upon which they are relying, including all witnesses. A judge and a different jury hear the evidence of both the prosecutors and the defense and reaches a judgment of guilty or not guilty.

For those who come from the many nations of this hemisphere which follow the civil law system, I would draw an analogy. When the prosecutor goes to the grand jury, this is roughly equivalent to an "accusation" in the civil law. When the grand jury, after investigation, returns an indictment, this is

equivalent to the conclusion of the investigative or *sumario* phase of a civil law trial. Only when the defendant has been physically presented to the court can the equivalent of the *plenario* phase—the actual trial—begin. Indictments are serious documents, reflecting a thorough investigation and considered judgment by impartial citizens.

Let me now turn to the content of the two indictments brought by grand juries in Florida against Noriega.

Indictments Against Gen. Noriega

In the U.S. District Court for the Middle District of Florida in Tampa, Gen. Noriega and Enrique Pretelt are charged with conspiracy to import and distribute marijuana. The indictments describe the attempted importation into the United States of over 1 million pounds of marijuana during 1983-84.

The indictment charges that millions of dollars in U.S. currency representing the proceeds from the successful importation of 280,000 pounds of marijuana into the United States by Steven Michael Kalish and others were transported to Panama and laundered through Panamanian banks and businesses, with the approval and assistance of the defendants. They charge that Noriega and others agreed to facilitate the importation of 400,000 pounds of marijuana into the United States and the laundering of more than \$100 million in illicit proceeds through Panama. And they conclude that during the course of the conspiracy, Kalish made payments to Noriega and others of approximately one million for Noriega's authorization and approval of marijuana smuggling and money-laundering activities within Panama.

In the Federal District Court for the Southern District of Florida in Miami, Gen. Noriega is charged with exploiting his official position as head of the intelligence section of the National Guard of Panama and then as commander in chief of the renamed Panama Defense Forces (PDF) to receive payoffs in return for assisting and protecting international drug traffickers. The individuals he is charged with assisting in the conduct of narcotics and money-laundering operations in Panama include Pablo Escobar Gaviria, Gustavo DeJesus Gaviria Rivero, Jorge Ochoa Vasquez, and Fabio Ochoa Vasquez.

Gen. Noriega protected cocaine shipments flown from Medellin, Co-

bia, through Panama to the United States. Further he arranged for the transshipment and sale of ether and cocaine, including such chemicals precisely seized by the PDF, to the Medellin cartel. He provided refuge in a base for continued operations to members of the Medellin cartel after the murder of the Colombian Minister of Justice, Rodrigo Lara Bonilla, in 1984. He agreed to protect a cocaine laboratory being constructed in Darien Province, Panama. And he assured the passage of millions of dollars of narcotics proceeds into Panamanian banks. In return for these services, Noriega received in excess of \$4.6 billion.

Also detailed in the indictment is a June 15, 1984, flight into Miami, Florida with over a ton of cocaine resulting from this conspiracy.

We have asked the Secretariat to circulate to each of you authentic copies of these indictments.

Abuse and Betrayal

The story these indictments tell is simple and chilling. It is the story of that same shameless excess in the criminal field that we have already seen in the political field. When Noriega became Chief of Police in August 1983, what might have been called "minor" corruption became major indeed. What in 1982 was a payment of \$100,000 for specific transshipments of drugs through Panama became, by 1984, a payment to Noriega of some \$4 million for protection of the cartel itself. What had been private opportunism became brazen abuse of public authority and betrayal, even of close associates. What had been a few became dangerous for everyone—in the PDF, in Panama, in the entire hemisphere.

Assertions by Noriega and his cronies that the U.S. charges are not substantiated by any evidence are bunk. As shown above, the indictments themselves allege repeated and specific acts of criminality involving Noriega personally. Public testimony before congressional committees by former Panamanian Consul General Blandon and by individuals who participated in drug trafficking or money laundering with Noriega—such as Amjad Awan (a former official of the Bank of Credit and Commerce, International), Noriega's former personal pilot Floyd Carlson, drug trafficker Steven Kalish, and other Noriega associates—also detail Noriega's criminal culpability. A

copy of this testimony is available for your inspection at the Secretariat.

Gen. Noriega's representative here challenged the credibility of the witnesses against him by noting that some of them are themselves convicted criminals. This should come as no surprise to those of you who have struggled against drug trafficking. Drug traffickers do not generally carry out their conspiracies in the presence of honest citizens. Witnesses testify under penalty of perjury. They can be tried and jailed for making false statements to the grand jury, the court, or the Congress.

Our prosecutors and grand juries are well aware of the background of such witnesses. They, therefore, carefully test the statements of such witnesses against account records, physical evidence, and the testimony of other witnesses not charged with crimes to see if their statements are corroborated or contradicted. In this case, after investigation, the grand jury obviously determined that sufficient credible evidence existed to indict Gen. Noriega.

Challenge to the Indictments

Gen. Noriega has retained attorneys in the United States to defend him. They have challenged the indictments before U.S. Federal court. They alleged that he was immune because he was "head of state." They alleged that the case against him was politically motivated. They alleged that his drug trafficking was protected by the doctrine of sovereign immunity, since he used the institutions of the Panamanian state in performing these activities. They filed documents and made arguments in support of these contentions. None of their arguments stood. The court ruled against them. The indictments stand.

So let us put aside once and for all this contention that Gen. Noriega is a poor, humble, honest man who has been unjustly accused. He is a man who—as the result of an extensive criminal justice process—stands accused before U.S. courts of the most serious violations of U.S. law for his individual behavior. He deserves a fair trial on the merits, as any other defendant. And he will receive one. But make no mistake; he does deserve to be tried.

Evidence of Other Abuse of Power

The evidence of Gen. Noriega's abuse of power and venality is not limited to his drug trafficking.

The private, ill-gotten gains of Gen. Noriega belie his representative's appealing but unpersuasive public relations image of a poor youth of humble origins who, by virtue of individual effort, merit, and talent, rose through the ranks to become head of a small but respectable military force. By conservative estimates, we judge Noriega's personal wealth—much of it hidden in secret bank accounts abroad—to be at least \$200–300 million. This personal fortune includes:

- A luxurious \$600,000 mansion in Panama City hung with nearly 50 valuable oil paintings and a chalet near a Panamanian air strip in Rio Hato;
- A vacation home on Madden Lake, Panama, a mountain retreat with a mansion and several houses on 60 acres in Chiriqui Province;
- A farm in France, approximately 50 minutes from Paris, and a luxury apartment in an elite section of Paris;
- Several luxury apartments in the Dominican Republic, where Noriega's wife purchased furniture, art objects, and antiques valued in the millions of dollars;
- Various jet aircraft, including three Lear jets and a twin-engine aircraft. In 1984 he purchased a sophisticated helicopter for his personal use for \$2 million. In late 1983, Steven Kalish negotiated and purchased a Boeing 727 jet aircraft for \$2.2 million for Noriega; the jet was later used for money laundering;
- Three large pleasure yachts—the Macho I, Macho II, and Macho III;
- In December 1987, Noriega decorated himself with a decoration called the Eagle Medal. The cost of the medal, made of gold and precious stones, was over \$85,000. And, as one of the witnesses testified, "it was given to Noriega for no victory or no battle at all;"
- To give just one example of other Noriega family excesses, Jose Blandon has testified that when he was Panamanian consul in New York, "one of the daughters of Noriega was in New York and in one day, she spent over \$50,000 in purchases in New York stores;" and
- The Senate hearing record includes copies of tens of thousands of dollars of charges at the Helmsley Palace Hotel in New York run up by Gen. Noriega and his family.

We have previously had the testimony before our Congress of a then-official of the Bank of Credit and Commerce, International that in 1982, Noriega opened an account at the Panama City branch of the Bank of Credit and Commerce, International which he claimed was a "secret service" account which remained open until early 1988. Only he had signature authority for the account. In addition, his wife and three daughters had credit cards, the charges for which were paid from this account. While the amount of money in this transactional account fluctuated, as much as \$20-25 million were in the account at various times.

Due to legal constraints, we are still not at liberty to divulge all of the information available to us concerning Gen. Noriega's huge secret accounts. However, I have asked the Secretariat to distribute copies of genuine documents signed by Gen. Noriega with the Bank of Credit and Commerce, International. These genuine bank documents speak for themselves. They reveal personal control over millions of dollars. Like the tip of an iceberg, they allow us to visualize the depths of Noriega's deceit and criminality.

Gen. Noriega's illicit activities and the wealth he has gained from them are the real explanation of why he insists on retaining control of the institutions of the Panamanian state in defiance of the will of his own people. He is no patriot determined to defend his country from external threats. Nor is he even a professional soldier seeking to preserve his military institution.

Beginning of the Crisis in Panama

Let us remember how the crisis in Panama began. It did not have anything to do with the United States, the canal, or any outside threat to Panama or its military. Rather the crisis is the result of the reaction in June 1987 of a broad spectrum of the Panamanian people to specific accusations of assassination, election fraud, and corruption leveled against Gen. Manuel Antonio Noriega by the then second in command of the PDF, Col. Roberto Diaz Herrera.

Why did Col. Diaz Herrera go public? Perhaps the answer lies in what Gen. Noriega was doing to his own institution.

When Gen. Omar Torrijos Herrera died tragically in 1981, the senior officers of the Panama National Guard drew up an agreement to provide for institutional stability and transfer of

command. We have asked the Secretariat to circulate copies of this signed agreement, which was disclosed by one of its signers.

Certain of its key provisions involved Gen. Noriega, who solemnly signed this compact. It was provided that he would assume command from Gen. Paredes in March of 1984 and would place the support of the military behind Gen. Paredes' candidacy for the presidency. And it provided that Noriega would retire July 31, 1987.

We know what happened. Once Paredes was out, Noriega worked against his candidacy. And when Noriega's time came to retire, he fired his agreed upon successor instead. This destabilization of the institution was the proximate cause of Diaz Herrera's revelations and the subsequent revulsion of the Panamanian people—a revulsion that led to strikes and demonstrations beginning in the summer of 1987, well before the U.S. indictments, the U.S. sanctions, or the U.S. military maneuvers were even conceived.

And his abuse of his institution continues. Who has bypassed the General Staff and the regular chain of command by setting up his own shadow organization within the military? Who has promoted his cronies and jailed his opponents in violation of military law and the *escalafon*? Who has led his forces into confrontation with their own people? Who has placed them in conflict with his closest traditional ally—the United States—and the rest of the democratic world? Who has created "dignity battalions" of thugs to do the dirty work of repression, the work we all witnessed when the victors of the May 7 election were shot at and viciously beaten before our very eyes? Who created armed groups outside the control of the lawful security forces?

The men of the defense forces know who has abused their professional loyalty and brought shame and disgrace on their institution. Not a movement, not an ideology, not an external or internal enemy. One corrupt man. One man who knows no limitations.

Noriega's Claims

Let us take an example of the lies and distortions he feeds to his own troops as well as the public. He claims—as his representative did August 24—that his problems began when he refused a supposed request by former national security adviser Adm. John Poindexter to assist the Nicaraguan Resistance.

This charge falls by reason of its own logic. Many friendly countries adopted policies different from those of the United States on the issue of Nicaragua. Yet we continue to have normal relations with them.

It also fails on the facts. The meeting with Adm. Poindexter that Gen. Noriega describes was attended by a number of people, including professional U.S. diplomats. The subject was not Nicaragua—which was touched on or in passing. The subject was Panama. Adm. Poindexter strongly urged Gen. Noriega to open up some political space and to allow a transition to democracy. Clearly he did not take that advice! What is most ironic is his own attitude on Nicaragua.

In late August 1986, according to a computer note from [National Security Council staff member Lt. Col.] Olive North to the national security adviser made available to the U.S. Congress, a personal representative of Manuel Noriega proposed that, in exchange for a promise from the U.S. Government to "help clean up his [Noriega's] image" and a commitment to lift a U.S. ban on military sales to the PDF, Noriega would "take care of" the Sandinista leadership.

Needless to say, the United States rejected this "offer" of assassination. How can a man who would make such an offer—a man who in December 1986 contributed directly to an attempted military rebellion in Argentina, a man who has supported the guerrillas and the drug traffickers in Colombia—have the unmitigated gall to claim that his problems are the result of his strong stance against intervention.

The Panamanian representative asserted that Noriega's May 1984 raid on a cocaine processing plant in Darien Province showed his commitment to combating narcotics trafficking. As several witnesses testified before a U.S. congressional subcommittee, the reality was very different.

The raid on the Darien operation took place shortly after Noriega accepted over \$4 million from the Medellin cartel to give safehaven to cartel leaders and 70-90 bodyguards after the cartel had assassinated Colombian Minister of Justice Lara Bonilla. Prior to that time, Noriega had moved in on one of his competitors in the protection of traffickers and had accepted millions of dollars from the cartel to permit the plant to be set up. After Lara Bonilla's death, Panama-

and Colombian public pressure on Noriega—and perhaps U.S. pressure—caused Noriega to act. On his orders, the PDF did shut down the operation.

The Medellin cartel, however, felt double-crossed. It took Fidel Castro's intervention to mediate the dispute. In the end, the power plant of 40 megawatts, the machinery, the cocaine being processed, the chemicals being used in the processing, and the seized aircraft were all returned to the Medellin cartel.

Issues of Agreement

It is my turn to some issues raised by the representative of Panama on August 24 with which we can agree.

There are issues on which there is a fundamental agreement between my government and the overwhelming majority of Panama's people, Panama's government, and the PDF. In fact, they involve principles supported by all members of this body.

Panama Canal Treaties. The first issue is the importance of faithful implementation of canal treaties.

U.S. compliance is willing and ahead of schedule. When the treaty entered into force on October 1, 1979, the United States disestablished the Canal Zone and the Canal Zone government. We transferred jurisdiction and government functions—including ports, railroads, fire protection services, and roads—to the Republic of Panama. All military installations specified in the treaty—including the military installations of Ft. Gulick, Ft. Randolph, portions of the land area of Ft. Clayton, Ft. Kobbe Beach, the installations at Boca Solo and Corozal, the Pacific Area depot, parts of Ft. Amador, the lower area of Quarry Heights, and others—were handed over to Panama when specified or sooner.

Since the treaties entered into force, some 2,786 housing units have been transferred to Panama. This represents 64% of the the pretreaty inventory of housing. U.S. compliance is years ahead of the transfer schedule established by the treaties.

The United States has vigorously promoted growing Panamanian participation at all levels of the canal workforce. In 1979 the canal pilot force included just two Panamanians. Today there are 56 Panamanian pilots among a total of 227. Panamanians now make up 25% of the pilot force and should make up 95% by 1999. As of the end of

last month, the Panama Canal workforce included 1,009 U.S. citizens, less than half the number employed in 1979. At the same time, the number of Panamanian citizens employed by the Panama Canal Company has risen to a total of 5,521, an increase of 24% since 1979. The canal workforce today is 86% Panamanian and growing. Panamanians have risen to the senior levels of the canal administration, and more will follow.

The Panamanian representative accurately described on August 24 the close and respectful relations that have characterized the joint efforts of the U.S. and Panamanian military forces to defend the canal under the canal treaties.

But what he did not describe was how, since February 1988, Noriega's harassment of the overwhelmingly Panamanian workforce has directly threatened canal operations, showing disregard not just for the treaties but for the canal itself. The United States was forced, as a result, to begin to exercise its defensive treaty rights—not in the preferred mode of joint cooperation with the PDF but, nevertheless, in full compliance with the clear terms of the treaties. Recently this harassment of canal workers and of our military personnel has diminished notably.

The representative of Panama told the foreign ministers last week that "the United States seeks to ruin Panama, to destabilize it, to make it fall on its knees in order to force Panama to conclude a new military treaty that will prolong the presence of U.S. troops."

This, too, is bunk. The treaty documents provide that U.S. troops could be stationed in Panama after the year 2000 only if both governments agree. But that is still more than 10 years away. The Government of the United States has never raised this issue, because we believe this is a decision that can be made only at a time much closer to the year 2000 and because any lasting arrangements could only be made with a Panamanian Government that enjoyed the support of its people. It is both ironic and revealing that the only Panamanians who have ever offered to extend U.S. base rights beyond the year 2000 have been individuals speaking for Gen. Noriega. In late 1988, they offered base rights in return for normalization of our relations with his regime. We flatly rejected this proposal.

I am submitting to the council a number of documents on treaty implementation, so I will take up only one other set of lies.

The representative of Panama also told the foreign ministers last week that the United States is using canal annuities for propaganda against Noriega and that the United States is withholding from Panama the deductions for social security and medical care from the wages of Panamanian canal workers.

This claim is intentional deception. U.S. obligations to Panama, including payments called for under the canal treaties, are, in accordance with the request of the Delvalle government, being paid into inviolable escrow accounts of the Government of Panama for the benefit of the Republic of Panama and the Panamanian people. The funds are there, in full, for unrestricted use by any legitimate Panamanian Government.

As for the social security deductions from wages of Panamanian citizens, the United States, at the request of President Delvalle, is, in fact, transferring them to the Noriega regime for humanitarian reasons. I regret to say, however, that the regime is stealing those funds rather than using them for medical and retirement costs.

To close this review of treaty implementation, let me note that since 1979, the United States has invested several hundred million dollars in capital improvements for the canal, and we invest between \$5 and \$6 million annually in training Panamanians in the various skills necessary to operate the canal. It is true that were the canal to close today or tomorrow, the U.S. economy would suffer, but alternate container-based overland transportation systems are already growing rapidly; without overwhelming costs, all goods now transiting the canal could be moved from either coast of the United States.

In contrast damage to the economies of countries without the same alternatives—particularly Nicaragua, Ecuador, and Peru—would be major, as would the damage to Panama itself.

More fundamental for the United States is a point related to security. The United States engaged in the negotiations leading to the treaties because we concluded that the canal's future, including international use, could best be assured by transferring the canal to a stable and popular government in a

friendly Panama. The United States, in other words, agreed with Gen. Torrijos that the keys to the security of the canal are good intelligence and a friendly people.

The U.S. Government remains convinced that compliance with the Panama Canal Treaties is in the national interest of the United States. The problem today is not the treaties; it is the absence of a stable, popular government in Panama.

Peace and Democracy in Panama.

Let me turn now to another issue: our support for a peaceful and democratic solution to Panama's problems.

In February 1988, the President of Panama exercised his constitutional prerogative to dismiss Gen. Noriega from his post as commander of the PDF. As you know, President Delvalle was then purportedly impeached by a rump session of the Noriega-dominated National Assembly. After the assembly's February 26 action, the United States immediately stated that it supported civilian constitutional rule in Panama. We have continued since then to recognize President Delvalle as Panama's lawful president. Because his removal was illegal under Panama's Constitution, President Delvalle will continue to exercise the powers of the President of Panama until his term expires at midnight tonight.

This political crisis could and rightfully should have been resolved by the May 7 election. But Noriega had that election annulled because he lost it. On May 17 the OAS condemned "the grave events and the abuses by General Manuel Antonio Noriega in the crisis and the electoral process in Panama."

Our distinguished Secretary General and the distinguished Foreign Ministers of Guatemala, Trinidad and Tobago, and Ecuador worked with the Panamanian parties trying to achieve a transfer of power. The United States supported the work of the commission at every step. The commission brought the parties together for face-to-face negotiations. Together they spelled out a serious agenda. During the last round, the parties laid out elements that would permit a resolution to the crisis:

- The departure of Gen. Noriega from power;
- Formation of a transition government on September 1;
- New, free elections within the shortest possible time; and
- The lifting by the United States of measures taken in response to the crisis in Panama.

The United States has always been prepared to do its part. We want to see the crisis end. The measures we have taken have been coordinated with President Delvalle to demonstrate solidarity with the efforts of the Panamanian people to oppose what was, in effect, a military coup. The measures have included a declaration under the International Emergency Economic Powers Act freezing Panamanian Government assets in the United States and banning payments to the Noriega/Solis regime of funds by U.S. citizens and companies. These are not "sanctions" in the sense of a generalized trade embargo or other measures targeted at the economy of the country. Rather they are basically a prohibition on U.S. citizens making payments to the illegal Noriega regime.

These measures are not the basic cause of the economic crisis in Panama. The economic crisis is, rather, a reflection of the political crisis. People and companies take their funds and business elsewhere when stability is threatened.

If Gen. Noriega truly believes that the release of the approximately \$300 million in payments placed in escrow in the United States would resolve the economic crisis, why does he not return an equivalent amount from the funds he has stolen? The money in escrow in the United States is drawing interest in the name of the Panamanian people and will return to them when democratic government is restored. Will the money Gen. Noriega has taken be returned?

Nothing would please my government or the American people more than to end the measures currently in place and reestablish normal relations with a democratic Panama.

There is only one obstacle to resolving this crisis, and we all know who it is. On July 20, the OAS commission reported that "the continued presence of General Noriega as Commander in Chief of the Defense Forces has been identified both by supporters and opposition as one of the factors, if not the principal factor, which must be addressed in order to solve the crisis." Yet Gen. Noriega refuses to define any circumstances under which he would be willing to remove the primary obstacle to resolving the crisis as defined by the OAS.

During all our efforts to seek a resolution of the political crisis, we have made it clear to Gen. Noriega and

to all political parties and groups in Panama that issues involving the composition of the Panamanian Government and the role of the PDF were issues to be decided by Panamanians perhaps with Latin American mediation—but certainly not by the United States. Both our bilateral talks last year and our support for the OAS mission of ministers were conducted strictly on this basis.

Problem is Noriega

This brings us back to the main issue before us, the harsh reality underlying Panama's suffering. The problem is Noriega, and specifically Noriega's willingness to put his personal interests and his personal gain above his colleagues in the PDF, above his country and above the international community in this hemisphere and the world.

Noriega's greed, personal ambition, and selfishness are the origin, core, and sustenance of Panama's crisis. So long as he and those around him fail to recognize that reality, attempt to disguise it, or deflect responsibility to others, the crisis will only worsen. There are times when good principle force us to defend bad men. Some argue that this is the case with Noriega and Panama. They argue as if the principle of nonintervention requires us to accept whatever Noriega does.

But nonintervention was never meant to protect individual criminals. It was never meant to promote intervention by drug traffickers in our societies against our families and children. It was never meant to prevent peace and diplomatic action by sovereign states in support of democracy. And it was never meant to leave the criminal free to savage the good and the good powerless to react.

One has to look no further than to Panama's southern neighbor to see a stark contrast. In Panama the regime is aiding—giving refuge to—the narcotics traffickers, their front businesses, and the banks through which they launder their dirty money.

These are the very people who have declared war on civilized society in Colombia and have punished that heroic nation with assassinations, bombings, kidnappings, and threats which are undermining the very fabric of Latin America's oldest democracy. President Virgilio Barco is marshaling all of his nation's forces—civilian and military—to restore decency and respect for the law in that country. The

Cuba: A Threat to Peace and Security in Our Hemisphere

by Michael G. Kozak

*Statement before the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee on August 2, 1989. Mr. Kozak is Deputy Assistant Secretary for Inter-American Affairs.*¹

Thank you for the opportunity to come here today to discuss our policy with respect to Cuba. These hearings are a timely initiative on the part of the committee. Cuba has been in the news a lot lately. Many speculate that events in Havana may portend changes in Cuba's internal and external behavior and in our policies toward the Castro regime.

Background

Since January 1, 1959, when Fidel Castro assumed power, bilateral relations between the United States and Cuba deteriorated sharply. This development can be attributed in part to the imposition of a rigorous dictatorship in Cuba and, in part, to a pattern of unacceptable international behavior on the part of the Cuban Government. Our principal concerns were and remain:

- Cuba's relationship with the Soviet Union;
- Cuba's support for terrorism and efforts to destabilize democratic governments, especially in this hemisphere; and
- Widespread human rights abuses and political repression within Cuba itself.

More recently, we have had serious differences with the Castro regime on narcotics. Let's look at these issues one at a time.

The Soviet Relationship

Since the early 1960s, relations between the Soviet Union and Cuba have been close. The relationship is mutually beneficial. Cuba gets critical economic and security assistance which both keeps its economy afloat and enables it to maintain one of the largest and best equipped military establishments in the Western Hemisphere. Approx-

imately 15% of Cuba's population is militarized—either in the regular army or in the militia. Without Soviet help, Cuba's economy would probably collapse; without Soviet assistance, Cuba would not be able to project its power and influence to places like Central America and southern Africa. Soviet-bloc aid to Cuba exceeds \$4 billion in economic aid and trade subsidies and \$1.5 billion in military assistance annually, accounting for almost a quarter of the national product. The Soviet Union, in turn, receives important military, strategic, and political benefits. Let me give you some examples. Soviet aircraft and naval vessels make extensive use of Cuban facilities, while shipments of Soviet equipment destined for Central America are often routed through Cuba. In addition, the Soviets have installed the largest single intelligence gathering installation outside the Soviet Union in Cuba.

Although there are increasing signs that the Soviets are becoming disillusioned by wasteful Cuban economic policies and stubborn resistance to reform and would like very much to reduce assistance levels to Cuba, we do not believe cuts would be so severe as to endanger their special relationship with Cuba. The relationship will remain intact for the foreseeable future.

Cuban Foreign Policy

For several years now, Cuba has pursued a two-track policy toward its Western Hemisphere neighbors, seeking formal diplomatic ties and improved trade and cultural relations with existing governments while continuing support for radical political groups and violent subversive movements. Cuban support for violent groups has included military and intelligence training for cadres, supplying weapons, providing guidance and organizational support, and working to unite splintered opposition groups.

Over the years, Cuban support for antidemocratic groups has been evident in Central America, Colombia, Venezuela, Chile, and Cuba's Caribbean

majority of Colombians from all political parties support him, for his struggle is their struggle. It is, indeed, a struggle on behalf of all of us. The traffickers in Colombia threaten democracy as surely as would a foreign trader; their wares are killing our children and corrupting our societies. The world's nations should provide unwavering support—both moral and material—to the people and democratic Government of Colombia.

The writing is on the wall. The pattern is clear. Indifference to the voluminous evidence can only give license and encouragement to Noriega and his aid.

The evasions, the posturings, the propaganda parading as truth—all that Noriega's defenders have put forward to keep this criminal in power—have been exposed.

Noriega's actions—graphically depicted in testimony, indictments, reports, accounts, personal holdings, in a trail of evidence that points to misconduct on an international scale—Noriega's actions are inexcusable.

But our inaction would be inexcusable. This is no time for silence. This is no time for timidity. We must see Noriega for who he is.

Colombia and Panama. Barco and Noriega. Could we have a starker comparison of the moral qualities of the good and the worse among us in our hemisphere? Which one deserves our respect; which one deserves to be purged from our midst? For the United States, at least, the answer is clear.

¹ Press release 160.

² Press release 164 of Sept. 1, 1989. ■

neighbors. For example, Cuba provides a wide range of support for the FMLN [Farabundo Martí National Liberation] insurgency in El Salvador; the M-19 in Colombia, a terrorist group which itself has ties to trafficking organizations; and guerrilla groups in Guatemala. Cuba has close relations with and provides extensive military and economic assistance to the Sandinista regime in Nicaragua, which in turn provides materiel support to guerrillas throughout Central America.

Let me take a minute to focus on Central America. The nations of Central America have called on governments outside the region to stop supplying military assistance to insurgent or irregular groups. This is a central tenet of the Esquipulas agreement. The United States is in compliance with that request. Nicaragua and Cuba continue to flagrantly violate the Esquipulas agreement through the continued military support for the FMLN guerrillas in El Salvador. The recent discovery of a major insurgent weapons cache in San Salvador underscores the continuing commitment of Cuba and Nicaragua to support the guerrilla war in El Salvador. The cache—the largest ever captured by government forces—comprises a wide variety of modern Soviet-designed small arms (including 14 AK-47 and 329 AKM assault rifles, 10 antitank launchers, 90 rockets, 50 grenades, 115 pistols, and other military weaponry) and over a quarter million rounds of ammunition manufactured in Cuba as recently as 1988. The AKM and AK-47 ammunition found in the cache was of Cuban manufacture, stamped with "Cuban Ammunition Loading Factory 13."

The really disturbing dimension of the increased assistance to the FMLN from Cuba and Nicaragua is that with the provision of Soviet-bloc and North Korean weaponry, of which ammunition and replacements cannot be found inside El Salvador, the FMLN and their Nicaraguan and Cuban patrons show little intention of complying with Esquipulas. The FMLN also appears confident that the arms pipeline will continue regardless of longstanding commitments to end such support to guerrillas in the region.

Cuba has exploited the situation in Panama by increasing its presence there and by supporting the Noriega regime, thus exacerbating the Panamanian problem by propping up and encouraging Noriega. Castro uses the

dispute to attempt to rally Latin solidarity against the United States. We know from testimony given during the Ochoa De la Guardia trials in Cuba, for example, that several Ministry of Interior officials were cited in connection with money laundering and other covert activities in Panama, and that Panama was the venue for a number of officially sanctioned contacts with Colombian drug traffickers. We are in the process of adding to the designated Cuban nationals list additional names of Panamanian individuals and firms which act on behalf of Cuba. In a related action, we have initiated steps which would prohibit transactions with Panamanian individuals and firms which are supporting Gen. Noriega and the illegal regime.

Human Rights

The Cuban Government is one of the worst violators of human rights in this hemisphere. Since the 1959 revolution, Cuba, under Fidel Castro, has authorized political executions, torture, arbitrary arrests and imprisonment, and inhumane prison conditions. Cuban citizens have been denied the most basic democratic rights and processes in both political and judicial domains. They have been subjected to constant surveillance by block committees, denied basic freedoms and legal due process, and prevented from traveling abroad. Aryeh Neier of Americas Watch estimated last month that the number of prisoners held on political charges could range as high as 300, some of whom had been held in prison since shortly after Castro came to power. Other estimates, which include those jailed for religious beliefs or for attempting to leave the country without permission, range in the thousands. The Castro regime admitted in March of 1988 that 455 prisoners were being held for "crimes against state security," i.e., loosely defined political crimes.

In 1988 heavy international pressure was brought to bear on the Cuban regime through U.S. diplomatic efforts in international forums and by non-government groups, such as the Catholic Church, Red Cross, and Amnesty International. Last September's visit by a UN Human Rights Commission, (UNHRC) working group also raised the international profile of Cuban human rights violations. In response the Cuban Government made temporary

improvements in its human rights performance; but since the UNHRC visit we find that abuse and repression continue to be the order of the day. Americas Watch reported last month that at least 22 Cuban human rights activists who were arrested following the visit to Cuba last September of the UN group, are currently serving prison sentences or being held without trial. Many more were subject to harassment and intimidation or apprehended and subsequently released. And we have noticed that the number of visits by human rights groups to Cuba has declined markedly since the UN visit. The Cuban Government once again actively discourages such visits and diplomatic contacts with Cuban human rights activists.

Certainly, the recent Ochoa/De Guardia scandal in Cuba raises questions in the human rights area. While we cannot condone drug trafficking anyone and believe traffickers should be fully prosecuted, the specter of the Ochoa group being apprehended, interrogated, investigated, tried, sentenced, subjected to an appeals process, and executed, all within a matter of less than 1 month, suggests basic process was denied.

Narcotics

Cuba lies astride some of the primary routes used by South American traffickers shipping their wares into the United States. Witnesses at congressional hearings since 1982 have charged official Cuban involvement in drug trafficking. Indictments returned in 1987, 1988, and 1989, respectively, charged Cuban involvement in trafficking.

Ann Wroblewski, then Assistant Secretary of State for International Narcotics Matters, stated in March of 1988 during testimony before the Task Force on International Narcotic Control of the House Committee on Foreign Relations:

U.S. law enforcement officials report that Cuban air space and territorial waters are often used by drug traffickers. There are indications that some of this traffic is sanctioned or facilitated by Cuba.

Cuba figures prominently as a transshipment point for cocaine destined for the United States in a recent Federal indictment handed down by a grand jury in Miami on February 26. Four high-ranking Cuban officials were indicted in 1982 by a Federal grand jury in Miami on narcotics smuggling charges. They have not been brought to trial as they did not voluntarily appear and could not be extradited from Cuba. Other persons tried as part of the same conspiracy were convicted.

Moreover, former Panamanian official Blandon testified separately before the Senate earlier in February that Fidel Castro initiated a drug-related dispute between Noriega and key Colombian traffickers.

The Cuban Government denies any Cuban involvement in narcotics smuggling, not the imprisonment of several persons, including U.S. citizens, for trafficking in Cuban territorial waters. The Cuban Government argues that these arrests prove it is not involved in narcotics trafficking. Nonetheless, the evidence suggests that Cuba simultaneously facilitates the flow of drugs in selected cases, while prosecuting other cases to conviction.

Until very recently, Cuban authorities repeatedly denied any official government involvement in such activities. In a November 1985 interview, Fidel Castro claimed that on the drug issue "Cuba has had an unimpeachable record in the past 26 years. First because in our country, where once there was drug use, production, and trafficking, the first thing we did was eradicate the problem . . . I know of not one case in which an official has been involved in the drug business." As late as this spring, Cuban officials were telling us that Cuba was neither a consumer nor a producer nor a trafficker in drugs.

But we have evidence that Castro and the Cuban Government were aware that they had a drug problem at least 4 years ago. In the November 1985 issue of *El Foncador*, the monthly journal of the Ministry of Interior, an article appeared on a Cuban domestic drug problem, the first such admission to our knowledge. The article indicated that although there were, indeed, drug users in Cuba, they were few, largely under control, and entirely dependent on outside sources for their drug supply. The article reported that in June 1985, 5 months before Castro's denial that trafficking was a problem in Cuba, ministers seized over \$300,000 worth of marijuana being smuggled into the country from a boat offshore east of Havana. Other than that highly unusual admission, the Cuban Government claimed immunity from a problem that was besetting the rest of the world.

The dramatic developments in Cuba during the past month have changed all of that. In an unprecedented move on June 16, the Cuban Government publicly admitted involvement by Cuban officials in the drug trade. The Cuban Government claimed that Fidel Castro launched an investigation partly because of U.S. charges of drug trafficking by Cuban officials. Fourteen military officers were arrested.

The list was headed by Armed Forces Gen. Arnaldo Ochoa and Ministry of Interior Col. Tony De la Guardia. Ochoa was an extremely popular and highly decorated officer who had headed Cuban forces in Angola and been associated with the Castros as far back as the days before Castro took power in Havana.

Two weeks of televised trials led to guilty verdicts for all and death sentences for Ochoa, De la Guardia, and two others. Appeals were denied in a matter of days, and the executions were carried out on July 13.

The U.S. Response to Cuban Behavior

In response to severe provocation on the part of the Castro government and the specter of widespread executions by firing squads of those deemed enemies of the regime, the United States broke relations with the Castro government in January of 1961. Over the years since then, our relationship with Cuba has been characterized by the following key elements.

Absence of Normal Diplomatic Relations. Although the institutions established in 1977 provide a line of communication between our two governments, their existence does not constitute diplomatic recognition. Legally, we are represented in Havana by the Ambassador of Switzerland.

Diplomatic Isolation. The policy of the United States has been to deny, to the extent possible, acceptance of Cuba as a member of the international community. Thus we have opposed Cuban membership in international organizations and discouraged normal economic and diplomatic relationships between Cuba and third countries.

Economic Embargo. In effect, since 1962 under the authority of the Trading with the Enemy Act, a comprehensive embargo prohibits almost all transactions, including payments for travel services, and trade between persons subject to U.S. jurisdiction and Cuba or its nationals unless licensed under the Cuban Assets Control or Export Administration Regulations.

Some say that our embargo policy has failed given the survival of Fidel Castro's communist regime. Such criticism misses the point. Given Castro's ideological commitment to his vision of revolution, it is unlikely that economic sanctions alone will ever induce him to

abandon his goals. What the embargo does is to deny Cuba opportunities to earn hard currency and acquire goods, thus limiting the resources available to the government to carry out policies inimical to U.S. interests. To put it in starker terms, every dollar that the embargo prevents Cuba from earning from an American tourist is a dollar that Cuba cannot spend to provide a rifle to overthrow a democratically elected government in our hemisphere.

Cuba's hard currency crisis, the growing reluctance of its trading partners and aid suppliers to further subsidize an economy failing under the weight of Marxist orthodoxy, and the government's desperate attempts to revive the tourist industry attest to the cumulative impact the embargo and Castro's economic policies have had on the availability of resources. Due in part to the embargo, Cuba is faced with harder economic choices than ever before. As long as Castro—with massive Soviet assistance, I would add—can finance both extensive social services and the export of revolution, he will do both. Our policy is to enforce the embargo, thereby forcing him to make the hard choices about the use of his limited resources. I refer you to the report on this issue submitted to Congress by the U.S. Trade Representative last November.

Radio and TV Marti. One of the characteristics of any authoritarian regime is a monopoly on information. The government seeks to control the media to assure that the people hear only what they are supposed to hear and nothing more. So it has been with Cuba. For over 25 years, officially controlled radio, television, and newspapers carefully censored the information diet of the Cuban population, denying them the facts about their own government's internal and external behavior. That changed in May of 1985, when Radio Marti went on the air for the first time with news and other programming for the Cuban people. Although many were skeptical at first, no one now can deny that Radio Marti is a success. Travelers to Cuba and recent immigrants report it is widely listened to throughout the island. We know also that competition from Radio Marti has forced the Government of Cuba to be more honest about what it tells its own people. I congratulate the men and women who have made Radio Marti a success over the years.

TV Marti is a logical follow-on to Radio Marti. Both Congress and the President have endorsed the concept. Television access to the Cuban people offers the potential for furthering the dramatic impact that Radio Marti has had on the lives of the Cuban people.

Exceptions to the Rule. The strained relationship between Cuba and the United States during the past 30 years has not precluded, however, the possibility of cooperating and/or reaching agreement on specific issues of interest to the United States and Cuba as geographic neighbors. Examples include agreements or understandings on migration and search and rescue and efforts to negotiate arrangements on radio interference. These are issues where specific U.S. interests can be furthered without compromising our basic political and security objectives. For example, since the November 1987 reimplementation of the Mariel Migration Agreement (which had been suspended by the Cubans in May of 1985 as a response to Radio Marti's startup), approximately 8,000 immigrants and refugees have departed Cuba for the United States. Another example is southern Africa. Starting in the 1970s, Cuba has intervened heavily in Africa. In total, more than 400,000 Cubans and massive quantities of military equipment were sent to Angola alone. Supported by Soviet advice and equipment, the Cuban Government became a major player in the region. In 1987 Cuban authorities signaled that they were prepared to participate in discussions leading to Cuban withdrawal from Angola and relinquishment of South African control over Namibia. U.S.-mediated negotiations resulted in the signing of an agreement among South Africa, Angola, and Cuba in December of 1988. Under the agreement, Cuban troops are being withdrawn from Angola as scheduled.

We are skeptical about the intentions of the Cuban Government and its purported commitment to the war on drugs. If the Cuban Government was serious about combating drug trafficking, it would not be supplying military and political assistance to prop up the Noriega dictatorship in Panama. We do not know yet the true motivation behind the execution of Gen. Ochoa and others and find it highly improbable that extensive and high-level official Cuban involvement could have escaped the attention of the Cuban leadership

Colombia Drug Dealers' Campaign of Intimidation

DEPARTMENT STATEMENT,
AUG. 25, 1989¹

President Barco of Colombia has implemented a major effort to control drug trafficking in that country. Extradition of drug traffickers under indictment in other nations is a major element of this program. On August 24, drug traffickers launched a violent campaign in an attempt to force President Barco to rescind his newly established extradition policy.

The United States is confident that this campaign of intimidation will fail. However, in light of the violent retaliation by drug traffickers, Americans

traveling to Colombia could expose themselves to extraordinary personal danger. The Department of State strongly urges Americans to avoid visiting Medellin, the headquarters of drug traffickers' "cartel."

Americans who must travel to Colombia should refer to the travel warning of June 2, 1989, by calling (202) 647-5225. After arriving in Colombia, U.S. citizens are urged to register with the U.S. Embassy or the nearest consulate.

¹ Read to news correspondents by Department deputy spokesman Richard A. Boucher. ■

only to be recently "discovered." Nevertheless, if for any reason Cuban policy in this area is changing, we would like to take advantage of it. We intend to do what we can to stimulate serious action by Cuba against drug trafficking. Interdicting drug trafficking is a very high priority for the United States. If we become convinced that the Cuban Government has had a change of heart and genuinely intends to stamp out trafficking by Cuban officials and citizens, we can consider mutually beneficial information exchanges. How can we know whether this has happened? Instead of just talking, the Cubans could begin acting like a country with a serious antidrug policy.

- They could stop propping up Panama's Noriega, an indicted drug dealer.
- They could respond vigorously to reports of air drops or other suspicious activities, as they have not done in the past.
- They could cause Cuban officials, mentioned in indictments, to come to the United States to stand trial or, failing that, take proper enforcement action on their own. This has not been the case; rather, at least one member of the tribunal that judged Ochoa and the other three officials executed by the Cuban Government is under indictment in the United States for drug trafficking.
- They could share with us the results of their investigations of Ochoa, De la Guardia, and others so that we

could initiate parallel investigations in the United States, if warranted. After all, most if not all of the drugs in question were destined for the United States.

- They could stop dealing with the Medellin cartel.

We are interested in deeds, not words. To the extent operational coordination is required, the channels already exist in the communications between our air traffic authorities, coast guards, and through our inter sections.

The Outlook

As indicated earlier in this presentation, U.S. policy is the result of an unacceptable pattern of domestic and international behavior on the part of the Cuban Government. This behavior continues, and as long as the Castro regime refuses to make concessions areas of concern to us, relations cannot and should not improve. And the changes must be permanent ones. We have witnessed the superficial and temporary efforts on the part of the Cuban Government to improve the human rights situation in that country in 1989 only to resume their bad habits after the pressure was off.

The Government of the United States is not naive about the difficulty of making progress with Cuba. We recognize that issues not connected with national security and ideology are easier to solve, and we have made some headway on such issues. We have been willing to look at even the toughest problems with an open mind to see if we could bring about a change in Cuban behavior that would be advantageous to the United States. We are following our own agenda, whether we are broadening accurate information to Cuba on Radio Marti, raising Cuban human rights violations in the UNHRC in Geneva, or discussing problems whose resolution could benefit the American people.

One central fact remains: We still do not like what we see of the Cuban reality. U.S. policy is strongly influenced by tangible Cuban conduct, not merely assertions of good conduct. In Cuba one man exercises decisive control over his country's destiny, and he has never been a friend of the United States or of free men anywhere. He proved this again last week when, in a long harangue, he said that the United States had never been more threatening than it is to Cuba. He understands better than anyone else exactly what kind of a threat we pose. We threaten Castro because the United States represents what people can achieve, including the Cuban community in the United States, given freedom and opportunity. In contrast the Cuban revolution has impoverished and imprisoned the Cuban people.

As President Bush acknowledged on May 24, and again on June 28, our policy must remain a constant one until such time as Cuba begins to act as a responsible member of the international community instead of a threat to the peace and security of its neighbors.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20540.

Current Actions

MULTILATERAL

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997. Ratification deposited: Argentina, Mar. 14, 1989.¹

Aviation

Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591. Adherence deposited: Mongolia, Sept. 7, 1989.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.

Acceptances deposited: Cyprus, July 21, 1989; Mongolia, Sept. 7, 1989.

Protocol on the authentic quadrilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Montreal Sept. 30, 1977.²

Acceptance deposited: Cyprus, July 21, 1989.

Human Rights

International covenant on civil and political rights. Done at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.³ Ratification deposited: Algeria, Sept. 12, 1989.¹

International covenant on economic, social, and cultural rights. Done at New York Dec. 16, 1966. Entered into force Jan 3, 1976.³

Ratification deposited: Algeria, Sept. 12, 1989.

Maritime Matters

Convention for the suppression of unlawful acts against the safety of maritime navigation, with protocol for the suppression of unlawful acts against the safety of fixed platforms located on the Continental Shelf. Done at Rome Mar. 10, 1988.² [Senate] Treaty Doc. 101-1. Ratification deposited: Spain, July 7, 1989.

Patents

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970. Entered into force Jan. 24, 1978. TIAS 8733. Accession deposited: Spain, Aug. 16, 1989.

Satellite Communications System

Operating agreement on the International Maritime Satellite Organization (INMARSAT), with annex. Done at London Sept. 3, 1976. Entered into force July 16, 1979. TIAS 9605.

Signature: Cuba, July 25, 1989.

Sugar

International sugar agreement, 1987, with annexes. Done at London Sept. 11, 1987. Entered into force provisionally Mar. 24, 1988. Ratification deposited: Panama, July 14, 1989.

Taxation—Organization for Economic Cooperation and Development (OECD)

Convention on mutual administrative assistance in tax matters. Done at Strasbourg Jan. 25, 1988.²

Ratification deposited: Norway, June 13, 1989.¹

Terrorism

International convention against the taking of hostages. Done at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.

Accessions Deposited: Cote d'Ivoire, Aug. 22, 1989; Turkey, Aug. 15, 1989.

Ratification deposited: Haiti, May 17, 1989.

Torture

Convention against torture and other cruel, inhuman or degrading treatment or punishment. Done at New York Dec. 10, 1984. Entered into force June 26, 1987.³ [Senate] Treaty Doc. 100-20.

Ratifications deposited: Algeria, Sept. 12, 1989;¹ Australia, Aug. 8, 1989; Finland, Aug. 30, 1989;¹ Poland, July 26, 1989.

Women

Convention on the elimination of all forms of discrimination against women. Done at New York Dec. 18, 1979. Entered into force Sept. 3, 1981.³

Accession deposited: Antigua and Barbuda, Aug. 1, 1989.

BILATERAL

Costa Rica

International express mail agreement, with detailed regulations. Signed at San Jose and Washington Aug. 19 and Sept. 14, 1989. Entered into force Sept. 15, 1989.

Ethiopia

International express mail agreement, with detailed regulations. Signed at Addis Ababa and Washington Aug. 3 and Sept. 1, 1989. Entered into force Sept. 15, 1989.

Germany, Federal Republic of

Agreement amending the agreement of July 14 and Aug. 3, 1988, concerning German support of the joint U.S. services program for testing and evaluation of the IFFN system. Signed at Bonn and Washington June 15, 1989. Entered into force June 15, 1989.

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital and to certain other taxes, with a related protocol, exchanges of notes, and memorandum of understanding. Signed at Bonn Aug. 29, 1989. Enters into force upon the exchange of instruments of ratification.

PRESS RELEASES

Hong Kong

Agreement for the reciprocal exemption with respect to taxes on income from the international operation of ships. Effected by exchange of notes at Hong Kong Aug. 1, 1989. Entered into force Aug. 1, 1989, with respect to taxable years on or after Jan. 1, 1987.

Hungary

Air transport agreement, with annex and memorandum of understanding. Signed at Budapest July 12, 1989. Entered into force provisionally July 12, 1989, definitively on the day when the parties notify each other through diplomatic channels of the completion of their respective constitutional rules.

India

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at New Delhi Sept. 12, 1989. Enters into force on date of later notification indicating that constitutional requirements have been satisfied.

Japan

Agreement concerning reciprocal exemption from taxation of income accruing from the business of shipping. Effected by exchange of notes at Washington Aug. 29, 1989. Entered into force Aug. 29, 1989.

Madagascar

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Antananarivo Aug. 9, 1989. Entered into force Sept. 14, 1989.

Morocco

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Rabat Aug. 21, 1989. Entered into force Sept. 25, 1989.

Netherlands

International express mail agreement, with detailed regulations in respect of Aruba. Signed at Oranjestad and Washington Aug. 15 and Sept. 14, 1989. Entered into force Oct. 16, 1989.

Niger

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Washington June 29, 1989. Entered into force Aug. 24, 1989.

Nigeria

Treaty on mutual legal assistance in criminal matters, with attachments. Signed at Washington Sept. 13, 1989. Enters into force upon exchange of instruments of ratification.

Poland

Agreement regarding the consolidation and rescheduling of certain debts for 1985, owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Warsaw July 10, 1989. Entered into force Sept. 6, 1989.

Agreement regarding the consolidation and rescheduling of certain debts for 1987, owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Warsaw July 10, 1989. Entered into force Sept. 6, 1989.

Romania

Agreement extending the agreement of Dec. 4, 1973, as amended and extended, (TIAS 7901, 9431, 10703) relating to civil air transport. Effected by exchange of notes at Bucharest Aug. 10 and 11, 1989. Entered into force Aug. 11, 1989; effective July 31, 1989.

Saint Lucia

International express mail agreement with detailed regulations. Signed at Castries and Washington Aug. 11 and Sept. 14, 1989. Entered into force Sept. 15, 1989.

Senegal

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Dakar July 14, 1989. Entered into force Aug. 24, 1989.

Sri Lanka

Agreement amending the agreement of Sept. 30, 1988, as amended, for the sale of

agricultural commodities. Effected by exchange of notes at Colombo July 26, 1989. Entered into force July 26, 1989.

Switzerland

Supplementary agreement amending the agreement on social security of July 18, 1979, with supplementary administrative agreement (TIAS 9830). Signed at Bern June 1, 1988. Entered into force: Oct. 1, 1989.

Trinidad and Tobago

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies. Signed at Port-of-Spain July 28, 1989. Entered into force Sept. 13, 1989.

United Kingdom

Agreement extending the agreement of July 14, 1987, as extended, concerning Montserrat and narcotics activities. Effected by exchange of notes at Washington Aug. 30, 1989. Entered into force Aug. 30, 1989; effective Sept. 1, 1989.

Uruguay

Agreement amending the agreement of July 30, 1983, and Jan. 23, 1984, as amended, concerning exports of certain textile products manufactured in Uruguay to the United States. Effected by exchange of notes at Montevideo Nov. 9, 1988, Jan. 18 and July 26, 1989. Entered into force July 26, 1989.

¹ With declaration(s).

² Not in force.

³ Not in force for the U.S. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520-6810.

No.	Date	Subject
146	8/3	Baker: statement at the International Conference on Cambodia, Paris, July 30.
*147	8/7	Thomas M.T. Niles sworn in as Ambassador to the European Communities, June 28 (biographic data).
*148	8/8	Baker: departure remarks, Paris, July 31.
149	8/8	Baker: statement at opening session of the U.S.-Mexico Binational Commission, Mexico City, Aug. 7.
150	8/9	Baker, Solana: news conference, Mexico City, Aug. 7.
*151	8/8	Morton I. Abramowitz sworn in as Ambassador to Turkey, June 29 (biographic data).

*152	8/11	Robert D. Orr sworn in as Ambassador to Singapore, June 29 (biographic data).
*153	8/11	Richard H. Solomon sworn in as Assistant Secretary East Asian and Pacific Affairs, June 23 (biographic data).
*154	8/11	Raymond G.H. Seitz sworn in as Assistant Secretary European and Canadian Affairs, Aug. 8 (biographic data).
*155	8/14	Abraham D. Sofaer reappointed Legal Adviser of the Department of State, July 11 (biographic data).
*156	8/16	Jonathan Moore sworn in as U.S. Alternate Representative to the UN for Special Political Affairs, Aug. 8 (biographic data).

PUBLICATIONS

- 8/16 Alexander F. Watson sworn in as U.S. Deputy Permanent Representative to the UN, Aug. 8 (biographic data).
- 8/16 M. James Wilkinson sworn in as U.S. Deputy Representative on the UN Security Council, Aug. 8 (biographic data).
- 8/18 William L. Swing sworn in as Ambassador to South Africa (biographic data).
- 8/24 Eagleburger: statement at the OAS.
- 8/25 Richard A. Clarke sworn in as Assistant Secretary for Politico-Military Affairs, Aug. 8 (biographic data).
- 8/28 Eagleburger: interview on CBS Morning News.
- 8/29 Program for the official working visit of Japanese Prime Minister Toshiki Kaifu, Aug. 31-Sept. 2.
- 9/5 Eagleburger: statement at the OAS, Aug. 31.
- 9/7 Julia Chang Bloch sworn in as Ambassador to Nepal (biographic data).
- 9/11 Princeton N. Lyman appointed Director, Bureau for Refugee Programs, Sept. 5 (biographic data).
- 9/19 Baker: news conference.
- 9/21 Baker: news conference, White House.
- 9/22 Baker, Shevardnadze: arrival statements, Jackson Hole, Wyo., Sept. 21.
- 9/22 Baker: plenary statement, Jackson Hole, Wyo.
- 9/26 Baker: news conference, Jackson Hole, Wyo., Sept. 23.
- 9/26 Baker: interview on CBS-TV's "Face the Nation," Jackson Hole, Wyo., Sept. 24.
- 9/25 Baker: interview on NBC-TV's "Today Show."
- 9/26 Baker: news briefing, New York City, Sept. 25.
- 9/28 Howard K. Walker sworn in as Ambassador to Madagascar and the Comoros, Sept. 7 (biographic data).
- 9/29 Baker: news conference, New York City, Sept. 28.
- 9/29 Baker: interview for CNN, New York City.
- 9/29 Program for the state visit of Mexican President Carlos Salinas de Gortari, Oct. 1-6.
- N/D Baker: news conference, USUN, New York City, Sept. 29.

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Outlines of a New World of Freedom, 44th UN General Assembly, New York City, Sept. 25, 1989 (Current Policy #1207).
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istan. Secretary's News Briefings
New York 31

Control

ference Against Chemical Weapons
(Clarke) 45

End CSBM Talks Open Round Three
(White House statement) 46

ties of a New World of Freedom
(Bush) 27

Secretary's News Briefings in New
York 31

Secretary's News Conference of
September 19 39

Wyoming Ministerial (Baker, Shev-
ardnadze, texts of joint statements
and agreements) 1

Bulgaria. U.S. Recalls Ambassador to
Sofia (Department statement) 59

India. Cambodia and Vietnam:
Trapped in an Eddy of History?
(Solomon) 47

Secretary's News Briefings in
New York 31

Namibia. Colombia Drug Dealers'
Campaign of Intimidation (Department
statement) 78

Nepal

A Threat to Peace and Security in
the Hemisphere (Kozak) 75

Independence Process in Namibia
(Cohen) 43

Recent Events in the Middle East
(Kelly) 61

Trade-Related Aspects of Intellectual
Property Rights (Hills) 55

Cuba: A Threat to Peace and Security
in the Hemisphere (Kozak) 75

Economics. Outlines of a New World of
Freedom (Bush) 27

Environment. Outlines of a New World
of Freedom (Bush) 27

Human Rights. U.S. Recalls Ambassador to
Bulgaria (Department statement) 59

Intellectual Property. Trade-Related As-
pects of Intellectual Property Rights
(Hills) 55

International Law. Update on U.S.-Iran
Claims Settlement (State Department fact
sheet) 60

International Organizations & Confer-
ences. Conference Against Chemical
Weapons (Clarke) 45

Iran

Recent Events in the Middle East
(Kelly) 61

Update on U.S.-Iran Claims Settlement
(State Department fact sheet) 60

Japan. Visit of Japanese Prime Minister
(Bush, Kaifu) 51

Lebanon

Recent Events in the Middle East
(Kelly) 61

U.S. Diplomats Evacuated From Beirut
(Department statement) 62

Middle East

Recent Events in the Middle East
(Kelly) 61

Secretary's News Briefings in New
York 31

Secretary's News Conference of
September 19 39

Namibia. Independence Process in
Namibia (Cohen) 43

Narcotics. Colombia Drug Dealers'
Campaign of Intimidation (Department
statement) 78

Nicaragua. Secretary's News Conference
of September 19 39

North Atlantic Treaty Organization. CFE
and CSBM Talks Open Round Three
(White House statement) 46

Organization of American States. The
OAS and the Panama Crisis (Eaglebur-
ger, declaration) 67

Panama

Economic Measures Against Panama (De-
partment statement) 69

The OAS and the Panama Crisis (Eagle-
burger, declaration) 67

Secretary's News Briefings in New
York 31

U.S. Severs Diplomatic Contact With
Noriega Regime (Bush) 69

Poland

Additional Food and Commodity Assistance
to Poland (Bush) 60

Polish Parliament Approves New Govern-
ment (Department statement) 60

Secretary's News Conference of
September 19 39

Presidential Documents

Additional Food and Commodity Assistance
to Poland 60

Outlines of a New World of Freedom 27

U.S. Severs Diplomatic Contact With
Noriega Regime 69

Visit of Japanese Prime Minister (Bush,
Kaifu) 51

Publications

Background Notes 82

Department of State 81

Refugees. U.S., Vietnam Agree on Emigra-
tion of Detainees (joint statement) 63

South Africa

Secretary's News Conference of Septem-
ber 19 39

South African Elections (Department
statement) 44

Terrorism. The Japanese Red Army (fact
sheet) 64

Trade

Trade-Related Aspects of Intellectual
Property Rights (Hills) 55

Uruguay Round and U.S. Trade Policy: A
Foundation for the Future (Hills) 53

Treaties

Current Actions 79

The Wyoming Ministerial (Baker, Shev-
ardnadze, texts of joint statements and
agreements) 1

U.S.S.R.

Secretary's News Briefings in New
York 31

Secretary's News Conference of
September 19 39

The Wyoming Ministerial (Baker, Shev-
ardnadze, texts of joint statements and
agreements) 1

United Nations

Outlines of a New World of Freedom
(Bush) 27

Security Council Permanent Members
Discuss International Issues (joint
statement) 66

Vietnam

Cambodia and Vietnam: Trapped in an
Eddy of History? (Solomon) 47

U.S., Vietnam Agree on Emigration of De-
tainees (joint statement) 63

Warsaw Pact. CFE and CSBM Talks
Open Round Three (White House
statement) 46

Name Index

Baker, Secretary 1, 31, 39

Bush, President 27, 51, 60, 69

Clarke, Richard A 45

Cohen, Herman J 43

Eagleburger, Lawrence S 67

Hills, Carla A 53, 55

Kaifu, Toshiaki 51

Kelly, John H 61

Kozak, Michael G 75

Shevardnadze, Eduard A 1

Solomon, Richard H 47

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CONTENTS

Mexico

FEATURE

- 1 Visit of Mexican President Salinas (*President Bush, Carlos Salinas de Gortari, Fact Sheets on Agreements*)
- 4 Mexico—A Profile

The President

- 8 Freedom and World Prosperity

The Secretary

- 10 Points of Mutual Advantage: *Perestroika* and American Foreign Policy
- 14 Prerequisites and Principles for Arms Control
- 20 U.S.-Soviet Relations: A Discussion of *Perestroika* and Economic Reform
- 21 Interview on "Meet the Press"

Africa

- 25 South Africa (*Herman J. Cohen*)
- 27 Efforts Toward Peace and Reconciliation in Angola (*Warren Clark, Jr.*)
- 33 President's Meeting With UNITA Leader (*White House Statement*)

Arms Control

- 33 Nuclear and Space Arms Talks Open 12th Round (*Richard R. Burt*)
- 33 Defense and Space Talks Open 12th Round (*Henry F. Cooper*)

East Asia

- 34 The Promise of Pacific Economic Cooperation (*Richard H. Solomon*)
- 37 Political Situation in Burma (*David F. Lambertson*)

Europe

- 39 Assistance for Poland and Hungary (*White House Statement*)
- 39 Constitutional Amendments in Hungary (*White House Statement*)
- 41 Third Report on Cyprus (*Message to the Congress*)
- 41 President's Meeting With Cyprus President (*White House Statement*)
- 42 Visit of Italian President (*President Bush, Francesco Cossiga*)
- 43 Italy—A Profile
- 44 President Meets With NATO Secretary General (*White House Statement*)

Middle East

- 45 President Meets With Egyptian President (*Secretary Baker*)
- 46 Agreement on Lebanese National Reconciliation (*Department Statement*)

Terrorism

- 47 Cooperation in Countering Terrorism (*Morris D. Busby*)
- 49 *Sendero Luminoso*: Peruvian Terrorist Group

United Nations

- 53 UN Mandate Under Central America Agreements (*Department Statement, Secretary's Letter to UN Secretary General*)
- 53 United Nations Day, 1989 (*Proclamation*)
- 54 Cuba's Human Rights Abuses Under the UN Spotlight (*Armando Valladares*)

Western Hemisphere

- 55 Terrorist Attacks in El Salvador (*Department Statements*)
- 56 President Meets With Colombian President (*White House Statement*)

Treaties

- 57 Current Actions

Press Releases

- 59 Department of State

Publications

- 60 CSCE Semiannual Report Released

Index

Mexico



White House photo by Joyce C. Nalchayan

Mexico

Visit of Mexican President Salinas

*President Carlos Salinas de Gortari
of the United Mexican States
made a state visit to the United States of America
October 1-6, 1989, to meet with President Bush
and other government officials.*

*Following are remarks made by the two Presidents
on October 3 at the welcoming ceremony,
at the agreements' signing ceremony, and at the state dinner.¹*

bonds. When President Salinas and I met last July in Paris, these steps were already underway—steps crucial to countries with such shared social, economic, and regional interests.

Now, as I welcome President Salinas to our capital for his first state visit, I look forward to continued progress and additional proof of how Mexico and the United States can work together toward common ends, toward positive results. Those ends are reflected in today's agenda, for as major trading partners we must explore ways to expand our commerce and, as members of the Organization of American States, discuss how democracy can be restored to Panama and free and fair elections held in Nicaragua.

This year we celebrate a century of joint projects by the International Boundary and Water Commission. We must renew that cooperation and continue to strengthen our assault on the plague of drug use and trafficking, for we know that what threatens one nation in our hemisphere threatens us all. In each case, strong bilateral cooperation is fundamental to an effective multilateral response. Thankfully our countries share the good will and dedication to confront and meet our challenges—meet them through mutual candor, through mutual respect.

I've often spoken of the need to recognize the permanent importance of the U.S.-Mexican relationship. And I'd like again to refer to that need today, for U.S.-Mexican affairs are vital to our respective national agendas. Our relations now are strong, and they must grow even stronger—and they will.

On behalf of the United States of America, President Salinas and Mrs. Salinas, let me welcome you both to the White House, and to this country, and to your friends.

President Salinas

It gives me great pleasure to come to this land of liberty. I bring the greetings and the desire of the Mexican people to raise our friendship with the United States to a new level of direct, effective, and respectful dialogue and to an economic cooperation without precedent for our common prosperity. I am deeply grateful for the welcome that I have received from you and from your wife, Mrs. Bush, and from many Americans in this beautiful city of Washington.

I come to share with you the idea that one's own well-being is more lasting when it is accompanied by the well-being of others. I come here convinced that there is a spirit of cordiality between us—

President Bush

Less than 1 year ago, we met in Houston, Texas, as two Presidents-elect and began to focus on what for each of us is a major presidential responsibility: defining and enhancing the U.S.-Mexican relationship.

You and I went to Houston certain of the importance of our responsibilities, for ours is one of the world's broadest and most complex bilateral relationships. But I think that few could have envisioned the degree of success that our talks would have. That success was embodied in what has come to be known as the "spirit of Houston"—our joint commitment to create a framework of mutual trust and understanding. And in the past year that spirit has strengthened our Mexican-American ties.

Together Mexico and the United States have worked to negotiate a solution to the debt question and develop greater cooperation in the war against drugs. Together we've improved opportunities for bilateral trade and investment and nurtured our environment; in sum, finding new ways to reaffirm old

Mexico

born in Houston, reaffirmed in Paris, and ratified in Camp David—which is ready to aid us in making the most of our points in common and resolving our differences. That is the basis of friendly relations between two neighbors who are different but determined to benefit from their coexistence and to live up to the values that their people share.

We have good reasons to take new steps in those matters that concern and interest both of our countries: a less uncertain world, one that is less threatened and more propitious to the development of all nations; a cordial and respectful bilateral relationship that will loosen fetters of inertia, improve mutual understanding, and permit the steady development of the human potential of our peoples. We can open a new stage in trade between our countries. We can find a way to deal more humanely with the migration of Mexicans to the United States. We can strike lethal blows against drug trafficking to free the world from that international scourge. We can respond to the urgent demand for a healthier environment, for an ecological future of the kind that our children deserve. These are topics that will occupy our closest attention.

The history of our relations provides examples that show us how valuable it is for us to cooperate and how sterile confrontation is. Working together, we have gotten to know each other better, and we have learned to take more advantage of the opportunities that arise from our complex interrelationship.

We are neighbors who are important to each other. We shall study our common problems and move toward resolving them, because it is in the interest of the Mexican and the American peoples to turn neighbors into friends and challenges into opportunities for our mutual benefit. May this greeting to President Bush be seen as well as the expression of our most cordial greeting to all the people of the United States of America.

President Bush

Let me just say that these agreements we're about to sign are symbolic of the breadth and ever-growing closeness of the U.S.-Mexican ties. They do prove the special relationship between our countries; it's never been stronger. And I welcome them as a commitment of our two governments and of the President and myself to make progress over a wide variety of issues.

The understanding regarding trade and investment facilitation talks, for example, moves beyond the consultation encouraged by our framework understanding on trade to create a mandate for negotiation. By taking the initiative, we will promote the increased trade and investment that can benefit both sides of our border.

The agreement on the protection and improvement of the environment of Mexico City is also significant, particularly in these times, for it commits our governments to jointly find ways to resolve air and other pollution problems in one of the largest cities in the world. Improving the quality of life for our people is a priority for both of our governments, and we welcome the personal commitment to this matter by President Salinas and his leadership. So is finding a balanced response important—a balanced response to our environmental needs. This agreement confronts those needs.

These two agreements, and others that will be signed this afternoon, as well as our joint efforts to fashion a plan for addressing Mexico's external debt, are concrete examples of how our Administrations have worked closely together during the last 10 months. These agreements come from teamwork. They show what can and must be done to make relations between our two great nations even closer than they are today. Mr. President, I am delighted to be with you as we witness the signing of these two historic

agreements, and I would welcome your comments.

President Salinas

The signing of these agreements simply comes to show the atmosphere of friendship that leads to concrete results which will undoubtedly benefit our two nations.

The first one, the one on trade and investments, for the facilitation of trade and investment, simply opens up additional sources of employment in Mexico for Mexicans. It is also encouraging the export of products to generate well-being among all our citizens. It will further investment processes so that Mexicans can find a job in Mexico. That is the central purpose of my visit to this country. This is a good and very positive atmosphere of dialogue which shows respect in our relations. There are differences, there are points of coincidence. But what it simply comes to show is that although we have differences, we have respect for them. In trade we have more points of convergence that could even be furthered. Mexico has a political will in order to translate these specific agreements into benefits that will become a reality.

The second one, which is the agreement on the protection and the improvement of the environment, is, as you might well realize, of great relevance. Mexico City, the metropolitan area of Mexico, is the most populated and most polluted city in the world. The number of inhabitants that this city has is more than the total population of Central America. We want better air for the Mexicans, for their children, and for the children of their children in Mexico.

The signing of these agreements is proof of the good will that exists between the two countries in relation to the benefits that this will derive for Mexico and for those who will visit Mexico, to not only receive its very cordial and brotherly hospitality but to enjoy its beauty and its culture.

May my recognition and my acknowledgment go together with my gratitude for the very positive attitude that the U.S. Government has shown in this open-

Mexico

logue which is proved today when we subscribe and sign these agreements for the benefit of the two countries.

President Bush

President and Mrs. Salinas and honored guests and ladies and gentlemen, Barbara and I are just delighted to welcome you to the White House. Your country has often extended to us that kindness for which Mexico is so famous. Tonight, we are honored to have you both here.

We first met last November in Houston, Texas. We met, if I might add this personal note, the day after your Harvard football team fell to the mighty men of Yale. It seemed at the time like an inauspicious start, somehow. But we've learned anew how special the relationship—you're trying to get even—[laughter]—the relationship between Mexico and the United States can be, this relationship which has been, and continues to be, bound by so many ties.

We've become good friends. Those ties, of course, include our 2,000-mile border and billions of dollars in trade, and they're educational, they're political, they're economic, they're environmental. Our relationship rests on respect, maturity, and communication, consultation. The values that we cherish link our cultures: values of family, and respect for tradition.

As a young man, you did study in the United States. You know us well, and you want to understand our ties. I, too, know them, for, as a Texan, I've lived many years side-by-side with Mexico and know and appreciate your beautiful country and its wonderful people. Such understanding, I think, leads to trust, and such trust can lead to progress. Speaking of trust, I trust that you dried out from the golf cart tour of Camp David on Sunday. [Laughter.] There was a true downpour. President and Mrs. Salinas came up here in the mountains. But I was anxious



(White House photo by David Valdez)

President and Mrs. Bush and President and Mrs. Salinas before the state dinner at the White House.

for the President to look around, so he and I set out on a golf cart in this driving rain. Barbara was convinced that I had just dealt a severe blow to Mexican-United States relations. [Laughter.] It is this kind of trust that I'm talking about. For, from its earliest days, your Administration has acted as our neighbor and equal partner, and known that by applying our resources to common problems we can ensure a richer life for all.

Let us determine to do more. Let us increase bilateral trade and achieve economic growth. Let's expand cooperation and enhance investment opportunity. And let us support democracy in our

hemisphere, and thus, regional security and stability. We must also reaffirm our commitment to combating narcotics; that is both a national priority and a hemispheric crusade. I thank you for your fantastic cooperation in this regard, for unless we defeat drug use and trafficking, we will help rob our children of their very dreams.

There's an ancient proverb which goes: "God guides whom he wills to a straight path." Mr. President, let our path be straight and true, affirming all that which unites us, and so enrich this generation and all the generations to come. In that spirit, I ask all of you, our guests

Mexico

here this evening, to rise and raise your glasses to Mexican-American friendship, to a better world for our children and all children, and to the health and happiness of our friend and colleague, the President of Mexico, and Mrs. Salinas.

President Salinas

President George Bush, Mrs. Barbara Bush, ladies and gentlemen, dear friends, I would like at this dinner to express my gratitude to the people and Government of the United States for the warmth they have shown toward the Mexican delegation which I head. I have found in President George Bush a friend who is not only worthy of esteem but also an outstanding leader who, in the short time he has been in office, has managed to give a new thrust to the United States and to national relations based on the human understanding that is the legacy of freedom handed down by the Founding Fathers of this great Republic.

We Mexicans have been witnesses to your willingness to engage in frank, open, and substantive dialogue. This has been a good starting point for embarking on a different phase in our bilateral relation. The same applies to the congressmen and officials with whom we have held fruitful talks on both sides of the border that have led to improved understanding between our peoples.

I have come to the United States with the intention of establishing a new relationship of friendship. Free of myths and mistrust, I have come determined to stress common points of view and shared ideals, to pave the way for a mutually respectful united and solitary progress as neighbors toward the future. We are aware of the historical difficulties that we have had in our relations and of the problems that are still pending. Nevertheless we are sure that the time has come to derive mutual benefits from the advantages of the border that joins us, thereby strengthening the identity of each nation at a time of profound worldwide changes.

In Mexico we are presently experiencing a time of renewed social optimism. On concluding an important stage

Geography

Area: 1,978 million sq. km. (764,000 sq. mi.); about three times the size of Texas. **Cities:** *Capital*—Mexico City (pop. 18 million, est. 1985). *Other cities*—Guadalajara (3 million), Monterrey (2.7 million), Ciudad Juarez (1.12 million), Puebla de Zaragoza (1.1 million), Leon (1 million). **Terrain:** Varies from coastal lowlands to high mountains. **Climate:** Varies from tropical to desert.

People

Nationality: *Noun and adjective*—*Mexican(s)*. **Population** (July 1987): 81.9 million. **Annual growth rate** (1987 est.): 2.09%. **Ethnic groups:** Indian-Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. **Religion:** Roman Catholic 97%, Protestant 3%. **Language:** Spanish, many Indian dialects. **Education:** *Years compulsory*—10. *Literacy*—88%. **Health:** *Infant mortality rate* (1984)—51.1,000. *Life expectancy* (1984)—65.4 years. **Work force** (26.3 million, 1985): *Services*—31.4%. *Agriculture, forestry, hunting, fishing*—26%. *Commerce*—13.9%. *Manufacturing*—12.8%. *Construction*—9.5%. *Mining and quarrying*—1.3%. *Transportation and communications*—4.8%. *Electricity*—0.3%.

Government

Type: Federal Republic. **Independence:** First proclaimed Sept. 16, 1810; Republic established 1822. **Constitution:** Feb. 5, 1917.

Branches: *Executive*—*president* (*chief of state and head of government*). *Legislative*—*bicameral*. *Judicial*—Supreme Court, local and federal systems.

Political parties: Institutional Revolutionary Party (PRI), National Action Party (PAN), Party of Democratic Revolution (PRD), Popular Socialist Party (PPS), the Authentic Party of the Mexican Revolution (PARM), Party of the Cardenist Front of National Reconstruction (PFCRN). **Suffrage:** Universal over 18.

in the process of renegotiating the foreign debt a few months ago, we provided Mexicans with a new horizon for progress. I extend my gratitude to President Bush for the understanding and

Administrative subdivisions: 31 states and the federal district.

Flag: Green, white, and red vertical bands. An eagle holding a snake in its beak and perching on a cactus is centered.

Economy

GDP (1987 est.): \$126 billion. **Per capita GDP** (1987 est.): \$1,537. **Annual real GDP growth** (1987 est.): 1.5%. **Avg. inflation rate** (1987 prelim.): 158.8%.

Natural resources: Petroleum, silver, copper, gold, lead, zinc, natural gas, timber.

Agriculture: *Products*—*corn, beans, o. seeds, foodgrains, fruit, cotton, coffee, sugarcane, winter vegetables*.

Industry: *Types*—*manufacturing, services, commerce, transportation and communications, petroleum and mining*.

Trade (1987 est.): *Exports*—\$36 billion manufacturing 48%, petroleum and derivative 42%, agriculture 7%, mining 3%. *Imports*—\$12.1 billion: intermediate goods 73%, capital goods 21%, consumer goods 6%. *Major trading partners*—US, EC, Japan.

Official exchange rate (mid-Jan. 1988) 2,207 pesos=US\$1.00 (controlled rate); 2,223 pesos=US\$1.00 (free market rate).

Membership in International Organizations

UN and some of its specialized and related agencies, including the World Bank, the International Monetary Fund (IMF), and the International Civil Aviation Organization (ICAO); the General Agreement on Tariffs and Trade (GATT); Seabeds Committee; Inter-American Defense Board (IADB); Organization of American States (OAS); Latin American Integration Association (ALADI); INTELSAT, and many others.

Taken from the *Background Notes* of Feb. 1988, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

solidarity he has shown which enabled us to reach a successful outcome to this important process so essential for our growth.

Mexico

In Mexico we are determined to modernize our country. We Mexicans are seeking the best way to mobilize the full potential of social energy, of groups, and regions. Despite a severe economic crisis, we have not succumbed to apathy or despair. With strong institutions we are currently striving to regain our growth and to continue transforming our economic structures and renovating our political practices. Rights and responsibilities are now becoming a salient feature of all social activities, the economy, and politics. The needs and dreams of Mexicans, especially those of modest means, demand this major transformation.

Trade exchanges worldwide have intensified significantly with the shortening of distances. Accordingly, exchanges between our countries are increasingly dynamic and diversified. Trade offers an extraordinary potential for mutual benefits and for growth, which is essential for my country. Few economies have opened up as much and as rapidly as Mexico's. A similar opening up of the American market would not only represent reciprocal treatment but a stimulus for our new friendship. A renewed period of gradual growth will enable us to assign resources to investment, to the strengthening of the domestic market, and to the generation of employment for 1 million young people who currently demand it. My aim is for all Mexicans to find work in Mexico. However, the differences between our economies attract Mexican labor to contribute to the development of the United States. We can do much to abolish mistreatment of workers on both sides of the border and ensure respect for their dignity.

My government views the in-depth fight against drug trafficking as a tireless battle. We have not hesitated to resort to political will and economic resources to put an end to the international crime. Many Mexican lives have been lost in this struggle. We know, however, that stamping out the traffic in drugs is a matter of national security to us, of preserving the health of our youth and the basic principle of international solidarity in the face of an evil that affects us all. No one can

feel untouched by it as long as there are teenagers trapped in addiction while their families look on helplessly.

Bilateral cooperation between our countries will be enriched by concrete actions undertaken by both governments to halt environmental pollution on our common border, to make joint progress in restoring the purity of the air and water in both territories, and to engage in common efforts to protect the tropical forests that are the lungs of the world. Allow me to add that with this cooperation regarding the environment and to halt environmental pollution, that will enable the children in Mexico to paint the sky blue again and to find the stars in the sky.

Out of culture, a valiant history—invincible in the face of adversity—has been forged. It is the source of our self-assurance, our identity, in opening our doors to the world and participating in its transformation. By strengthening ourselves as an independent nation in today's interdependent world, cooperation between us will prosper and our relation as neighbors will become the new friendship of the coming decade.

President Bush, Mrs. Bush, you have given us a cordial welcome. In it, we see the spirit that sums up what has always existed between our peoples: the hope of sharing an era of mutual benefits, of exploring areas of agreement, and of working side-by-side to shape a future of mutual prosperity. By joining our efforts, our two governments can more clearly hear the wise, generous voice of the men and women who give meaning to this meeting.

In this new stage of respect and friendship, let us join now in a toast to the strength of Mexico and of the United States; to a hemisphere with peace, democracy, and development; to the beginning of a new friendship that inspires us to live up to the expectations of our peoples; and to your own well-being and that of your family.

¹ Texts from Weekly Compilation of Presidential Documents of Oct. 9, 1989.

² Held at the South Portico of the White House where President Salinas was accorded a formal welcome with full military honors. ■

U.S. Ambassador to Mexico



(Department of State photo)

John D. Negroponte

was born July 21, 1939.

He received a B.A. degree from Yale (1960).

He entered the Foreign Service in 1960 and since that time has served as Vice Consul in Hong Kong (1961-63),

Second Secretary and Political Officer in Saigon (1964-68), member

of the U.S. delegation to the Paris peace talks on Vietnam (1968-69), member of the U.S. delegation to the Conference on Disarmament in Geneva (1970), member of the National Security Council staff (1970-73), First

Secretary and Political Counselor at Quito (1973-75), Consul General in Thessaloniki (1975-77), Deputy Assistant Secretary for Oceans and Fisheries Affairs (1977-79), Deputy Assistant Secretary for East Asian and Pacific Affairs (1980-81), Ambassador to Honduras (1981-85), Assistant Secretary for Oceans and International Environmental and Scientific Affairs (1985-87), and Deputy Assistant to the President for National Security Affairs (1987-89). In 1987, Ambassador Negroponte was also a member of the faculty at the Georgetown University School of Foreign Service where he taught a course on Science, Technology, and Foreign Policy. He speaks French, Spanish, and Greek.

He was sworn in as Ambassador to Mexico on June 26, 1989. ■

Mexico

Tourism Agreement

The tourism agreement marks one more step in our rapidly improving relations with Mexico. Tourism is Mexico's third largest industry—after manufacturing and oil—and the fastest growing one. Its labor intensiveness brings badly needed jobs for Mexico's growing population of 82 million and is one of Mexico's largest foreign exchange earners. Mexico's most important tourism market is the United States. In 1988, 13.4 million Americans traveled to Mexico, spending \$4.7 billion. Mexicans were the second most numerous visitors to the United States, numbering 7.5 million in 1988 and spending \$2.7 billion.

The agreement, superseding and replacing the tourism agreement of April 1983, will commit the United States and Mexico to facilitate and promote tourism in both countries.

Specific articles call for the exchange of diplomatic status for tourism personnel. The development of a tourist infrastructure will be encouraged and expedited. Tourist travel will be facilitated by simplifying and streamlining procedural and documentary requirements, opening additional border crossing points, and encouraging binational cultural events. The exchange of technical information and documents will be encouraged to aid each country in the provision of tourism services. Both countries pledge to improve the reliability and compatibility of tourism statistics with the establishment of a binational technical committee on tourism statistics. Joint U.S.-Mexican marketing activities in third countries are to be explored. Cooperation and effective participation in the World Tourism Organization will be encouraged. Tourism matters are to be discussed in bilateral consultations under the framework of the U.S.-Mexico Binational Commission. This tourism agreement is to remain in force for 5 years, to be reviewed and renewed at 5-year intervals thereafter.

Joint Promotion Committee for Investment and Trade

The Joint Promotion Committee for Investment and Trade (JPCIT) originated as a consequence of recent bilateral trade and investment discussions between the U.S. Department of Commerce and the Mexican Secretariat of Commerce and Industrial Development that focused on improved U.S.-Mexico commercial opportunities.

The memorandum of understanding signed at this meeting will establish the JPCIT as a mechanism to strengthen and enhance commercial ties. It addresses investment opportunities and barriers, supports promotion of these opportunities, facilitates coordination of trade and investment promotion events, and cooperation in assembling statistical information related to investment flows.

Representatives of the U.S. Department of Commerce and the Mexican Secretariat of Commerce and Industrial Development will meet semiannually, alternating between the United States and Mexico, to review the status of joint trade and investment promotion.

Trade and Investment Facilitation Understanding

The trade and investment facilitation understanding marks the deepening and broadening of our close and highly cooperative economic relationship with Mexico. Mexico is the United States' third ranked trade partner, purchasing over \$20 billion of our exports and supplying nearly \$23 billion of our imports. Our trade and investment relationship is vital to the well-being and prosperity of both nations, and this understanding signals both governments' commitment to facilitating and enhancing it (note: this text is different and separate from the joint trade and investment promotion understanding).

This understanding creates a forum for expanding the bilateral trade and investment relationship through future negotiations. It builds on the cooperation developed under the 1987 framework understanding which provided a dispute settlement mechanism for resolving trade issues. The understanding signed October 3 establishes a mandate for future negotiations and an action plan with concrete targets to be achieved over the next 2 years. In November the two governments will determine product areas and interrelated issues requiring facilitation (such as tariff and nontariff barriers). The agreement calls on both sides to establish working groups to determine how best to resolve and negotiate solutions.

Border Environmental Agreement Annex V

In 1983 President Reagan and President De la Madrid signed an agreement establishing a framework for cooperation to protect and improve the environment along the U.S.-Mexico border. Under the 1983 agreement, the two governments pledged to cooperate by adopting appropriate measures to prevent, reduce and eliminate sources of pollution which affect the border area of the other country. To date four annexes to the agreement have been concluded by the two governments to address: (1) the border sanitation problem at Tijuana; (2) accidental spills of hazardous substances; (3) regulation of transboundary movements of hazardous wastes; and (4) air pollution from smelters in the Arizona-Sonora "copper triangle."

The fifth annex, signed during this state visit, commits the United States and Mexico to cooperate in addressing pollution in urban areas along the border beginning with El Paso, Texas/Ciudad Juarez, Chihuahua.

Mexico City Environmental Agreement

Improving the quality of life for our people and finding balanced responses to the serious environmental challenges we face are priorities of both the U.S. and Mexican Governments.

Mexico



White House photo by Susan Biddle)

During the state visit of President Salinas (in the background with President Bush), Secretary Baker and Foreign Minister Solana signed several agreements.

The cooperative agreement on Mexico City environmental pollution commits the United States and Mexico to work together to address the air and water pollution problems of one of the world's largest cities.

Forms of cooperation envisaged under this framework agreement include technology transfers, scientific and technical advice, environmental monitoring and environmental impact assessments by Mexican authorities, joint meetings and reviews, exchange of relevant personnel and exchanges of environmental information and data, coordination on national programs, and cooperation in developing appropriate environmental funding

mechanisms. Annexes to the agreement may be concluded to establish specific programs.

The arrangement established under this agreement will have application to other efforts now underway to resolve pollution problems in other large cities in both the United States and Mexico.

Tijuana Sanitation Problem

The rapidly growing city of Tijuana has an inadequate sewage collection and treatment system, which has resulted in an overflow of waste onto beaches in south San Diego.

The exchange of notes on Tijuana sanitation, for the first time, formally

commits the two governments to construct a U.S.-Mexican international sewage treatment plant in the United States, just north of Tijuana. This plant will provide secondary treatment and disposal of waste not now treated by Tijuana and provides for future growth.

Further details will be contained in a minute-agreement, expected to be concluded soon by the International Boundary and Water Commission. The exchange of notes describes the principal elements which will be contained in that agreement. ■

Freedom and World Prosperity

President Bush's address before the World Bank/International Monetary Fund (IMF) annual meeting on September 27, 1989.¹

We in the United States are keenly aware of these annual gatherings, the importance of them—you drive the work of all of us in maintaining a strong international economic and financial system.

This is my first opportunity to speak to you as President of the United States. But I have followed the activities of the International Monetary Fund and the World Bank throughout my years of public service. I have visited many of your homelands and seen firsthand the problems created by inadequate growth and development, problems that your two distinguished institutions are working hard to solve.

We have witnessed a dramatic shift over the past few years in the debate over how to achieve sustained growth and development.

All across the world, there has been an almost simultaneous rediscovery of the power created when individuals are given the freedom to act in their own best interests.

Economic and Political Freedoms: Inseparable Companions

True, we are here today mainly to discuss economic freedom. But make no mistake; in the end, both economic freedom and political freedom are essential and inseparable companions on the road to national prosperity.

The jury is no longer out. Look at the two economic systems and see which has prospered and which has struggled. Let us put an end to this economic experiment, because history has decided.

It is not climate, natural resources, or cultural traditions that make the difference. I said it in my own inaugural address: "We know what works. Freedom works... We know how to secure a more just and prosperous life for man on Earth—through free markets, free speech, free elections, and the exercise of free will unhampered by the state."

In Latin America, Africa, and Mexico, courageous leaders are turning away from state control of their economies. Economic restructuring and deregulation are opening the door to private initiative. Already they're seeing results.

Even more stunning is the transformation in thinking in the communist countries—in both the Soviet Union and in Eastern Europe. During my recent travels in Poland and Hungary, I was impressed by the people; but also impressed by the almost universal acceptance of the free market as the best hope—indeed, the only hope—for reversing the economic fortunes of these two proud countries.

We will welcome the efforts of the Soviet Union to liberalize and decentralize their economy. I have said many times—and I want to repeat it here today—that I want to see *perestroika* succeed. A more open and humane Soviet Union can only be in the best interest of the West. And as we see the evidence of that reform, we can match it with steps of our own.

The rediscovery of these basic truths in the East has been matched by a recommitment to them in the West. Today the members of the European Community are dedicated to eliminating internal barriers to economic activity by the end of 1992. Europe's leaders assure me that this will not be at the cost of new external barriers to trade with the European Community.

The Peruvian economist, Hernando de Soto, has helped us understand a worldwide economic phenomenon. By walking the streets of Lima, not analyzing official statistics, he found that the poor of Latin America—who have never read Jefferson or Adam Smith—ran their affairs democratically, outside the formal economy, organizing their private, parallel economy in a free and unregulated manner. De Soto's great contribution has been to point out what, in retrospect, may seem obvious: People everywhere want the same things. When left alone by government, people everywhere organize their lives in remarkably similar ways.

De Soto's prescription offers a clear and promising alternative to economic stagnation in Latin America and other parts of the world. Governments must bring the "informal" workers into the regular economy and then get out of the way and let individual enterprise flourish.

Coordinating Economic Policies

We each must do our part. Yes, the industrial countries have a special responsibility. We must coordinate economic policies to help provide sustained growth

with low inflation, reduced trade imbalances, and greater stability in exchange markets. We in the United States are working especially hard to reduce our own Federal budget deficit and to increase our national savings rate.

All our nations have a responsibility to ensure a fair and open trading system. We have a tremendous opportunity to advance that cause now, by making success of this all-important Uruguay Round of trade negotiations. Making the political commitments necessary to ensure a success—look, they will not be easy, but we must strengthen the GATT [General Agreement on Tariffs and Trade] and allow our markets to open in a mutual, step-by-step fashion.

As we seek to extend and expand growth in the world economy, the debt problems faced by developing countries are central to the agendas of the IMF and the World Bank. Over the past year, the international community's strengthened approach to these problems has provided—truly provided—a new hope for the debtor nations. America's Secretary of the Treasury, Nick Brady, has helped direct the focus on debt reduction as a complement to continued new lending—bringing developing nations and commercial banks back to where they belong: back to the negotiating table.

Quick action by both the IMF and the World Bank has given this new strategy vital support. By making clear the terms under which they will support the reduction on debt burdens—and by working with countries to develop the necessary economic reform programs—these institutions have made it possible to reduce debt burdens and provide a solid foundation for growth.

Thanks to these initiatives, Mexico reached an agreement with its creditor banks enabling Mexico to make enormous progress in reducing its debt burden. It also helped restore—almost instantly—confidence in the Mexican economy. It has already resulted in a return of capital and new foreign investment.

This agreement underscores the benefits other debtor countries stand to realize from this approach. Mexico's savings from this package will free resources for productive use in the economy, leading to increased investment, leading to improved growth. What Mexico has done is not a miracle. It's a product of hard work and sustained commitment.



White House photo by Susan Biddlet

The strengthened debt strategy is flexible enough to address the unique needs of each country. But the strategy will not work without sound economic policies in the debtor countries. Inefficient, unrealistic, growth-stifling policies simply must go. Benefits are available to a broad range of other countries that pursue economic reforms. Several are now actively engaged, I am told, with the IMF and the World Bank and with the banking community itself.

Commercial banks have a special role in making this process work. And they must follow through on efforts made in Mexico and the Philippines and broaden their efforts with other countries. We encourage these steps, not self-sacrifice but self-interest. True success not only will help the debtor nations, but it will also strengthen the banks by putting their own portfolios on a sounder basis. One of the lessons of the 1980s, especially the debt crisis, is that we're all in this together. When we cooperate, we all come out winners.

The IMF and the World Bank are at the crossroads of our cooperative efforts. The IMF must continue to foster the sound economic policies necessary for sustained growth. As part of that responsibility, the Fund has assumed an

important and very welcome role in the strengthened debt strategy.

The United States recognizes that the IMF must have adequate resources to fulfill its critical role. We will continue to work with other members, in the hope of reaching a decision on the quota question by the end of the year. The United States has always supported the IMF, and we will continue to do so.

We will all look to the World Bank to help build the foundation for a future global prosperity that reaches all peoples. Its efforts to promote structural reform and development are absolutely crucial to resolving debt problems. The Bank's decisions to take on new responsibilities on the debt front are very welcome.

Addressing the Challenges of the 1980s

Development and Environmental Efforts. Also, to address the significant problems of the poorest countries, the International Development Association (IDA) was established and will continue to have the support of the United States.

We have also learned, as I emphasized Monday at the United Nations and last summer at the Paris summit, that environmental destruction knows no borders. To make growth truly sus-

tainable, we must weigh environmental considerations more heavily as we make economic decisions. We must also find ways to strengthen our environmental and development efforts through innovative thinking such as the "debt for nature transactions."

Over the years—as we've come to understand the effect of environmental destruction on the long-term growth of developing countries—the World Bank has increased the priority it assigns to environmental concerns. We applaud those efforts. But there is more to be done. We need to work more cooperatively to develop constructive solutions to global warming, including measures to promote energy efficiency and conservation and greater protection of forest resources.

Drug Trafficking and Money Laundering. In addressing the challenges of the 1980s, we have come to a deeper understanding of the importance of cooperating as a community of nations to address common problems. I can think of no better current example than the need to work together to deal with international drug trafficking and money laundering. It is a worldwide problem. Drug money undermines honest businesses, corrupts political institutions, and even threatens the security of nations. To conceal their

Points of Mutual Advantage: *Perestroika* and American Foreign Policy

Secretary Baker's address prepared for delivery before the Foreign Policy Association in New York City on October 16, 1989.¹

Since the end of World War II, the United States and the Soviet Union have been engaged in constant struggle, a contest of superpower strength but also a contest of values and vision. No relationship has been more difficult or, ultimately, more promising. Difficult because traditional Soviet ideology has used the same words as we do—democracy, human rights, freedom, peace, and justice—while in practice denying the values behind them. Promising because in the nuclear age, the imperative of avoiding disaster has compelled us both to search for common interests.

We are in a time of rising promise. Relations with the Soviet Union have improved considerably since 1985, when Mikhail Gorbachev launched what he called *perestroika*—a total restructuring of Soviet society, including Soviet foreign and defense policies. And this Administration has been building on what was achieved during the Reagan years so that improved American-Soviet relations will last. As President Bush has declared, “we will work together to move beyond containment of the Soviet Union”

We now have a historic opportunity with the Soviet Union. We have the chance to leave behind the postwar period with the ups and downs of the cold war. We can move beyond containment to make the change toward better superpower relations more secure and less reversible. Our task is to find enduring points of mutual advantage that serve the interests of both the United States and the Soviet Union.

There are two reasons why we think that the prospects for a lasting improvement in U.S.-Soviet relations are better than ever before. First, we in the West have demonstrated through our strength, unity, and fidelity to our values that democracy and free market economies work and work well together. Second, the alternative vision advocated by the Soviet Union has failed to produce either prosperity or an attractive society. Simply put—freedom works! Communism doesn't!

As a consequence of the failure of their system, the Soviets, led by Mikhail Gorbachev, have begun the process of reform and rebuilding called *perestroika*. And it is this process, combined with our own achievements, that offers promise for the future.

The President has said and I have said that we want *perestroika*—including the restructuring of Soviet-American relations—to succeed. We have reached this conclusion not because it is our business to reform Soviet society or to keep particular Soviet leader in power—we can really do neither—but because *perestroika* promises Soviet actions more advantageous to our interests. Our task is to search creatively for those points of mutual U.S.-Soviet advantage that may be possible—and many more may be possible because of *perestroika*. Ultimately of course, even as we explore Soviet “new thinking,” we must be prepared to protect our vital interests, come what may. We must maintain a defense budget commensurate with our security requirements, and we must be vigilant and push Moscow toward cooperative behavior across the full range of our relations.

Now, I want to explain this policy of ours in more detail—specifically what we see in *perestroika*, why we want it to succeed, and what we are doing to find those points of mutual advantage that will benefit both American interests and *perestroika* itself.

***Perestroika* and Soviet Domestic Policy**

I think it is important to begin by understanding the origins of *perestroika*. First and foremost, it is a Soviet response to a rapidly changing world in which they see themselves increasingly hard pressed to compete economically, technologically, politically, and militarily. The exponents of *perestroika* see their country as rich in natural resources and human talent but stifled by the legacy of stagnation—a system incapable of producing the economic progress and political legitimacy which Soviet citizens have the right to expect. And, as both President Gorbachev and Foreign Minister Shevardnadze have emphasized in their conversations with me, the cause of this problem goes beyond just a question of material assets. It is

obscene profits, drug barons must wash their money by cycling it through financial institutions and illegitimate shell corporations.

The United States renews its call upon all countries to ratify the UN Vienna convention and make money laundering a criminal and extraditable offense. We need tough measures to crack down and track down and confiscate the profits of drug-related crimes. I am encouraged by the G-7 democracies interested in this coordinated response to the money laundering menace. But I urge everyone to join with us to explore new ways to stop money laundering in its tracks.

Poland. There may be no greater opportunity before us—all of us—today than the challenge of Poland; and then on the broader landscape, Eastern Europe—the entire Eastern Europe—where countries are in the throes of dramatic political and economic changes.

The United States and its international partners have already undertaken new initiatives toward Poland. But now, in the light of clearly growing needs, the recent accession of a Solidarity-led government, and our self-evident stake in its success, we must do more. We understand the Polish Government has under consideration a bold plan for economic recovery.

I call on the IMF and World Bank to work rapidly with Poland to develop such a program and ensure its successful implementation. For its part, the United States intends to be out in front of this effort, to take advantage of this historic development, and to ensure its success.

Facing the Issues Together

Today our mutual efforts to improve global growth, to ease the burdens of developing countries—their indebtedness—and to open markets for trade have demonstrated anew that progress is best achieved by facing pressing issues together.

This is a lesson that we must carry with us into the 1990s if we are to pass on to future generations a global economy that is strong and resilient and able to provide for the aspirations of the citizens of all our countries.

Thank you very much for your hard work. Thank you for your service. Thank you for your commitment. God bless you and the nations that you represent.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 2, 1989. ■

ted in the very psychology of Soviet
society, reinforced by equally stagnant
political and legal systems.

Thus the very logic of *perestroika* re-
quires that the Soviets themselves must
solve their own problems in a comprehen-
sive, organic way. Not only must the
economic system be reformed but the
political and legal systems too.

Perestroika is, therefore, different than
earlier, failed attempts at reforming the
system Lenin founded and Stalin built.
It requires inputs such as the redistribution of
labor to industry or sources of
cheap raw materials are no longer avail-
able to "jump-start" the economy.

Nor are Soviet problems susceptible
to rescue from abroad through abundant
Western credits—the failed policy of
Brezhnev's "era of stagnation." President
Gorbachev bluntly expressed this point in
his 1988 New Year's address when he
said: "We must not think, comrades, that
someone will resolve our problems for us,
that everything around us will change at
the wave of a magic wand as midnight
strikes on New Year's Eve. No. We must
shape the future ourselves, help the
structuring by our actions...." As Ed
Lewett, a Western expert on the Soviet
economy, has put it, "... however strong
Western feelings may be about the possi-
ble outcomes of this reform effort,
Western policymakers should see that
their 'influence' on this process can be no
more than modest."

The self-reliant and radical nature of
domestic *perestroika* has become even
more crucial as the reforms have en-
countered increasing difficulties. Thus far
Gorbachev and his colleagues have
been willing to place their bets on reform
and to double them if necessary.

Perestroika may have reached a
turning point where the bets will have to
be redoubled again. Consumer shortages
are not likely to be relieved nor produc-
tivity increased without the incentives of
a stable currency, free and competitive
markets, private property, and real
choices. Elements of Marxist-Leninist
ideology such as the dominant, exclusive
role of the Communist Party appear to be
incompatible with the decentralized politi-
cal and economic system necessary to
solve Moscow's ills. And new political ar-
rangements will be necessary to alleviate
grievances and demands of Soviet eth-
nic minorities and republics.

Finally the systemic, organic nature
of *perestroika* takes it beyond the
category of an exclusively domestic
reform. President Gorbachev has
repeatedly pointed to the links between
domestic reform and the new thinking in

foreign policy, saying just a few months
ago, "... there exists an indissoluble link
between the new foreign policy and
perestroika within the country."

And that is where we come in. Fas-
cinating as domestic change in the Soviet
Union may be, we are mainly affected by
the way the Soviet Union approaches the
rest of the world.

Here, too, *perestroika* promises a
radical reform.

Perestroika in Soviet Foreign and Defense Policies

Compare the kind of Soviet foreign policy
we used to face with what we see today.
Under Brezhnev, Soviet influence,
primarily through armed proxies, ex-
panded around the globe. Hand-in-hand
with these adventures, the Soviets under-
took an across-the-board defense build-

- Military and political gains in the
Third World were expensive, and the
shallow successes were nearly always
fleeting.

- Regional conflicts could escalate
and produce undesired confrontations.
Possible gains were not worth the risks
inherent in such situations.

These are the lessons the Soviets
speak of having learned from Brezhnev's
failures, theoretical lessons that have
shaped the new thinking and *perestroika*.

But while in theory they have
learned these lessons, they have not put
them all into practice by any means.

In defense policy and arms control,
the Soviets have shown greater under-
standing of the need to promote mutual
security. In both conventional and
nuclear arms control talks, the Soviets
have shifted their positions to correspond
more closely with long-held Western as-

***...[perestroika] is a Soviet response to a rapidly chang-
ing world in which they see themselves increasingly
hard pressed to compete economically, technologically,
politically, and militarily.***

up, well-expressed by former Secretary
of Defense Harold Brown when he said,
"When we build, they build; when we
stop, they build."

Yet for all the expansion of their
military forces and their efforts to estab-
lish beachheads around the globe, the
Soviets bought neither greater security
nor lasting success.

Indeed the lessons of the 1970s
learned by today's Soviet leadership ap-
pear to contradict fundamentally the rose-
colored view of the Brezhnev era.
Gorbachev and his group of "new
thinkers" now speak of the following les-
sons.

- The Brezhnev military buildup
brought greater insecurity instead of in-
creasing security. Soviet actions—such as
the deployment of SS-20s in Western
Europe, for example—provoked Western
responses, making the correlation of forces
less favorable to Moscow, not more.

- The military buildup also
bankrupted the economy. The military's
across-the-board first call on more and
more resources had to cease.

- Security could not be achieved
unilaterally, only multilaterally.

assumptions about preventing war and
producing greater stability. President
Gorbachev has promised cuts in the
Soviet defense budget. He has promised
to turn swords into plowshares by trans-
forming tanks into tractors. Here we are
still looking for concrete results.

In regional conflicts, the picture is
very mixed. The Soviets have withdrawn
from Afghanistan. And they fostered the
settlement in Angola. But, overall, Mos-
cow appears less willing to make hard
choices on the regional questions than on
arms control. We've seen a surge in
Soviet arms shipments to Afghanistan
and Ethiopia; in Cambodia, Soviet ship-
ments this year are already twice as high
as all of 1988; and Soviet bloc arms con-
tinue to end up in Nicaragua. These dis-
turbating actions, this seeming preference
for military solutions, may work in the
short-run to keep a Najibullah or a Hun
Sen or a Mengistu in power. In the long-
run, however, only political solutions
based on national reconciliation can settle
these conflicts. That's the true lesson of
the 1970s.

Perestroika and American Policy

What explains this mixed record? Some analysts, invoking past disappointments, argue that the Soviets are engaged in a mere "*peredlyshka*"—a breathing space until Leninism is strong enough to do battle once more with capitalism. Others, invoking future hope, argue that the new thinkers are so consumed by domestic concerns that old thinking still holds sway over certain aspects of foreign policy.

But to me, it reveals something else. I find a certain parallel between the course of Soviet domestic *perestroika* and new thinking in Soviet foreign policy. Domestically, as Gorbachev has sought to turn theory in practice, his program has altered and evolved. And just as the Soviets have come face-to-face with domestic dilemmas that must now be resolved if progress is to be made, so they will come face-to-face with the need for further change in their foreign policy.

Domestically we can have but small direct impact on how the Soviets resolve their dilemmas. But in foreign and defense policies, through a prudent search for points of mutual advantage, we can more readily shape and alter the calculus so that the Soviets face up to the contradictions between the new thinking and old habits. In arms control, the Kremlin has made some politically difficult choices and in some areas selected the path of mutual progress. Now we must also shape the Soviet calculus so that Moscow chooses the path of progress in regional conflicts.

In the course of our search for mutual advantage, we must not succumb to a false optimism that *perestroika* in Soviet foreign policy has gone far enough and that we can rely on the new thinking to take account of our interests.

It would be an equally great blunder to ignore the possibility that *perestroika* might go much further and to retreat instead into a suspicious stance of disengagement that would never put *perestroika*'s promise to the test. Either approach would sacrifice the great opportunity before us.

Thus our mission must be to press the search for mutual advantage. Where we find Soviet agreement, we'll both be better off. Where we meet Soviet resistance, we'll know that we have to redouble our efforts so that Moscow practices, not just preaches, the new thinking. By acting realistically to engage Moscow in the search for mutual interests, we can seize the opportunities inherent in Gorbachev's revolution. By standing pat, we would

gain nothing and lose this chance to revolutionize East-West relations.

In practice, our search to find mutual advantage has focused on resolving political conflicts, both in Europe and in the Third World; on reducing the risk of war through arms control; and on promoting internal Soviet change. Progress in these areas will serve Soviet and American interests in their broadest sense, both by relieving tensions and by releasing resources for the work of peace.

Europe Whole and Free

Our first search for mutual advantage must concern the most important and vital flash point of the cold war—the division of Europe. President Bush has stated our purpose to see a Europe that is whole and free, and our allies in NATO have agreed on a comprehensive program to attain that goal. Part of that program is an accelerated timetable for an agreement on conventional force reductions in Europe that would correct existing asymmetries and reduce the risks of surprise

**[President Gorbachev]
has promised to turn
swords into plowshares by
transforming tanks into
tractors.**

attack. Such an agreement would make not only for a more secure deterrent but would also promote greater military openness, which will strengthen mutual confidence and reduce the chances of misunderstanding and miscalculation.

Even more importantly, an agreement on conventional armed forces in Europe (CFE) could redraw the European security map, severely inhibiting Soviet military intimidation not only of Western Europe but of Eastern Europe too. Soviet occupation forces in Eastern Europe would have to be cut to less than half the levels they had at the beginning of this year.

CFE would also help *perestroika* in the Soviet Union. Moscow can save billions on conventional forces by agreeing to a CFE agreement. If Gorbachev is serious about converting guns into butter, then CFE is the surest path to big savings.

Above all an agreement would demonstrate clearly to the world that

East and West could dispel the political and military legacies of the cold war.

A whole and free Europe, however, is more than arms control or arms reduction. The Helsinki agreement provides for common measures on human rights prevail in Europe.

Both we and the Soviet Union are challenged to deal with change in the countries behind the now-rusting Iron Curtain. Because they each followed the same ill-suited Stalinist models, each of them has been afflicted in varying degrees with the same ailments that provoked *perestroika* in the Soviet Union. These nations, however, cannot be treated as a single case. Some of them—particularly Hungary and Poland—have begun to take bold steps away from the economic and even the political systems they have known.

In East Germany, the people themselves are taking bold steps. As I said last week, it is time for *perestroika* and *glasnost* to come to East Germany. The *status quo* is as unacceptable to the people of that nation as it is to the peoples of Poland and Hungary. The people of East Germany cannot be forever denied at home the better life they now seek by fleeing to the West. Of course the United States and our NATO partners have long supported the reconciliation of the German people. Their legitimate rights must some day be met. But let me be clear—reconciliation through self-determination can **only** be achieved in peace and freedom. Normalization must occur on the basis of Western values with the end result being a people integrated into the community of democratic European nations.

We have made clear our view that Europe can never be whole or free if the so-called Brezhnev doctrine justifying Soviet military intervention against its Warsaw Pact allies continues to be a principle of Soviet foreign policy. Without explicitly renouncing that doctrine, President Gorbachev and Foreign Minister Shevardnadze have declared that the use of force to determine the political systems of other countries is impermissible. They have said that each state should be able to choose its own course. My only change in that formula would be to say that **the people** of each state should be able to choose **their** own course.

We have seen in Poland the election of a noncommunist prime minister to lead a coalition, including the Communist Party, as that country seeks a way out of its legacy of disastrous economic mismanagement. This is a remarkable development which gives us hope. Political institutions truly responsible to the

people are the only guarantee of long-term stability. We hope this model of change will be followed elsewhere in the region.

We seek to encourage reform so that these countries may once again regain their rightful place as independent nations, working within a European framework to make social and economic progress. As with *perestroika* in the Soviet Union, the essential decisions must be taken by those nations themselves. Building upon these decisions, we and our allies in Western Europe can offer help at three stages.

- In the short term, we can offer aid, especially food, that can help to alleviate the immediate crisis.
- Over the medium term, working through the International Monetary Fund (IMF) and other multilateral financial institutions, we can put together packages that combine monetary stabilization, structural reform, and effective debt management.
- Over the long term, we can encourage and stimulate the creation of a private sector and conditions to attract private capital for the reconstruction of these economies.

None of this will be easy. The margins for error after years of compounded blunders are very thin. That is why we do not repeat our earlier mistakes of the 1970s. Our assistance must be carefully targeted, integrated with effective reforms by the countries themselves, and supported by the international community. That is why the President, after visiting Poland and Hungary this summer, asked for and received the cooperation of our European allies in devising such a program. Such a program is now taking shape in cooperation with our Western partners. The United States must continue to be the catalyst to make work.

A final comment on political change in Eastern Europe: as I have noted, we favor a process that gives these countries their right to self-determination and freedom. President Bush has made clear that it is not our purpose to exploit the movement toward freedom in order to undermine the security of the Soviet Union. No one—I repeat, no one—will benefit if the entire trend toward beneficial economic and political changes are engulfed in violence.

But all will benefit if the reforms succeed in Eastern Europe. The people of Eastern Europe will benefit as their material shackles are lifted. Western Europeans will benefit as their continent is made whole again. Gorbachev and the

reformers will benefit as examples flourish in Eastern Europe of the power of reform. And we will benefit as we move beyond the cold war.

Resolving Regional Conflicts

A second major point where we must search for mutual advantage with the Soviets concerns regional conflicts. Each of these bears, to some degree, the potential for becoming the scene of superpower rivalry and tension. With the spread of missiles and chemical weapons throughout volatile regions, conflicts in the Third World are likely to take on a more dangerous character. Regional conflicts are likely to be more difficult to contain, more likely to engulf more countries, and more susceptible to escalation.

Neither the United States nor a Soviet Union in the midst of *perestroika* has an interest in being drawn into such conflicts. As President Gorbachev said

And just as the Soviets have come face-to-face with domestic dilemmas...so they will come face-to-face with the need for further change in their foreign policy.

recently, "We now need, perhaps more than ever before, favorable external conditions so that we can cope with the revolutionary and broad task toward renewing Soviet society." Resolution of conflicts in Central America, Afghanistan, Cambodia, and Africa would surely spare the Soviets the billions they spend each year on supporting client states.

This is an area where the Soviets can help themselves. And we have made it clear that we are ready and willing partners, partners who recognize that settling and defusing regional tensions can diminish the dangers we all face.

Reducing the Risks of War

Arms control is the third area where we are seeking points of mutual advantage with Moscow. In our various efforts, we can work with the Soviets to lower the risk of war and the cost of preventing it. Our arms control efforts have focused on reducing the risk of war by lowering the incentives for surprise attack, not arms

reductions in and of themselves. To this end, we have focused in CFE on those weapons—tanks, artillery, and armored personnel carriers—most suited to launching and sustaining invasions. In START [strategic arms reduction talks], we've placed a premium on reducing weapons most suited to a first-strike—such as the Soviet SS-18s—while encouraging those which are more stabilizing and less useful for striking first, for example, bombers. We've moved off our ban on mobile missiles, contingent on congressional funding, because mobile missiles, if effectively verified, increase survivability and enhance stability.

We have also attempted to foster greater openness between East and West to provide greater reassurances about intentions and capabilities and to reduce misperceptions. To that end, the President announced his "open skies" initiative which has been received positively by the Soviets.

In pursuing these arms control objectives, this Administration has sought to learn from its predecessors. We have kept our eye firmly on the ball, working to bring home treaties which the Senate will ratify and which will verifiably lock in new U.S.-Soviet security relations. This emphasis on realistic, verifiable agreements was the impetus behind our verification and stability measures in START and our data exchange with the Soviets on chemical weapons—both of which the Soviets agreed to in Wyoming.

We also took realistic steps there to begin U.S.-Soviet cooperation geared toward controlling growing threats not just in the East-West arena but to global security as well. The chemical weapons initiative announced by the President at the United Nations will produce massive reductions in Soviet and U.S. stockpiles at an accelerated pace.

Promoting *Perestroika* Internally

While our primary focus is on those points of mutual advantage that we can find in these three areas—Europe, regional conflicts, and arms control—we are also seeking a fourth area: the strengthening of *glasnost* and democratization. Through our exchanges, we are actively encouraging the growth of pluralistic institutions and practices in the Soviet Union. We believe the emphasis on the rule of law in the writings of the reformers is a positive step. We are encouraging the Soviets to make permanent in their legal code and practice the protection of individual rights to which they subscribed in the Helsinki accord.

Through our transnational dialogue, we also hope to involve the Soviets on those global issues, especially the environment, where Soviet practice in the past has not lived up to international standards. Foreign Minister Shevardnadze showed great interest in Wyoming about these transnational problems, particularly global warming, and I believe greater U.S.-Soviet cooperation can pave the way for more effective international action.

Finally, we have begun to explore a fifth area of potential mutual advantage. This last area relates to *perestroika's* internal aspects. We are prepared to provide technical assistance in certain areas of Soviet economic reform. The Soviets are entering uncharted waters, experimenting with markets, competitive enterprises, and realistic pricing, all of which we take for granted. In Wyoming Foreign Minister Shevardnadze and I had extensive discussions on the kinds of steps that would facilitate price reform, a necessary step toward ruble convertibility. The Soviet leadership is clearly interested in our ideas about their economic reforms, and we will continue our discussions on these issues.

These areas offer fertile ground in which to find points of mutual advantage. *Perestroika*, after all, means for the Soviet Union a new way of conducting their political, economic, and legal affairs—a new set of standards, if you will.

We do neither of us any good if we relax our own standards in the name of helping reform. That's why we've told the Soviets to codify the changes we're seeing in their emigration practice so that we can waive the Jackson-Vanik amendment as we've promised. That's why today we see discussions about Soviet membership in GATT [General Agreement on Tariffs and Trade] or the other international financial institutions as premature. That is also why our approach to trade, based on previous experience both with the U.S.S.R. and other countries, must be on a commercial basis. Mutually beneficial, nonstrategic commercial exchanges are the best way to expand Soviet participation in the international economy.

Conclusion

Let me sum it all up. We want *perestroika* to succeed at home and abroad because we believe that it will bring about a less aggressive Soviet Union, restrained in the use of force, and less hostile to democracy. A *perestroika* that resulted simply in a more efficient and more capable Soviet state would,

indeed, be a more formidable and dangerous competitor.

But I do not believe that *perestroika* can succeed without increasing measures of free markets, free speech, and institutions, more accountable to the people—in short, without more freedom! And that means a more democratic society, more respectful of human rights and legal norms which could provide a lasting foundation for more constructive, less dangerous Soviet behavior abroad; a society that produces not subjects who are to be acted upon but citizens who participate in the policy process; and a society where citizens have a say in what their government does at home and abroad. In such a Soviet Union, the people and the government will agree that, as Foreign Minister Shevardnadze has said, "a foreign policy that is not open and explained to the people and does not gain their support is impossible." That government is far more likely to establish as its measure of success internal progress rather than external expansion.

That is why a prudent policy of search for mutual advantages between the United States and the Soviet Union is worth our serious and substantial effort. It is the best way to find out whether the promise of *perestroika* in foreign policy can be fulfilled.

Let me conclude this review of *perestroika* and American foreign policy

by reiterating my convictions that, indeed, we do have a historic opportunity to make lasting improvements in U.S.-Soviet relations. It is an opportunity produced by actions on both sides. And, as President Bush has stated, "Our aspiration is a real peace, a peace of shared optimism, not a peace of armed camps."

And what could that aspiration, the shared optimism, really mean? Nothing less than an end to the dangerous East-West stalemate which has disfigured postwar international politics. It could mean a new U.S.-Soviet relationship, which replaces competition where possible with a creative and cooperative approach to international problems. A new relationship that would be sustained not by rhetoric or pious hope but by the reality of a Europe, free, whole, and at peace with itself. A new relationship where the reality of regional conflicts would be resolved at last so that the promise of development can be fulfilled. A new relationship that would produce: sustainable arms control process that provided more security through enhanced stability and greater openness at a lower cost. And a new relationship, above all else, that would lead to the fulfillment of those human rights which are the birthright of all mankind.

¹ Press release 192 of Oct. 17, 1989. ■

Prerequisites and Principles for Arms Control

Secretary Baker's prepared address before the Commonwealth Club in San Francisco and the question-and-answer session with the audience on October 23, 1989.¹

As you know, this speech was supposed to be given last week. A terrible tragedy intervened [earthquake in the San Francisco area on October 17], and naturally I thought at first that I should cancel it.

In view of the suffering, it did not seem right to come here and speak to you about arms control. But you requested that I fulfill this commitment, and that is a telling sign of your character. It is the truly American character of facing up to disaster, taking its measure, and then getting on with the work. It is the truly bay area character of looking to the future.

Your deeds, beyond the power of any words to convey, are the most eloquent

testimony to your resilience; a resilience I might add, that is capturing the imagination of the whole country. You are working hand-in-hand with one another to turn crisis into opportunity, to turn pain into progress, and to turn a world tossed upside-down right-side up. My heartfelt condolences go out to the families of the victims. And my prayers are with you.

I would like to begin my discussion with you today by talking about another October crisis, a crisis from 27 years ago—the Cuban missile crisis of 1962. For it is a crisis that seems so far, far away, so remote from the tragedy you are now overcoming so well.

The contrast in relations between Moscow and Washington in October 1962 and in October 1989 could not be greater. In October 1962, we faced a blustering Soviet Union; its leader talked of burying

Today we face a sobered Soviet Union; its leader talks of restructuring society.

In October 1962, the Soviet economy is growing and ready to feed an unending arms buildup. Today the Soviet economy is virtually bankrupt.

In October 1962, the Soviet space program raised fears we would lose the race to the Moon. Today the Soviet Union is racing to avoid being left behind as much of the world moves from the industrial age into a new century.

And 27 years ago this month, we stood—as you all no doubt recall—on a ball-to-eyeball on the brink of war. Today, by contrast, superpower relations are as promising as we have ever found them since the Second World War. Looking back the Cuban missile crisis posed the clearest possibility for nuclear war in the postwar era. Looking forward we see the clearest opportunity to reduce the risk of war since the dawn of the nuclear age.

The President has described our purpose as moving beyond the peace of fenced camps to the peace of shared optimism. Last week I described our strategy for achieving this goal through a patient search for points of mutual advantage. Today I want to talk in more detail about one of those points: arms control.

Arms control can lend a strong hand in building an enduring peace, but arms control does not proceed in a political vacuum. Let me be clear: We compete militarily because we differ politically. Political disputes are fuel for the fire of arms competitions. Only by resolving political differences can we dampen the arms competition associated with them. I follow Clausewitz, if war is the continuation of politics by violent, military means, arms control is the search for a stable, predictable strategic relationship by peaceful, political means.

That is why our times are now so full of promise. Over the last 40 years, arms control played only a limited role in shaping the U.S.-Soviet security relationship, because our political differences were simply too wide to allow enduring and substantial progress. Western strength and Western unity sustained deterrence throughout this period when we all lived in the shadow of opposed values and conflicting purpose. Now *perestroika* in Soviet domestic and foreign policy could, in part, lift the shadow. The political prerequisite for enduring and strategically significant arms control may finally be materializing. Surely the President was

right when he wrote President Gorbachev in June, "We bear enormous—and mutual—responsibility to take advantage of the promise of these extraordinary times to improve international security."

The President and I have both said that we want *perestroika* to succeed. It would be folly, indeed, to miss this opportunity. Soviet "new thinking" in foreign and defense policy promises possibilities that would have been unthinkable a decade ago, such as deep, stabilizing cuts in strategic forces and parity in reduced conventional arms in Europe. Yet *perestroika's* success is far from assured.

Any uncertainty about the fate of reform in the Soviet Union, however, is all the more reason, not less, for us to seize the present opportunity. For the

...we seek reductions in first-strike, surprise attack capabilities.

works of our labor—a diminished Soviet threat and effectively verifiable agreements—can endure even if *perestroika* does not. If the Soviets have already destroyed weapons, it will be difficult, costly, and time consuming for any future Kremlin leadership to reverse the process and to assert military superiority. And with agreements in place, any attempt to break out of treaties will serve as one indicator of an outbreak of "old thinking."

We can take advantage of the new political climate to consolidate deterrence at lower levels of risk. Through sound and verifiable agreements, we can shape and institutionalize a more stable, predictable strategic relationship. The changing political relationship between the Soviet Union and the United States should be reflected in changing Soviet force structures and strategic concepts. In this way, we can help to codify political progress in military reality and by doing so, underpin that progress and strengthen it.

Strategy and the Changing Strategic Environment

Before outlining the tenets of this Administration's arms control policy, I would like to say a few more words about the broader strategic environment in which arms control must operate.

Politically the Soviet Union is in the midst of this revolution of *perestroika*, *glasnost*, and democratization. The new thinkers understand that Stalin's system must change fundamentally if the Soviet Union is, as Mr. Gorbachev has said, to enter the 21st century in the manner worthy of a great power. To this end, the Soviet leadership has done much and promised even more for political, economic, and legal reforms. While his reforms need to be extended, codified, institutionalized, and made habitual, the political face of Soviet power is being changed already.

The prospects for reform are just as great—in some cases perhaps even greater—in Poland, Hungary, East Germany, Czechoslovakia, and the other countries of Eastern Europe. While the trends should not be overstated, the political foundations of a Europe divided by force since 1945 are crumbling away. We can move toward the President's vision of a Europe whole and free.

These great political changes are set in a time of vast technological changes. Our military tools are being reshaped by emerging technologies that could offer greater security. Advances in sensor technology, data processing capabilities, and precision-guided munitions present novel ways to strengthen deterrence.

We need to be careful, however, also to see the darker side of changing technological realities. More nations are acquiring the capacity to make chemical weapons and to manufacture missiles. With many of these regimes locked in continuing regional conflicts, the explosive escalation potential of their disputes is obvious.

I would add, too, that these technological changes are taking place in a time of changing defense economics. Everyone has noted the Soviet Union's compelling need to convert some of its vast expenditures for the military into domestic reconstruction. The era of rapidly rising defense budgets is over in the West too. From the new technologies, we are going to have to pick very carefully those weapons that strengthen deterrence most cost-effectively.

What do these political, economic, and technological changes add up to? Strategically, the world we've planned for since the Cuban missile crisis is increasingly distinct from the world we actually face. Threats to our interests are changing politically and multiplying technologically. Our capabilities are being improved technologically but constrained economically.

Our fundamental values and interests will endure. But as our strategic environment is transformed, we need to look anew at some of our guiding concepts and approaches. Many long-held assumptions may need to be rethought. Strategy aligns ends and means. As both shift, strategy may have to shift too.

For example, we need to think about the future of both European security relations and the central superpower strategic relationship. Today's historical political transformations in Eastern Europe—if suitably institutionalized—make such reassessments doubly important. In light of the growing threat to our global interests and power projection forces posed by the proliferation of new technologies, we also need to reconsider our strategy for Third World conflicts. Over the longer term, we need to consider if strategic defense options, deep reductions in nuclear and conventional weapons, increasingly powerful conventional munitions, and shifts in Soviet strategy will alter our requirements for deterrence.

To cope with this changing environment, defense programs and arms control must work together. This a prerequisite for a coherent, integrated strategy that reduces the risk of war by deterring aggression while promoting American values. Both defense programs and arms control can serve the common goals of enhancing stability, ensuring predictability, and bolstering deterrence. As our strategy may change in response to an evolving strategic environment so, too, our defense programs and arms control positions would also change. Together security will be enhanced.

Clearly neither defense programs nor arms control can do the job alone. No remotely achievable START [strategic arms reduction talks] agreement, for example, can restore the survivability of our silo-based ICBMs [intercontinental ballistic missiles]. To maintain the integrity of the triad, we will need to rely upon the deployment of mobile missiles as a key component of our nuclear modernization program. But START can play a key role. It can reduce the Soviet threat to our forces and thereby make survivability through mobility more feasible. Without START to constrain the Soviet threat, the job of ensuring reliable deterrence would be less predictable and affordable. Without the START negotiations, the domestic consensus needed to support essential modernization programs—not only mobile ICBMs but also B-2, Trident, and SDI [Strategic Defense Initiative]—would be

difficult to sustain. Likewise without our strategic modernization program, the benefits of a START agreement would be sharply reduced. Thus our force modernization and arms control efforts reinforce one another.

In September I announced the President's decision to allow mobile land-based missiles in START. Permitting mobile missiles only makes sense if the United States is willing to deploy them. For this reason, this decision is contingent on congressional funding of our mobile missile program. Congress needs now to support START, not undercut it, by funding this program. As Senator [Sam] Nunn said recently, "Unless we in the Congress can manage to put our ICBM modernization program back on track...the START negotiations face a very bleak and a very long future indeed."

Another prerequisite for a successful strategy—for defense programs and arms control that work together—is the need for unity as a nation and as an alliance. This follows from a simple truism: United we stand, divided we fall. We should not tempt the Soviets with exploitable differences between the Administration and Congress or between the United States and its allies. That does not exempt us, of course, from the need for informed debate. It is imperative that we maintain open and honest discussions about strategy and arms control matters within the strategic community and with the public at large. As we deter possible aggression, we must—as the noted military historian Michael Howard has put it—reassure our peoples that their defense dollars are efficiently and effectively supporting the cause of peace. An

Greater openness is the surest path to greater predictability and a lower risk of war, especially inadvertent war.

open, frank debate is the surest formula for unity. But such a debate must begin and seek to reach some resolution before treaties are signed if we are to bring home treaties in the national interest.

The Goal of Arms Control and the Path to It

As a contribution to such a debate, I would like to move now from the prerequisites of arms control to the basic goal of our arms control policy and the principle for achieving it.

The main goal of arms control is to reduce to risk of war—any war, nuclear or conventional. We hope to prevent war by working toward a stable, predictable strategic relationship. Stability requires military forces and policies such that no one can gain by striking first even in the worst crisis. Beginning a war, especially nuclear war, must never become a Soviet option—even a least-worst option, as a noted strategist once put it. Predictability requires that sufficient openness and transparency prevails to prevent misperception, miscalculation, and an inadvertent war—a war no one wanted but no one could stop. The more open and transparent Soviet military affairs, the greater trust and confidence we can have in Soviet intentions.

Four principles guide our search for a stable, predictable strategic relationship.

First, we seek reductions in first-strike, surprise attack capabilities. We seek stability through proposals to reduce those capabilities most suited for offensive, *blitzkrieg*-style actions and preemptive first-strikes. In CFE [conventional armed forces in Europe negotiations], we've concentrated on eliminating Soviet advantages in those weapons most suited to seizing and holding territory: tanks, artillery, and armored personnel carriers. In START we have focused on reducing the most destabilizing weapons especially vulnerable, silo-based heavy ICBMs, such as Soviet SS-18s. These weapons are suited principally for preemptive first-strikes and not for retaliatory missions. In Wyoming we proposed banning short-time-of-flight sea launched ballistic missile (SLBM) tests, seeking in this way to reduce the capability for a Soviet decapitating first-strike. Our START proposals emphasize the relative merits of slow-flying weapons—such as cruise missiles and bombers which are not suitable for a first strike.

Our SDI program also supports our emphasis on stability. Effective strategic defenses can contribute to survivable, cost-effective barriers to a successful first-strike. That is why we look favorably on the decision made by the Soviets in Wyoming to delink the defense and space talks from START. This Soviet decision

no longer hold START hostage to resolution of defense and space issues moves a key obstacle to a START treaty while enabling us to proceed with our SDI plans. We remain committed to reserving our right to conduct SDI activities consistent with the ABM [Antiballistic Missile] Treaty. And we will use the defense and space talks to explore a cooperative and stable transition to a greater reliance on stability-enhancing, cost-effective strategic defenses.

Our **second** principle—predictability through openness—expands the traditional focus of arms control on capabilities. Every war has its own unique causes, but surely Thucydides made an important general point when he wrote, "What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta." Arms control has mainly focused on the first part of this equation: constraining or reducing destabilizing military capabilities. Now in expanding the agenda, we are working to deal with the other aspect of Thucydides' equation: fears of aggressive intent. We are pushing to make Soviet military activities more open and transparent. The more we know and understand, the more we can be assured that our fears are not results of misperception or miscalculation. Greater openness is the surest path to greater predictability and a lower risk of war, especially inadvertent war.

The President's "open skies" initiative is a clear example of this new focus on arms control. Openness about military forces and activities is at the heart of the talks on confidence- and security-building measures (CSBMs) among all the states of Europe. In those negotiations, we are proposing an all-European military data exchange about our forces and weapons programs. In keeping with the spirit of openness we found at the Wyoming ministerial, we signed an agreement on notification of strategic exercises and invited the Soviets to visit our SDI facilities. The chemical weapons data exchange will help us move toward a verifiable global ban. [Soviet] Defense Minister Yazov's visit earlier this month is just one of a series of exchanges that provide face-to-face opportunities to understand the Soviet military. And we have pushed the Soviets to publish a real defense budget that reveals the inputs into and outputs from their defense production process.

Openness in military affairs is just part of our overall emphasis in our dealings with the Soviets on creating open, pluralistic institutions. On his recent

visit, Soviet Defense Minister Yazov talked of the increasing influence of Supreme Soviet committees over the Soviet defense complex. We hope that Soviet military power may increasingly be exposed to the salutary effects of a detailed and searching public debate.

Greater openness combined with force reductions will support political change as well. In CFE our proposals will reduce the potential not only for a Soviet *blitzkrieg* but for Soviet intimidation of Western Europe. The Soviet Army we face as a potential army of aggression is to East Europeans an army of occupation. The weight of the Soviet military presence in Eastern Europe will be reduced. Freed from the cold shadow of Soviet military domination, political

...a stable, predictable U.S.-Soviet strategic relationship depends in part on regional stability and vice versa.

pluralism and free markets should flourish more easily in Eastern Europe.

A more predictable strategic relationship should also be less expensive. Arms control can, as the President wrote Mr. Gorbachev, "introduce predictability into military planning so that we can slow the pace of military competition." A slower competition could be a cheaper and safer competition. But our desire to save money must not come into conflict with the necessity for security.

The **third** principle of our policy is a broadened arms control agenda, far wider than its traditional East-West nuclear focus. We are broadening our agenda with the Soviets, both in terms of dealing with pressing global arms control problems, like chemical and missile proliferation, as well as focusing on regional conflicts. In an increasingly intertwined world, a stable, predictable U.S.-Soviet strategic relationship depends in part on regional stability and vice versa. Earlier I noted that advanced technologies were proliferating to the Third World. Advanced fighters have gone to Libya, Syria, and North Korea. Over 20 states possess the capability to produce chemical weapons. And nuclear proliferation, notably North Korea's reactor pro-

gram, remains dangerous. Arms control should increasingly focus on such problems.

The President's UN initiative can lead us toward a verifiable global ban on chemical weapons. The President's proposal represents a realistic road map for progress. As a step toward a multilateral ban, we will move bilaterally with the Soviets to reduce chemical weapons to 20% of the current U.S. levels. We will further slash stocks to just 2% of their current levels within 8 years after the multilateral convention goes into effect. This total cut of 98% is a substantial acceleration of previous destruction plans. Then we will move to zero within 2 years of adherence to the ban by all chemical weapons-capable states.

We realize it may be difficult to persuade problem states such as Libya and Iraq to join, but we are creating an environment where everyone will have incentives to join and costs to pay for remaining an outlaw. Export controls on precursor chemicals will be strengthened, building on progress made at the recent Canberra conference. The President has also ordered a study on sanctions to deter and punish chemical weapons use and other violations of a convention. States must know that they will pay a price for their inhumanity.

Our **fourth** principle is institutionalization of a safer world. The President aims to reduce the risk of war permanently, not temporarily. We want to see Soviet defensive military operations made habitual. We want to see the "new thinking" concretely built into the Soviet force structure. We want to see weapons destroyed, not merely removed. And we want agreements that can endure.

Effective verification can ensure that the treaties we sign are doing their job to institutionalize a safer world. Because of the primacy of effective verification in this Administration's approach to arms control, our negotiators have already proposed data exchanges and trial verification measures that would be implemented even before the agreements themselves are concluded. Such measures in START and in chemical weapons will help us build confidence and gain practical experience that will facilitate the conclusion of sound, verifiable agreements. A sustainable and enduring arms control process also means avoiding limits, for example, on sea-launched cruise missiles, that would create unmanageable verification and compliance problems.

Neither have we stood still in pressing the Soviets to comply fully with agree-

ments already signed. In September President Gorbachev informed the President that the Krasnoyarsk radar would finally be destroyed. We welcome Moscow's step to come into compliance with the ABM Treaty.

A Realistic Path to Risk Reduction

These four principles of a more stable, open, broader, and less reversible strategic relationship offer a realistic path to a lasting reduction of risk. It is a path best traveled by steady steps that build on one another, rather than grand leaps that are often as not unrealistic or undone. In START, in CFE—in all our negotiations—we have made fair, responsible proposals designed to find enduring points of mutual advantage. The Soviets have said yes to much of what we have proposed. Now we have rolled up our shirt sleeves and set to work together to put principle into practice.

We should be clear about the task ahead. We are not on the verge of a perpetual peace in which war is no longer possible. We cannot disinvent nuclear weapons nor the need for continued deterrence. Nor can we completely eliminate Soviet-American rivalry. But that rivalry does not require that we stand on the brink of Armageddon as we did 27 years ago this month. Peace need no longer hang solely on Winston Churchill's "process of sublime irony...where safety will be the sturdy child of terror and survival the twin brother of annihilation."

Deterrence need not rest only on a delicate, technical balance of terror disturbed by periodic crises. Opportunity invites us, instead, to move beyond containment, beyond the cold war, to a new strategic relationship based on a sound political footing.

A new relationship in which the capabilities and incentives to attack first are minimized and the possibilities of strategic defenses are pursued. A new relationship in which Soviet military power is open to the naked eye, not just satellites in the sky. A new relationship in which all the peoples of Europe are free of military intimidation. A new relationship in which effectively verifiable treaties lock in a lower risk of war. And a new relationship in which arms control aids our people in turning the seeds of war into the fruits of peace.

This is the strategic relationship we seek.

Q. We're pleased to have one of our own members, and in fact a past president, Shirley Temple Black, as Ambassador to Czechoslovakia. What is the ratio of women in the U.S. ambassadorial corps at the present, and what do you see for the future?

A. The ratio is higher than it used to be, and I would hope that the future would be even higher, but I can't give you the exact number. I believe that it's higher. I think you'll find that to be the case.

But let me simply say that Ambassador Black is not engaged in her first tour as an ambassador. She did an extraordinarily good job in this capacity before, and she's doing a wonderful job for us now as Ambassador in Czechoslovakia.

Q. Do you expect that the President will appoint more Foreign Service Officers to be ambassadors?

A. He will appoint more than were ambassadors in the prior Administration. I think the ratio when we came into office was about 60% career Foreign Service, 40% political. The President has stated his intention to get that ratio at least up to two-thirds career, one-third political. And I believe right now we're at 65% career, 35% political.

Q. Having once been a chief of staff yourself, what systems procedure staff have you put in place to gate-keep your agenda as Secretary of State?

A. I don't know quite how to answer that, other than to say that I'm following pretty much the same management practices and procedures that I followed when I was the chief of staff, although that's much more of a staff position than this. But I'm following the same practices and management procedures that I followed as Secretary of the Treasury for 3½ years.

Q. No discussions of arms control can be complete without discussing those flying and sometimes floating pork barrels such as the B-2, the Osprey, and the Bradley vehicle. Is there a way to cut these projects even if the Administration decides they're unnecessary for national defense?

A. We're not having complete success in deleting from the Defense budget all of those items that the Administration found not to be required for our security needs today. This, of course, is simply evidence of the fact that we have a

government of shared power, and that the Congress is a co-equal branch of the government with the executive branch. And it gets back to the point I made in my formal remarks about the importance of having a full, complete public debate on these issues, so that when we go out and negotiate arms control treaties, we'll bring back treaties that are supported by the public and supported by the Congress.

We've had, on the other hand, some successes as well in eliminating programs that we did not think in this period of severe budget restraints were absolutely required for the national security interests of the United States.

Q. The Stealth bomber, by its very nature, seems to be an offensive weapon. How can we justify such a bomber?

A. We think that the Stealth bomber is a very important element of our deterrent capability. As I mentioned in my remarks, bombers are not destabilizing in the same sense that intercontinental ballistic missiles frequently are, and it's simply a matter of making certain—again as I mentioned in my remarks—that you maintain adequate deterrence.

The fact that we are better able now to pursue and negotiate meaningful agreements with the Soviet Union is for one reason due to the fact that we are steadfast in maintaining our will and our resolve when we needed to. And the nuclear deterrence that has been the foundation of the strategy of the North Atlantic Treaty alliance for 40 years has served us very well and kept the peace for 40 years.

So we need the means to deliver that nuclear deterrence if it should ever become necessary that we do so. We think that the B-2 is one of those items—one of those means that are needed.

Q. Why not spend less money on arms and more on disaster relief? Thousands of people have lost their homes and can't afford double mortgages here. How about reducing the Pentagon's budget and shifting that money into the Federal Emergency Management Agency?

A. We have reduced the Pentagon's budget significantly over the course of the past few years and again this year. I can't give you the figures with respect to how much has been spent over the course of the past 2 or 3 years in terms of disaster relief, but I would be surprised if it hadn't been an ever-increasing sum of money with each passing year.

Again you know the number one function of the Federal Government is to provide for the national security. That is the most important function that your Federal Government, I think, undertakes, and that is a function that most Americans want to know when they go to bed at night is being adequately and properly performed. [Applause]

Over the course of the past few years, we've seen some rather significant and substantial reductions in the Defense budget. I've just given you 30 minutes of remarks on why I think arms control and defense programs have to operate in tandem with each other. But if, indeed, we do have a new political opportunity here, there's no reason to think that, as I put it in the speech, the era of unrestrained spending is going to come back upon us any time in the near future.

Q. Are regional conflicts more important now as the cold war of the superpowers thaws?

A. Regional conflicts are extraordinarily important. Regional conflicts now, more than anything else, we think, have the potential of erupting into active conflicts that could easily involve the superpowers. And that's why we spent so much of our time in our dialogue with the Soviet Union emphasizing regional conflicts and emphasizing our desire to work with them to resolve regional conflicts.

This is the one area, if I might say so, where the so-called new thinking in Soviet foreign policy has proved somewhat disappointing to us. We have not seen the evidence of the "new thinking" in regional conflicts to the extent that we had hoped to when the "new thinking" was first announced.

Q. What are the Russians doing now in Nicaragua? Some reports state that they have agreed to stop aid to Nicaragua. Other reports claim otherwise.

A. You might be interested to know that just recently at the Honduran border there was intercepted a truckload of weapons moving from Nicaragua to the insurgency in El Salvador; the FMLN [Farabundo Marti National Liberation Front] in El Salvador—just further evidence of the fact that these Eastern-bloc weapons come into Cuba; they are transhipped from Cuba to Nicaragua; hence from Nicaragua to rebels in El Salvador to foment an insurgency in a country that has just conducted five democratic elections.

The Soviets have told us that they are no longer shipping weapons to Nicaragua, and we have no reason to disbelieve that, that they stopped that some time during 1988. On the other hand, we know and we have told them that we continue to see Soviet-bloc weapons going into Cuba in very large numbers, at levels every bit as large as those of the last couple of years and that we'd like to see them use their influence with some of their friends in the region, such as Cuba and Nicaragua, to stop this practice.

They've indicated to us that they would do so. I have to tell you, the jury is still out on that one.

Q. What should the United States do about Noriega?
[Laughter]

A. Let me simply say that there will not be any normalization of relations between Panama and the United States as long as Gen. Noriega remains in power. It's no secret we would like to see him leave power, and we intend to continue the diplomatic pressure that we have been exercising through the Organization of American States and otherwise. We intend to continue the economic pressure that we have been utilizing through our economic sanctions, and we do not rule out using any and all means that might be suitable or appropriate under the circumstances.

Q. Why doesn't the Colombian Government declare martial law and war against the drug lords? Why do they give them so much due process?

A. First of all, let me say I think it's a little hard for us to condemn due process, coming as we do from 200 years of tradition in which that has been the very basis of our society.

But I think we have to take our hats off to the Government of Colombia. These people, from President Barco on down, under great threat to their own personal safety, have, in effect, begun to wage real war against the drug lords. I think we should be praising what the Colombian Government is doing and not in any way criticizing. They're taking on a very, very difficult task and they're showing a great deal of courage in doing so.

Q. What can be done to bring non-superpowers—for example, Libya and Israel—into meaningful arms control agreements?

A. I spoke about the importance of the major nations working together to prevent the proliferation of chemical and nuclear weapons. It's important that all countries join the International Atomic Energy Agency.

We are working very hard—I mentioned in my remarks, the importance of continuing to press North Korea against pursuing its nuclear activities and continuing to push it to join the international agency. It's very, very important that we recognize the threat that is presented to world peace through proliferation of nuclear and chemical weapons.

Q. How anxious are you to resolve longstanding issues of normalization of relations with Vietnam and the establishment of a dialogue with Iran?

A. Let me speak to Iran first. The Iranian Government has known for a long time that we are quite prepared to have open discussions with representatives of that government provided they renounce their pursuit of terrorism and provided they take actions to seek the release and freedom of our American hostages. That's been our position for quite some time. It's the policy the Reagan Administration pursued and it's the policy of this Administration.

With respect to Vietnam, let me simply say that one of the preconditions for a little improvement in our relationship with Vietnam has been with the removal of Vietnam's troops from Cambodia. We're still in the process of verifying the extent to which there may or may not be some Vietnamese troops remaining in Cambodia. That was one of the preconditions for our improving relations with Vietnam.

It is very important that the Vietnamese Government support not just an external solution in Cambodia but an internal solution as well, and that means they, along with their Soviet friends, should bring their influence to bear on the puppet Hun Sen regime, which is now ruling Cambodia, to share power with the noncommunist factions in Cambodia.

Q. One of our members tells me you will be attending Australia next month. What do you hope to achieve?

A. Every year we have a meeting of the ANZUS treaty partners [Australia, New Zealand, United States security pact]—Australia, now, and the United States. In addition to that this year, we are combining that annual meeting with discussions with the members of the ASEAN [Association of South East Asian Nations] group of nations—Thailand, Indonesia, Singapore, Malaysia, the Philippines [Brunei]—to discuss the possibility of creating a Pacific Basin cooperation entity which some say might be something like the OECD [Organization for Economic Cooperation and

Development] insofar as European countries are concerned. The exact nature of that Pacific rim organization is something that we will be working out during the course of this meeting in Australia.

But we see the Pacific Basin and Pacific rim as an area of expanding importance in terms of its relationship to the United States and the rest of the world. We think it's important that we look for new means to coordinate, particularly in some of the economic areas, some of the activities of the major Pacific Basin nations.

Q. I have a number of questions here about Germany. In fact, one of them was phoned in by one of our members. It is said that those who don't learn the lessons of history are sure to repeat past behavior. Do you believe that the post-World War II generation of German citizens has learned lessons of the past, that a reunited Germany will not revert to neo-Nazi behavior?

Also would a reunited Germany be an economic threat to central Europe?

A. Is it an economic threat? Let me simply say that for over 40 years, it's been the policy of the United States and the North Atlantic Treaty alliance to support the reunification of Germany.

I think it's important, though, that we understand that when we talk about that, we're talking about self-determination for the people of East Germany and self-determination, or reunification or reconciliation—call it what you will—achieved in peace and freedom so that the people of East Germany ultimately will be integrated into a community of democratic European nations.

When you mention the word "reunification," to some it conjures up visions of a return to 1937 borders or perhaps to a reunification that is not achieved through peace and freedom. So I think we should make it clear that when we talk about reconciliation or reunification, we're talking about self-determination for the people of East Germany achieved in peace and freedom.

Q. In order to restore the balance of power in Europe, would it be more important to help the democratization of Poland, Czechoslovakia, and Hungary—even more important than to help perestroika to succeed?

A. I think the two are related, as I mentioned in my remarks. They're certainly helping reform in Eastern Europe and helping *perestroika* to succeed.

They're not mutually exclusive goals, and I don't think we ought to treat them as mutually exclusively. We believe it's in our interest to see *perestroika* succeed because we'll see a more open, stable, and secure Soviet Union.

We also think it's in our interest to see the reform process in Eastern Europe proceed, because the reform processes are moving the countries of Eastern Europe toward our values, the Western values of political freedom, political pluralism, and free-market economics.

Q. You spoke of chemical arms a little earlier. What is the method by which the chemical stockpiles will be reduced? How does the government plan to ensure that they don't inadvertently end up seriously damaging our own population for years to come?

A. They're going to have to be destroyed in a safe and secure manner and under safe and secure conditions. Beyond saying that, I probably shouldn't comment any further. But they will be destroyed in a safe and secure way.

Q. Do you foresee any movement on the stalemate in the Middle East, and will the United States

engage in shuttle diplomacy in that area?

A. We've been working very hard through means other than shuttle diplomacy to try and move the peace process forward in the Middle East.

I said in New York, during the course of the UN General Assembly several weeks ago, that there may be room for some progress; that I wasn't going to say it was a probability but that I would say that there was a possibility. I don't think I could change that formulation any today. I don't see it as anything more than a possibility.

I would hope that we could find a way to move the initiative of Prime Minister Shamir of Israel for elections in the territories—find a way to move that forward. But we can't move it forward unless we can get Palestinians and Israelis, sitting down at the same table, and engaging each other in a dialogue. It is that that we have been trying very hard to assist. Over the course of the past few weeks, the Egyptians have likewise been trying. I can't give you any better prediction than that right now.

¹Press release 197. ■

U.S.-Soviet Relations: A Discussion of *Perestroika* and Economic Reform

Secretary Baker's statement prepared for the Senate Finance Committee on October 4, 1989.¹

Since 1985, the Soviet Union has pursued an extraordinary effort at internal reform—an effort now known to the world through the words "*perestroika*" and "*glasnost*." *Perestroika* and *glasnost* are an inextricable mix of political, economic, and legal measures. As President Gorbachev has stated, overhauling the Soviet economy requires a transformation of the political and legal landscape—a true "revolution."

The need to establish the political and legal setting for reform explains Gorbachev's early emphasis on *glasnost*—freedom for people to speak openly about the shortcomings of the Soviet economy and society so as to build support for change. The need for political and legal changes has become, with time, an even more prominent feature of Gorbachev's reforms.

The changes Gorbachev has made in the political and legal structures have sought:

- A Politburo and Central Committee that would agree to radical reforms;
- A Supreme Soviet that would enact laws and decrees;
- A bureaucracy that would implement, not obstruct, reforms; and
- A general public that would embrace and sustain necessary changes.

Gorbachev and his allies have had to define and legitimize a new Soviet market system—frequently described as a "socialist market." This effort requires much more than a technically sound program. It necessitates an overhaul of the thinking and attitudes of millions of people. It requires changing a political culture with deep Russian, as well as Soviet, roots. Indeed it involves a reconsideration of Soviet doctrine in several sensitive areas. Other members of the leadership are bound to resist this assault on Marxist ideology.

For instance, *perestroika* requires a negotiation of the Soviet "social contract." The Soviet people had received extraordinary security and distributive equality (except for the privileged and the corrupt, a growing group) but at the price of political dictatorship, the absence of civil liberties, few economic incentives, and limited economic opportunities. One dilemma of the traditional Soviet economy was summed up in the cynical phrase of Soviet workers: "They pretend to pay us, and we pretend to work."

Perestroika also forces new thinking about the tradeoff between efficiency and quality. This tradeoff, in turn, raises the question of the roles of property and incentives. In the absence of terror or an overriding social task (e.g., a war), economic incentive is the prime motivation for productivity, and private property is the key to economic incentive. The Soviets also need to rethink the role of the Communist Party and the state in running the economy. The information explosion of the last 20 years has demonstrated that a centrally planned economy cannot keep up.

It is sometimes hard for people used to living in a market economy to understand the width of the gulf separating Soviet thinking on economic questions from our own. For instance, in the Soviet command economy, output and allocation are set through quantity targets according to a central plan, not by market prices. Instead of signaling scarcity, prices are used as an accounting tool. Rubles are not freely convertible into goods within the Soviet Union, much less outside. For example, a factory may have plenty of rubles but still be unable to buy raw materials because the plan directs the materials elsewhere. Or the factory may be allocated certain ruble credit but only for specified purchases. A high-level functionary may have access to a store with stocked shelves, whereas a citizen holding an equal number of rubles cannot find goods to buy. Money and markets do not command resources—central allocation decisions do.

In summary, it would be a mistake to analyze *perestroika* as simply an economic phenomenon. The course set by resident Gorbachev involves changes in political structure, ideology, legal practices, and popular attitudes, as well as the economy. Much of it is experimental, designed to cope with problems of the moment. Frankly, it is a staggering task.

Lessons From Soviet Economic Reform Failures

Perestroika is not the first effort to reform the Stalinist model of a command and control economy. In the 1950s, Khrushchev implemented the "new lands" policy in an effort to spark agricultural production. In the 1960s, Kosygin introduced the Lieberman reforms, a forerunner of current efforts to increase enterprise autonomy. In the 1970s, Brezhnev sought increased management efficiency by increasing cross-sector coordination, i.e., increased centralization and bureaucratization. All these efforts represented tinkering with the basic Stalinist model. All failed.

The causes of these failures give us a better idea of what conditions may be necessary for *perestroika* to succeed. I believe these conditions include:²

1. Top-level political support;
2. Clear recognition of the need for economic changes;
3. An openness that permits the rethinking of ideology and economic theory so as to justify change;
4. A conducive international environment;
5. Consistency in the design and implementation of reforms; and
6. Ability to counter the power of the antireform bureaucracy.

...economic incentive is the prime motivation for productivity, and private property is the key to economic incentive.

Even these conditions may not totally suffice, for the reformers are taking on Russian as well as Soviet traditions. This society did not experience many important Western movements—neither the Reformation nor the Renaissance touched this borderland of Europe. It is rent by divisions among many nationalities. These splits are exacerbated by a growing movement of strikes. Openness may bring conflict as well as progress.

The first four conditions for a successful reform effort are probably present. But the fifth and sixth pose real challenges for President Gorbachev. At this point, the real dangers to *perestroika* are:

- A poorly designed and noncomprehensive program, reflecting compromises among top leaders or the lack of top-level appreciation of the need for changes;
- Poor implementation due to bureaucratic opposition;
- Public opposition due to the loss of benefits from the old system before the advantages of the new system kick in; and
- Failure to win a constituency for the reform due to uncertainty about its staying power and legal protections.

Given the magnitude of the challenge, it should not be surprising that *perestroika* has turned out not to be one reform program but an amalgam of many. It is an ongoing experiment, relying on a fair amount of "seat-of-the-pants" logic. It has reflected compromises made necessary by the Soviet system of collective leadership. It has incorporated contradictions because different factions pressed alternative solutions. These compromises and contradictions have created ambiguities, which in turn have opened opportunities for bureaucratic "reinterpretations" and obstructions. This lack of an internally consistent, comprehensive, and integrated reform program—while understandable—remains a major, ongoing weakness.

The Roots of *Perestroika*

The roots of *perestroika* predate Gorbachev. The Stalinist system produced a swift industrialization of the Soviet economy, albeit at great cost. By the early 1980s, the Soviet leadership understood that some kind of economic reform was necessary. Yuri Andropov, in his brief tenure as General Secretary of the Communist Party, outlined some measures that became the precursors to Gorbachev's program. But it is reasonable to ask why the Soviet leadership took on this major challenge at this point in time.

I believe a combination of four factors convinced the Soviet leadership of the need for reform.

The **first** was the overall decline in economic performance. Soviet growth rates declined precipitously from 5% in the late 1960s to 1.8% in the early 1980s. (Some suggest growth was even lower, or stagnant.) The era of great gains from deploying more resources was over. The economy seemed incapable of taking the next step of using available resources more efficiently. Moreover, the technological backwardness of the Soviet economy became increasingly obvious, as did the

poor quality of Soviet goods. In a phrase, the period of extensive Soviet economic growth—growth based on expanding inputs—had come to an end. And the Soviet economy was unable to switch to an intensive growth policy, based on productivity gains. In part, this was because the Soviets were increasingly unable to develop and deploy technology effectively.

A **second** factor promoting reform was the decline in the competitive position of the Soviet economy. The gap between the U.S.S.R. and the West was growing, not narrowing. Even more shocking, the Soviets could see the newly industrializing economies surging forward. China, too, was instituting reforms that would leave the Soviet Union behind if it did not change.

The Soviet Union's relative decline was starkly apparent from its international trading position. The relative importance of Soviet manufacturing exports to Eastern Europe was falling, leading to increased reliance on exports of raw materials (like a less developed country). And by the mid-1980s, the fall in the price of oil, a major Soviet export, was cutting into hard currency earnings. Moreover, the Soviets failed to develop the increasingly important service sector (in contrast to a number of developing nations). In summary, a very proud people faced the prospect of being overtaken economically by China, South Korea, and others in the Third World.

The military implications of Soviet economic failure were a **third** reason for reform. The Reagan Administration's military buildup proved difficult to counter without drawing off an even greater share of civilian resources and increasing the already heavy defense burden. The estimates of the Soviet military's share of GNP vary, from 16% to 18%, or even higher. (This compares with about 6% in the United States.) Soviet military spending was growing so large that the party leadership began to question the economy's ability to sustain that level of military force. As former Soviet Chief of Staff Ogarkov stated, technological backwardness would eventually lower military capability as the Soviet economy would not cope with the new "revolution in military affairs" occurring in the West.

The **fourth** factor was the emergence of new leadership in the Soviet Union. This leadership represented a new generation. They had grown up after the traumas of collectivization and the rapid industrialization in the 1930s. Some of these leaders were less rooted in the

old system, less dogmatic, and readier to experiment with new answers. Not having a stake in the construction of the Stalinist system, Gorbachev's generation has been more willing to restructure that system.

Moreover the new leadership knew from early reform efforts that the Soviet economic engine required more than a tuneup. Nor would the Brezhnev strategy of trying to jump-start the economy through external credits and technology prove successful. In Gorbachev's words, the Brezhnev period was an "era of stagnation" based on the faulty premise that outside help could

Unlike Eastern Europe or the Baltic states, the Soviet Union has no heritage of private enterprise on which to draw.

substitute for fundamental change at home. But the new leadership was far from agreed on what new reforms were necessary.

First Efforts: "This Time We'll Do It Better," or *Perestroika* as Reconstruction

Gorbachev's initial reform program followed the lead of his patron, Andropov. He emphasized "*uskoreniye*"—"acceleration." The aim was to accelerate growth through more intensive use of inputs rather than just massing additional resources. The elements of this program included:

- Higher growth targets (still centrally planned);
- A traditional focus on increased investment in equipment, modernization, and machine tools;
- Improving quality by creating a new quality-control bureaucracy (*gospriyemka*);
- The antialcohol campaign, to raise worker productivity;
- A worker discipline effort; and
- New decrees on wages and social benefits to cope with wage leveling and the lost link between performance and income, to increase pensions, and to improve health and schools.

The result was further economic deterioration. Growth continued to stagnate. Planning based on higher but unmet targets exacerbated imbalances. The extra investment did not improve efficiency, because there were no market signals—such as prices and profits—to guide the allocation of capital. The bureaucratic system rejected quality control, because it hurt the ability to meet plan targets which, in turn, would reduce bonuses. Quality control was also inconsistent with higher production targets.

The antialcohol campaign had short-term positive effects, but before long it pushed alcohol production outside the legal system. This led to a major loss of state income from the tax on alcohol, increasing the budget deficit. Criminality increased. The wage and benefit rules also turned out to be ambiguous and contradictory. Enterprises still focused on quantity rather than quality or the efficiency of production.

There was, however, one major gain. The Soviet leadership recognized more drastic action was necessary. They did not agree on the exact action, but they knew they could not sit still.

Next Round: Broader Based, But Still Piecemeal Reforms, or *Perestroika* as Restructuring

By 1987 Gorbachev was ready to move beyond the Andropovian approach to reform. Some attribute this to the failure of the earlier changes; others to Gorbachev's growing political power. The answer may well be a mixture of the two. Whatever the explanation, Gorbachev introduced major reform measures—specifically the "Basic Provisions for Fundamental *Perestroika* of Economic Management and the Law on State Enterprises"—at the June 1987 Central Committee plenum. These measures addressed a number of sectors and issues of economic organization. While broad-based, these changes were neither comprehensive nor integrated with one another. Indeed the nature of collective leadership and adaptations to ideology produced compromises which, at times, led to contradictory results.

For example, the reforms were to produce a greater reliance on enterprise independence as opposed to planning. Yet planners did not really let go. The absence of competition and market prices subverted the expected benefits of decentralized authority. It led to higher wages but not improved efficiency and quality.

The effort to make enterprises self-financing could be seen as a first step toward a business system disciplined by profitability. Firms were supposed to earn their own resources, and subsidies were to be curtailed or ended. Yet self-financing could not work effectively without prices that reflected market supply and demand. As long as prices of inputs and outputs were determined administratively, the profits (or losses) of the firms were hardly dependent on their efficiency and competitiveness. Moreover, credit and other inputs were still controlled by planners, so firms could not compete freely. Instead of going bankrupt, unprofitable firms were still subsidized, which contributed to the growing budget deficit.

Cooperatives were supposed to give a quick boost to sales and production by permitting groups of workers to enjoy the fruits of their labors. This extra production could demonstrate to consumers that *perestroika* had a payoff. They could also be an evolving form of private ownership, which would provide a reward to people for their work and industry. Yet the compromises of the cooperative program produced a legal and business environment that one might have designed with a purpose to kill the cooperative movement.

First, planners still channeled most inputs to state firms, forcing co-ops to operate through illegal, higher-priced "black" markets. This hurt the public legitimacy of co-ops. Second, in the absence of real competition, many co-ops earned monopoly profits, further eroding public support. Since many co-ops operated as trading intermediaries, they so faced the wrath that producers and consumers usually reserved for "middlemen." Third, the government's reaction was to grant local authorities wide latitude in taxing co-ops, which in some parts of the Soviet Union is likely to lead to harsh taxes. In addition, the government forbade co-ops from operating in certain sectors (e.g., medicine, printing) that had proven popular and profitable. Fourth, the very tenuousness of the co-ops' existence has led many to distribute profits instead of reinvesting them.

Despite all these handicaps, the cooperative sector has grown and prospered. Deputy Prime Minister Gorbachev recently estimated that co-ops now account for about 3% of national income and employ about 2.9 million people. But the future of co-ops remains uncertain. They were a prime target of union complaints during the recent

strikes. Recently, the Supreme Soviet only narrowly defeated—205 to 190—a proposal to close all trading cooperatives.

The agricultural sector, a leader for the introduction of market incentives in some other communist reform efforts, also proved a disappointment. Although a new idea of "contract leasing" (long-term leaseholds to create an incentive for farmers) was announced, the potential leaseholders were harassed through high taxation, refusal to deliver inputs, and a lack of legal guarantees for leaseholders. They were dependent on a hostile state sector for forward and backward linkages. Moreover, the problems ran to the farmers themselves; they didn't know how to run farms. Their experience was as day-laborers, not small businesspersons. And given the uncertainty of the new incentive system, many people were wary of the risk of running a farm.

The Law of Individual Labor Activity represented a first timid step toward building a private sector. But this move was a half measure. It limited entrepreneurs to the service sector and kept prohibitions on hiring labor. Moreover it was contradicted by the accompanying campaign against "unearned income"—which cracked down on the same small businesses the law on individual labor activity was supposed to encourage. Indeed this was symptomatic of the Soviet society's ambivalence, even hostility, toward private enterprise. Unlike Eastern Europe or the Baltic states, the Soviet Union has no heritage of private enterprise on which to draw.

In summary, the piecemeal reforms of 1987 proved inadequate. They were not successful in activating unused reserves or substantially increasing efficiency. The reforms ran into bottlenecks and vested interests. Government spending increased, and revenues fell. The large deficit was financed through printing more rubles, which sent inflation climbing (perhaps as high as 10%, according to some estimates). People no longer trusted the value of the ruble, so they began to exchange currency for real assets as quickly as possible. This hoarding of goods exacerbated shortages. The leadership recognized that *perestroika* must move even further.

Lessons From *Perestroika* to Date

As of late 1989, *perestroika* has been comprised of a grab bag of economic reforms. Some are striking changes from Brezhnev's economic system. Unfortunately, not much has worked—at least as measured in terms of economic performance.

The political changes, however, have been exceptional. Gorbachev has decided that he needs to change the political system to support economic reforms. Yet *glasnost* also opens up the failures of the Marxist system for the world and Soviet citizens to see. The lessons of early failures are clear.³

1. The old Brezhnev model was totally discredited.
2. The Andropovian moral discipline fix was a bust.
3. G.D.R. [German Democratic Republic]-type streamlining efficiency didn't work.
4. Piecemeal reforms of enterprises and industrial organization couldn't be successful as long as they operated in a system hostile to private initiative, competition, markets, and profits.

5. Even the agricultural sector—the leading edge for the Hungarians and the People's Republic of China—was imperative to reform.

There was, however, a positive lesson as well: Reform must be comprehensive—economically and politically—to have a reasonable chance of success. A comprehensive program might take a number of forms, each involving different risks. I divide comprehensive strategies into three categories:

- One-shot radical reforms all at once, the "big bang" approach, perhaps after some basic groundwork is laid;
- Gradual changes but sequenced carefully to enable reforms to take hold; or
- Major transformation by sector.

Each strategy requires a shift from the *ad hoc* adjustment of the past. And there's the rub. It will be exceedingly difficult for a collective leadership to develop a comprehensive effort. This should be no surprise. It is hard for our decentralized political system to develop comprehensive programs too. But our basic political and economic systems work. The Soviet Union's does not. And many members of the Soviet political leadership remain ideologically resistant to the necessary reforms.

What Is To Be Done?

It's with a touch of irony that one asks, "What is to be done?," the title of a book written by Lenin in 1902. The thesis of this book is that a tightly knit, highly disciplined party vanguard exercising strong central control is necessary to achieve a revolution. But the Lenin of the 1920s introduced a new economic policy that was more willing to decentralize

economic authority, at least as a temporary expedient. Today many Soviet reformers are seeking to trace the antecedents of their market-oriented ideas to that new economic policy in order to win legitimacy in the Soviet ideological pantheon.

I don't consider it my place to offer detailed prescriptions to the Soviets. Their society is vastly different from ours. I would not presume to know the political and ideological constraints. And there is much we still don't know about what goes on there. But a few economic points stand out to me personally.

First, market price reform is the key. Whatever the problem, the solution keeps coming back to market prices because they:

- Signal the scarcity of goods and create incentives for production;
- Allow firms to compete for inputs, not rely on a planner's allocation;
- Enable markets to assess profitability;
- Guide efficient investment;
- Establish rewards for work; and
- Offer a purchaser's assessment of quality.

In addition, the introduction of market prices is an important step toward achieving a convertible ruble, which is necessary for effective, competitive interaction with the international economy.

Second, there is a reasonable case that price reform cannot proceed until the Soviets have stabilized the value of the ruble. The massive deficits financed by printing rubles and the large number of rubles chasing too few goods have led Soviet citizens to prefer real assets to monetary assets of declining value. If prices were freed at present, the demand for goods should send prices soaring. The Soviets refer to this problem as the ruble overhang.

Policies to absorb excess rubles might include: selling state-owned assets such as apartments, equipment, and land (with the additional benefit of building private ownership); issuing financial instruments with positive rates of return after inflation; and possibly selling consumer goods imports at a substantial markup. The sizable Soviet gold stocks might also be used to back the value of the ruble or government bonds; since the Soviets are major gold producers, they could use future gold production to regulate the money supply.

The Soviets would need to complement these monetary policies with fiscal restraint to avoid recreating a new ruble overhang. Spending restraint could come from cutting subsidies to firms, defense spending, expenditures on massive for-show construction projects, and military aid to foreign clients (e.g., billions of dollars given to Cuba, Nicaragua, Afghanistan, Ethiopia, Vietnam, and Cambodia). Improved production efficiency, especially in agriculture, could also reduce government spending. Reliance on high taxes, in contrast, will hinder the development of business initiative.

Third, market prices and macroeconomic stabilization measures will not suffice in the absence of macroeconomic reforms in industrial organization. Enterprises and cooperatives must be free to compete. Monopolies must end. State controls should not limit the ease of entry and exit of competitors. Market signals, not central planners, should allocate resources.

Competition in the neglected service sector could provide a real shot in the arm for *perestroika*. Unlike manufacturing, the service sector does not require dismantling existing state enterprises

remains the power to destroy. Heavy-handed regulation can choke off striving enterprises. Ironically excessive decentralization of political authority over economic matters could enable local hostilities against profitmaking to take the form of stifling controls and taxation.

Finally, the Soviet Union will need to develop a "safety net" that protects those who cannot fend for themselves in the changed economic environment. For example, industrial competition is likely to require unemployment insurance and worker retraining programs. The Soviets will need a bankruptcy law that permits the restructuring or liquidation of failed enterprises. If enterprises are freed of the staggering burden of supplying multiple social services, the government will need to encourage new providers.

These six tasks are a tall order for *perestroika*. But even this brief analysis points out the interrelationships among necessary reforms. Action on any one element standing alone will not suffice. The pieces must fit together if the new economic machine is going to work.

What Can or Should the United States Do?

This Administration wants *perestroika* to succeed. We believe it can help create a more open society, institutionalize interests that will resist military adventurism, establish claims for societal resources that were previously channeled into the military, and transform the Soviet Union into a more cooperative contributor to the international community.

It's in our long-term foreign policy interest for more people around the globe to share our core values—democracy and self-determination, respect for individual rights and freedoms, economic liberty, reliance on a market economy, and peaceful resolution of conflicts. So we welcome the Soviet Union's movement toward those values.

We must be realistic, however, in assessing what actual influence we can have on the success of *perestroika*. As President Gorbachev has stated on numerous occasions, the success of Soviet restructuring depends on the Soviets themselves. It is "old thinking" to believe that Western technology, credits, and know-how could produce a Soviet economic turnaround. That was the failed approach of General Secretary Brezhnev—the "era of stagnation" in Gorbachev's words.

As Ed Hewett, a noted analyst of the Soviet economy, has written: "The

...Gorbachev and his allies still must operate as members of a collective leadership with very different notions of what reform means.

and controls. Its products could be enjoyed directly by consumers.

Fourth, the Supreme Soviet must establish legally certain property rights. While ideology may constrain references to private property, other arrangements may be able to substitute for a time—such as transferable, long-term leaseholds. If Soviet citizens are uncertain about their rights to assets, the profit motive could lead to counterproductive exploitation and disinvestment. Also the effectiveness of any program to sell government assets obviously depends on the rights of the purchasers to hold, use, improve, and dispose of those assets.

Fifth, the Soviet Union will have to move carefully in substituting tax and regulatory policies for confiscation and production directives. The power to tax

ynamics of reform in the U.S.S.R. are primarily internal; what happens is affected by, but hardly driven by, developments in the outside world. Western influence, through various policies, will at best be capable of forcing minor corrections in the course of reform."

Nevertheless I believe our policy can support President Gorbachev's reform policies in six mutually advantageous ways.

First, and above all, Gorbachev needs a stable international environment so that he can focus the energies of his country on internal change. As Gorbachev said on August 1: "We now need, perhaps more than ever before, favorable external conditions so that we can cope with the revolutionary and broad tasks toward renewing Soviet society."

We have tried to create these conditions by placing increased emphasis on working with the Soviets to resolve the dangerous regional conflicts that dot the globe. At both the expert and ministerial levels, we regularly examine opportunities to achieve peace and reconciliation in Central America, Afghanistan, Asia, Lebanon, the Middle East, and Africa. We remain dismayed, however, at the pattern of ongoing Soviet military support for conflict in many of these regions.

Second, arms control that reduces the risk of conflict can help both of us. Appropriate arms control agreements can help stabilize the international environment by reducing the risk of surprise attack. Such agreements can also reduce the burden of defense spending. This "peace dividend" would be especially valuable for the Soviets if we are able to reach an agreement to reduce conventional forces. That is one reason President Bush has maintained the initiative in the CFE [conventional armed forces in Europe] negotiations. We also seek mutually beneficial results in START [strategic arms reduction talks], the defense and space talks, chemical weapons, and nuclear testing.

Third, the peaceful achievement of reform in Eastern Europe would simultaneously serve as a model to boost Soviet reformers, enable the Soviets to reduce further their military presence, and peacefully stabilize the region through freedom, openness, and restructuring—politically and economically. Accordingly, this Administration has and will continue to work actively with other nations of the West to support the process of change in Eastern Europe in a nonthreatening fashion.

Fourth, our efforts to institutionalize human rights and the rule of law and to encourage common action on transnational dangers like drugs, the environment, and terrorism can help build a more pluralistic and open Soviet society. Pluralistic institutions, in turn, strengthen the foundations for the success of *perestroika* and make its gains more difficult to reverse.

Indeed this is the logic behind the President's May 12 initiative on [the] Jackson-Vanik [amendment]. If the Soviets enact and implement emigration legislation consistent with international standards, we will work with the Congress to seek a waiver of Jackson-Vanik, paving the way for the grant of most-favored-nation trading status. Indeed we hope the Supreme Soviet will codify the new open Soviet emigration policies later

...perestroika requires a renegotiation of the Soviet "social contract."

this year or early next so we can move forward on this issue.

Fifth, we may be able to offer the Soviets some technical economic assistance as they struggle with the massive task of restructuring their economy. Foreign Minister Shevardnadze and I have had lengthy discussions on the problems of *perestroika* and the nationalities. At our Wyoming ministerial, we also had informal expert-level discussions of economic reforms. We intend to continue to conduct these discussions as part of our bilateral issues working groups. Our talks can be supplemented by other exchanges of private economists and various government specialists. For example, the Soviets need technical help in creating a statistical base to enable them to evaluate reforms. The Department of Commerce's Joint Commercial Commission plays an important expert role in the field of trade relations.

Finally, we can challenge the Soviets to implement the domestic economic changes that are the critical predicate for increased international economic interaction. It is my opinion, however, that the Soviet economic system remains significantly incompatible with the operations of institutions like GATT [General Agreement on Tariffs

and Trade], the IMF [International Monetary Fund], and the World Bank. The ruble is not even convertible internally, much less with other currencies. As long as prices are set by planners, not markets, it is difficult to see how the Soviet economy would comport with the GATT principle of transforming trade barriers into tariffs that are set as percentages of prices. An administered price change could easily offset the gain of a bargained tariff cut. Furthermore, given the size of the Soviet Union, its membership could prove disruptive of the Bretton Woods institutions—especially if the long-term Soviet commitment to the values represented by those institutions remains uncertain.

While the Soviet Union is still evolving toward Western political and market values, I believe we best serve ourselves and the Soviets by insisting that trade and other economic relations be conducted on a commercial basis. Indeed it was the effort to meet the requirements of the world market economy that led the newly industrializing economies of Asia onto a successful path of export-led growth. Operating under these terms, we welcome mutually beneficial, non-strategic trade. Our streamlined COCOM [Coordinating Committee for Multilateral Security Export Controls] system should be enforced actively. Easier economic terms are neither in our interest, nor would they speed the cause of Soviet reform.

Conclusion

President Gorbachev wants to remake the Soviet Union. That's what *perestroika* and *glasnost* are all about. That may not have been his aim in 1985, but the failures of the early reform efforts convinced him and his colleagues that change must dig deeper into Soviet society. These are utilitarian, purposeful, and determined men—yet we should recognize that they are not pursuing freedom for freedom's sake. Their aim is to modernize the Soviet Union, but their frame of reference is not the age of reason or the spirit of enlightenment. They are the descendants of other great Russian modernizers, like Peter the Great and Alexander II, fundamentally rooted in the unique Russian experience.

Gorbachev has not been deterred by the failure to produce economic results. To the contrary, his recourse when facing obstacles—as we saw again this summer—is to use problems to further consolidate his authority. Then he takes

steps to press political and economic reforms further. He does not fold; he does not call. He raises the stakes.

Nevertheless, Gorbachev and his allies still must operate as members of a collective leadership with very different notions of what reform means. So the leadership decisions are often compromises. The results are often confusing.

This *ad hoc* policy development process is a severe handicap when the objective is to overhaul a society's attitudes toward work, competition, property, responsibility, and freedom. Policy is often incoherent. People remain uncertain. No one really knows what the future will bring.

It would be a mistake, however, to conclude that the challenges are too daunting or that the impediments to success are too great. So far Gorbachev has secured greater power over the years, and he reveals every intention to "stay the course." The jury is still out on whether he will succeed or fail.

Yes, we do want *perestroika* and *glasnost* to succeed. But we also recognize the limits of our influence. This is an internal evolution. Its success depends ultimately on the Soviet people.

For our part, the United States should and will, of course, pursue our own national interest. But that interest does not exist in isolation from the events taking place in the Soviet Union and Eastern Europe. I see our task as a creative search for points of mutual advantage—areas where both we and the Soviets can gain. In my opinion, our recent broad-based engagement at the Wyoming ministerial—on regional conflicts, arms control, human rights, transnational relations, and bilateral topics such as economies—is a good example of this policy in practice.

¹ Press release 184. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

² These conditions are drawn from Anders Ashund's recent book, *Gorbachev's Struggle for Economic Reform* (1989).

³ This list draws from a number of accounts, but the primary source is Anders Ashund, *Gorbachev's Struggle For Economic Reform* (1989). ■

Interview on "Meet the Press"

Secretary Baker was interviewed on NBC-TV's "Meet the Press" on October 10, 1989, by Garrick Utley and John Dancy of NBC News and Elizabeth Drew of The New Yorker.¹

Q. Just about every day this past week has dropped a new problem or challenge on the desk of the Secretary of State—the coup attempt in Panama, and how the Bush Administration handled or mishandled it; a call from Israel for the United States to get directly involved in the Middle East peace process yet again; Gorbachev in East Berlin; and yesterday Hungary's Communist Party voting overwhelmingly to abandon communism: Marxist ideology.

Before we get to some more recent developments occurring around the world this weekend, let's catch up on what happened in Panama earlier this week.

There is a report this morning in *The Washington Post* that on Tuesday, just before the coup attempt failed and collapsed, an order was sent to American military commanders in Panama that if they were able to get ahold of Noriega, they should go ahead and do it as long as it did not involve conflict—shooting; that American personnel could even be used in an undercover situation.

What's your comment on that?

A. First of all, I'm not entirely sure that that is accurate. I think the real issue here and the real reason that there's been as much criticism as there has been is that many people, out of a sense of frustration, I think, frankly disagree with the bottom-line decision which the President made, which was not to risk American military forces in a military action in Panama.

As you know, the President spoke to this a day or so ago. He said, "In the light of the facts that have developed since then, and with 20/20 hindsight, I can't think of anything I would do differently than what I did."

It seems to me that there's only one person who's in a position, really, to make a judgment call in a situation like this, and that's the commander in chief based on advice and consultation with his military commanders on the ground.

Q. Let's follow up on this particular point, though. Are you denying that a call—an order—did go from the Chairman of the Joint Chiefs of Staff, Gen. Powell, to the American command in Panama on Tuesday?

A. No. No, I am not denying that at all. I'm simply saying that I'm not sure that the full report that you speak of—and, by the way, I've just seen that, the report of that in the *Post* myself this morning a few moments ago—I'm not sure that it's exactly accurate as reported. That's all I'm saying, and I do not intend to deny the story in its entirety.

Q. What was the order? What was the message that was sent on Tuesday to our commanders there?

A. I think the message that was sent was that if there were an opportunity to do this without risking bloodshed and significant loss of American life, and to do so without open military involvement, then he was free to go ahead—the commander on the ground was free to go ahead.

Q. So he could have used cover methods to carry out—to get Noriega if he saw an opportunity?

A. I'm not going to say that he could do that, because, frankly, I'm not—that's the part of this that I'm not totally familiar with. So I want to reserve on that, and you should ask that question of the Chairman of the Joint Chiefs of Staff or the Secretary of Defense.

Q. You talk about the decisions that the President made. One of the criticisms is about a decision he wasn't asked to make. As you know Senator Boren, who was briefed by—his Intelligence Committee was briefed by Gen. Powell and Mr. Cheney—and he says that there was a period of about 1 or 2 hours when our people on the ground in Panama knew that a group was coming in, not by an expected route but via the airport and down a different route, at the same time that our troops were blocking those two routes.

And the Senator says that during that period, (a) we never told the rebels that this group, which ultimately put down the coup, was coming by another road and (b) the President was never

asked "yes or no, should we block that road?" Now how did that happen?

A. Again I'm not sure that that is exactly accurate. Throughout this matter the President was giving consideration to the question of whether he should commit American troops and, if so, to what extent.

He came down against doing that, and he has said—and I frankly agree with that—that under the circumstances, it would probably have been a mistake to do this. You do not commit American troops on somebody else's timeframe, somebody else's plan, and somebody else's schedule.

It's very easy to sit back and second-guess a situation such as this that was developing with great rapidity, during the course of which there was confusion, because there was confusion, frankly, on the ground in Panama. So that would be my answer to your question.

Q. You've raised a lot of questions. The armchair quarterbacks whom you accuse say that for some time it's been our policy to try to get the Panamanian Defense Force (DF) or part thereof to conduct a coup. They conducted a coup, and we weren't ready. We can't pick the time—that they're going to pick the time. But on the use of troops, the President did commit the use of troops to block road A and road B.

A. That is correct.

Q. So the issue is, why didn't they use the information and get a decision to block road C, which was the crucial road?

A. The President committed troops to block the roads that we were requested to block. We took that action, and we also took action, if I may say so, to give humanitarian refuge to people, because these were the things that were asked of us.

There have been some suggestions that the people engaged in the insurrection offered to turn Gen. Noriega over to us. That is simply not the case. That never happened. There are people now who are, I think—who have recently, within the past 24 hours, who were engaged in that attempt down there, who have confirmed this to us and will be available to confirm it.

Q. Did you think when this all began and the coup leaders first came to you that you might be being set up by the Noriega forces?

A. There was some suspicion of that, because the leader of this attempt, of course, had been actively involved in putting down a prior coup attempt.

Q. But again the intelligence briefings on the Hill on Friday had it that the CIA people on the ground were asked to check about Gen. Giraldi, because he had put down a previous coup, and their bottom line report was that this man was sincere about trying to overthrow Noriega and would, in fact, carry out the coup. So that was the information you had from the field?

A. That is correct. The question that was just asked of me was, was there some reason to suspect that maybe that was not the case, and I think there was some reason. The intelligence agency information was persuasive. Maybe it wasn't conclusive. I don't know how you make a determination in a case like that; that's all black or white, where you have someone as close to the general as this man was and who had been involved actively in putting a prior coup attempt down.

Q. Let me ask you about something you just said and something you said on the Hill last week, and that is that you don't commit American forces on any time schedule except your own and with your own plan. Aren't you, in effect, ruling out any American support for some future coup attempt in Panama?

A. I don't think I said "except." If I said "except," I didn't mean to say "except." What I said was, you don't run the risk of committing American troops and risking American lives without having your plans together, without knowing what it is you specifically want to do.

I also said during the course of that hearing that we do not rule out the use of force. We retain that as an option, and, if you are asking me, would we ever use force during the course of another insurrection attempt, the answer, I think, has to be we would not rule that option out. I don't intend to rule that out except under circumstances in which we'd go in and do all the planning. But we must have, I think, better conditions and a better atmosphere before the President of the United States is going to commit American lives.

Q. We can understand that, but is it still first official American presidential policy that we want to see a coup there and Noriega

thrown out or handed over? And, if it is still official presidential policy, how can we have it both ways? What kind of a signal are we sending to the military down there if they have to go out and stick their necks out, not knowing whether we're going to come to their aid?

A. It is official American policy that we would like to see Gen. Noriega out, and we are going to utilize all the means at our disposal to get that accomplished. We're going to use diplomatic means, as we have been. Basically, Gen. Noriega now is a pariah. He's isolated by practically all the countries of the world, including 20 out of 22 countries in Latin America. We're going to use economic sanctions, as we have been. We're going to continue that. And we're not going to rule out the use of force—either force that we, ourselves, plan totally and direct or force in conjunction with some other operation. We're simply not going to rule that out.

Q. Yesterday, White House Chief of Staff John Sununu said that he is giving 8-to-5 odds that Noriega will be out within the next 6 months. Do you go along with that?

A. I don't want to put any specific odds on it. That's not the business that I'm in. But what I would say is that we should keep the pressure on, and we intend to do that. I think our pressure is working, frankly. As I mentioned a moment ago, he is isolated. We are seeing his sole base of support—the Panama Defense Force—come unglued, engage in insurrections against him, and, I think, frankly, that this is moving in the right direction. And I would argue that there's a very good possibility that Gen. Noriega is a lot weaker after this unfortunately unsuccessful attempt than he was before.

Q. The inner cabinet [of the Israeli Government] has rejected an Egyptian proposal to get talks going between Israel and Palestinians about future elections in the occupied territories, and the Israeli Government is now saying it's time for the United States—for you, Secretary of State Baker—to get involved. They say that you have promised to send them a written message, a communique, as to how you would play a role in the Middle East. Have you sent that message to the Israeli Government? Are you prepared to get involved?

A. Let me simply say that we have been involved over the course of the past 10 days to 2 weeks—very actively in-

volved for the week that I spent up at the United Nations meeting with both the Israeli Foreign Minister and the Egyptian Foreign Minister. I spent quite a bit of time on the telephone Friday with both of these gentlemen. As soon as I leave this set, I'll be talking again to the Foreign Minister of Egypt.

I don't think that that vote yesterday means things are dead in the water at all. I think that there's still some chance that we can work with the Shamir elections proposal. The Mubarak 10-point proposal was actually an effort to move the elections proposal forward. I have discussed—as I indicated to you as recently as Friday—some specific language with Foreign Minister Arens of Israel and with Foreign Minister Meguid of Egypt, and they are taking a look at this language, and we're going to continue to work to see if we can put this together.

We are very actively involved. We're not involved by getting on an airplane and flying over to the Middle East, but the suggestion that we're not involved, I'm sorry, is simply not accurate.

Q. But let's be specific, because Foreign Minister Arens of Israel told his people in Israel, in Jerusalem, that he is expecting a letter, a message, from you, saying, yes, you will get involved personally to help tackle this difficult question of who would be the Palestinian representatives in these negotiations. Are you—

A. That's one of the questions.

Q. That is one of the questions. There are many others.

A. That's one of the questions.

Q. Have you or are you prepared to send Foreign Minister Arens, the Israeli Government, such a message?

A. Let me simply say that we have sent such a message. It's already been sent. It's been sent to both capitals. And I want to say, though, having said that, that this is not in any way a separate or competing proposal. What we are trying to do is to implement the basic Shamir elections proposal, and we are working with language to try and bridge the gap between Israelis on the one hand and Palestinians on the other. We will continue to work very hard to do that.

Q. But you are prepared to take, perhaps, a slightly larger role in the specifics of the negotiation?

A. I'm going to continue to take the same role I've been taking over the past 2 weeks, which I would argue to you has been very large. It just hasn't been flamboyant, and it hasn't been out in the public view the entire time.

Q. Given the events in East Germany in the last week or so, how do you foresee the future of East Germany and the likelihood or "when" of a reunited Germany?

A. The question of reunification of Germany is a sensitive issue—has been a sensitive issue—but I think we should acknowledge a few things about that.

First, it's been the policy of NATO for quite some time. It has also been the policy of the United States to support the concept of the reunification of Germany, provided it is achieved, if you will, in peace and freedom. It seems to us that there should be no concern about a unified Germany which is integrated into the democratic community of European nations.

Q. Does this mean that the former East Germany would be part of NATO?

A. No. It doesn't mean that it would be a part of NATO. The President spoke to this, by the way, in his speech in Mainz, Germany, when he was over there, I think, in May when he called for a Europe which is whole and a Europe which is free and for an undivided Europe. My only point is this has been the U.S. and NATO policy for quite awhile.

On the other hand, the Soviet Union has made it clear to us in our discussions with them recently, and particularly during our ministerial meetings in Wyoming, that it's their view that the countries of Eastern Europe should have the kind of governments that their people want.

Their bottom line, if you will, is that those governments not leave the Warsaw Pact and perhaps not leave CEMA, the economic organization. There is a difference between those two positions. Yes, indeed.

Q. That's what I don't understand. If it's NATO policy to have a united Germany, then does the former West Germany go out of NATO or does East Germany come in? And, further, what is the possibility that these Eastern

European nations—the more they liberalize and democratize—won't be interested in staying in the Warsaw Pact?

A. I don't know about that. That's one we'll have to look at down the line. With respect to your first question, though, I think the issue is normalization of relations between the two Germanys on the basis of Western values.

Does that mean that the German Democratic Republic would have to move more toward the position which has been articulated by the United States and NATO? Yes, it would, if you were going to get there. Therein lies the rub, and there is a distinct difference between the approach of the East and the approach of the West with respect to that question.

Q. Let me turn to Central America for just a moment. You have been pressing the Soviets to get the Cubans to cut off arms flow to Nicaragua. Foreign Minister Shevardnadze has just completed a trip to Nicaragua and Cuba. Do we have any information that, in fact, he complied with our request that he press the Cubans to cut off arm flow to Nicaragua?

A. We have reason to believe that he told the Nicaraguans that they should begin to look more and more toward economic assistance than military assistance. That's really all I think I should say with respect to that subject this morning.

Q. If the Sandinistas are successful next February in winning an election that is manifestly free and fair on the testimony of international observers, is the United States prepared to drop its boycott

A. I think that's an issue that we will have to address at the time. The real question is whether or not the election is free and fair. If you believe in democracy—and, of course, we do—then you must accept the results of a free and fair election without regard to your preferences with respect to who should have won the election.

South Africa

by *Herman J. Cohen*

Statement before the Subcommittee on African Affairs of the Senate Foreign Relations Committee on October 3, 1989. Mr. Cohen is Assistant Secretary for African Affairs.¹

I am particularly glad to be here now, as part of our continuing effort to build a bipartisan approach for U.S. policy on South Africa. Along with Central America, South Africa was highlighted at the outset by Secretary Baker as an area where the breakdown of bipartisan support undercut the ability of the United States to encourage a peaceful transition to democracy. We want to be able to send a clear signal of broad, bipartisan support for a policy premised on unequivocal abhorrence of apartheid, reflected in a sustained U.S. commitment to promoting negotiations between the government in Pretoria and legitimate black representatives leading to a nonracial and democratic South Africa. Our intention now is to proceed in close consultation with Congress.

We have heard your views and those of many others. Throughout we have kept a careful eye on the events unfolding during the last several months in southern Africa, some of which have given us reason to believe that the possibility for a peaceful end to apartheid is increasing. But we have also kept before us a clear sense of the moral outrage of the American people in this 41st year of South Africa's government-imposed, repressive apartheid. This outrage at apartheid is shared by this Administration and is the impetus for our accorded priority attention to change in South Africa.

Basic Guiding Principles

Outrage alone, of course, is not enough. It must be put into guiding principles and translated into a program of sustained and comprehensive effort. An accurate understanding of events on the ground is also necessary. I would like to take this opportunity briefly to lay out for you these elements as we see them.

The basic principles which will guide U.S. policy toward South Africa in this Administration are clear:

- Our commitment to an end to apartheid and to fundamental political change, leading to a nonracial, democratic South Africa;
- Full enforcement of the Comprehensive Antiapartheid Act;
- Expanding assistance to black South Africans;
- Active U.S. diplomacy to resolve conflicts and support economic development throughout southern Africa;
- Intensive consultations with other nations, especially South Africa's major trading partners and the front-line states; and
- Closer cooperation with the Congress on a bipartisan approach.

The process of translating these principles into policy will be taken against the backdrop of perceptible political evolution in South Africa, amidst signs of nascent movement on both sides toward dialogue.

Evolution in South Africa

On the one side, we saw several interesting developments beginning with the July meeting between P.W. Botha and Nelson Mandela. To many this historic meeting was a clear indication that the South African Government had come to recognize that the future of South Africa could not be settled without dialogue with credible leaders like Mandela. More recently we saw the new President of South Africa, F.W. De Klerk, declare that the white electorate had given him a mandate for change. He then moved quickly to allow—contrary to the previous government—several peaceful political demonstrations to take place despite emergency restrictions. On the other side, we saw that black South Africans, inside and outside South Africa, were taking the possibility of dialogue seriously enough to begin formulating their positions on possible negotiations. There was much that was encouraging and worth further discussion in the African National Congress (ANC) proposals released in Harare last August.

Of course nothing about the move toward dialogue is assured. During this same period, for example, detention of political activists again increased, and some demonstrations were blocked, though without bloodshed. It is still too early to say whether the first steps of the new De Klerk government will lead to a

That doesn't mean that you necessarily have to take the additional step you've talked about. If for some reason we'd have a serious difference of opinion about whether it was a free and fair election, I can't sit here today and tell you what we would do.

If we are satisfied that it is a free and fair election, it would be logical for us to take the action that you've suggested.

Q. In conclusion let's come back to what may be the most dramatic event of the last few days. In Hungary—in Budapest yesterday—the Communist Party there, in effect, abandoned Marxist-Leninism. It's changed its name; it's saying it's now going to be a social-democratic party, in effect.

Given that, and once elections are held early next year—free elections—would you consider Hungary to be a communist country or a noncommunist country? And, if it's not a noncommunist country, how does that change our policy?

A. I think what you're seeing is what has happened in Poland, and I think that you could argue that Poland has moved from communism toward a democratic or more democratic form of government; and I think that may be what you see taking place in Hungary.

Again I think it's significant that the Soviets have told us, particularly here recently in Wyoming, that the form of government that these Eastern European countries choose is a matter for them to determine. And the real issue is whether or not they stay within the Warsaw Pact, and I think the Soviet bottom line is they can have a democratic form of government. That will be acceptable to the Soviet Union. But they would be expected to remain as members of the Warsaw Pact.

¹ Press release 186 of Oct. 10, 1989. ■

process of dialogue and an end to the state of emergency, but they offer reason to hope.

Conditions to Facilitate Dialogue

For our part, we view the commencement of dialogue between the government and credible representatives of the black majority as the most important first step in the process of change. We, therefore, welcomed President De Klerk's affirmation that the "door is open" to such a process. We also made clear our view of the conditions which would facilitate dialogue:

- Releasing all political prisoners, including Nelson Mandela and Walter Sisulu, and allowing the return of political exiles;
- Lifting the state of emergency and associated restrictions on political activity and freedom of association for the black opposition;
- Unbanning all political organizations, including the ANC; and
- Ending violence from all sources.

We know that it is unreasonable to expect that everything can be done at once. But we believe that the new South African Government should move quickly on this agenda to begin creating the conditions for dialogue to begin. And we call on all parties to reexamine their previous ways of reacting to each other and thereby prepare themselves to take advantage of all opportunities which arise to pursue negotiations on a peaceful process of constitutional change. This is primarily a process for South Africans. But we are prepared to assist where we can be useful.

U.S. Commitments

Our policy will balance pressure and incentives. We have broadened and deepened our dialogue with black South Africans, both inside and outside their country. In this respect, I want to pay tribute to Ambassador [to South Africa] Ed Perkins who opened many doors for us in South Africa. We will continue to denounce apartheid and identify with the aspirations of black South Africans. We are committed to active expansion of our program of "positive measures" designed to strengthen multiracial resistance to apartheid, build black bargaining power, and help blacks not to endure apartheid but to prepare themselves for leadership in a postapartheid, nonracial democracy. To accomplish this, we intend to increase assistance for university scholarships, human rights, and community leadership. We will seek to upgrade Voice of America

transmissions to South Africa, provide targeted assistance to universities in South Africa that are open to all students regardless of race, and stimulate private sector aid for bursaries and training—perhaps via mechanisms such as Congressman Dymally's proposal to establish a U.S. commission on southern Africa.

At the same time, we are committed to maintaining access to South Africa's white leadership and actively supporting the U.S. business presence, which has helped lead the way toward better race relations. Secretary Baker met earlier this year with the chief executive officers of major U.S. companies in South Africa and told them they are an integral part of our effort to be a force for positive change in South Africa. Our aim in all of this is to position the United States so as to maximize our ability to promote dialogue leading to full-fledged negotiations on a nonracial democratic future for South Africa.

Regional Interests

Regionally though there are ups and downs, efforts to resolve conflict through negotiations are underway in Angola and Mozambique, and the independence process is well underway in Namibia. We helped create these opportunities, and we will remain active in seeing them through to success. We will base our approach on U.S. interests in the region, keeping our opposition to apartheid at the center of our policy and coordinating as closely as possible with South Africa's important trading partners, the front-line states, and other interested parties. In this regard, I call upon the Congress to remove sanctions on Namibia immediately after UN certification of the November elections and thus show a U.S. commitment to the successful emergence of this new nation.

In terms of our relations with South Africa, we have long used diplomatic and other pressure to promote forward motion in South Africa's internal policies. The Administration is committed to effective enforcement of existing sanctions—the most comprehensive of South Africa's major trading partners. At the same time, it is important to maintain a level of official representation that enables us to sustain contact with all communities in South Africa. We intend to maintain this policy and will not move toward full normalization of our diplomatic relations in the absence of significant progress toward ending apartheid and establishing a nonracial democracy.

We will also continue to work with the other states in southern Africa to strengthen their independence and reduce their vulnerability to external pressure. At the same time, we will promote regional cooperation in order to reduce inefficiencies, allow greater play to market forces, give all parties an increased material stake in regional stability, and establish the groundwork for postapartheid regional economic integration.

For the first time in years, it is possible to be somewhat hopeful that a negotiation scenario may be just beyond the horizon. The great pressures, internal and external, on South African whites to accept change are growing and are helping convince the South African Government that it must move beyond its current position and accept fundamental change. Sanctions have played a role in stimulating new thinking within the white power structure. It is now increasingly clear to that government that the well-being of the white minority cannot be sustained without a negotiated political settlement that results in political equality for all South Africans. In fact the new De Klerk government has indicated it is prepared to take concrete steps to address this need. For this reason, the Administration recommends that no new sanctions be considered at the present time, while existing measures be maintained in the hope and expectation that positive signs of a commitment to change will emerge in the near future. You can be assured that we will be working actively toward this goal, and we trust that we can continue to find common ground with you in our mutual effort.

I believe the newly elected political leaders of the white minority understand fully the necessity for a political settlement and are developing a strategy for negotiations. It would be appropriate, therefore, to allow that leadership reasonable time to demonstrate—mindful of outside expectations but without increased outside pressure at the present time—the will, the capability, and the courage to launch the dismantling of apartheid on an inevitable course.

¹ The complete transcript of the hearing will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Efforts Toward Peace and Reconciliation in Angola

Warren Clark, Jr.

Statement before the Subcommittee on Africa of the House Foreign Affairs Committee on September 27, 1989. Mr. Clark is Acting Assistant Secretary for African Affairs.¹

It is a real pleasure and a distinct honor for me to appear before the House Foreign Affairs Subcommittee on Africa today to describe recent efforts to obtain lasting peace and national reconciliation in Angola.

Overview

The Angolan internal peace process is taking place against the backdrop of significant changes in the region, particularly the reduction and eventual elimination of foreign troops from Angola.

In the New York accords of December 22, 1988, the Republic of South Africa, the Republic of Cuba, and the People's Republic of Angola agreed to a framework for the total withdrawal of Cuban troops from Angola and Namibia's transition to independence. South African troops had already withdrawn from Angola by the end of August 1988 in accordance with the Geneva protocol of August 1988. The external settlement, brokered by former Assistant Secretary [for African Affairs] Chester A. Crocker following many months of intensive efforts, was a triumph for American diplomacy.

Two weeks ago, I traveled to Havana for the fifth regular meeting of the joint commission, whose members—South Africa, Cuba, and the People's Republic of Angola, plus the United States and the Soviet Union as observers—oversee implementation of the accords. At this meeting, the South Africans, Cubans, and Angolans reaffirmed their commitment to the peace process.

U.S. Relations With Angola

Before reviewing recent developments, let me say a word about U.S. policy toward Angola.

First, we have made it clear, during the tripartite Angola/Namibia negotiations and subsequently, that the United States will continue appropriate and effective assistance to UNITA [National

Union for the Total Independence of Angola] until national reconciliation is achieved. Second, until national reconciliation is achieved, the United States will not recognize any government in Angola.

Let me also state that our support for UNITA is designed to impress upon the MPLA [Popular Movement for the Liberation of Angola] that there is no alternative but to negotiate peace and national reconciliation. There can be no solution on the battlefield. We strongly believe that we are on the road to achieving our goal and that our support has been a key ingredient in getting the internal peace process underway. I should underline that Soviet military assistance to the MPLA continues at massive levels.

I would also like to add a few words about our relationship with the MPLA. We are committed to dialogue and discussion with Luanda. We have had numerous contacts, both before and after the signing of the New York accords. Our door is always open to meet with MPLA representatives. However, until national reconciliation is achieved, it will be premature to talk about U.S. recognition of any government in Angola.

Steps Leading to Gbadolite

On March 13 of this year, Dr. Savimbi [Jonas Savimbi, President of UNITA] made a series of offers on national reconciliation which reiterated and broadened UNITA's position favoring discussions with the MPLA. He announced a 4-month unilateral moratorium on major offensive actions and the release of MPLA military prisoners and offered to reopen the Benguela railway for nonmilitary traffic. In addition the UNITA communique of March 13 stated that its President would not participate in actual negotiations with the MPLA and would also not participate in a transitional government that would guide the country after reconciliation was achieved, preparatory to free elections.

The MPLA, for its part, responded to the UNITA offer with its own peace platform, based initially on its existing program of "amnesty" for individual UNITA members. This concept of "amnesty" had been adamantly rejected by UNITA, which saw it as an attempt to split and defeat the movement. However, by the time the chiefs of state of eight African nations gathered in Luanda on

May 16, the MPLA peace plan used the term "national reconciliation" for the first time, and it appeared that a direct dialogue between the warring parties might be possible. The so-called Luanda peace plan, however, contained a number of elements which were—and remain—anathema to UNITA. It called for the "exile" of Dr. Savimbi, the "integration" of UNITA into the MPLA, and "respect for the Constitution" of the People's Republic of Angola.

UNITA objected to these terms because, despite Dr. Savimbi's offer of March 13 not to participate in an interim government, UNITA would continue to require his leadership during the negotiation and transition. Second, UNITA viewed—quite rightly—the formulation of "integration" as a means of submerging its members into the MPLA, a concept that is inconsistent with the goal of national reconciliation. Finally, it viewed "respect for the Constitution" as tantamount to acceptance of the existing one-party, Marxist-Leninist state.

The Gbadolite Summit

Despite these gaps in the MPLA and UNITA positions, intense diplomatic efforts to establish a basis for dialogue continued. These culminated in the June 22 summit of 18 African heads of state and leaders at Gbadolite, Zaire, hosted by President Mobutu. Most significantly, Dr. Savimbi was invited and attended the meeting. There, for the first time, he and [Angolan President] Dos Santos met publicly and participated in the now famous handshake signifying their mutual desire to end the civil war and begin the critical talks of national reconciliation.

The summit was built on an intricate choreography of direct and indirect contacts and recitation of positions in the absence (or presence) of the principal parties—all conducted in at least three languages. A number of contentious issues were discussed without being resolved. In the minds of some of the participants, there was agreement on the key MPLA desiderata of exile, integration, and respect for the MPLA constitution. UNITA has categorically rejected this interpretation, and the published communique fully supports the view that all parties agreed to only three principles:

- Mutual desire to end the war and effect national reconciliation;
- Proclamation of a cease-fire effective June 24; and
- Establishment of a mixed UNITA-MPLA commission under the mediation of President Mobutu to negotiate the political future of Angola.

Cease-Fire

Despite this very promising beginning, the cease-fire declared on June 24 failed to take hold as both sides continued limited operations to achieve local and tactical advantages. In the absence of any mechanism to discuss and resolve violations—or even agreement on what was and was not permitted—a return to large-scale operations was inevitable. The MPLA launched a major offensive toward the UNITA center at Mavinga on August 18.

Meanwhile the parties had met in Kinshasa for four negotiating sessions on a cease-fire document under Zairean mediation between June 22 and August 17. Substantial progress was made in hammering out a cease-fire agreement. It appears that all of the elements of an agreement are now acceptable to both sides, including the principle that direct negotiations on the core political issues of national reconciliation should begin upon signature of the cease-fire document.

Unfortunately, these very promising developments, achieved through quiet and patient diplomacy, have been overshadowed and undercut by continuing public disagreements over what was agreed to at Gbadolite.

The Harare Summit

Against this growing discord of military conflict and public acrimony, a follow-on summit of African leaders took place in Harare on August 22—without UNITA present. As far as we know, UNITA was not invited to attend. The Harare summit's final communique asserted that three additional principles had been agreed upon at Gbadolite which had not been publicly disclosed at that time:

- Respect for the (existing) constitution and laws of the People's Republic of Angola (the MPLA);
- Integration of UNITA into existing MPLA institutions; and
- Acceptance of Jonas Savimbi's temporary and voluntary retirement.

As I have pointed out, UNITA has consistently rejected these three points.

The Kinshasa Summit

The results of the Harare summit, and in particular President Mobutu's participation, led UNITA to question the impartiality of the mediator. As a consequence, we have devoted considerable efforts to clarify the basis for negotiation and enhance UNITA's confidence in the mediator. This effort became particularly intense as the date for the scheduled September 18 Kinshasa summit approached.

Assistant Secretary [for African Affairs Herman J.] Cohen met with President Mobutu on September 11 and with Dr. Savimbi several days later. Although UNITA agreed to sign a cease-fire agreement—and, in fact, empowered a delegation to do so—Dr. Savimbi declined to attend the summit, despite our own efforts and those of other concerned countries.

In his absence, the summit was unable to achieve the progress we think is necessary and achievable; namely to achieve a cease-fire and the start of direct political negotiations. The Kinshasa participants agreed to meet again in Gabon at a date not yet specified.

U.S. Position

Let me briefly address what the U.S. position is in light of all these developments. All of us here today agree that the disastrous 14-year-old civil war in Angola must end and that the difficult task of national reconciliation should proceed as quickly as possible.

The Administration believes that lasting peace and national reconciliation can take place only in a scenario in which there are no losers, only winners. This can be accomplished only if political negotiations proceed with no preconditions and without prejudice to the positions of either side. Following a cease-fire agreement, all topics should be open for discussion at the negotiating table. We also note that public statements by both UNITA and the MPLA have been unhelpful—both sides should negotiate confidentially, rather than through the press.

We will be continuing our efforts to enhance confidence in the mediator and the peace process, to stop the fighting, and to move toward genuine national reconciliation in Angola.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

President's Meeting With UNITA Leader

WHITE HOUSE STATEMENT, OCT. 5, 1989¹

President Bush met with UNITA [National Union for the Total Independence of Angola] leader Dr. Jonas Savimbi for approximately 30 minutes in the Oval Office this morning. Dr. Savimbi is in the United States on a private visit. He has met with President Bush several times during the last Administration.

President Bush used the occasion of today's visit to stress the U.S. continued support for UNITA and the goal of national reconciliation in Angola.

The President urged Dr. Savimbi to work with President Mobutu [of Zaire] and others in the region to foster the peace process. He noted our longstanding support for a cease-fire and face-to-face negotiations and, ultimately, free and fair elections.

¹Text from Weekly Compilation of Presidential Documents of Oct. 9, 1989. ■



(White House photo by David Valdez)

Nuclear and Space Arms Talks Open 12th Round

Following is a press statement by Ambassador Richard R. Burt, head of the U.S. delegation to the nuclear and space arms talks (NST) and chief negotiator at the strategic arms reduction talks (START), in Geneva on September 29, 1989.

Today marks the opening of round 12 of the nuclear and space arms talks. With me is Ambassador Henry Cooper, the chief defense and space negotiator.

Earlier today I met with Ambassador Yuri Nazarkin, my Soviet counterpart, in an opening heads-of-delegation meeting. We held a useful session which underscored, in my view, that the spirit of Jackson Hole has moved to Geneva. That ministerial was a very productive and stimulating dialogue and, I believe, enhanced the prospects for success in the nuclear and space arms talks.

The objectives of the United States in these Geneva talks remain sound. We seek to make progress toward a START treaty that provides for reductions in strategic offensive arms which will strengthen strategic stability and military predictability and thus reduce the risk of nuclear war. In the defense and space area, we also seek an agreement that strengthens deterrence and stability.

The United States returns to the bargaining table with new momentum and renewed vigor. We are ready to build on the successful dialogue in Wyoming. This is a critical round. We are pleased with the new proposals which came out of the meetings last week between Secretary of State James Baker and Foreign Minister Eduard Shevardnadze. It is now necessary to flesh out these new ideas and translate them into concrete achievements. This is our task in Geneva.

The United States has shown its readiness to make substantive progress by lifting its proposed ban on mobile ICBMs [intercontinental ballistic missiles], contingent on congressional approval of funding for such programs. This step allowed the two sides to make headway in Wyoming on the vexing problem of verification for mobile missiles. During this round, negotiators will continue their work on the crucial issue of verification.

In Jackson Hole, the Soviet Union responded positively to President Bush's verification and stability initiative. This

package, proposed by the United States at the beginning of round 11, was based on the principle that early agreement and implementation of such measures will accelerate the completion and ratification of a START treaty. At the ministerial, the two sides held extensive discussions on the details of President Bush's initiative and signed a so-called umbrella agreement encouraging the development of such measures and outlining principles for early implementation. As you know, the two ministers in Wyoming also signed the first of these measures, an agreement on advance notification of major strategic exercises.

During this round, we will be working to agree on additional measures within the framework provided by the umbrella agreement.

The Soviet side also has offered new ideas. The Soviet side appears to have made a positive move by deciding to drop the linkage between the implementation of a START treaty and an agreement on defense and space. This step apparently means that START is no longer held hostage. Removal of this obstacle should enable the two sides to move ahead to tackle other remaining differences in START.

Yet while this Soviet move appears constructive, we need to learn more about the Soviet approach and how it

would affect our strategic defense research efforts. The United States remains committed to develop SDI [Strategic Defense Initiative] and deploy it when it is ready.

We also welcomed the Soviet decision to completely dismantle the Krasnoyarsk radar without preconditions. This removes a major obstacle to concluding a START agreement.

The Soviet side also put forth some new ideas on the question of cruise missiles. The unresolved areas of ALCMs [air-launched cruise missiles] and SLCMs [sea-launched cruise missiles] are extraordinarily complex and offer no simple solutions, especially in the area of SLCMs, where verification poses formidable problems. We will be looking forward to hearing more from the Soviet side on its approach.

It is my goal that, during this round of talks, the United States and the Soviet Union will engage actively on all of the remaining disputed issues. There are no simple answers, easy solutions, or quick fixes to questions of strategic stability and nuclear arms control. But the Jackson Hole spirit creates a real opportunity for real momentum and substantive progress. We seek to build on this momentum and place the START talks on a short road toward completion of a sound and verifiable treaty. ■

Defense and Space Talks Open 12th Round

Following is a press statement by Ambassador Henry F. Cooper, chief negotiator at the defense and space talks, in Geneva on September 29, 1989.

The U.S. delegation returns to the 12th round of the defense and space talks prepared to continue work toward agreement on ways to ensure predictability and stability in the development of the U.S.-Soviet strategic relationship. Our efforts are directed both toward the near-term—during which both sides conduct their research, development, and testing as required to evaluate the feasibility of advanced strategic defenses—and toward the future to preserve our options to deploy advanced defenses when they are ready.

During the previous rounds, the sides have made progress on developing the joint draft text of a protocol on various predictability measures. For example, agreement has been reached on annual exchanges, through the Nuclear Risk Reduction Centers, of data on the sides' development, testing, deployment, modernization, and replacement activities in the field of strategic ballistic missile defense. The sides have also agreed to have experts meet annually to review these data and plan reciprocal visits to each other's country to observe tests.

Although there is already agreement on this broad agenda, the Soviet side has thus far been reluctant to extend such reciprocal exchanges into the research

The Promise of Pacific Economic Cooperation

by *Richard H. Solomon*

Statement before the Senate Foreign Relations Committee on September 21, 1989. Mr. Solomon is Assistant Secretary for East Asian and Pacific Affairs.¹

I welcome this opportunity to review with the committee the Administration's approach to enhancing economic cooperation in the Pacific region. This is a topic—as Secretary Baker suggested in a major policy address last June [26 before the Asia Society]—whose time seems to have come. The Secretary has called for a new Pacific partnership, of which Pacific rim cooperation is an important element. A variety of proposals have been put forward in recent months, among them one by the distinguished chairman of the Asia subcommittee [Senator Alan Cranston] who, as a Californian, has a keen awareness of the economic dynamism of the Pacific rim. We have been working with the Secretary to meld the best elements of these proposals into our strategy for advancing economic cooperation in order to help realize his call for a new Pacific partnership.

As the Secretary noted in his June speech, the international institutions that have guided us through the postwar years require reassessment, refurbishing, or recreation, for in Asia as in Europe a new international era is upon us. The dominant trends of this new era, which will shape the world of the 21st century, are an increasingly integrated global economy sparked by spectacular technological change; the bankruptcy of communism as an economic and political alternative; and a worldwide trend toward democracy and free enterprise. Our policy challenge is to give institutional form to these trends in a manner consistent with U.S. interests and to the benefit of our allies and friends.

The countries of the Pacific Basin are on the cutting edge of these trends, which makes East Asia a region of great and growing importance to the United States. In recognition of this fact, both President Bush and Vice President Quayle visited East Asia within the first 100 days of taking office. Secretary Baker has made several trips to the region as well. Indeed as we meet to discuss these issues, the Vice President has embarked on his second trip to the area. This high-

level attention reflects our commitment to the objective that, just as the United States has long been a European power and will remain one, so too are we a Pacific power, and we will seek to find ways to enhance our diverse and growing relations with this vast and dynamic region.

The Pacific Success Story

The remarkable success of the outward-looking, market-oriented economies of East Asia is in no small measure a result of the stable environment created by our security presence and our promotion of an open trading system in the framework of GATT [General Agreement on Tariffs and Trade]. Most dramatically, Japan has become the world's second largest economy and a financial superpower in its own right.

The four "lesser dragons" of East Asia—South Korea, Singapore, Hong Kong, and Taiwan—have averaged an outstanding 9% annual growth during the past generation. And now Thailand and Malaysia are forecast to join them as newly industrializing economies.

Taken together, the 12 largest economies of the Asia-Pacific region now account for 24% of the world's GNP—roughly equal to that of the United States. They are becoming major players in the world's trading and financial systems. They are increasingly the engine of global growth in a region fully integrated into the global economy. For more than a decade, transpacific trade flows have surpassed those crossing the Atlantic. Last year commerce across the Pacific totaled \$280 billion, overshadowing by almost 50% the \$190 billion in transatlantic trade.

U.S. trade with East Asia now accounts for more than one-third of our total foreign commerce, and our exports to East Asia now exceed those to Europe. While our trade deficit with the Asia-Pacific region totaled \$98 billion in 1988, seven of our 20% largest export markets are in the region. U.S. investment in East Asia now is in excess of \$33 billion, accounting for 23% of all overseas profits earned by American corporations.

Dilemmas of Success

These measures of success, of course, must be seen in the context of the

stage, as the United States has proposed. We believe that the risk of technological surprise could be reduced by including research activities long before they can be observed by national technical means. So we will continue to seek to include reciprocal and comparable exchanges on such research activities in a defense and space agreement on predictability measures.

As an illustration of this important aspect of the U.S. approach, at the recent meeting in Wyoming, Secretary of State Baker extended an invitation to Foreign Minister Shevardnadze to have Soviet experts visit two U.S. laboratories involved in SDI [Strategic Defense Initiative] research on directed energy weapons. During this visit, Soviet experts would be given briefings and a close-up look at two directed energy devices. One of the devices was recovered after a successful flight into space and the other is undergoing preparatory research for a planned flight into space in the mid-1990s. Foreign Minister Shevardnadze called this U.S. invitation, which was extended without conditions, constructive, and he and Secretary Baker instructed us to discuss it further in Geneva. We hope to work out arrangements for such a visit during round 12.

This planning process and the visit itself should be very helpful in establishing precedents for future reciprocal and comparable exchanges over a wide range of U.S. and Soviet ballistic missile defense activity.

During round 12, we will continue to preserve U.S. options to develop and deploy advanced defenses when they are ready. The United States believes that effective defenses would enhance security and stability, especially when introduced at a measured pace and in a cooperative way. In our view, a key to achieving a stable balance of offensive and defensive forces at least cost is in building greater mutual understanding of both sides' strategic ballistic missile defense activities, at the same time as long awaited reductions in strategic offensive arms take place. ■

problems of adjustment, as the global trading system seeks to accommodate the dynamic producers and exporters of East Asia. Our large and sustained trade deficit with the region has given rise to pressures for responses which—in effect if not intent—would establish protectionist barriers to the open trading system which has brought such dramatic growth and prosperity to both sides of the Pacific.

Today's dazzling pace of commerce and capital flows, and of technological change, are outstripping the international mechanisms designed to manage their effects. The rapid maturing of the economies of East Asia has transformed longstanding allies into robust commercial rivals. They now compete not only in such manufacturing sectors as electronics and telecommunications but also in the services sector and finance. These challenges are some of the dilemmas of success; and they confront us with the need to find ways of resolving difficulties without destroying the trading and financial systems that have propelled forward the global economy.

Opportunities for Regional Cooperation

It is in this context that we are now assessing various approaches to enhancing economic cooperation among the nations of the Pacific rim. We can easily identify a host of common concerns that need to be addressed if we are to facilitate economic integration in the Pacific region—from transport and communications to resource depletion, energy, and the environment. These common problems provide a compelling rationale for enhanced regional cooperation.

Let me consider these issues in greater detail.

Transportation. The region's rapid growth has strained the transport infrastructure of the Pacific. The increasing movement of goods and people requires improvements in port facilities, cargo management, airline capacity, customs clearance, safety controls, and personnel training.

Telecommunications. Enhancing the region's communications infrastructure and information networks would promote economic growth by facilitating the flow of information and ideas. Dialogue on coordinating bilateral and multilateral aid flows in the Pacific sector could help leverage and minimize redundancy and inefficiency.

Energy. The need to enhance access to stable and predictable supplies of energy is universal. Pooling data on energy use, demand projections, and resource availability would clearly benefit all nations in the Pacific. And collaboration in energy conservation will become an imperative as we enter the 21st century.

Environment. Resource depletion, coastal protection, and pollution control are among the issues which can be managed effectively only through region-wide cooperation.

In assessing approaches to dealing with these problem areas, I am mindful of a point that Deputy Secretary [of State Lawrence S.] Eagleburger has made on numerous occasions in recent years: While Europe, over the decades, has developed an infrastructure of multinational institutions to manage its interdependence and facilitate its integration—which will culminate in 1992 with the creation of a single market—the Pacific, in contrast, lacks such region-wide mechanisms of collaboration. Moreover our institutional links to the Pacific are meager relative to our European ties.

These facts reflect realities peculiar to the Asia-Pacific region. The vast geographic expanse of the Pacific and its cultural diversity are obvious obstacles to integration. Moreover historic rivalries and resentments generated in eras past still fuel lingering distrust.

There is also a North-South dimension to the international equation of the Pacific rim. Unlike Europe levels of economic development in the Pacific Basin vary greatly. There are several tiers of economies: from the advanced industrial states like the United States and Japan, to the newly industrializing economies such as South Korea, to developing economies such as Indonesia and the Philippines.

These complex factors help to explain why the idea of a Pacific community has yet to find an organizational expression commensurate with its compelling economic realities. Yet these realities have generated proposals for association among nations of the Pacific in one form or another for decades.

This was certainly the genesis of ASEAN [Association of South East Asian Nations], the most successful of these regional concepts. In the aftermath of the U.S. withdrawal from Vietnam, and as the Pacific economies entered their most dramatic decade of growth, ASEAN acquired an integrity that had eluded its predecessors. Although

originally conceived as an economic-oriented association, ASEAN gained a certain political dimension—as has been recently expressed in a collective effort to resolve the Cambodia conflict. ASEAN's vitality has now made it one of the pillars of U.S. relations with the Pacific; and we view the association as an essential ingredient in any entity of regional economic cooperation. Indeed this year's ASEAN ministerial and postministerial meetings were an important forum for discussing possibilities of a new mechanism of Pacific cooperation.

I should also note that growing region-wide economic imperatives have given rise to several other semiofficial or private economic institutions, most notably the Pacific Economic Cooperation Council (PECC). PECC was launched in 1980 as an outgrowth of suggestions by Australian Prime Minister Fraser and Japanese Prime Minister Ohira. Its members, including government officials participating in their private capacities, business leaders, and academics, have been meeting on a regular basis to discuss a broad range of trade, economic, and financial issues. Its unofficial status has attracted to it 14 Pacific economies including the People's Republic of China, Taiwan, and a group of South Pacific states. And then there is the Pacific Basin Economic Council (PBEC), an organization of business executives from the Pacific rim economies which has been in existence since 1968.

Why Now Enhance Pacific Economic Cooperation?

Over the past year, the idea of a mechanism to enhance economic cooperation in the Asia-Pacific region has gathered an unprecedented head of steam. Why so? It appears that the crescendo of trade disputes, a maturing of the newly industrializing economies beyond the current framework of trade and investment mechanisms, and perhaps the anticipation of European economic integration in 1992 have catalyzed a collective recognition that the time is ripe for some new form of consultative cooperation in the Pacific.

In July 1988 [before the Association of Indonesian Economists in Jakarta], Secretary Shultz suggested the creation of a "...Pacific Basin forum where like-minded countries could compare experiences, discuss ideas, and prepare analyses on subjects that are of interest to most countries in the region." He proposed an initial focus on regional infrastructure

development in such areas as transport, telecommunications, education, natural resources, and the environment. At the same time, Secretary Baker—while at the Treasury—was quietly testing the waters of increased cooperation among the major Pacific economic players.

These trial balloons appear to have stimulated thinking on the issue both at home and abroad. Last December Senator Bradley called for a coalition of eight Pacific rim economies to reinforce the Uruguay Round of GATT, enhance policy coordination, and remove obstacles to LDC [less developed country] growth.

In April of this year, Senator Cranston introduced a resolution calling on President Bush to initiate a Pacific Basin forum which would hold annual summit meetings to discuss "economic, security, and diplomatic issues unique to the region." The Senator called for obtaining "the broadest possible composition" of such a forum.

Internationally, this past February, Australia's Prime Minister Hawke launched an initiative for what was first called a "Pacific OECD [Organization for Economic Cooperation and Development]" to support multilateral trade liberalization, encourage policy coordination, and remove trade barriers in the region. He suggested creating a small secretariat to backstop a series of high-level meetings. Several weeks later, Japan's MITI [Ministry of International Trade and Industry] offered a similar though more trade-oriented proposal.

The U.S. Response

The Bush Administration has carefully reviewed a plethora of proposals put forward in recent months—among them Senator Cranston's call for a Pacific Basin forum. We view the creation of a new mechanism of economic cooperation as an important component of our vision of a new Pacific partnership. We have sought to integrate elements from the various proposals in formulating the objectives of such a mechanism.

Secretary Baker reviewed our thinking with Prime Minister Hawke when he visited Washington in June. The issue was a major topic of discussion at the ASEAN postministerial meeting in Brunei this past July. And just last week, a senior officials' meeting was held in Australia in order to develop an agenda for a ministerial-level meeting which

Prime Minister Hawke will host in November.

As these efforts have proceeded, our approach has been guided by the following perspectives.

- We have sought to avoid imposing a "made in America" blueprint for a transpacific grouping. Given the history of unsuccessful efforts in this direction, and the sensitivities involved, progress requires careful, incremental consensus-building if an economic cooperation mechanism is to be created.

- In our view, a mechanism of cooperation will be most useful if it encompasses a wide array of issues—not just trade and investment matters but those related to transport and communications, resource management, and the environment—issues aimed at effective management of growing regional interdependence.

- The structure and agenda of a Pacific cooperation entity should take into account the diversity of the region's social and economic systems and the markedly different levels of national development.

- Membership must begin with those economies committed to enhancing private initiative and free-market policies—to facilitating the free flow of goods, services, capital, technology, and ideas. But we want participation to be inclusive, with the door open to eventual participation by those countries which are still early in the process of economic reform.

- It is imperative that any mechanism that evolves from current consultations complement existing institutions and processes such as the Uruguay Round of the GATT, the OECD, and ASEAN. It must help, not hinder, efforts to keep the global trading system as open as possible. We seek to create neither a regional superbloc nor a new international bureaucracy.

- Finally, any new arrangement in the Pacific should be flexible. It must be adaptable in a way that reflects the changing needs of regional economic activity and the contributions that private sector institutions as well as governments can bring to enhanced cooperation.

While seeing great promise in this effort, we also are clear-eyed about the difficulties inherent in forging a new institution. Building a consensus requires, among other things, assuring the ASEAN countries that a new mechanism

will not weaken their collective efforts or dilute their identity as a regional association.

Another sensitive issue is membership. Should nonmarket economies participate? Should countries outside the region be included?

Despite the many complications and obstacles, Secretary Baker is convinced that there is much to be gained by starting the process of building a framework to help manage the increasingly interdependent economies of the Asia-Pacific region. The dialogue in which we are now engaged has the potential to strengthen the consensus for an open trading and investment system essential for sustaining global economic growth into the 21st century.

Our experience to date is that consensus-building is a delicate and measured process. Last week at the senior officials' meeting, we witnessed significant progress in building the support needed to launch this new initiative. A strong spirit of cooperation was evident throughout the 2-day meeting, which developed the agenda for the November ministerial.

At present our achievements in this new undertaking must be measured by success in sustaining the momentum of consultations. This enterprise will take time. It will require consistent effort and patience. Momentum is likely to be increased at the Canberra ministerial in early November—which Secretary Baker plans to attend. The already agreed upon agenda lays the basis for wide-ranging discussion, encompassing issues from the multilateral trade system to the region's infrastructure. And we now anticipate follow-on meetings in an East Asian capital within the next year.

Thus, in conclusion, there should be no doubt that the Bush Administration is committed to a long-term effort at enhancing Pacific economic cooperation, for America's future lies in the Pacific. Let me add that the Administration appreciates the strong bipartisan interest which you and other members of Congress have shown in this effort. We look forward to working closely with you in what we believe is an important and promising initiative in the world's most dynamic region of economic growth.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Political Situation in Burma

by David F. Lambertson

Statement before the Subcommittees on Human Rights and International Organizations and on Asian and Pacific Affairs on September 13, 1989. Mr. Lambertson is Deputy Assistant Secretary for East Asian and Pacific Affairs.¹

In March, when I last spoke before a congressional committee on the situation in Burma, the military government there had just announced its intention to hold multiparty elections by May 1990. Over 100 political parties had been officially registered and were carrying out campaign activities, although martial law remained in effect, and freedom of expression was heavily restricted. Burma's leading opposition leader, Aung San Suu Kyi, was able to travel throughout much of Burma on speaking tours, despite varying degrees of opposition from local military commanders. Her political party, the National League for Democracy (NLD), had emerged as the clear public favorite among the Burmese people who, through massive demonstrations in 1988, demonstrated their deep desire for fundamental change in their country in the direction of multiparty democracy and economic freedom.

The regime has insisted from its outset in September 1988 that it did not seek power for power's sake and that it would organize and hold elections once law and order were restored. The limited political activity the regime had allowed up to March 1989 was a hopeful sign that the government might make good on its promises. However, since March a number of developments have occurred in Burma which we believe call into question the military government's pledge that it will hold free and fair elections and turn over power to a civilian government which results from those elections. In our view, the area of greatest immediate concern is human rights. For the past year, we have consistently called attention to credible reports of human rights violations in Burma. Both through direct approaches to the Burmese Government and public statements, we have expressed our strong concern over the course of events in Burma and our view that the reported violations of human rights undercut the regime's commitment to a free election. We intend to maintain

this policy in the hope that it will have some ameliorating effect on the Burmese Government's behavior. There is some evidence that the force of international opinion has had such an impact in the past.

Status on Elections

Politically events since March have not offered reason to be optimistic that free and fair elections will take place in Burma. Most significantly we believe the military government since July 20 has arrested thousands of opposition party members, principally from Aung San Suu Kyi's National League for Democracy. Aung San Suu Kyi herself, together with NLD coleader Tin Oo, were put under house arrest in Rangoon July 20 and are now virtually cut off from the rest of the world. We understand that Suu Kyi was briefly on a hunger strike in July and early August to protest her detention and that of her followers but that she has ended the strike and is now in good health. The NLD, while remaining widely popular among Burmese, is fighting for survival as an organization; almost all of its senior leadership is behind bars. Other opposition parties have seen their leadership ranks thinned by arrests. Recent measures introduced by the regime, ostensibly to register prospective voters, appear designed to engineer an electoral victory by the leading progovernment party.

The Burmese Government—also known as the State Law and Order Restoration Council (SLORC)—continues to state that it will hold a multiparty election next year and that restrictions on political activity will be relaxed in the months leading up to the election. We continue to hope strongly this will prove true. The elections are intended to elect representatives to the National Assembly, which, before it was dissolved last September, consisted of representatives from 489 constituencies. The government has promulgated an election law, including a timetable leading up to an election which would take place next May. The law is fairly unexceptionable and, if implemented, could permit free and fair elections. However, while most features of the draft are at least benign, the government retains substantial leeway to influence the process. An election commission, established by then-President Maung Maung shortly before the

military takeover last September, remains in existence. It is widely viewed as a virtually powerless rubber-stamp for the military government. Both we and other governments have offered to supply election monitors and electoral expertise, but we have seen no indication the Burmese Government will permit neutral or international monitors to observe the election.

The government denies that it is making political arrests or is mistreating detainees. It likewise denies credible reports we have of instances of torture. Instead it claims that those detained are criminal offenders who will be tried as such. In our view, given numerous credible, first-hand reports of the regime targeting opposition political activists, in the absence of verifiable charges, the Burmese Government's version of events simply do not square with the facts. Indeed there seems to be a pattern of attacks against the larger opposition political parties.

Equally disturbing to many observers of Burma are statements by some high-ranking SLORC officials that next year's election will lead not to a direct transfer of power from the military to civilians but, instead, to the formation of a constituent assembly which would draw up a new constitution. Only after the constitution was ratified would a civilian government be formed. While Burmese statements on this score are in some cases contradictory, there is an obvious cause for apprehension that such a constitution process could be prolonged for years, keeping the army in power indefinitely.

Military Crackdown

The latest crackdown in Burma no doubt reflects some key concerns of the military government. First and foremost is a determination to avoid repetition of last year's upheavals, which swept away the Burma Socialist Program Party government and paralyzed the economy. A second concern is to maintain the integrity of the armed forces. Since last year's upheavals, which saw the defection of a handful of military personnel, the Saw Maung government has been particularly sensitive to any sign of political parties or foreigners sowing dissent within the ranks of the army and has generally reacted quickly to any such perceived threat. Aung San Suu Kyi's

speeches in July, before demonstrations which violated martial law, called on the armed forces to abandon their support for Ne Win and his military colleagues. This may well have convinced the ruling military council that she and the NLD were a serious threat to the army's unity. Further, the large numbers of Burmese attending her rallies in July—up to 15,000 on some days—may have led the military to conclude that a second nationwide uprising was imminent and that a crackdown on Aung San Suu Kyi and the NLD was the only means to prevent another cycle of upheaval.

The government has accused Aung San Suu Kyi of being heavily influenced by communists who are on her staff. While Aung San Suu Kyi herself has acknowledged that some of her advisers are former members of the Burma Communist Party, she strongly denies that she or her party are a communist front. Our own assessment supports this view.

We certainly understand the military government's desire to maintain national unity and a functioning economy. But we believe that actions which further undermine confidence in the government's pledge to hold free and fair elections will only intensify the Burmese public's unrest and dissatisfaction with their current system. In our view, last year's upheavals and demonstrations were a direct expression of the Burmese people's strong desire for fundamental democratic change in their country. While the government of Burma is a matter for the Burmese themselves, we, of course, sympathize with such aspirations. As the State Department spokesman has said on several occasions this year, we hope the military government will free political prisoners and relax restrictions on political activity to give Burmese some con-

fidence that real change might occur following next year's election. We have shared our views directly with the Saw Maung government and offered to assist in next year's election, without any substantive response from the Burmese.

With regard to Ne Win, though technically he is now a private citizen, he undoubtedly remains the most powerful single person in Burma. It is not clear what role he takes in the day-to-day conduct of the government. He is most probably consulted on a regular basis by the SLORC and undoubtedly provides guidance on government policy when he sees fit. Within the SLORC itself, there is some evidence of a rivalry between some council members, but for the most part, SLORC members are careful to maintain an image of unanimity.

Assistance and Human Rights Concerns

A number of other countries have joined with us in calling attention to human rights violations and political development in Burma. These include the European Community (EC) nations, as well as Australia, India, and Japan; the EC 12, in particular, issued a joint statement on September 8 expressing their concern at the worsening of the policy of repression in Burma in recent weeks. Burma has not been isolated by the international community but neither has it been able to pursue normal relations with many countries as a consequence of last year's coup and the repressive nature of the military regime. We intend to pursue the issue of human rights in Burma through appropriate international fora.

Many of Burma's traditional aid donors have suspended assistance or postponed approving new aid until free and fair elections take place. The United

States suspended all assistance to Burma in the wake of the military takeover last September; earlier this year, we suspended Burma's generalized system of preferences (GSP) tariff benefits due to the demonstrated absence of free trade unions there. West Germany, which in recent years was Burma's second-largest aid donor, also suspended aid last fall. We understand it has no plans to resume aid funding absent a fair election. Japan, Burma's largest donor for many years, has also decided not to approve any new aid to Burma until elections occur. Japan, which had suspended disbursing previously approved aid after the military takeover, resumed these disbursements last February, before the most recent crackdown.

In closing, let me say that the United States has no intention whatsoever of interfering in the internal affairs of Burma. We look forward to a renewal of the good relations which we formerly had with Burma. In particular, we have an important interest in working with Burma to eliminate the production of opium and the illicit traffic in heroin produced in Burma. We do, however, understand the yearnings of the Burmese people for democracy, and we encourage peaceful democratic evolution. We, therefore, must strongly condemn unreasonable restrictions on political activity, political arrests, the mistreatment of prisoners, and other violations of human rights by the present regime. We urge that regime to hold the free and fair elections as promised and transfer power to those elected.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Assistance for Poland and Hungary

WHITE HOUSE STATEMENT, OCT. 4, 1989¹

The world has watched with wonder as Poland has moved—swiftly and peacefully—to form a new government under Prime Minister Mazowiecki, the first non-communist government in Eastern Europe in more than 40 years. We salute Prime Minister Mazowiecki, President Jaruzelski, Solidarity leader Lech Walesa, and so many other distinguished Polish leaders for their courage and wisdom in helping bring about a new beginning for Poland.

From the very start of this Administration, President Bush has taken the lead in supporting reform in Poland and Hungary. At Hamtramck, Michigan, in April, on the day of the signing of the roundtable agreement in Poland, the President announced a set of measures to open U.S. markets and encourage private-sector loans and investments. In July he visited Poland and Hungary and spoke before the Polish Parliament, as well as at a massive gathering at the Solidarity monument in Gdansk. He announced a further comprehensive package of assistance measures to support Poland's economic and political regeneration, a package which took account of the fact that Poland did not yet have its new government or its new economic policies in place.

He announced a similar program during his visit to Hungary, which is also embarked on a promising path of political and economic reforms. A few days later, at the Paris economic summit, the President proposed and our summit partners agreed to a plan for concerted Western action to encourage and assist economic reforms and democratic changes in Poland and Hungary.

In early September, the Administration submitted to Congress a comprehensive legislative proposal that would create a \$100 million enterprise fund for Poland and a \$25 million fund for Hungary, as well as a labor initiative and an environmental initiative together totaling \$20 million. In addition to this \$145 million proposal, and other initiatives taken by reprogramming existing resources, we have offered \$100 million in emergency food aid to Poland in the coming fiscal year, in addition to \$8 million in FY 1989. In dollar terms, this total package already involves over \$250 million.

We have also moved to encourage new trade and investment by proposing that Congress grant both Poland and Hungary access to the U.S. generalized system of preferences (GSP) and that it authorize the Overseas Private Investment Corporation (OPIC) to operate in both countries. On September 18, the President announced that he would grant Hungary permanent most-favored-nation (MFN) status, contingent upon passage by the Hungarian Parliament of new emigration legislation, which has since occurred.

We have engaged the resources and creativity of the private sector, recognizing that the U.S. Government alone could not, and should not, render all the support Poland and Hungary require. On the eve of his trip to those countries in July, the President hosted a White House symposium in which he urged leaders from the American private sector—labor leaders, businessmen, educators, and others—to be actively engaged in supporting economic and political changes in Eastern Europe. Labor Secretary Dole visited Poland in August and signed an agreement providing for U.S. technical assistance and bilateral exchanges in the labor field. In mid-September, Commerce Secretary Mosbacher led a U.S. investment mission to Poland and Hungary, where he and American businessmen

developed concrete proposals to encourage new private investments, joint ventures, and other forms of expanded U.S. business involvement in redeveloping these two economies.

The dramatic changes in Poland over the past 2 months have lent new urgency to our efforts. What Poland is doing is historic, in the largest sense of the word. It holds the promise not only of a peaceful transition to democratic rule in Poland but also of the beginning of the end of Europe's division toward a Europe whole and free. It is also unprecedented: Never before has a country attempted a successful transformation of a state-controlled economic and political system into one of political pluralism, democracy, and a market economy. The new Polish Government, under Prime Minister Mazowiecki, has a chance to consolidate the public trust that is needed for the difficult economic steps ahead, but it faces major economic problems.

There is no disagreement that both Poland and Hungary need, and will have, strong U.S. support. There is no disagreement that the United States needs to play a leading role in developing a concerted Western approach to Poland's economic recovery. The question is how best to achieve our goal. We believe, as do our Western economic partners, that Poland can best go forward by reforming

Constitutional Amendments in Hungary

WHITE HOUSE STATEMENT, OCT. 19, 1989¹

Yesterday the Hungarian Parliament passed a series of constitutional amendments that mark a further dramatic step toward democratic change. These amendments provide for free and open elections and guarantee the freedoms of speech, assembly, and worship enshrined in our own Bill of Rights. Indeed Hungarian legislators and scholars visited the United States several times to study the American Constitution and Bill of Rights, which they saw as models for their own constitution.

These changes signify a historic break from the one-party state toward

multiparty democracy, symbolized by the alteration of the country's official name from the Hungarian People's Republic to the Republic of Hungary.

The United States welcomes these new steps, undertaken peacefully and through parliamentary means, and we take pride in the fact that in this bicentennial year of the Bill of Rights, that living document has helped inspire democracy in Hungary. We are inspired that the idea of freedom is putting down new roots in Eastern Europe and pledge our continued strong support for this historic process.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 23, 1989. ■

its economy and becoming creditworthy again by reaching early agreement with the International Monetary Fund (IMF) on an economic reform plan. We also support a prompt and generous Paris Club rescheduling of Poland's international debt. This, along with agreement with the IMF, will make Poland eligible for IMF and World Bank loans totaling hundreds of millions of dollars annually. It will also give confidence to official and commercial lenders and to investors, whose participation in Poland's recovery is vital.

Poland is taking important steps toward reforming its economy. The Administration had a series of meetings last week with key ministers in the new Polish Government and reviewed the outlines of their economic reform program. It is an ambitious and bold plan, calling for radical economic reform and rapid movement toward agreement with the IMF. An integral part of the plan is an urgent request for Western economic assistance in helping to stabilize the Polish economy as reforms are implemented. In the context of an agreement with the IMF, the Poles seek, in addition to IMF and World Bank support, \$1 billion in stabilization funds from the Western industrialized countries.

In response to Poland's request, the President has decided on two major new steps.

He will ask Congress to approve a \$200 million grant for stabilization purposes, which would be the U.S. contribution to the \$1 billion in Western assistance the Poles have requested. The grant would be contingent upon conclusion of an IMF agreement and upon the recommendation of an experts' mission that the President will send to Poland soon. The United States will be working closely with the summit seven and its other allies to make certain that the entire \$1 billion is available to Poland for this stabilization fund since the concept can be effective only if the fund is

fully financed. A program for use of the Polish \$200 million U.S. contribution will be developed with the Polish Government. The President wants to work with Congress to develop a strong bipartisan approach toward the common goal of providing prompt and effective support to the Government and people of Poland.

It is important to complete development of a strategy to assist Poland's recovery. Toward that end, the President will send to Warsaw within the next few weeks a presidential mission—including senior U.S. officials, business leaders, and experts—to discuss with the Polish Government its economic plans and evaluate its needs. This mission will make recommendations to the President based on their own findings and their deliberations with experts from the 24-nation "Group for Economic Assistance to Poland and Hungary" as to the most effective use of the \$1 billion stabilization fund. This mission will also focus on those economic sectors where U.S. expertise and experience can be of greatest assistance—agriculture, business management, financial services, and others—pinpointing areas for reform and for productive use of assistance resources. The Congress can certainly be helpful in this endeavor. This initial mission will be followed by experts' missions in key economic sectors. In addition, Administration economists will examine urgently the structural economic challenges Poland will face now and in the years ahead so that we can provide the most effective help possible to the Polish Government.

As the President has said, the futures of Poland and Hungary depend on concerted and sustained Western action. These efforts must be complementary, not duplicative, and must be coordinated with the efforts of the IMF and World Bank. That is why the President called on our G-7 economic partners at the Paris economic summit to establish new mechanisms for coordinating our efforts. The resulting 24-nation group has already met three times under the chair-

manship of the European Community (EC) Commission. The EC on October 3 committed itself to \$330 million in additional assistance, over and above the \$271 million in emergency food aid already pledged by the United States, the EC, and other donors. It has also begun to develop a common assistance strategy for Poland and Hungary, along with working groups on food aid, environment, manpower training, and other specific areas of assistance. The goal is to set clear priorities, avoid redundant efforts, and assume maximum aid effectiveness.

West Germany, France, Britain, Japan, and several other countries have already announced their intention to provide substantial bilateral assistance. The IMF has indicated it will move quickly in assisting Poland to develop an overall economic stabilization and reform program, and the World Bank is prepared to extend promptly major new credits once an IMF program is in place and to develop additional loans.

Finally, in order to continue the dialogue with Poland's leaders that he began in July, the President is inviting President Jaruzelski and Prime Minister Mazowiecki to visit Washington at times convenient for each of them.

These are the steps the Administration has taken and will be taking in support of democratic change in Poland and Hungary: economic assistance conditioned upon real progress toward reform, business and technical assistance, the opening of investment and trade opportunities, and concerted Western action in conjunction with other industrialized democracies and the international financial institutions. These combined measures constitute an international recovery program that provides broad and substantial Western support for the historic changes now underway in Poland and Hungary.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 9, 1989. ■

Third Report on Cyprus

MESSAGE TO THE CONGRESS,
EPT. 22, 1989¹

accordance with Public Law 95-384, I am submitting to you this bimonthly report on progress toward a negotiated settlement of the Cyprus question.

I am pleased to note that the negotiating process under the auspices of the United Nations Secretary General is continuing. The last meeting between the parties was held in New York on June 28-29, at which time a communiqué was issued by the Secretary General stating his satisfaction and declaring that "the effort made by the two leaders since August 1988 had made it possible, as never before, to tackle the issues that must be resolved if a solution to the Cyprus problem is to be found." The communiqué also stated that an outline under preparation "would provide the basis for the negotiation of an overall agreement."

The Secretary General asked both leaders to continue the talks with his representative in Cyprus, and copies of a draft outline were provided to both communities' leaders in mid-July. As of mid-September, however, these talks have yet to reconvene because of controversy over the status and content of the draft outline. It is our objective to have the talks resume at an early date, and we are working directly with the Secretary General in this endeavor.

The Secretary General used his biannual report to the Security Council on U.N. operations in Cyprus for the period December 1, 1988, to May 31, 1989 (copy attached), to review the progress made in the latest communal negotiations. He also used the report to reiterate his concern about the mounting conflict faced by the U.N. Peacekeeping Force in Cyprus (UNFICYP), but recommended that at its mandate be renewed for another 6 months. The U.N. Security Council on June 9 voted unanimously to extend UNFICYP's mandate through December 15, 1989.

On July 19, disturbances broke out in the Ayios Kassianos area of Nicosia during a demonstration by Greek Cypriots marking the anniversary of the events of July 1974. According to the United Nations some 1,000 Greek Cypriots forced their way into the U.N.-controlled buffer zone at Ayios Kassianos, in part by ramming a bus through a U.N. fence. The UNFICYP ultimately was able to contain most of the demonstrators. Before all could be contained, however, Turkish Cypriot security forces arrived on the scene and arrested some 40 persons. Those arrested were held in custody by Turkish Cypriot authorities and were released several days later. The apparent unwillingness of Greek Cypriot police to stop the demonstrators from entering the buffer zone and the Turkish Cypriot security authorities' arrest of some of them were both factors detrimental to intercommunal relations and the ongoing efforts to reach a settlement on the island.

From the outset of the disturbances, the United States worked actively in support of U.N. efforts to defuse the situation and to restore the *status quo ante*. We urged all concerned to act with restraint and to respond to U.N. appeals for the immediate release of those detained. We also stressed the need for both communities to cooperate with the United Nations in preventing the entry of unauthorized persons into the buffer zone.

In my meetings and conversations with then-Greek Prime Minister Papandreu, Turkish President Evren and Prime Minister Ozal, and Cypriot President Vassiliou, I have stressed our continued commitment to support the efforts of the Secretary General to resolve the Cyprus dispute.

Finally, I am pleased to inform you that in June Nelson C. Ledsky was appointed Special Cyprus Coordinator. Unlike his predecessor, M. James Wilkinson, who served with distinction in that position since 1986, Mr. Ledsky will devote all his time to Cyprus. Mr. Ledsky is a career Foreign Service Officer whose most recent assignment was as Special Assistant to the President for National Security Affairs

and Senior Director for European and Soviet Affairs at the National Security Council.

Mr. Ledsky's appointment underlines our continued commitment to the search for a Cyprus settlement. He met with the Secretary General and the leaders of the two communities on the margins of their June 28-29 meetings in New York. During early August, Mr. Ledsky consulted key authorities in Ankara, Athens, Nicosia, and London. He urged that all support fully the U.N.'s efforts to continue the intercommunal talks, and, to that end, he has worked directly with the staff of the Secretary General during the first part of September in an effort to reschedule the talks.

Sincerely,

GEORGE BUSH

¹ Identical letters addressed to Thomas S. Foley, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Sept. 25, 1989). ■

President's Meeting With Cyprus President



(White House photo by Susan Budde)

WHITE HOUSE STATEMENT, OCT. 4, 1989¹

The President met this afternoon with Cypriot President George Vassiliou. The two leaders discussed a number of issues relating to efforts to bring a peaceful solution to the Cyprus dispute.

The President reaffirmed our support for the negotiations under the auspices of the United Nations and expressed his hope that the talks will be resumed at the earliest possible date. The President noted that the negotiations were not an end to themselves but a means to a peaceful solution to the dispute.

Also present at the meeting were Secretary of State James Baker, Chief of Staff John Sununu, national security adviser Brent Scowcroft, Special Cyprus Negotiator Nelson Ledsky, Cypriot Foreign Minister George Iacovou, and Ambassador [to the United States] Michael Sherifis. The meeting began at 2 p.m. and lasted approximately 40 minutes.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 9, 1989. ■

Visit of Italian President



White House photo by David Valdez

President Francesco Cossiga of the Italian Republic made a state visit to the United States October 10-17, 1989, to meet with President Bush and other government officials.

Following are remarks made by the two Presidents at the welcoming ceremony on October 11.¹

President Bush

Mr. President and distinguished members of the Italian delegation, good morning, and a warm, hearty welcome to the White House.

When your visit was being planned, I suggested we invite a few friends of Italy to greet you. We discovered that finding friends of Italy here in America is like finding fine art in Florence or canals in Venice; they're all around us. And Barbara and I are just delighted to have this opportunity to return the warm hospitality that we received in Rome earlier this year. Italy was my first stop on my first visit to Europe as President, en route to a critical and ultimately highly successful NATO summit. And I'll always remember that the road to continued alliance unity began in Rome.

Our two countries are linked in many ways, by ties of friendship and the bonds of family. And on this past Memorial Day weekend, I paid a visit to the cemetery at Nettuno, on the coast south of Rome, to

honor the thousands of American soldiers—many of Italian ancestry—who gave their lives to help liberate Italy.

For more than 40 years, Italy and America have been friends and allies, fellow members of the family of free nations. President Cossiga is himself a symbol of Italy's democratic renaissance, a man of supreme ability and integrity who has served his nation in more positions of public trust than we have time to name. I am particularly pleased that the President has honored us with a visit to America on the eve of our Columbus Day. The son of Genoa, discoverer of the New World that became America, is celebrated here in our country, and through the tradition of Columbus and the great explorers live on.

Soon, aboard the space shuttle *Atlantis*, a space probe begins its 6-year voyage to the planet Jupiter. *Galileo*—a mission across the millions of miles of space to the moons the famed astronomer discovered over three centuries ago—*Galileo* is just one element in a very exciting, very ambitious space program. I know that the Vice President, Dan Quayle, who is doing a tremendous job as Chairman of our National Space Council, agrees with me that every voyage into space is a voyage into our future.

Italy, too, is active in the new world of space exploration. After his meetings here, President Cossiga will visit my

hometown of Houston and the Johnson Space Center. He's going to hear firsthand how much the United States values its partnership with the Italian space agency, a partnership that's going to be built to result in the flight of the first Italian astronaut aboard one of our space shuttle missions in 1991.

In just a few minutes, the President and I will move inside to begin our discussions. Both of us have been to Poland this year. We'll discuss the momentous changes taking place in Eastern Europe and the progress we've made in developing concerted Western action to support movement toward democracy there. Of course we'll talk about developments within the Soviet Union and our determination to continue pushing forward with NATO's call for the early conclusion of a conventional arms reduction, agreement with the Warsaw Pact. We will also discuss other issues of mutual concern: the war on drugs that we're waging here in the United States, and Italy's crack-down on organized crime, narcotics trafficking, and drug abuse.

We'll discuss alliance issues and the need for unity that is critical today when tensions are easing, but the threat to peace and freedom still exists. I look forward to a productive meeting, a meeting of the mind and heart that takes place between friends, takes place between allies.

President Cossiga, welcome, sir. I wish you and your distinguished colleagues a pleasant and productive visit to our country. There are few nations where the ties are so strong, the affection so genuine and mutual, than between our two countries. I know that here and on the rest of your travels, you will find America welcomes you with open arms. Thank you, and God bless you. God bless the United States of America and the Republic of Italy. Welcome to the White House.

President Cossiga

I am most grateful to you for your warm words of welcome. It is a great pleasure for me to be in this great country with which Italy has ancient and solid ties of friendship and alliance, as the result of a choice that is shared by the whole of the Italian people, as the expression of a common desire for peace and of common values of freedom and democracy.

After 40 years of history marked by confrontation between the East and the West, we are witnessing great changes occurring worldwide, events that are full of promise and that strike the imagination of our peoples. The changes in the direction of democracy which are taking place in the Soviet Union, Poland, and Hungary are developments that would have been unthinkable even a very short time ago. In this new climate, it is becoming possible to act with realism but with well-founded confidence to restore that whole and free Europe of which you, Mr. President, have spoken with such vision and insight.

The West has the historic duty to contribute to us making this difficult process successful, giving generously of its farsighted support and its financial assistance. I'm thinking in particular of the great Polish nation that is currently in the throes of serious difficulties in its courageous attempt to work its renewal and which needs more substantial aid from us.

Italy identifies a specific role at home and is ready to take on direct responsibilities in creating a new relationship with Eastern Europe, in particular with the countries of the opposite shores of the Adriatic and over the Alps, which do not divide but unite the peoples in the Danube Basin. This is a demanding mission which Italy intends to pursue with the aim of contributing toward overcoming the political tensions and the economic difficulties in the southern part of central Europe, which, if not kept at bay, might lead to upheavals and dangerous tendencies toward disintegration.

For both geographical and historical reasons, Italy's policy toward the Middle East and the Mediterranean area is imbued with the same concern. In these areas, we should work not only to settle the grievous conflicts which are still being waged but also to prevent the economic and demographic imbalances from worsening and threatening the stability of the whole area.

In relation to the friendly sister nations of Latin America, too, Italy views its aid policy as a means not only of assisting their economic development but also of restoring or consolidating free and democratic systems.

We are the witnesses to a new and major turning point in history. A decade which opened under the cloud of confusion and uncertainty is about to end under the sign of hope—a decade whose beginning was marked by difficult and painful decisions on the part of those

Italy—A Profile

Geography

Areas: 301,225 sq. km. (116,303 sq. mi.); about the size of Georgia and Florida combined.
Cities: *Capital—Rome* (pop. 2.8 million). *Other cities—Milan, Naples, Turin.* **Terrain:** Mostly rugged and mountainous. **Climate:** Generally mild Mediterranean; cold northern winters.

People

Nationality: *Noun and adjective—Italian(s).* **Population** (mid-1988): 57.4 million. **Annual growth rate** (1988): 0.2%. **Ethnic groups:** Primarily Italian, but small groups of German-, French-, Slovene-, and Albanian-Italians. **Religion:** Roman Catholic. **Language:** Italian. **Education:** *Years compulsory—8.* *Literacy—98%.* **Health:** *Infant mortality rate (1987)—9.6/1,000 live births.* *Life expectancy—73 yrs.* **Workforce** (1988, 24 million; employed 21.1 million): *Agriculture—10%. Industry and commerce—32%. Services—58%.*

Government

Type: Republic since June 2, 1946.
Constitution: January 1, 1948. Kingdom of Italy proclaimed March 17, 1861.

Branches: *Executive—president (chief of state), Council of Ministers (cabinet), headed by the president of the council (prime minister).* *Legislative—bicameral parliament; 630-member Chamber of Deputies, 322-member Senate.* *Judicial—independent constitutional court and lower magistracy.*

Subdivisions: 94 provinces, 20 regions.

Political parties: Christian Democratic (DC), Italian Communist Party (PCI), Italian Socialist Party (PSI), Italian Social Movement (MSI), Italian Social Democratic Party (PSDI),

Italian Republic Party (PRI), Italian Liberal Party (PLI). **Suffrage:** Universal over 18.

Defense: (1988*): 2.1% of GDP.

Flag: Three vertical bands—green, white, and red.

Economy

GDP (1988*): \$825.6 billion. **Per capita income** (1988*): \$14,383. **Avg. inflation rate** (last 4 yrs.): 6%. **Annual GDP growth:** 3.9%.

Natural resources: Fish, natural gas.

Agriculture: *Products—wheat, rice, grapes, olives, citrus fruits.*

Industry: *Types—automobiles, machinery, chemicals, textiles, shoes.*

Trade (1988*): *Exports* (f.o.b.)—\$128.4 billion; machinery and transport equipment, textiles, foodstuffs, chemicals, footwear. *Imports* (c.i.f.)—\$138.3 billion; machinery and transport equipment, foodstuffs, ferrous and nonferrous metals, wool, cotton, petroleum. *Major trade partners* (1988*)—F.R.G. 20%, France 16%, U.K. 7%, U.S. 7%, U.S.S.R. 2%, OPEC 5%.

Exchange rates (1988, fluctuates) 1,302 lire = U.S.\$1.

Membership in International Organizations

UN and some of its specialized and related agencies, NATO, Organization for Economic Cooperation and Development (OECD), European Community (EC), Western European Union, Council of Europe, INTEL-SAT.

*1988 figures are estimates. Taken from the *Background Notes* of May 1989, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

vested with the responsibilities of government. But those decisions have contributed, as indeed they were designed to, toward strengthening peace and opening up encouraging prospects for reconciliation and dialogue. It is our duty today to look ahead to the future, indeed, to build up that future by taking the initiative with determination and, at the same time, to consolidate the foundations of what we had already constructed: the edifice of the alliance among the free nations of the West.

In Italy we listened with great interest to the reference you made last May to the common values which constitute the very mortar that binds the United States to Europe and the basis of our defense alliance, which for over 40 years has helped to keep peace. At a time when it is precisely these values that are winning through, even outside the alliance, we must confirm with even greater forceful-

ness and conviction our commitment to fostering them. Together we must continue to close ranks on the side of freedom and justice, human rights and the peaceful progress of all peoples, particularly by bridging the gap between North and South. Together we must extend a hand of friendship to the peoples who are still deprived of the benefits of economic development. The more closely united Europe of tomorrow is ready to take up these challenges in a spirit of open cooperation with the United States and the conviction that entrenchment is incompatible with progress; entrenchment is incompatible with prosperity.

Scientific progress and economic growth are the indispensable preconditions for extending development to all sections of society and to all the regions of the world. Moreover, we are convinced that technological and industrial development, which is the expression of the irre-

versible progress of mankind, is not incompatible with environmental protection and respect for nature. However, we must do all we can to seek to strike a just balance which will demand imagination, political courage, and above all the cooperation of everyone.

I am particularly happy to make this visit because I'm certain that we will be able to further strengthen our two countries' bilateral relations, that already constitute a tightly interwoven network in the areas of the economy, culture, science, and combating the scourge of crime and drug trafficking. It is only by continuing to closely coordinate our efforts that we shall be in a position to defeat the tremendous threat looming over our societies because of drugs.

Common values, common interests, common duties—these form the solid and concrete basis of relations between Italy and the United States on which we have to work together. I trust that my visit, which is so important and so welcome to me, may constitute a significant step forward in this new dynamic and mutually enriching process.

God bless you, Mr. President. God bless the United States of America. God bless Italy.

¹ Held at the South Portico of the White House, where President Cossiga was accorded a formal welcome with full military honors (text from Weekly Compilation of Presidential Documents of Oct. 16, 1989). ■

President Meets With NATO Secretary General



(White House photo by Susan Biddle)

WHITE HOUSE STATEMENT, OCT. 11, 1989¹

The President met this afternoon with NATO Secretary General Manfred Woerner. The two leaders discussed a variety of alliance issues and developments in Eastern Europe. The President complimented the Secretary General on his leadership at the May NATO summit and noted that the summit declaration was designed to chart a new course for NATO in a period of change in the East-West relations, giving the alliance the mission of working to overcome the division of Europe. The President expressed his strong commitment to supporting the process of economic and political reforms in Poland and Hungary.

The President and the Secretary General also discussed the ongoing CFE

[conventional armed forces in Europe] negotiations and the importance of sustaining the momentum created by NATO's recent tabling of its proposals. They reaffirmed the commitment to an accelerated timetable for reaching a CFE agreement within 6–12 months.

The meeting began at 2 p.m. and lasted 30 minutes. Also present were Secretary of State James Baker, Chief of Staff John Sununu, national security adviser Brent Scowcroft, U.S. Permanent Representative to NATO William Taft, and Deputy Assistant Secretary General Robert Pearson. Following the meeting with the President, the Secretary General met with Vice President Quayle for 15 minutes.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 16, 1989. ■

President Meets With Egyptian President

Secretary Baker held a news briefing at the White House on October 2, 1989.¹

President Bush and President Mubarak have just finished a productive 45-minute discussion on a wide range of issues. Inevitably, of course, the discussion focused on the Middle East peace process. I think it's fair to say that we all hope that conditions exist for progress and that the Israeli Government's elections initiative points the way.

Rather than go any further with respect to a statement, I'd be delighted to try and respond to your questions.

Q. One of the Egyptian 10 points involves a freeze on further Israeli settlements in the occupied territories. Does the United States support that?

A. The United States supports the initiation of a dialogue. We've said for a long time we don't think we'll get to peace until we have Palestinians and Israelis speaking to each other. We've made the point over the course of the past several weeks that the Egyptian 10 points do not represent, in our view, a competing proposal to the Shamir elections initiative.

President Mubarak indicated today that in his view, it does not represent a competing proposal. They represent a means of getting a dialogue established. So I don't think it's productive for us to sit here and go through one-by-one the 10 points. There are some of those, of course, that we agree with, some that we may not agree with.

Q. As a matter of policy, do you want the Shamir government to make those 10 points and say yes?

A. What we would like to see happen, of course, is for the Israeli Cabinet—which I understand is going to be meeting on Thursday—to conclude that they would like to go forward with discussions respecting a dialogue between Israelis and Palestinians that could lead to elections; that it lead to the implementation of their proposal.

Q. Yes, but on the terms that Mr. Mubarak says, namely with Palestinians outside the territory?

A. It's not an either-or you see. What President Mubarak is suggesting is that these might be the terms that Palestinians would take to the table as their opening position when they come to the



(White House photo by David Valdez)

table to talk about elections and, as the Shamir initiative indicated, transitional arrangements which might follow elections.

Q. Do you have agreement from [Palestine Liberation Organization (PLO) leader] Yasir Arafat that he agrees to the proposals?

A. I don't have any agreement that he agrees to—

Q. Do we have any—that Arafat agrees or disagrees with the Mubarak proposals?

A. I don't have any evidence that he agrees or disagrees.

Q. Is the United States suggesting an Israeli-Egyptian commission to try to get the dialogue going?

A. I'm not sure you could call it a commission. What has been suggested is the possibility that the three nations could, in some way, determine the Palestinian representation with respect to the

dialogue. That would, of course, give Israel a chop on the representation of the people in the occupied territories who would be representing the Palestinians.

Q. Have you had any indication yet, one, that Yasir Arafat wants to come address the United Nations, and two, what would you and the President use for your criteria in deciding on whether to grant such an application?

A. The second is purely hypothetical, because we haven't had any indication at all from him that he wants to come address the United Nations, and that's a very hypothetical question. We don't have it before us.

Q. Did President Mubarak indicate in any way that the PLO was willing to accept the conditions of his 10-point plan?

A. He did not indicate that expressly during the course of this meeting with President Bush. And you're going to have a chance to ask him these questions out here. I would suggest you direct those questions to him. I'm answering from the standpoint of the United States.

Q. There's a report today that Israel wants the United States to provide money to assist in resettlement of Soviet Jews, some of whom would be resettled on the West Bank. What would be our attitude toward such a request, and would there have to be conditions that they could not be settled on the West Bank?

A. The U.S. policy, of course, is to oppose additional settlements in the occupied territories. Let me say though, having said that, that we are very sympathetic to the problems of those who wish to emigrate from the Soviet Union. We, of course, will be accepting more Soviet Jews as refugees into the United States this year than we ever have before, and the United States would be interested in seeing Soviet Jews who want to go to Israel go to Israel. So we would be sympathetic in general. But the question of where we would find \$400 million is a very good question in this day of severe budget constraints.

Q. So you're saying the money isn't there?

A. The money would have to be found if this were something that we determined should go into our budget or

should be submitted to the Congress in the form of a supplemental. And then, as I'm really saying to you is that we're all aware of the very serious budget constraints that we are facing. We are addressing, for instance, the question of what we might do by way of additional assistance to Poland where we have a rather dramatic transformation taking place. We now have, instead of a communist government reforming, we have a democratic government seeking to survive. So it should come as no surprise that we've got some very major budget problems.

Q. Could we even consider funding if some of the settlers were going to be resettled in the West Bank?

A. I think I indicated to you our policy would be contrary on that point.

Q. Did President Mubarak bring up the issue of the world water development summit that he intends to host next summer?

A. That did not come up, but I would expect that we would probably talk about that at the lunch that I'm going to host for him at the State Department as soon as we're finished here.

Q. It is said that one of the things that Mr. Mubarak sought here was some sort of stamp of approval from the President of the United States for his peace plan, to give it some impetus. Did he get that? Do you have—

A. We have been supportive of this process for quite a while, because we see this as complementary to the Israeli elections proposal. We see the Mubarak 10 points as a means of permitting a dialogue to get started which would enable us to move forward with a Shamir elections proposal. And I frankly believe that that's the way that the Egyptian Government views this as well. But again, you'll have an opportunity to ask that question outside.

Q. Do you have any presidential words to share with us on that score?

A. I think I just shared it with you, that we do support this. We're very appreciative of what President Mubarak has been doing to move the peace process forward in the Middle East. It is quite consistent with what we think is the appropriate approach, which is to try and find a way to implement the Shamir elections proposal. And the Mubarak 10 points represents just that, in our view.

Q. Is the next move, then, up to the Israelis? And how optimistic are you that that will happen quickly?

A. I think I mentioned the Israeli Cabinet is scheduled, I believe, to meet on Thursday.

Q. And you think they will give a yes or no—

A. I would rather not prejudge it. I think that they are going to be meeting to consider this because it's important to them. No one wants peace more than Israel. That's a point that they make in all of these discussions, and one that I think most everyone accepts.

Q. With a cease-fire now in Lebanon, is the United States prepared to reoccupy its Embassy in Beirut?

A. We are having discussions about the possibility of that. We said when we left that it was a temporary departure, and we'd like to get back just as soon as two things happen; that we felt we could do our work there and that we felt that our people would be secure.

Q. And who are you discussing this with—Gen. Awn [Christian-backed leader]?

A. We are having discussions. We've had some discussions with people in

Lebanon. We are having discussions as well with the Lebanese Ambassador here in the United States.

Q. The Middle East, the peace process—it seems almost endless and there always seems to be relatively little progress made. Do you have any reason this time to have any reason for optimism?

A. What I said in New York, Thursday or Friday, I think, was that there may be the potential for progress here. That's exactly the way I would leave it. And I think that it is possible. I think it's too early to say it's probable.

Q. Can you tell us to what extent the United States is asking Mr. Shamir to take Mubarak's proposals and move forward?

A. I met with [Israeli Foreign] Minister Arens in New York twice, once alone and once again with the Foreign Minister of Egypt. The President saw [Foreign] Minister Arens. I talked to him on the phone today. We would like very much for the Shamir elections proposal to move forward, and we think that the Egyptian 10 points affords us a means of implementing the Shamir elections proposal. So, we're encouraging that. We'd like very much to see that happen.

¹ Press release 181. ■

Agreement on Lebanese National Reconciliation

DEPARTMENT STATEMENT,
OCT. 23, 1989¹

The United States warmly welcomes the news that the Taif conference has reached agreement. Through the courageous efforts of the Lebanese deputies and the Arab League Higher Committee, Lebanon has a unique chance to move toward ending the suffering and violence of so many years. We extend to the deputies and Arab League committee our sincere congratulations.

Lebanon now has an agreement for national reconciliation reached after much careful discussion, debate, and compromise by one of Lebanon's last bodies with unchallenged legitimacy. The chal-

lenge now is for all concerned parties to seize this extraordinary opportunity to consolidate and implement what has been achieved. The international community should take appropriate measures to demonstrate its support for the deputies and what they have accomplished.

The deputies should be permitted to continue their work in Lebanon free from threats and intimidation. We fully support the continuation of the process begun by the Arab League committee and deputies in Taif. In our view, this process should lead to a sovereign and unified Lebanon free from foreign forces.

¹ Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

Cooperation in Countering Terrorism

Morris D. Busby

*Statement before the Senate Governmental Affairs Committee on September 11, 1989. Ambassador Busby is Coordinator for Counterterrorism.*¹

Thank you for the opportunity to discuss the terrorism threat facing the United States and the steps the executive branch is taking in cooperation with the Congress to address this menace.

As your previous panel has already spoken on the international threat, I will provide only brief introductory remarks on that aspect of your hearing. Instead I will concentrate on the issues of international cooperation, interagency organization, and executive branch management which you and Senator Lieberman raised in your letter of invitation.

Threat Situation

As a nation, we continue to be reminded of the many forms of the international terrorism threat. A few days before Christmas last year, there was the bombing of PanAm #103. In August there were the callous video of Lt. Col. Higgins hanged by the neck and death threats against stage Joseph Cicippio. Most recently there has been a reign of terror in Colombia as narco-traffickers try to intimidate President Barco into backing down from his decision to extradite these criminals.

Too often people suggest that terrorism is just an American problem or an Israeli problem or a British problem or a problem only for the people of Colombia. That is wrong; it is an international problem. In 1988 international terrorist incidents affected the citizens and property of 79 nations in a total of 68 countries throughout the world. A single incident can kill or maim victims from many nations. The bombing of PanAm #103, for example, killed citizens of nearly 20 different nations.

Terrorists cooperate with each other. Weapons are shared; safehouses are used by terrorists from more than one group; the latest technology for bombs spreads quickly throughout the international terrorist network; travel documents stolen in one area of the world are used by terrorists thousands of miles away.

The best strategy for dealing with terrorism—be it in the United States or abroad—is for the nations of the world to

cooperate in fighting against the terrorists. We must make common cause and work together to ensure that terrorists are arrested, extradited, tried, and severely punished for their crimes.

Above all, nations must stand together in dealing with countries that support terrorism, where possible to convince those countries to abandon their support for terrorism and, where this is not possible, to apply sanctions or other appropriate measures as incentives to change their behavior and to reduce their capacity to support terrorist acts.

International Cooperation

The very nature of terrorism requires that the defense against terrorism be international in scope. Terrorists often operate in small cells with rigorous security. They may rely on couriers instead of electronic communications. Terrorists will strike across international frontiers in pursuit of a target, and groups of different nationalities will train with each other.

Improving international cooperation—not just between the United States and its traditional allies but also with other nations—must be one of the primary elements in any effective strategy for containing and deterring terrorist attacks. We must and do work with other governments to collect intelligence on terrorist organizations. We exchange threat information as appropriate. Law enforcement personnel must continue to work with their colleagues from other nations in the laborious process of identifying, apprehending, and prosecuting terrorists. In short, collective efforts among law-abiding nations are needed to maximize the economic and political sanctions against states that assist terrorists.

The United States is in the forefront of the international community's efforts to develop and implement successful countermeasures to terrorism. We discuss terrorism on a bilateral basis regularly with a number of countries and, when appropriate, exchange sensitive intelligence and analyses. We work through both bilateral channels and multilateral organizations to strengthen international policies on aviation and maritime security. With several nations, we coordinate our respective training and assistance programs to learn from each other and to minimize duplication. With some governments, our own counterterrorism units actually "cross-train" to exchange

tactical information and techniques which help each nation to prepare itself better to respond to a terrorist incident.

But there are minuses as well as pluses. While there are fewer and fewer states that do not cooperate on counterterrorism measures, we still do not have a solid front. While some countries are willing to take a tough stand, others are more equivocal. As we approach the 1990s, we need to make it clear to countries supporting terrorism that their relationships with the rest of the world are at risk if they do not stop. Just as terrorism's victims come from countries all over the world, so must the response be multinational. Unfortunately we are not yet there. Commercial interests, political agendas, including misguided notions of how to show sympathy with certain causes, and differences over strategy and tactics continue to prevent international cooperation from reaching the level essential for dealing effectively with this threat.

We also work in the United Nations and other international organizations to get our message across and to press our position that terrorism is an unacceptable tactic, regardless of the motivation. It is not always easy, especially in the United Nations where there can be prolonged disputes over words in resolutions. The UN Security Council recently passed a resolution calling for the release of all the hostages, a step we welcomed.

We have had good success in the UN specialized agencies, such as the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). At ICAO, the main forum for efforts to improve international civil aviation standards, a new international convention was drafted last year on airport security. ICAO is also considering additional international civil aviation standards to help prevent another PanAm #103 type incident. IMO became concerned about maritime terrorism in the aftermath of the *Achille Lauro* shipjacking and, in response, developed a convention on maritime security. Both of these protocols have been submitted to the Senate, and we hope you and your colleagues will give your advice and consent to these treaties this year.

In addition to these UN-affiliated organizations, we engage other forums in multilateral cooperation against terrorism. For example, the United States works closely with our allies through

groupings, such as the summit seven of western industrialized nations and the European Community (EC). We have developed a good working relationship with the EC "Trevi group" of justice and interior ministers. The Attorney General, the director of the FBI, and I meet with Trevi ministers when they hold their semiannual sessions. The European Community, after some hesitation, played an important role, for example, in taking economic and diplomatic steps against Libya and Syria in 1986 after Libya was implicated in the Berlin disco bombing and British courts found that Syrian officials were responsible for an unsuccessful effort to place a bomb aboard an El Al passenger airliner at London's Heathrow Airport.

We also work closely with other countries both in sharing information to help prevent terrorist attacks and in investigating attacks that have taken place. The PanAm #103 bombing, for example, has touched off the largest international criminal investigation in history, involving a number of countries. We also cooperated closely with West German officials in the recent case that resulted in a life sentence for Mohammad Hammadi for his role in the hijacking of TWA #847 and the murder of a U.S. Navy diver, Robert Stethem.

Besides the normal diplomatic avenues of discussion and assistance to investigators, the Department of State provides antiterrorism training to security officials of a significant number of governments throughout the world. Over 7,000 persons from more than 50 nations have participated in such programs in the last 5 years. We provide training and related equipment for antiterrorist measures ranging from aviation security and crisis management to the technical specialties of postblast investigation and forensic evidence analysis. This program not only improves technical skills but also develops contacts and working relationships between the United States and the participating nations. In so doing, we help foster safety both for our Embassies and other overseas facilities, as well as for the American business and private community abroad.

A final area of effective international cooperation is research and development of new equipment to counter existing and potential terrorist capabilities. The United States undertakes such research itself and in cooperation with several allied countries. Such cooperation is essential if we are to draw upon scientific and manufacturing expertise to counter terrorist threats, such as the plastic explosives used to blow up PanAm #103.

U. S. Government Coordination and Organization

Just as working with other governments is a major element of our counterterrorism efforts, so too is ensuring that the United States is organized and ready to respond to terrorist incidents. Over the last half dozen years, and particularly since the issuance of the report prepared by then-Vice President Bush in 1986, actions taken within the executive branch have prepared us to deal more effectively with terrorism.

The State Department is the designated lead agency in dealing with international terrorist incidents which occur outside U.S. territories, while the Department of Justice and the FBI have responsibility in regard to terrorist incidents which take place within U.S. territory. Additional resources have been provided throughout the government to improve our capabilities to collect and assess information on terrorist groups and to respond in an effective and coordinated way.

Policy oversight and management of a wide variety of terrorism-related issues is coordinated by the Department of State through the Policy Coordinating Committee on Terrorism. I chair this group, which includes representatives at the assistant secretary level from 11 different agencies and departments having terrorism-related responsibilities.

We have a well developed crisis management structure to respond to terrorist events. The principal departments and agencies, as well as the White House, have contingency plans and hold exercises regularly. At the State Department, for example, we have specific procedures for establishing a task force on short notice which pulls together knowledgeable staff from throughout the Department to serve as the focal point for handling a terrorist incident. The task force is in contact with the crisis teams established at the White House, the Pentagon, and within the intelligence community to handle the terrorist incident. We use this structure to stay in constant touch with our missions overseas and to gather information, monitor the situation, coordinate our responses, and prepare for our posts abroad. We use it to develop policy options, keep in touch with the immediate families of terrorist victims, brief the Congress, and interact with the media. I have just had my first experience with this mechanism as head of the State Department's task force established during the recent Lebanon hostage crisis. That task force and the

persons assigned to it made a major contribution to our comprehensive response to this incident.

Finally, although I don't want to get into the classified aspects of our work, we do have specially trained teams that can assist our Embassies in responding to a terrorist incident. These teams can play an essential role—based on their experience in crisis management and their understanding of U.S. response capabilities—in assisting both our Embassy and foreign governments in dealing with a terrorist incident.

Current Issues

This brings me to the final area you indicated you would like me to discuss: current issues and problems, including intelligence gathering. It is difficult to discuss the intelligence aspects of counterterrorism in a public forum, but I can make a few general comments.

Effective counterterrorist policy must be based on sound principles and be consistent. And to be effective and anticipatory, it must be intelligence-based and driven. Simply reacting to terrorist incidents as they occur is not enough. We need successful and consistent intelligence gathering and analysis if we are to have any prospect of preventing terrorist operations.

By their very nature, terrorist groups are hard to penetrate and track. They depend on surprise and secrecy for their success. Some groups, such as the Lebanon-based Shi'a Hizballah group that holds American hostages in Lebanon, present special problems. They often include only members of the same extended family, which makes them extremely difficult to penetrate. That is not to say we are helpless. Effective cooperation among intelligence services is an important tool. While the whole picture may not be available to any one intelligence service, effective sharing—both between intelligence agencies within the U.S. Government as well as with our allies—helps to piece together the complex puzzle presented by terrorism.

Another important undertaking is developing more effective mechanisms to promote "crosstalk" between law enforcement and intelligence organizations. Intelligence, even though it may not be of evidentiary value in a court of law, can help guide investigations. And information developed during legal investigations or court proceedings can provide invaluable insights for the intelligence analysts. We are working to improve this facet of our cooperative efforts. I understand that the Senate already has voted

request a report from the executive branch on the situation, and I believe it could be better to defer to that process rather than go into detail on the subject at this public hearing.

Another current problem is funding the research and development needed to counter terrorist tactics. For several years, the State Department has funded and managed a national counterterrorism research and development program to fill research gaps identified by an interagency group of experts. This program provides initial seed money—research and development funds—and takes projects often to the point of producing prototype equipment, where they can be “handed off” to another agency that can take the final product and take it to the full production stage. Research projects currently underway include those to improve our capabilities to detect plastic explosives and to help deal with chemical and biological threats that terrorists could pose in the future.

This program, while small, is funded at the Congress at levels well below the appropriation sought by the President. For example, the Administration sought \$3 million for this initiative for FY 1989. Although the Congress authorized the full request, the Senate “zero-funded” this program in the Commerce, Justice, and State appropriation bill last year, and at the conference with the House, the research and development program received only \$3 million. I am concerned about similar possible cuts in FY 1990 which I believe would be contrary to the frequently expressed statements by many members of Congress that we must do more to deal with the threat posed by terrorism. Here is a case where a limited investment can pay enormous dividends in protecting American lives. The types of devices being developed could help prevent future tragedies like the PanAm 103 bombing.

A final area where action is important is in improving the legal tools that we can array against terrorism. We strongly support legislation to make it more difficult for suspected terrorists to get visas to the United States and to expedite deportation of those who do manage to get into the country.

Another area of related concern is the financing of international terrorism. Some groups, such as the Abu Nidal organization, supplement their receipts from state sponsors by establishing front companies overseas which then furnish them with cover and profits to support terrorist operations. Closer to home, we are concerned about the ability of terrorists

to engage in fund-raising or other methods for raising revenue in this country. We are exploring, therefore, through the Policy Coordinating Committee on Terrorism and with the Justice Department, possible legislation intended to prohibit the flow of financial assets to terrorist groups. We hope to be able to consult this autumn with Members of Congress on dealing with these potential legislative matters.

In conclusion effectively fighting terrorism is a cooperative effort, both internationally and within the U.S. Government. There are few easy solutions and no magic answers. Your next

panel, I understand, will discuss policy options, and I won't dwell on that point. For my part, I would like to close emphasizing that we must be persistent, realizing that combatting terrorism is a long-term effort. And we must work together, within the executive branch, with the Congress, and with other like-minded nations, to defeat the scourge of international terrorism.

The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Sendero Luminoso: Peruvian Terrorist Group

The following fact sheet and chronology were prepared by the Office of the Ambassador at Large for Counter-Terrorism and made available on October 5, 1989.

Introduction

Peru's *Sendero Luminoso* (Shining Path) is an extremely dangerous and unpredictable terrorist and insurgency group. Its declared aim is to destroy existing Peruvian institutions and replace them with an Indian-based peasant revolutionary regime, inspired in part by Mao Zedong's Cultural Revolution in China.

Sendero intimidates the populace by executing—frequently in gruesome ways—civilians who have government ties and others it considers ideological enemies. It aggressively conducts political indoctrinations in areas it controls and, since 1987, has developed ties to narcotic traffickers and to the peasant coca growers whom it seeks to protect. Although initially operating as a guerrilla force in the rural areas, *Sendero* has added urban terrorism as a complement to its rural “people's war” insurgency.

Background

Estimates of total numbers of people killed since May 1980—when *Sendero* began its violent campaign—reach almost 15,000, with nearly 2,000 killed last year.

Sendero began as a movement in the late 1960s at the National University at San Cristobal of Huamanga in Ayacucho, a colonial-era provincial capital high in the Andes, 230 miles southeast of Lima. Abimael Guzman Reynoso, its founder

who is called “President Gonzalo” by his followers, was a philosophy professor at the university and a leader of the pro-Chinese faction within Peru's Communist Party. In 1970 he and his faction took the name “Shining Path of Jose Carlos Mariategui,” the founder of the Communist Party in Peru in the 1920s. *Sendero* went underground in 1978 and, 2 years later, launched its first violent attack—on a rural polling station on May 17, 1980, burning all the ballot boxes. *Sendero's* antidemocratic nature was particularly apparent in this first attack since the 1980 election marked the return to civilian rule in Peru after 12 years of military dictatorship.

Estimates of the number of *Sendero* militants range up to 5,000, with many more supporters. Although *Sendero* focuses its appeal on the disadvantaged ethnic Indian segment of Peru's population, it has successfully recruited among the sons and daughters of the middle and upper classes as well. It also seeks to recruit 13–15-year-olds as armed militants since they can be more easily propagandized into supporting with unmitigating violence *Sendero's* cause.

Ideology

Looking to Mao Zedong for inspiration, *Sendero* considers its philosophy as the fullest development of “scientific communist thought” and seeks to establish, through violent revolution, a “People's Republic of New Democracy” in Peru. It deeply distrusts Soviet and Cuban “revisionism” and has dubbed the Soviets “social imperialists.” *Sendero* also distrusts Nicaragua, North Korea, and vir-

tually all other communist regimes. It denounces Deng Xiaoping's "revisionism" in China, viewing instead the deposed "Gang of Four" as heroes of the Cultural Revolution. *Sendero* leader Guzman, according to documents from the group's fourth plenum of the Central Committee, also labeled Libya's Muammar Qadhafi "a fake."

Sendero's goal is to destroy not only the government but also the social order. It claims to champion the disadvantaged Indian peasants but shows no remorse in killing those who, in its view, display a "petit rural bourgeoisie" mentality. *Sendero* also implements a strict moral code—including no smoking or drinking—and despite aiding narcotic traffickers and coca growers, it is known to have executed those under its control found using drugs themselves.

Strategy and Tactic

Sendero has attempted to terrorize the population through violence and has murdered government officials, parliamentarians, judges, political activists, journalists, development workers (both foreign and native), professors, teachers, peasants, and occasionally tourists. In 1988 alone, it killed 17 provincial mayors. It has attacked government buildings and foreign embassies. Following the shooting of two parliamentary deputies in May 1989 (one attack apparently criminally motivated), over 20 parliamentary deputies from two different political parties publicly announced that they had received death threats or attempts on their lives, indicating the extent to which public officials have been threatened by the terrorist violence.

Rural and Urban. Similar to Mao's doctrine of encircling the cities from the countryside, *Sendero* sees the rural areas as the principal theater for its armed attacks. Urban subversion and terrorism, however, have become increasingly important to its strategy. In a July 1988 interview (the first the secretive *Sendero* leader had given since 1979), Guzman stated that *Sendero* must be prepared for what he characterized as the "final assault"—the taking of the cities. Other documents from early 1988 also indicate that *Sendero* was stressing urban subversion and terrorism as a complement to its rural warfare.

This new urban emphasis, however, was dealt a severe, but not crippling, blow when Osman Morote Barriomuevo, believed to be *Sendero's* second-in-command, was arrested in Lima and convicted later in 1988. Other recent

setbacks were the early August arrests in Lima of 29 *Sendero* members which, according to the Peruvian Interior Minister, dismantled a major subversive network, and the arrest later in the month of Samuel Vidal Espinoza, a *Sendero* leader who was charged with several crimes, including the murder of Rodrigo Franco, a high-ranking government official.

In addition to terrorism, *Sendero's* urban strategy includes seeking to infiltrate trade unions, student organizations, and leftist political parties. It has also been responsible for armed strikes in several rural areas in 1989 and a 1-day general strike in July which paralyzed transportation in much of Lima.

Economic Sabotage. *Sendero* also pursues a campaign of economic sabotage and in 1988 alone was responsible for losses estimated as high as \$2.65 billion. It is responsible for numerous blackouts and brownouts in Lima and other areas of Peru through its systematic bombing of electric pylons. This campaign culminated when *Sendero* blacked out Lima as well as many interior departments for a total of 21 days during the month of August.

Sendero has attacked rural development programs, killing government engineers who were working to upgrade rural facilities. Examples included the December 1987 attack on the office of the government irrigation project in Ayacucho, in which it killed three engineers, including the head of the Cachi River irrigation project. The project, which *Sendero* had vowed to block, would irrigate 34,000 acres of farmland and provide 25,000 kilowatts of electricity to the region. In June 1988, *Sendero* executed an American U.S. Agency for International Development (AID) contract employee and a Peruvian colleague near Quicha Baja who were working on a local agricultural project. In December 1988, it killed two French and two Peruvian engineers working on a rural assistance project in the south central Department of Apurimac and also that month, attacked a development project run by the European Economic Community. The EEC recalled its aid employees because of that attack, and in January 1989, the Dutch Government withdrew its development workers from the countryside because of the threat of *Sendero* attacks.

Although these development programs would aid the rural populations whose interests *Sendero* claims to defend, *Sendero* attacks them in order to undermine the established government and to present to the peasantry no hope for improvement until *Sendero* authority is established. In the words of Guzman quoted

at *Sendero's* fourth plenum of the Central Committee, "Our policy is to raze to the ground, to leave nothing.... In a war, what you can't use or carry off, you destroy, you burn."

Antielection Campaign. *Sendero* appears to have launched a campaign against the upcoming municipal elections in November and the general elections in April 1990. During the summer months, *Sendero* terrorists selectively assassinated over a score of political leaders to include local mayors, party representatives, and candidates. Through lethal intimidation, *Sendero* poses a potential threat to Peru's democratic system as the constitution calls for a cancellation of the vote count if 30% of the electorate are prevented from casting their ballots.

The Coca Connection

Sendero guerrillas have become increasingly active in Upper Huallaga Valley, the locale of most of Peru's illegal coca production, and have become a threat to the Peruvian Government's U.S.-assisted drug eradication, crop substitution, and interdiction efforts. Attacks by both traffickers and *Sendero* guerrillas have increased substantially in 1989, forcing the suspension of some of these operations for 6 months.

Sendero reportedly acts as an intermediary between the peasant growers and the drug traffickers, winning higher prices for the growers, taking a cut of the profits, and providing protection. In a police raid on a suspected drug target in the town of Uchiza in February 1989, 45 kilos of cocaine paste were seized and eight suspects arrested. Two were *Sendero* members.

Sendero's involvement in drugs have become increasingly apparent since 1987 when, in June of that year, the director of Brazil's Narcotics Division stated publicly that *Sendero* was involved with the traffickers operating on the Brazilian border and received large amounts of money from them.

Sendero, which now dominates dozens of villages in the region and is influential in several larger towns, has publicly stated that the government's antinarcotics operations are a cover for "imperialist expansion"—a convenient ideological rationale for attacking them. *Sendero* is organizing coca growers to protest the antidrug operations, and a pro-*Sendero* newsweekly has contributed to *Sendero's* disinformation campaign by reporting that crop eradication herbicide were poisoning children, several of

nom, the newsweekly claimed, have already died. The poisoning claims are un-true and except for a one-time application of herbicides have not been used in the eradication efforts.

Partial Incident Chronology

1989
September. *Sendero* is suspected in the shooting death of Dario Fermin Azparant, the Mayor of Jumanga in the Ayacucho Department. The 62-year-old mayor was a member of the Peruvian Communist Party.

Hooded terrorists believed to be *Sendero* members stabbed to death Pedro Alberca in a hospital and took his body to the main square of Punum Town in Huacho. Alberca was the regional general secretary of the Peruvian Communist Party as well as the spokesman of the communist United Left Front.

Sendero is suspected in the killing and decapitation of nearly 20 victims whose bodies were seen floating down the Huallaga River in front of a jungle cove from which U.S. Drug Enforcement Administration-assisted Peruvian anti-narcotics police are operating.

August. *Sendero* is believed responsible for killing Zacarias Briceno, the Mayor of Sanagoran District in northern Peru, after having rounded up the residents into the main town square. Briceno was a regional leader of the communist United Left Front. The terrorists burned down the city hall building prior to departing.

Believed responsible for bombing the home of Rafael and Emma Benavides, local leaders of FREDEMO (the Democratic Front). Both were injured in the attack. Mrs. Benavides is a candidate for Mayor of Huancavelica.

Police believe *Sendero* killed 15 peasants over a weekend period, many by grenades hurled at residents celebrating regional festivities in two towns in the Ayacucho highlands and three local leaders in the Chincayllapa District who were tied to poles, doused with fuel, and set on fire.

Suspected in the killing of Samuel Quaglia, the Socialist Accord candidate for Mayor of Cerro De Pasco, an important Sierra mining town.

Sendero terrorists shot and killed a police health department official in the main Department who was traveling on a bus.

July. Suspected in bombing a bus in the port of Callao which was carrying Soviet crew members on shore leave from a fishing vessel; 33 were wounded.

Killed 17 peasants of the village of Tinte, some by machinegun fire and others by stabbing, after herding members of a local self-defense force into the village square and subjecting them to a "people's trial."

June. Took over the town of Huaytan in Pilpichaca and killed six, including the mayor and the district's lieutenant governor.

Dynamited the home of the Mayor of Huacho in the Lima Department and assassinated the ex-lieutenant governor and his wife.

Assassinated the director of health for the northern cone of Lima.

Attacked the Santa Maria mine in the Huaral District, killed the resident engineer, and stole all explosives stored at the site.

Killed Manuel Espinoza Monroe, a leader of the ruling APRA party (American Popular Revolutionary Alliance) and Mayor of Tingo Maria in Huanuco; returned the next day to severely beat three workers who were constructing a mausoleum for the slain mayor.

Assassinated Eduardo Reyes Boliva, the district Mayor of Supe in the Lima Department.

Assassinated Eugenio Soria Quiroz, the APRA Mayor of Suecha in Ancash.

Assassinated 14 community leaders from various districts in Huancavelica for not complying with a forced strike.

Assassinated Cesar Zapata Castillo, the Mayor of Aucayacu in Huranuco.

Bombed a bus carrying presidential guards in Lima, killing 7 and wounding 15.

Assassinated Felipe Moreno Solorzano, the Mayor of La Merced in Junin.

Killed the director of the Educational Center of Agronomy in San Lorenzo, Junin.

May. Killed *El Comercio* journalist Barbara D'Achille in an isolated area in the Huancavelica Department, along with an engineer who was directing a UN study on the South American llamas.

Executed a British tourist after dragging him to a local town square. The tourist had been on a trekking expedition in the scenic Ancash Department. In a separate incident also in the same area, *Sendero* dynamited a hotel after warning the occupants, including foreign tourists, to leave.

Injured six people during an attack on a tourist agency and bombed a mountain guide headquarters in the Huaraz area in the Andean mountain range.

Believed responsible for the brutal killing in Lima of a Soviet-educated Peruvian professor at the National Engineering University. The assassins left a handprinted poster on the professor's back reading, "Thus die the servants of social imperialism."

Suspected in at least one of the two shootings of parliamentary deputies. Following the attacks, 23 other deputies publicly stated they had received death threats or attempts on their lives.

February. Suspected in the attack on the U.S. Embassy in which an explosive device was thrown from a passing vehicle at the chancery building. No one was injured.

1988

December. Suspected of having assassinated in Bolivia the Peruvian naval attache who was gunned down in downtown La Paz, although the attack was publicly claimed by a local terrorist group.

Brutally murdered two French engineers along with two Peruvians working on a rural assistance project in the Apurimac Department. *Sendero* also attacked a development project run by the EEC.

July. Killed a federal judge in the provincial capital of Chinchipe, 120 miles from Lima, several days after killing the province's governor.

June. Assassinated the Mayor of the Andean city of Puno.

Killed an American AID contract employee and a Peruvian coworker in an ambush near Quicha Baja. The two were involved in an agricultural project. The killers wrote in red ink in the American's notebook, "This is the way the lackeys of Yankee imperialism die."

May. Caused a blackout of most of Lima at a time when the Pope was visiting.

April. Hanged three peasant women in the highlands near Ayacucho after accusing them of washing soldier's clothes and selling them food.

Believed responsible for the killing in Lima of a technical adviser to the presidential palace and the wounding of a Lima city councilwoman.

Killed six villagers, including the mayor, after a "people's trial" in Andajes, a small village in the northeast Lima Department.

Believed responsible for killing the manager of a textile factory in the central Andes Mountains who was a Yugoslavian immigrant.

Murdered two workers and a companion in a U.S.-financed coca crop-substitution project.

March. Blew up approximately 20 electrical transmission towers near Ayacucho and Huanta causing a blackout likely timed to coincide with the start of a religious procession in Ayacucho.

Killed the manager of the Andahuasi agricultural cooperative 60 miles outside Lima and another person after a "people's trial."

January. Massacred 17 peasants in a village northeast of Ayacucho after ordering them into a line and opening fire with automatic weapons.

Massacred 24 peasants in another village in the Ayacucho area, shooting and hacking them to death.

1987

December. Blacked out Lima and parts of eight other departments in its first New Year's Eve blackout since 1984.

Killed the recently reelected Mayor of Pisco, a leading coastal city about 150 miles from Lima.

Killed 24 in Rumirumi in the Ayacucho Department, including village officials, the local school teacher, and members of an army-organized peasant's patrol. The victims had been gathered in the town square and killed by machine-gun fire while others had their throats slit.

Killed an engineer with the government development agency after a "people's trial" in Huaraz, 275 miles north-east of Lima.

Attacked the office in Ayacucho of the Cachi River irrigation project, killing three engineers including the project's director and a local guard.

Killed the Mayor of Huanta.

October. Suspected in the assassination of a leader of the ruling party.

September-October. Killed over 40 civilians in attacks against two towns in the Tocache Province.

August. Killed another leader of the ruling party.

April. Ambushed with dynamite and machinegun fire a bus carrying approximately 40 people, killing 10 soldiers and 4 civilians.

Attacked a restaurant in Lima killing 6, including 2 military officers, and wounded 10 others with indiscriminate machinegun fire. The attackers entered the restaurant wearing school and police uniforms.

Attacked the North Korean Commercial Mission in Lima, wounding at least three people.

March. Wounded the Bank of Tokyo's general manager, a Japanese national, in an assassination attempt in Lima.

January. Attacked the Indian Embassy in Lima while the Peruvian President was on an official visit to New Delhi. The *Sendero* attackers later took over the local Reuters office and forced its staff to send its communique over the wires.

1986

October. Shot and killed former Navy Minister Admiral Cafferatta.

July. Bombed the Soviet Embassy in Lima.

June. Instigated simultaneous riots in three prisons which were brutally put down by the security forces. Over 200 suspected *Sendero* prisoners were killed.

Bombed a Cuzco train packed with tourists and bound for the stone ruins of Machu Picchu, killing 8 (including 2 Americans) and wounding 40 (including 9 Americans).

March. Publicly executed three provincial mayors in Chacra Pampas.

February. Killed the Mayor of the village of Chupac.

1985

December. Set off a bomb in the parking lot of Lima airport, killing a child.

August. Bombed a bus at Lima's Chamber of Commerce.

April. Critically wounded a former Supreme Court Justice who was serving as president of the National Elections Tribunal.

February. Blacked out most of Lima during the Pope's visit, while simultaneously burning a large hammer and sickle on a mountainside within view of the capital.

1984

November. Bombed the U.S.-Peruvian Cultural Institute in Lima.

August. Burned an evangelical church in the Ayacucho Department run by U.S. missionaries.

1983

May. Blew up electrical powerlines causing a blackout in Lima, then set off over 30 bombs causing tens of millions of dollars in damage.

1982

July. Threw two explosive devices containing dynamite at the U.S. Embassy in Lima and set off bombs at three private businesses, injuring three people.

1981

August. Bombed the U.S. Embassy in Lima, as well as the Bank of America, the Coca Cola bottler, and a dairy firm associated with the Carnation Company.

1980

May. Attacked a polling station in Chuschi and burned the ballot boxes. ■

UN Mandate Under Central America Agreements

DEPARTMENT STATEMENT, OCT. 16, 1989¹

Secretary Baker has asked Assistant Secretary [for International Organization Affairs] John Bolton to meet with the Secretary General today to discuss UN plans to implement its mandate under Esquipulas and the Tela agreements. Mr. Bolton is carrying a letter from the Secretary, copies of which we will make available to you after the briefing [text follows].

The role of the United Nations to further the goals of democratization and peace in Central America has been most welcome. The United States has a special interest in the peace and stability of this vital region, and we want to work together with the Secretary General to bring about our shared goals.

We believe that it is vitally important for the United Nations to insist that all of the conditions of Esquipulas and the Tela accords be fully implemented. For the mission to be successful, it is imperative that the United States be, and be seen to be, impartial.

We have emphasized to the United Nations the priority of the establishment and continuing verification of democratic conditions and guarantees of security for those who choose to return to Nicaragua—the first step in demonstrating to Resistance members that they may safely return home should they voluntarily choose to do so.

The political and security situations in Nicaragua must improve and accommodate Resistance concerns before they can be expected to voluntarily demobilize and repatriate. The Tela accords require direct contacts between the Government of Nicaragua and the Resistance and verifiable guarantees of their basic rights and freedoms.

Respected human rights organizations have documented a systematic pattern of deaths and disappearances of Resistance members and their families. Upwards of 1,700 still languish in Sandinista prisons. These violations continue.

It was recently reported that a Rinkito commander and seven of his men were captured by the Sandinistas on October 6 and summarily executed on October 7. The Government of Nicaragua must address these issues if it is serious about complying with the Tela agreement.

SECRETARY'S LETTER TO UN SECRETARY GENERAL, OCT. 15, 1989

Continued strife in the Central American region is of serious concern to my government. The role of the United Nations to further the goals of democratization and peace in Central America has been most welcome. The United States has a special interest in the peace and stability of this vital region, and we want to work together with you to bring about our shared goals. The five Central American governments have called on your good offices to facilitate the Esquipulas process to which they have committed themselves. It is a process which my government supports, and I look forward to closer consultations between us in furtherance of that process.

It is in that spirit that I share with you now my deep concern about reports that some officials of the United Nations are attempting to interject an approach which is contrary to goals we all share—the achievement of democracy in Nicaragua, a necessary condition to assure Resistance members that they have the option to return with safety and freedom to participate in the social, economic, and political fabric of Nicaragua—as the Government of Nicaragua has committed to do in the Esquipulas, Tesoro Beach, and Tela Agreements. Absent such conditions, I believe we both agree that the Resistance is unlikely to demobilize voluntarily and return to what is recognized as hostile control and recrimination from the Sandinista government. That is an

outcome that will dim all prospects for peace in Central America.

I sincerely hope that you intend to proceed even-handedly and to simultaneously carry out your mandate to ensure that the Government of Nicaragua adheres to its commitments for an amnesty, verifiable security guarantees and democratic conditions, and the guarantee of the "basic rights and freedoms" (Tela Agreement) of Resistance members and their families. Respected human rights organizations have documented a systematic pattern of deaths and disappearances of Resistance members and their families. Upwards of 1700 still languish in Sandinista prisons.

I urge you to encourage all parties to the conflict to abide by commitments which they have agreed to in order to restore to the area the peace, democracy, and security it so justly deserves and desires. I hope that the mischaracterizations of the problems and potential solutions to those problems can be corrected promptly. The United Nations must be, and be seen to be, impartial in its conduct if there is to be success.

As we move forward together, I look forward to staying in continuing close touch with you.

With best personal regards,

Sincerely yours,

JAMES A. BAKER, III

¹Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

United Nations Day, 1989

PROCLAMATION 6052, OCT. 19, 1989¹

Each year, United Nations Day provides us the opportunity to reaffirm the principles upon which the United Nations was founded in 1945. Those principles are eloquently expressed in the preamble to the Universal Declaration of Human Rights, which was adopted by the U.N. General Assembly on December 10, 1948. In that historic document, the peoples of the United Nations agreed that "recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world." The ongoing efforts of the United States and other members of the United Nations are rooted in the conviction that human rights should be protected by the rule of law.

Today, mankind is filled with hope, for the prospects for peace have improved greatly in

regions where it seemed impossible just a few years ago. Throughout the world, we are witnessing the triumph of freedom and democratic ideals over regimes maintained by intimidation and force. The United Nations and the Universal Declaration of Human Rights have contributed much to this progress, both symbolically and practically.

The effectiveness and credibility of the organization have been enhanced by a continuing series of internal reforms, and the United Nations plays an important role in promoting constructive dialogue and the peaceful resolution of differences between nations. It has helped advance or implement the settlement of a number of regional conflicts, and it has helped promote the economic and political development of countries beset by strife and poverty. The United Nations has also begun to offer leadership in the fight against drug trafficking, as well as in efforts to protect the global environment.

Much of the U.N. work is carried out by its technical and specialized agencies, such as the International Civil Aviation Organization (ICAO). This year marks the 45th anniversary of the Convention on International Civil Aviation, which provided for the establishment of the ICAO. Since its inception, the ICAO has led efforts to promote safety in international air navigation and to ensure the orderly growth of international civil aviation throughout the world.

In recent years, the ICAO has devoted increasing attention to the threat of terrorism. Earlier this year, it adopted a plan of action to thwart terrorists attempting to place bombs on board passenger aircraft. The organization is currently developing a regimen for the marking and detection of plastic explosives. The ICAO has long been a useful forum in which to address the problem of aircraft hijackings. In fact, the incidence of aircraft hijackings around the world has decreased markedly—in large part as a result of improved security measures recommended by the ICAO and implemented by its member states.

The International Civil Aviation Organization is one example of the positive role played by the technical and specialized agencies of the United Nations. Throughout the U.N. system, men and women from around the world are working together to help make the world a safer, healthier place in which to live. Their efforts reflect the vision of those who, in signing the United Nations Charter, "reaffirm[ed] their] faith in fundamental human rights [and] in the dignity and worth of the human person."

Now, THEREFORE, I GEORGE BUSH, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim October 24, 1989, as United Nations Day. I urge all Americans to observe that day with appropriate programs, ceremonies and activities.

IN WITNESS WHEREOF, I have hereunto set my hand this nineteenth day of October, in the year of our Lord nineteen hundred and eighty-nine, and of the Independence of the United States of America the two hundred and fourteenth.

GEORGE BUSH

¹ Text from Weekly Compilation of Presidential Documents of Oct. 23, 1989. ■

Cuba's Human Rights Abuses Under the UN Spotlight

by Armando Valladares

Statement before the Subcommittees on Western Hemisphere Affairs and Human Rights and International Organizations of the House Foreign Affairs Committee on September 20, 1989. Ambassador Valladares is U.S. Representative to the UN Commission on Human Rights.¹

Last year when I appeared before this body, I was able to report to you a significant victory for human rights that we had achieved when the UN Commission for Human Rights decided to conduct an investigation into the Government of Cuba's human rights practices. That decision resulted in the visit to Cuba by a six-member working group which was able to collect first-hand evidence of the sweeping human rights abuses which routinely occur in Cuba.

Following the United Nations' historic decision to conduct a full investigation into Cuban human rights, a number of quite remarkable things occurred. Castro actually seemed prepared to tolerate—in an unofficial manner, of course—the existence of several small, but vocal, human rights committees that were independent of the government. He permitted and cooperated with the visits of international human rights monitors, including the International Committee of the Red Cross and the Catholic Church. He released many of the longest held political prisoners and permitted them to emigrate to the United States. The shark can never be tamed, and Castro has all his teeth, as I will presently make clear. He permitted these things to happen because he was in the United Nations' spotlight, and he had no other choice to avoid tarnishing his "progressive" image. But unless the United Nations continues to spotlight Cuba, the system will continue to chew up and spit out those who attempt to change it peacefully from within.

As most of you know, I spent 22 years in various prisons and labor camps in Cuba. I know that international pressure is decisive in swaying Fidel Castro. Following years of quiet diplomacy on my behalf, it was only after a well-publicized campaign involving a number of respected human rights groups and private individuals around the world that I was freed from Castro's grasp. I am living proof that international attention, criticism, and pressure can influence and perhaps change the behavior of dictator-

ships, even one as entrenched and blood as Fidel Castro's.

Report on UN Investigation

The agreement by the UN commission to finally look into the many allegations of serious human rights abuses in Cuba was a very hopeful sign that the United Nations was truly capable of carrying out its mandate to improve human rights in any country. The investigative working group was able to receive evidence and testimony directly from individual Cuban citizens who had experienced abuses of their human rights. Two thousand individuals sent written testimony to the working group. The report which this UN working group produced was 400 pages and contained detailed accounts of hundreds of separate incidents of gross human rights violations. It is a truly important document that contains a wealth of proof and first-hand testimony on the situation of human rights in Cuba—the freedom of movement, of privacy, of association—all these rights do not exist. Soviet publications such as *Moscow News* and *Sputnik* are banned from Cuba as subversive. As Jose Marti said, "*Solo la opresion debe temer el ejercicio pleno de las libertades.*" [Only oppressors need fear the full exercise of liberty.]

Despite the weight of this testimony and the observations that the working group members were able to make for themselves during their visit to Cuba, the report contained no conclusions. Nor is this surprising. At the outset of its work the group had agreed to function by consensus. Although a majority of the group reportedly was in favor of incorporating conclusions, no consensus was reached on what those conclusions should be. Moreover, it is significant that representatives from five geographical regions were able to agree on so much. The inclusion of the information that makes up the body of the report could not be denied, and the world can draw its own conclusions. This report does not represent my opinion nor that of the U.S. Government. It is the United Nations that describes Cuba's dismal human rights record.

Although, as I have said, the report was overwhelming in its presentation of thoroughly documented cases of human rights abuses, the commission at its session this year could not agree to continue the mandate of the working group to

maintain contacts with the Cuban people and Government. Instead, a less well-defined mandate was given to the Secretary General to establish contact with the Cuban Government and to raise human rights cases which come to the Secretary General's attention. The resolution, which conveyed this mandate, was sponsored by Panama—essentially fronting for Cuba—and had Cuba's support.

We went to this year's session of the UN Human Rights Commission hoping to build on last year's historic success there. We felt that the UN working group's report would furnish ample grounds for continuing to examine Cuba's human rights practices. Continuing to keep the pressure on Castro would be the best guarantee that human rights would continue to improve. But already there were warning signs.

Castro's Harassment Campaign

During the last quarter of 1988, following the United Nations' visit to Cuba, there were several ominous occurrences. In violation of his open pledge to cooperate with the UN investigation and to allow Cubans to speak freely without reprisals to the UN team members, Castro's agents conducted a campaign of harassment, beating, and imprisonment aimed against the leaders of Cuba's human rights community, many of whom had been in contact with the United Nations. This campaign actually began while the team was still present in Cuba and continues to date. It has, in fact, intensified during the past few weeks when the heads of several important human rights organizations were re-arrested and imprisoned on vague charges.

Those arrested include Tania Diaz Castro, who was set upon and brutally beaten by plainclothes government agents as she was visiting a relative at Combinado del Este Prison last November and then tried and sentenced, all in 1 day, for disturbing the peace. She remains in jail today. Elizardo Sanchez, who visited this country 1 year ago and is known to many of you, was arrested in August and, if convicted, faces 4 years in prison on charges of spreading false propaganda. Others have been arrested and jailed on even less credible charges.

These recent developments in Cuba are a tragedy not only because of the individual human suffering involved but because people who had staked their well-being on the United Nations' credibility—who had been encouraged and emboldened by the belief that the United Nations would publicize all attempts by Castro to silence his critics—

are now the targets of a renewed and intensified crackdown by Castro. Just as I can attribute improvements in Cuba which occurred when the spotlight was clearly focused upon Cuba, I can attribute this backsliding to Castro's perception that the United Nations has not yet shown that it is fully committed to the cause of improving human rights in his country.

U.S. Support for UN Monitoring Role

I believe that, notwithstanding the fact that we got less than we hoped for at the last session of the commission, the resolution adopted by the commission is strong enough to ensure that Cuba remains a subject of UN scrutiny. For that reason, we supported it after stronger language, which we originally had supported, failed on a tie vote.

It is now up to the Secretary General to act upon the mandate given him to follow up on the numerous credible allegations of human rights abuses in Cuba. I am aware that many Cubans living in and outside of Cuba have documented human rights abuses by the Government of Cuba and transmitted them to the United Nations. I hope the Secretary General will

carefully review these cases and bring them to the attention of the Cuban authorities for their response. If the Cuban Government fails to respond satisfactorily to the United Nations, the fact of their noncooperation will be further reason to continue the United Nations' involvement.

This is our bottom line—to continue to have international monitoring of the situation of human rights in Cuba and to maintain Cuba on the agenda of the Human Rights Commission. Nor must we be swayed to believing that Castro has turned over a new leaf. Cuba continues to be one of the bleakest outposts of the communist and totalitarian world. At a time when communist leaders in all but a few countries recognize that their dictatorial and repressive system is at fault for catastrophic failures of their economies and political structures, Castro continues to press for reinforcing the Marxist model. He is a throwback—and far from the "progressive" model for Third World nationbuilding as he had been 30 years ago. He is now a dinosaur, blind to his own impending extinction.

¹ The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

Terrorist Attacks in El Salvador

DEPARTMENT STATEMENT, OCT. 18, 1989¹

In an act of terror for which the FMLN [Farabundo Marti National Liberation Front] has become known, a guerrilla death squad yesterday gunned down 23-year-old Ana Isabel Casanova. Her crime: her father is a military officer. This was not a political act but murder, pure and simple. We wish to express our deepest sympathy to her family.

The FMLN committed a similar killing of civilians on October 10, when its hit men slayed the wife and son of a conservative newspaper editor. In addition, the guerrillas executed eight captured Salvadoran Army recruits on September 26. The governments of Nicaragua and Cuba have supplied the FMLN with the weapons and training to conduct this continuing reign of terror, and they bear responsibility for these crimes.

The FMLN tells the press that such barbarities are unauthorized by the guerrilla command. In fact, the assassination teams are trained, equipped, and directed by the FMLN command.

President Cristiani has made every effort to negotiate seriously with the FMLN to end the war. The time has come for the FMLN to end this wanton bloodshed and agree to the cease-fire the Cristiani government has offered. We condemn these killings and emphasize in the strongest terms that civilized nations will never permit carnage such as this to be used as a negotiating tactic.

DEPARTMENT STATEMENT, OCT. 19, 1989¹

We understand that the home of Democratic Convergence leader Ruben Zamora was bombed last night. Yester-

day we condemned the brutal killing of the young daughter of a military officer. Today we condemn with equal vigor this reprehensible act against Mr. Zamora and his family.

We have firmly and steadfastly opposed violence from either extreme, violence which has only one objective—the undoing of El Salvador's fledgling democracy. We do not know which group, from which terrorist extreme, perpetrated this criminal, cowardly act. We hope a thorough investigation will uncover their identity. At the same time, we urge the vast majority of democratic Salvadorans and their representative parties to continue to work to prevent such acts and to work toward a return to the peace and normalcy Salvadorans have earned.

¹ Read to news correspondents by Department spokesman Margaret DeB. Tutwiler. ■

President Meets With Colombian President



(White House photo by Susan Eddle)

WHITE HOUSE STATEMENT, SEPT. 28, 1989¹

President Bush and President Barco met for approximately 1½ hours in the Residence, followed by a brief social reception. Joining them were Attorney General Thornburgh, drug coordinator William Bennett, Gen. Scowcroft [Assistant to the President for National Security Affairs], Gov. Sununu [Chief of Staff], Deputy Secretary of State Lawrence Eagleburger, deputy national security adviser Gates, and Ambassador [to Colombia Thomas E.] McNamara. President Barco is in the United States to address the UN General Assembly.

The President took the opportunity to invite him to the White House for a discussion of the international drug situation and President Barco's courageous effort against the drug cartels. The President reaffirmed the strong commitment of the United States in assisting President Barco's efforts and noted that Colombia's fight against the drug traffickers is an example to the rest of the world.

The two Presidents talked about the domestic drug problem in the United States and the Administration's efforts to reduce consumption. They discussed U.S. assistance to Colombia to ensure that Colombia was receiving the necessary equipment in its fight against drug traffickers. They also discussed the possibility of other nations assisting Colombia in its efforts against the cartel and the President indicated his willingness to encourage such support.

President Barco outlined the efforts that the Government of Colombia is taking against drug traffickers. He expressed his appreciation for the help of the United States and noted that this is a global effort in which international cooperation is important. President Barco also discussed Colombia's economic situation. President Bush said the United States is prepared to resume discussions with Colombia and others in order to resolve the fundamental problems of the current International Coffee Agreement.

The President indicated his intention to work closely with President Barco to expand bilateral trade and investment opportunities in order to spur Colombia's economic growth. He has asked the U.S. Trade Representative to lead an inter-agency effort to examine urgently what can be done, particularly with respect to a generalized system of preference (GSP) benefits and in the area of agricultural and manufactured items. The President noted the U.S. willingness to work with the international financial institutions to support increased economic assistance for Colombia.

¹ Text from Weekly Compilation of Presidential Documents of Oct. 2, 1989. ■

Current Actions

MULTILATERAL

Agriculture—Diseases

International agreement for the creation at Paris of an International Office for Epizootics, with annex. Done at Paris Jan. 25, 1924. Entered into force Jan. 17, 1925; for the U.S. Nov. 29, 1975. TIAS 8141.
Accessions deposited: Malta, Apr. 27, 1989; Mongolia, May 4, 1989.

Aviation

Protocol on the authentic quadrilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Montreal Oct. 30, 1977.¹
Acceptance deposited: Malta, Oct. 4, 1989.

Collisions

Convention on the international regulations for preventing collisions at sea, 1972, with amendments. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accession deposited: Togo, July 19, 1989.

Conservation

Convention on international trade in endangered species of wild fauna and flora, with annexes. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Accession deposited: Vanuatu, July 17, 1989.

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980. Entered into force Apr. 7, 1982. TIAS 8000.
Accessions deposited: Finland, Sept. 6, 1989; Iceland, June 23, 1989.

Amendment to the convention of Mar. 3, 1973, on international trade in endangered species of wild fauna and flora. (TIAS 8249) Adopted at Geneva Apr. 30, 1983. [Senate] Treaty Doc. 30.¹

Accessions deposited: Botswana, Sept. 4, 1989; Finland, June 27, 1989; Luxembourg, June 29, 1989; Rwanda, Aug. 30, 1989.

Consular Relations

Vienna convention on consular relations. Done at Vienna Apr. 24, 1963. Entered into force Oct. 19, 1967; for the U.S. Dec. 24, 1969. TIAS 8141.
Accessions deposited: Bulgaria, July 11, 1989;² South Africa, Aug. 21, 1989.

Containers

International convention on containers, 1972, with annexes and protocol. Done at Geneva Dec. 2, 1970. Entered into force Dec. 6, 1975; for the U.S. May 12, 1985.
Accession deposited: Indonesia, Oct. 11, 1989.

International convention on the international transport of goods under cover of TIR carnets, with annexes. Done at Geneva Nov. 14, 1975. Entered into force Mar. 20, 1978; for the U.S. May 18, 1982.
Accession deposited: Indonesia, Oct. 11, 1989.

Diplomatic Relations

Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502.
Ratification deposited: South Africa, Aug. 21, 1989.

Finance

Articles of agreement of the International Monetary Fund, formulated at Bretton Woods conference July 1–22, 1944. Entered into force Dec. 27, 1945. TIAS 1501.

Signature and acceptance deposited: Angola, Sept. 19, 1989.

Articles of agreement of the International Bank for Reconstruction and Development formulated at Bretton Woods conference July 1–22, 1944. Entered into force Dec. 27, 1945. TIAS 1502.

Signature and acceptance deposited: Angola, Sept. 19, 1989.

Gas

Protocol for the prohibition of the use in war of asphyxiating, poisonous, or other gases and of bacteriological methods of warfare. Done at Geneva June 17, 1925. Entered into force Feb. 8, 1928; for the U.S. Apr. 10, 1975. TIAS 8061.
Accession deposited: Cameroon, July 20, 1989.

International Court of Justice

Declaration recognizing as compulsory jurisdiction of the International Court of Justice under Art. 36, para. 2 of the statute of the Court. 59 Stat. 1055; TS 993.
Declaration deposited: Guinea-Bissau, Aug. 7, 1989.

Load Lines

International convention on load lines, 1966. Done at London Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629, 6720.
Accession deposited: Togo, July 19, 1989.

Maritime Matters

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.¹
Accession deposited: Togo, July 19, 1989.

Protocol for the suppression of unlawful acts against the safety of fixed platforms located on the Continental Shelf. Done at Rome Mar. 10, 1988.¹ [Senate] Treaty Doc. 101–1.
Accession deposited: Trinidad and Tobago, July 27, 1989.

Narcotic Drugs

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.
Accession deposited: Jamaica, Oct. 6, 1989.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accession deposited: Jamaica, Oct. 6, 1989.

Nuclear Accidents

Convention on assistance in the case of a nuclear accident or radiological emergency. Done at Vienna Sept. 26, 1986. Entered into force Feb. 26, 1986; for the U.S. Oct. 20, 1988. [Senate] Treaty Doc. 100–4.
Ratifications deposited: Egypt, Oct. 17, 1988;¹ Israel, May 25, 1989;² Thailand, Mar. 21, 1989;² Tunisia, Feb. 24, 1989.
Accession deposited: Cyprus, Jan. 4, 1989.
Approvals deposited: France, Mar. 6, 1989;² Monaco, July 19, 1989.²

Convention on the early notification of a nuclear accident. Done at Vienna Sept. 26, 1986. Entered into force Oct. 27, 1986; for the U.S. Oct. 20, 1988. [Senate] Treaty Doc. 100–4.
Ratifications deposited: Israel, May 25, 1989;² Thailand, Mar. 21, 1989;² Tunisia, Feb. 24, 1989.
Accession deposited: Cyprus, Jan. 4, 1989.
Approvals deposited: France, Mar. 6, 1989;² Monaco, July 19, 1989.²

Pollution

Protocol of 1978 relating to the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.
Accession deposited: Cyprus, June 22, 1989.⁵

Protocol to the 1979 convention on long-range transboundary air pollution concerning the control of emissions of nitrogen oxides or their transboundary flukes, with annex. Done at Sofia Oct. 31, 1988.¹

Ratification deposited: Norway, Oct. 11, 1989.
Acceptance deposited: Netherlands, Oct. 11, 1989.

Convention for the protection of the ozone layer, with annexes. Done at Vienna Mar. 22, 1985. Entered into force Sept. 22, 1988. [Senate] Treaty Doc. 99–9.

Accessions deposited: Cameroon, Aug. 30, 1989; Chad, May 19, 1989; China, Sept. 11, 1989; Iceland and Malaysia, Aug. 29, 1989; Trinidad and Tobago, Aug. 28, 1989; Tunisia, Sept. 25, 1989.

Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987. Entered into force Jan. 1, 1989. [Senate] Treaty Doc. 100–10.

Accessions deposited: Cameroon, Aug. 30, 1989; Iceland and Malaysia, Aug. 29, 1989; Trinidad and Tobago, Aug. 28, 1989; Tunisia, Sept. 25, 1989.

Safety at Sea

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Accession deposited: Togo, July 19, 1989.

Protocol of 1978 relating to the international convention for the safety of life at sea, 1974. (TIAS 9800). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.
Accession deposited: Togo, July 19, 1989.

Timber

International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.
Accession deposited: Portugal, July 3, 1989.

Tonnage

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969. Entered into force July 18, 1982; for the U.S. Feb. 10, 1983. TIAS 10490.
Accession deposited: Togo, July 19, 1989.

Torture

Convention against torture and other cruel, inhuman, or degrading treatment or punishment. Done at New York Dec. 10, 1984. Entered into force June 26, 1987.¹
Ratification deposited: Guinea, Oct. 10, 1989.

Trade

United Nations convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980. Entered into force Jan. 1, 1988. [52 Fed. Reg. 6262]
Accession deposited: Byelorussian S.S.R., Oct. 9, 1989.

Treaties

Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.¹
Accession deposited: Solomon Islands, Aug. 9, 1989.

UNESCO

Protocol to the agreement on the importation of educational, scientific, and cultural materials of Nov. 2, 1950. Adopted at Nairobi Nov. 26, 1976. Entered into force Jan. 2, 1982; for the U.S. Nov. 15, 1989.
Ratification deposited: Germany, Fed. Rep. of, Aug. 17, 1989.²

Weapons

Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, with protocols. Done at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.¹
Ratification deposited: Liechtenstein, Aug. 16, 1989.
Acceptance deposited: Liechtenstein, Aug. 16, 1989.²

Wheat

Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986; definitively for the U.S. Jan. 27, 1988. [Senate] Treaty Doc. 100-1.

Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986; definitively for the U.S. Jan. 27, 1988. [Senate] Treaty Doc. 100-1.
Ratifications deposited: Belgium, June 2, 1989; Italy, July 28, 1989; Portugal, July 17, 1989.

BILATERAL**Bolivia**

Swap agreement between the U.S. Treasury and the Central Bank of Bolivia/Government of Bolivia, with related letter. Signed at La Paz and Washington Sept. 14 and 15, 1989. Entered into force Sept. 15, 1989.

Canada

Agreement for water supply and flood control in the Souris River Basin, with annexes. Signed at Washington Oct. 26, 1989. Entered into force Oct. 26, 1989.

Cape Verde

Civil aviation security agreement. Signed at Washington Oct. 11, 1989. Entered into force Oct. 11, 1989.

Comoros

Agreement relating to radio communications between amateur stations on behalf of third parties. Effected by exchange of notes at Moroni Mar. 8 and Sept. 8, 1989. Entered into force Oct. 8, 1989.

Dominican Republic

Agreement relating to the agreement of June 30, 1987, for sales of agricultural commodities. Signed at Santo Domingo Aug. 24, 1989. Entered into force Aug. 29, 1989.

Agreement amending the agreement of Aug. 24, 1989, for sales of agricultural commodities. Signed at Santo Domingo Sept. 27, 1989. Entered into force Sept. 27, 1989.

Egypt

Grant agreement for cash transfer. Signed at Cairo Aug. 17, 1989. Entered into force Aug. 17, 1989.

Finland

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. Signed at Helsinki Sept. 21, 1989. Enters into force 30 days after later notification of ratification, acceptance, or approval.

Guyana

Agreement regarding the consolidation and rescheduling or refinancing of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Georgetown Sept. 8, 1989. Entered into force Oct. 13, 1989.

Jamaica

Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Kingston July 6, 1989. Entered into force Aug. 24, 1989.

Agreement amending the agreement of Sept. 22, 1988, as amended, for sales of agricultural commodities. Effected by exchange of notes Kingston Aug. 18 and Sept. 12, 1989. Entered into force Sept. 12, 1989.

Marshall Islands

Agreement relating to diplomatic relations, with related notes. Effected by exchange of notes at Washington Aug. 23 and Sept. 6, 1989. Entered into force Sept. 6, 1989.

Mexico

Swap agreement between the U.S. Treasury and the Banco de Mexico/Government of Mexico, with memorandum of understanding. Signed at Washington and Mexico Sept. 14, 1989. Entered into force Sept. 14, 1989.

Micronesia

Agreement relating to diplomatic relations, with related notes. Effected by exchange of notes at Washington Aug. 23 and 24, 1989. Entered into force Aug. 24, 1989.

Mongolia

Agreement for cooperation in cultural and educational exchange. Signed at New York Sept. 29, 1989. Entered into force Sept. 29, 1989.

Pakistan

Program grant agreement for the agricultural sector support program. Signed at Islamabad Sept. 27, 1989. Entered into force Sept. 27, 1989.

Philippines

Grant agreement for the Agrarian Reform Support Program (ARSP). Signed at Manila Aug. 28, 1989. Entered into force Aug. 28, 1989.

Vietnam

Agreement on the implementation of the special released reeducation center detainees resettlement program, with annex. Effected by exchange of letters at Washington and Hanoi Aug. 18 and 28, 1989. Entered into force Aug. 28, 1989.

¹ Not in force.

² With declaration(s).

³ With reservation(s).

⁴ Not in force for the U.S.

⁵ Does not accept optional annex III.

⁶ Protocols I, II, and III. ■

Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520-6810.

No.	Date	Subject	No.	Date	Subject
30	10/16	Baker: toast at reception for OAU ambassadors, New York City, Sept. 29.	*190	10/16	Program for the official working visit of Korean President Roh Tae Woo, Oct. 16-18.
31	10/2	Baker: news briefing, White House.	*191	10/17	Program for the official working visit of Spanish Prime Minister Felipe Gonzales, Oct. 18-20.
32	10/3	Computerized visas for visitors to the U.S.	192	10/17	Baker: address before the Foreign Policy Association, New York City, Oct. 16.
33	10/11	Donald P. Gregg sworn in as Ambassador to the Republic of Korea, Sept. 14 (biographic data).	*193	10/18	Marion V. Creekmore, Jr., sworn in as Ambassador to Sri Lanka and the Maldives (biographic data).
34	10/4	Baker: statement before the Senate Finance Committee.	*194	10/18	Lannon Walker sworn in as Ambassador to Nigeria, Oct. 17 (biographic data).
35	10/7	Program for the state visit of Italian President Cossiga, Oct. 10-17.	*195	10/18	James Richard Cheek sworn in as Ambassador to Sudan, Oct. 16 (biographic data).
36	10/10	Baker: interview on NBC-TV's "Meet the Press," Oct. 8.	*196	10/26	Johnny Young sworn in as Ambassador to Sierra Leone, Oct. 30 (biographic data).
37	10/11	Baker: interview on CBS Evening News, Oct. 10.	197	10/23	Baker: address before the Commonwealth Club, San Francisco.
38	10/12	Sheldon J. Krys assumes position as Assistant Secretary for Diplomatic Security, Aug. 9 (biographic data).	*198	10/26	Penne Percy Korth sworn in as Ambassador to Mauritius (biographic data).
39	10/13	William Ludwig Jacobsen, Jr., sworn in as Ambassador to Guinea-Bissau (biographic data).	*199	10/27	Kenneth Lee Brown sworn in as Ambassador to Cote d'Ivoire (biographic data).
			200	10/25	Baker: news conference, White House.
			*201	10/26	Morris D. Busby sworn in as Coordinator for Counterterrorism, Sept. 21 (biographic data).
			*202	10/27	John Giffen Weinmann sworn in as Ambassador to Finland, Oct. 23 (biographic data).
			*203	10/27	Melvin F. Sembler sworn in as Ambassador to Australia and Nauru, Oct. 13 (biographic data).
			204	10/30	Baker: news briefing, San Jose, Oct. 27.
			*205	10/31	Sally Johnson Novetzke sworn in as Ambassador to Malta, Oct. 28 (biographic data).

*Not printed in the BULLETIN. ■

CSCE Semiannual Report Released

On behalf of the President, the Secretary of State transmitted on June 14, 1989, the 26th semiannual report on the implementation of the Conference on Security and Cooperation in Europe (CSCE) Helsinki Final Act and the Madrid and Vienna concluding documents to the congressional Commission on Security and Cooperation in Europe.

The semiannual report covers the period October 1, 1988, through March 31, 1989, and provides an assessment of Soviet and East European compliance with commitments these states undertook in adopting the Helsinki Final Act and the Madrid and Vienna concluding documents. Among the issues discussed in the report are human rights and humanitarian concerns; security- and confidence-building measures; economic, scientific, and technological cooperation; emigration; freedom of information and education; and cultural exchanges.

The report acknowledges that the record of compliance by the Soviet Union and East European states with CSCE commitments varies from country to country, reflecting the increasingly differentiated situation in that part of the world. The report makes evident that the overall performance by the Warsaw Pact countries in the area of human rights and human contacts remains unsatisfactory in a number of significant ways and in certain instances amounts to a serious violation of CSCE commitments. The report takes note of positive developments which have taken place in certain of these

countries but highlights as well the fact that in many cases, citizens of these countries continue to face sometimes severe obstacles to the exercise of their basic human rights and fundamental freedoms.

The current report also reviews the results of the CSCE followup meeting which ended January 19 in Vienna. That meeting produced the third major document in the CSCE process, after the Helsinki Final Act and the Madrid concluding document. In Vienna the participating states took on major new human rights commitments, including with regard to the rights of CSCE monitors. They also established an important new mechanism permitting individual CSCE states to make inquiries into specific human rights cases in other countries.

This report is a central element in the continuing effort by the United States to assess the progress and shortcomings in the implementation of the CSCE goals of protecting human rights, strengthening security, expanding cooperation, and building mutual confidence. We believe that vigorous examination of an individual country's performance is important to ensuring that verbal and written commitments are transformed into reality.

Free single copies of this 54-page report are available from the Public Information Division, Bureau of Public Affairs, Department of State, Washington, D.C. 20520-6810. Please request Special Report #182. ■

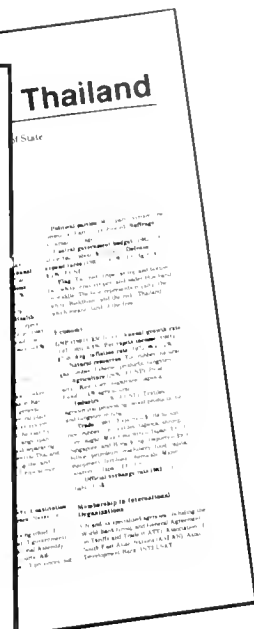
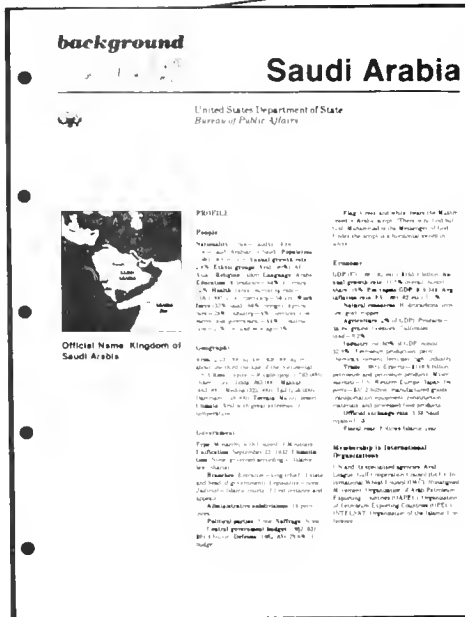
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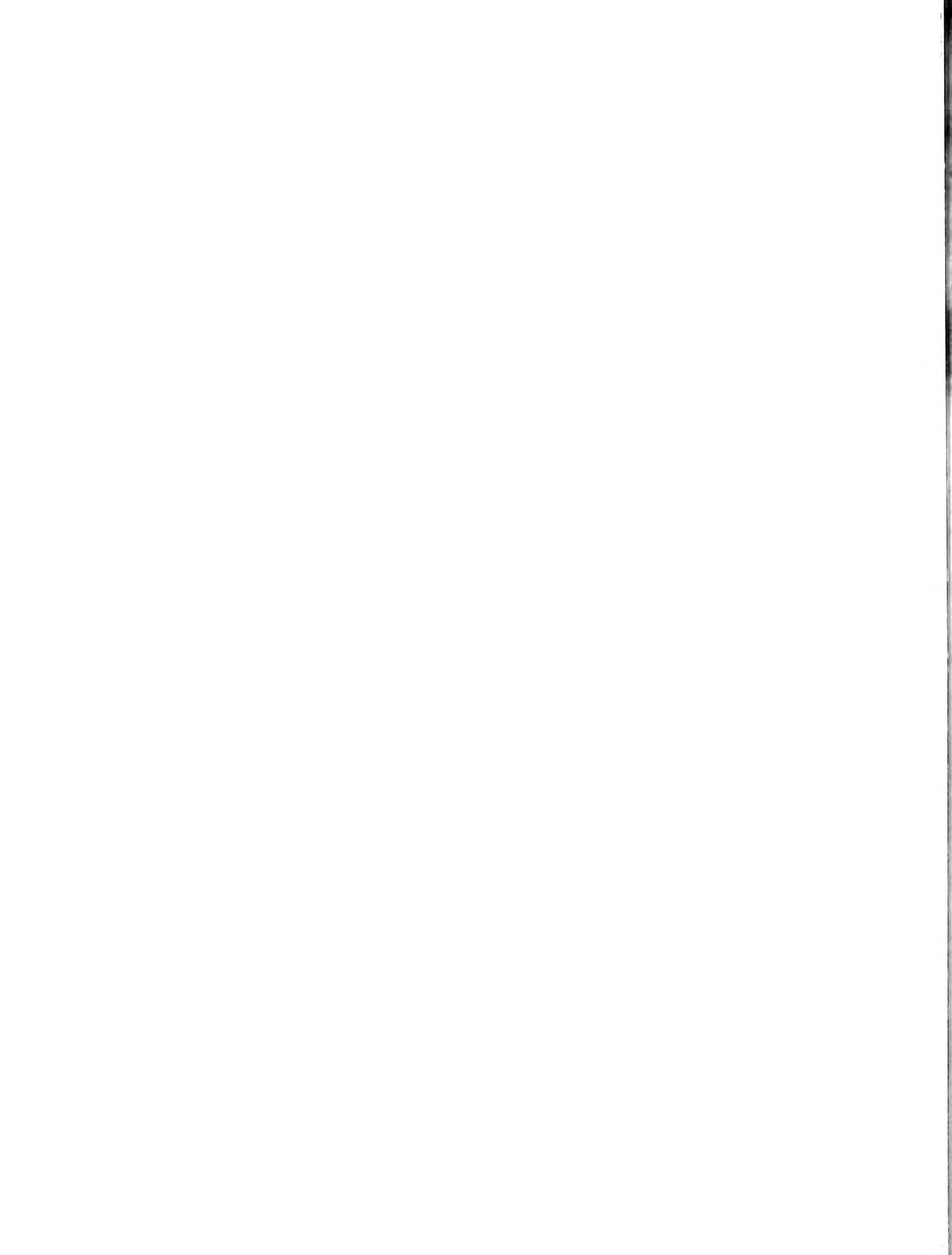
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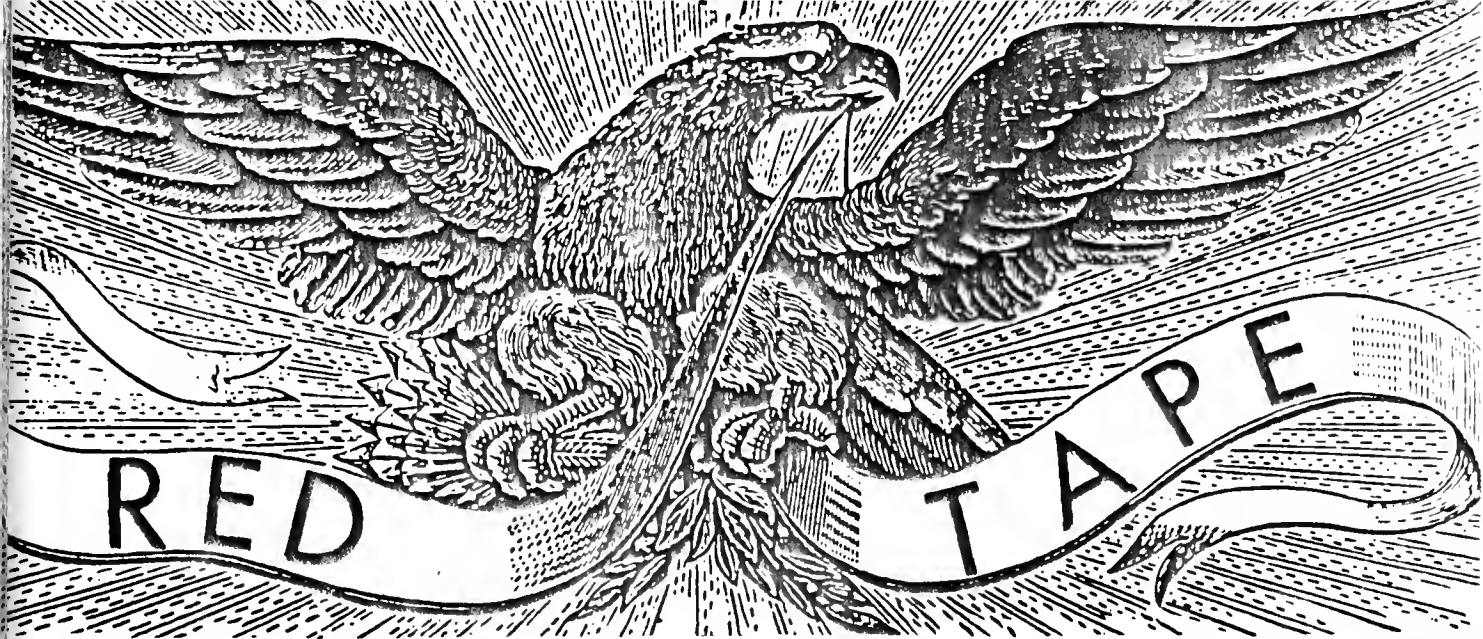
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Whatever Happened To . . . ? ? ?

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The latest publication to fall to the cost cutter's machete is the Dept. of State Bulletin. It ceased publication with the December 1989 issue. The reason given for its demise was its expense (typesetting costs were \$100,000) and the fact that the material was "duplicative" and appeared elsewhere. What personnel of the Dept. of State fail to realize is that the Bulletin is the single publication which reaches people across the country through their libraries and is the only government published foreign policy publication indexed in Wilson's Reader's Guide, the index most likely to be in libraries of all types and sizes.

While depository libraries will have many of the publications listed by the State Dept. as alternatives, only some will have adequate indexes for them. Other libraries will have very few of the publications, the Dept. of State Bulletin being their main source of information. Some of the material none of the libraries will have and other material will not be indexed. So that you know your editor is not exaggerating, here is a list of the material that the State Dept. recommends be used in place of the Dept. of State Bulletin:

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UN Chronicles
USAID Highlights S 18.61: 900-C-21
Foreign Relations of U.S. S 1.1: 872
American Foreign Policy, Current Documents S 1.72: 875
Business America C 61.18: 127-A
OECD Observer (Organization for Economic Cooperation & Development)
Weekly Compilation of Presidential Documents AE 2.109: 577-A
Congressional Hearings Y 4.F 76/1: and Y 4.F 76/2 1017-A, 1017-B(mf) and 1039-A, 1039-B(mf)
Treaties and other International Acts Series S 9.10: 899
Organization of American States Official Records
Arms Control & Disarmament Agency Issue Briefs
Dept. of State Foreign Policy Press Briefings
Frontline (Agency for International Development)



December 1989
Volume 89, No. 2153

Angola

Efforts Toward Peace and Reconciliation in
Angola (Clark) 31
President's Meeting With UNITA Leader
(White House statement) 32

Arms Control

Defense and Space Talks Open 12th Round
Control (Cooper) 33
Nuclear and Space Arms Talks Open 12th
Round (Burt) 33
Prerequisites and Principles for Arms
Control (Baker) 14

Burma. Political Situation in Burma (Lambertson) 37

Colombia. President Meets With
Colombian President (White House state-
ment) 56

Congress

Cooperation in Countering Terrorism
(Busby) 47
Cuba's Human Rights Abuses Under the UN
Spotlight (Valladares) 54
Efforts Toward Peace and Reconciliation in
Angola (Clark) 31

Political Situation in Burma (Lambertson) 37

The Promise of Pacific Economic Cooperation
(Solomon) 34

South Africa (Cohen) 29

Third Report on Cyprus (message to the
Congress) 41

U.S.-Soviet Relations: A Discussion of
Perestroika and Economic Reform
(Baker) 20

Cuba. Cuba's Human Rights Abuses Under
the UN Spotlight (Valladares) 54

Cyprus
President's Meeting With Cyprus President
(White House statement) 41

Third Report on Cyprus (message to the Con-
gress) 41

East Asia. The Promise of Pacific Economic
Cooperation (Solomon) 34

Economics

Freedom and World Prosperity (Bush) 8
The Promise of Pacific Economic Cooperation
(Solomon) 34

Egypt. President Meets With
Egyptian President (Baker) 45

El Salvador. Terrorist Attacks in El Salvador
(Department statements) 55

Germany. Secretary's Interview on "Meet
the Press" 26

Human Rights. Cuba's Human Rights
Abuses Under the UN Spotlight
(Valladares) 54

Hungary
Assistance for Poland and Hungary (White
House statement) 39

Constitutional Amendments in Hungary
(White House statement) 39

Secretary's Interview on "Meet the Press" 26

Israel. President Meets With Egyptian Presi-
dent (Baker) 45

Italy
Italy—A Profile 43
Visit of Italian President (Bush, Cossiga) 42

Lebanon
Agreement on Lebanese National Reconcilia-
tion (Department statement) 46

President Meets With Egyptian President
(Baker) 45

Mexico
Mexico—A Profile 4
Visit of Mexican President Salinas (Bush,
Salinas, fact sheets on agreements) 1

Middle East. Secretary's Interview on "Meet
the Press" 26

North Atlantic Treaty Organization.
President Meets With NATO Secretary
General (White House statement) 44

Nicaragua. Secretary's Interview on "Meet
the Press" 26

Panama. Secretary's Interview on "Meet the
Press" 26

Peru. *Sendero Luminoso*: Peruvian Terrorist
Group 49

Poland. Assistance for Poland and Hungary
(White House statement) 39

Presidential Documents
Freedom and World Prosperity 8

Third Report on Cyprus (message to the Con-
gress) 41

United Nations Day, 1989 (proclamation) 53

Visit of Italian President (Bush, Cossiga) 42

Visit of Mexican President Salinas (Bush,
Salinas, fact sheets on agreements) 1

Publications. CSCE Semiannual Report
Released 60

South Africa. South Africa (Cohen) 29

Terrorism
Cooperation in Countering Terrorism
(Busby) 47

Sendero Luminoso: Peruvian Terrorist
Group 49

Terrorist Attacks in El Salvador (Department
statements) 55

Treaties. Current Actions 57

U.S.S.R.
Defense and Space Talks Open 12th Round
(Cooper) 33

Nuclear and Space Arms Talks Open 12th
Round (Burt) 33

Points of Mutual Advantage: *Perestroika* and
American Foreign Policy (Baker) 10

Prerequisites and Principles for Arms Control
(Baker) 14

U.S.-Soviet Relations: A Discussion of
Perestroika and Economic Reform
(Baker) 20

United Nations
UN Mandate Under Central America Agree-
ments (Department statement, Secretary's
letter to UN Secretary General) 53

United Nations Day, 1989 (proclamation) 53

Western Hemisphere. UN Mandate Under
Central America Agreements (Department
statement, Secretary's letter to UN
Secretary General) 53

Name Index

Baker, Secretary 10,14,20,26,45,53
Burt, Richard R 33
Busby, Morris D 47
Bush, President 1,8,41,42,53
Clark, Warren, Jr 31
Cohen, Herman J 29
Cooper, Henry F 33
Cossiga, Francesco 42
Lambertson, David F 37
Salinas de Gortari, Carlos 1
Solomon, Richard H 34
Valladares, Armando 54

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Department of State Bulletin...

Index 1989

Wyoming Ministerial

Trade

Summit of the Arch

Refugees

Panama

NATO

Mexico

Central America

Canada

Asia

Department of State bulletin

Vol 89 Nos 2142 2153

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INDEX: Volume 89, Numbers 2142-2153

A

- bram. Morris, Sept. 88
 dams, Alvin P., Jr., May 78
 fghanistan:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
 Economy, Mar. 86
 Soviet occupation and withdrawal:
 Bush, Apr. 5; NAC, Feb. 46;
 Reagan, Mar. 89
 Geneva negotiations, Mar. 74
 Human rights issues, Mar. 85
 International concerns, Mar. 84
 Kabul regime and national reconciliation policy, Mar. 79
 Military situation, Mar. 76
 Political settlement: Baker, Nov. 38; U.S.-Soviet joint statement, Nov. 7
 Regional context, Mar. 83
 Resistance activities, Mar. 76, 81
 Self-determination for Afghanistan (Baker), Apr. 23, Aug. 60, Sept. 51
 Soviet decision to withdraw: Mar. 73; Bush, Apr. 48
 UN General Assembly Resolution 43/20 (Walters), Jan. 40
 U.S. policy, Mar. 89
 UN Afghanistan Emergency Fund, FY 90, U.S. funding, proposed (Vogelgesang), May 82
 UN involvement:
 Peacekeeping force (Reagan), Feb. 6
 Humanitarian aid, Mar. 87
 ica (*see also* Refugees and names of individual countries):
 Agency for International Development (AID) programs (Perkins), Aug. 72
 Foreign Relations of the United States 1955-1957, Volume XVIII, Africa, released, July 80
 Organization of African Unity (OAU): Reagan, Jan 14; Traore, Jan 14, 15
 Regional conflicts (U.S.-Soviet joint statement), Nov. 7
 Southern:
 Economic, social, political situation (Perkins), Aug. 70
 UN educational and humanitarian programs (Vogelgesang), May 83
 U.S. policy and objectives (Perkins), Sept. 73
 Sub-Saharan:
 International Finance Corporation assistance (Brady), June 28
 Africa (*Cont'd*)
 U.S. aid, FY 90, request: Baker, Apr. 20; Rosenberg, July 39
 U.S. policy (Perkins), Aug. 69, 71
 African Development Bank (AFDB), U.S. funding, FY 90 request (Brady), June 29
 African Development Fund (AFDF), U.S. funding, FY 90 request (Brady), June 29
 Agriculture (*see also* Wheat):
 Agrarian Reform Support Program (ARSP), grant agreement with Philippines, Dec. 58
 Agricultural commodities, sales of, bilateral agreements: Bangladesh, Oct. 85; Costa Rica, Jan. 50, Feb. 75; Cote d'Ivoire, Oct. 85; Dominican Republic, Dec. 58; Egypt, Feb. 75, June 69, Oct. 85; El Salvador, Feb. 75; Ghana, Jan. 50, June 69; Guyana, Oct. 86; Honduras, May 87, Oct. 85; Indonesia, Feb. 75; Jamaica, Jan. 50, Dec. 58; Kenya, Feb. 75; Morocco, Feb. 75; Pakistan, Jan. 50; Peru, Aug 90; Sri Lanka, Jan. 51, Aug. 90, Nov. 80; Sudan, Sept. 93, Oct. 86; Uganda, Apr. 63; Yemen Arab Republic, Jan. 51; Zaire, Jan. 51; Zambia, July 78
 Agricultural commodities and equipment, bilateral grant and loan agreement with Pakistan, Jan. 50
 Agricultural sector support program, bilateral agreement with Pakistan, Dec. 58
 European Community common policy: Jan. 25; Delors, Feb. 29; Lamb, Feb. 35; Schultz, Feb. 29
 GATT trade negotiation issues (Hills), June 31
 International office for epizootics, international agreement (1924): Malta, Mongolia, Dec. 57
 International plant protection convention (1951), Oman, June 68
 International trade issues, Feb. 36
 Multilateral development banks project funding (Brady), June 25
 Raw agricultural products involved in commerce between Mexico and U.S., bilateral agreement with Mexico, Mar. 93
 Subsidies: Delors, Shultz, Feb. 29
 Trade issues (Hills), Nov. 54
 U.S.-Canada Free Trade Agreement, Oct. 2, 3
 Algeria, treaties, agreements, etc., Apr. 62, May 86, June 68, Nov. 79
 Alvarez Del Castillo, Enrique, Oct. 79
 American Foreign Policy: *Current Documents, 1987*, released, Mar. 94
 American Foreign Policy: *Foreign Affairs Press Briefings, 1984, Supplement*, released, Feb. 77
 American ideals: Baker, Apr. 11; Bush, Apr. 1; Shultz, Jan. 1
 Angola, People's Republic of:
 Angola/Namibia Peace Accords: Crocker, Feb. 10; Shultz, Feb. 11; White House, Feb. 10
 Protocol of Brazzaville, text, Feb. 11
 Tripartite Agreement, text, Feb. 13
 Cuban troop withdrawal settlement: Baker, May 29; Department, Jan. 16
 Termination of Cuban military mission, bilateral agreement with Cuba, text, Feb. 13
 International Bank for Reconstruction and Development/International Monetary Fund, agreement, Dec. 57
 Peace process, overview and U.S. policy (Clark), Dec. 31
 Chronology, 1974-1988 (Howland), Feb. 16
 Antarctica (*see also* Conservation):
 Antarctic Treaty (1959), Colombia, June 68
 Mineral resources activities, convention (1988): Argentina, Chile, July 76; China, Sept. 93; U.K., July 76; U.S., Feb. 23
 Antigua and Barbuda, treaties, agreements, etc., Jan. 49, Feb. 73, 74, 75, Mar. 91, 92, May 86, 87, June 69, Nov. 79
 ANZUS (Australia, New Zealand, U.S.) security agreement, Apr. 37
 Arab-Israeli conflict (*see also* Israel and Middle East):
 Foreign Relations of the United States, 1955-1957, Volume XIV, Arab-Israeli dispute, 1955, released, Aug. 92
 Foreign Relations of the United States, 1955-1957, Volume XV, Arab-Israeli dispute, Jan. 1-July 26, 1956, released, Aug. 93
 Occupied territories:
 Palestinian statehood: Baker, June 13, 18
 West Bank elections: Baker, June 12, July 26, Aug. 15, 59, Sept. 8, 68, Dec. 20; Van den Broek, Sept. 52
 Peace process: Hussein, July 55; Kelly, Oct. 44, Nov. 61; Murphy, Feb. 57

Arab-Israeli conflict (Cont'd)

Egyptian 10-point plan (Baker), Nov. 31, 35, 38, 42, Dec. 45
Egypt's role (Walker), May 62
European Community proposal (Baker), May 60
Jordanian position: Baker, May 1, 4; Walker, May 64
Multinational Force and Observers (MFO), U.S. aid, FY 90, request (Walker), May 64
Palestine Liberation Organization: Reagan, Feb. 51
Palestinian-Israeli negotiations: Baker, May 2, 4, 26, Nov. 35, 38; Bush, May 7; Murphy, Feb. 55; U.S.-Soviet joint statement, Nov. 7
Soviet role: Baker, May 2, July 27, 30, Nov. 35; Reagan, Feb. 5
U.K. support (Baker), Aug. 44
U.S. PLO dialogues: Baker, Aug. 59, Sept. 9; Pelletreau, May 66
U.S. initiative and objectives: Baker, Apr. 19, June 10, July 24, 31, Dec. 27; Bush, May 4, 16
Arbitration, recognition and enforcement of foreign arbitral awards, convention (1958): Algeria, May 86; Antigua and Barbuda, Feb. 23, May 86; Argentina, Nov. 79; Dominica, Jan. 49; Kenya, May 86; Lesotho, Aug. 88
Arens, Moshe, May 63
Argentina:
Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
Political situation (Shultz), Feb. 8
Treaties, agreements, etc., Jan. 50, July 76, 77, Aug. 89, Oct. 85, Nov. 79
U.S. military aid: Baker, Aug. 42, 43; Kozak, June 64
Armacost, Michael H., Feb. 54
Armaments, U.S. (*see also* Defense and national security):
Arms sales, proposed:
Pakistan (Schaffer), Oct. 65
Saudi Arabia (Baker), Nov. 37
Coproduct of the MIAI tank, bilateral agreement with Egypt, Feb. 75
Foreign military sales (FMS) program (Baker), Apr. 20
FSX Aircraft, codevelopment agreement with Japan: Bush, July 48; Eagleburger, July 49
Lance missiles and NATO: Baker, Apr. 39, 40; Bush, Aug. 51
Multiple launch rocket systems (MLRS) (Baker), Aug. 42

Arms control and disarmament (*see also* Europe: Confidence- and Security-Building Measures (CSBMs) negotiations; Europe: Conventional armed forces in Europe (CFE), negotiations; Europe: Mutual and balanced force reduction talks; *and* Soviet Union: U.S. arms control negotiations):
Certain conventional weapons with excessively injurious or indiscriminate effects, convention with protocols (1980): Benin, Aug. 89; Cyprus, Mar. 92
Conventional weapons and forces: Burns, Jan. 43; Bush, May 9, 15, Aug. 39, Nov. 30; Shultz, Feb. 47
Conventional Parity Initiative: Baker, Aug. 42, 43, 68, Sept. 10; Oct. 44, 45; Bush, Aug. 16, 30, 32, Sept. 24; White House, Sept. 76
NAC heads of state meeting, Brussels (1989), comprehensive concept, Aug. 27
NAC ministerial meeting, Brussels (Dec. 1988), statement on conventional arms control, text, Feb. 43
NATO perspective, Aug. 9
Stability talks (Shultz), Feb. 48
East-West relations: Bush, Sept. 25; Nitze, Apr. 45
Initiatives (NAC heads of state), Aug. 19
Missile technology control regime (Shultz), Jan. 3, 9
NAC heads of state meeting, Brussels (1989), comprehensive concept of arms control and disarmament, text, Aug. 22
NAC ministerial meeting, Brussels (Dec. 1988), final communique, Feb. 44
NATO Conventional Armaments Planning System (CAPS), NAC, Feb. 46
NATO Defense Planning Committee, Brussels (1988), final communique, Feb. 42
NATO "flexible response" policy, Aug. 7
NATO Nuclear Planning Group, The Hague (1988), final communique, Jan. 28
NATO Nuclear Planning Group, Brussels (1989), final communique, June 36
Nuclear weapons (NAC heads of state), Aug. 26
"Open skies" initiative: Baker, Nov. 7, 10, Dec. 17; Bush, July 16, Aug. 16, Nov. 30
Third world countries and proliferation of weapons: Baker, Dec. 19; Kelly, Oct. 45

Arms control and disarmament (Cont'd)
U.S. arms control initiatives (*see also* Conventional Parity Initiative *and* "Open skies" *above*) (Cooper), Oct. 22
U.S. arms control objectives: Baker, Dec. 14, 16; Burns, Jan. 41
Verification issues (Nitze), Apr. 46
Asia (*see also* Pacific Ocean region *and* names of individual countries):
East Asia:
Economic development, Apr. 33
U.S. aid, FY 90, request (Clark), May 49
Southeast Asia, refugees (Bush), Sept. 60
Asian Development Bank (ADB), U.S. funding, FY 90, request (Brady), June 29
Asian Development Fund (ADF), U.S. funding, FY 90, request (Brady), June 29
Aspe Armella, Pedro, Oct. 80
Association of South East Asian Nations (ASEAN): Apr. 36; Baker, Sept. 58, 60; Lambertson, May 38; Quayle, Aug. 55; Shultz, Jan. 8; Solomon, Nov. 48
Australia:
Economic development, Apr. 37
Profile, Oct. 61
Treaties, agreements, etc., Mar. 92, May 86, 87, July 77, Aug. 89, Nov. 79
U.S. visit of Prime Minister Hawke: Bush, Hawke, Oct. 60
Austria:
Foreign Relations of the United States, 1955-1957, Volume V, Austrian State Treaty; Summit and Foreign Ministers' Meetings 1955, released, Apr. 64
Treaties, agreements, etc., Feb. 74, Mar. 92, May 86, July 77, Aug. 89, Sept. 93
Automobile industry, U.S.-Canada Free Trade Agreement, Oct. 2, 5
Aviation:
Additional services, memo of understanding with Mexico, Jan. 50
Air services, bilateral agreements: Austria, July 77; Greece, U.K., Aug. 90
Air transport, bilateral agreements: Australia, July 77; Bolivia, May 87; Czechoslovakia, June 69; Federal Republic of Germany, July 77; Hungary, Nov. 80; India, Aug. 90; Italy, Feb. 75; Mexico, May 88; Philippines, July 78; Spain, Aug. 90; Yugoslavia, Feb. 76
Air transport, capacity for North Pacific, South Pacific and Guam routes, amendment, bilateral agreement with Australia, July 7

aviation (Cont'd)

- Airline fitness and citizenship determinations, reciprocal recognition, bilateral agreement with U.K., Aug. 90
- Airworthiness certifications, reciprocal acceptance, bilateral agreement with Argentina, Oct. 85
- All-cargo services, memo of understanding with Mexico, Jan. 50
- Charter flights, memo of understanding with Mexico, Jan. 50
- Civil aviation (McAllister), Oct. 33
 - Civil air transport, bilateral agreements with Romania, June 69, Nov. 80
- Developing and modernizing the Bahamas civil aviation system, memo of agreement, Aug. 89
- Developing and modernizing the Marshall Islands civil aviation system, bilateral agreement, Sept. 94
- International civil aviation, convention (1944): Bhutan, July 76; Mongolia, Nov. 79
 - Protocol on authentic trilingual text (1968): Cyprus, Mongolia, Nov. 79
 - Protocol on authentic quadrilingual text (1977): Antigua and Barbuda, Jan. 49; Cyprus, Nov. 79; Malta, Dec. 59
- Security, bilateral agreement with Cape Verde, Dec. 58
- International air services transit agreement (1944), Antigua and Barbuda, Mar. 91
- International recognition of rights in aircraft, convention (1948): Bangladesh, Guatemala, Apr. 62
- Reduced air fares, bilateral agreement with Mexico, Jan. 50
- Security and Terrorism Commission formed, (White House), Oct. 68
- Suppression of unlawful acts against the safety of civil aviation, convention (1971): Laos, June 68; Marshall Islands, Aug. 88; Zimbabwe, May 86
- Protocol (1988): Austria, Belgium, Byelorussian S.S.R., Sept. 93; Cameroon, Apr. 62; Congo, Finland, Aug. 88; Gabon, Sept. 93; German Democratic Republic, Hungary, Aug. 88; Ireland, Jordan, Sept. 93; Democratic People's Republic of Korea, Aug. 88; Kuwait, Luxembourg, July 76; Marshall Islands, Sept. 93; Mauritius, Aug. 88, Oct. 84; Morocco, New Zealand, Peru, Sept. 93; Philippines, Apr. 62; St. Vincent and the Grenadines, Saudi Arabia, Soviet Union, Spain, Sri Lanka, Togo,

Aviation (Cont'd)

- Turkey, Sept. 93; United Arab Emirates, May 86
- Suppression of unlawful seizure of aircraft, convention (1970): Laos, June 68; Marshall Islands, Aug. 88; Vanuatu, Zimbabwe, May 86
- Technical assistance to improve Oman's air transportation services, bilateral agreement with Oman, Jan. 50
- U.S. policy and objectives (McAllister), Oct. 33

B

- Bahamas:
 - Drugs, narcotic, production, trafficking, control efforts (Wrobleski), May 69, Oct. 57
 - Treaties, agreements, etc., May 87, Aug. 89
- Bahrain:
 - Treaties, agreements, etc., Feb. 73, Mar. 91
 - U.S. visit of Foreign Minister al-Khalifa, Oct. 67
- Baker, James A., III:
 - Addresses, remarks, and statements:
 - Acid rain, Apr. 28, 30
 - Afghanistan, Apr. 23, Aug. 60, Sept. 51, Nov. 38
 - Arab-Israeli conflict and peace process (*for details see Arab-Israeli conflict*): May 1, 4, 60
 - Egyptian 10-point plan, Nov. 31, 35, 38, 42, Dec. 45
 - Palestinian issues, May 2, 4, 26, June 13, 18, Nov. 35, 38
 - Soviet role, May 2, July 27, 30, Nov. 35
 - U.S. initiative and objectives, Apr. 19, June 10, July 24, 31, Dec. 27
 - U.S.-PLO dialogues, Aug. 59, Sept. 9
 - West Bank elections, June 12, July 26, Aug. 15, 44, 59, Sept. 6, 8, 12, 30, 32, 52, 61, 68, Nov. 36, Dec. 20
- Argentina, U.S. military aid to, Aug. 42, 43
- Arms control and disarmament, May 56, Nov. 32, Dec. 16, 17, 20
 - Conventional Parity Initiative, Aug. 42, 43, 68, Sept. 10, 44, 45
 - U.S. troop reduction proposals, Aug. 42, 44
- Association of South East Asian Nations (ASEAN), Sept. 58, 60
- Baltic states, U.S. policy, Nov. 17, 42
- Berlin Wall, Aug. 58

Baker, James A., III (Cont'd)

- Cambodia, U.S. policy, Sept. 59, 61, 62, Oct. 25
- Canada, U.S. relations, Apr. 11, 17, 28, June 9
- Caribbean Basin Initiative, June 7, 8
- Central America, Apr. 12, 17, 28, 29
 - Bipartisan accord, June 56
 - Esquipulas agreement, June 7, 10, Oct. 79, 82
- Change and international relations, July 36, Aug. 55
- Chemical weapons, Apr. 15, 19, May 58, Nov. 1, 32, 34, 39, Dec. 17, 20
- China:
 - ASEAN relations, Sept. 62
 - Human rights issues, May 10, Sept. 64
 - Political and economic reforms, July 23, 29, Aug. 66, Sept. 6
 - Student demonstrations and government reprisals, July 29, Aug. 14, 67
 - U.S. response, Sept. 5, 11, 61, 63, 64, Nov. 37
 - U.S. relations, Apr. 18, Aug. 58, 59
- Conventional armed forces in Europe (CFE), negotiations, May 56, 59, Nov. 13
- Creative responsibility sharing and regional problems, Aug. 57, 60, 65, Sept. 46, 56
- Cuba, Castro's position, Sept. 10
- Debt management, June 18, Sept. 4, 5, 7, 8, 32, 56, 65
- Defense and national security, Dec. 15
 - Defense budget, Apr. 28, 31, Nov. 17, Dec. 18
 - European based missiles, July 28, 29, 34, 35
 - Multiple launch rocket system (MLRS), Aug. 42
 - Stealth bomber, Sept. 12, Dec. 18
- Strategic Defense Initiative (SDI), June 16, Nov. 10, 11, 12, 15
- Democracy and democratic progress, June 6, July 36, Aug. 48
- Denmark, in NATO alliance, Apr. 40
- Drugs, narcotic, May 68, Oct. 49 (quoted)
 - Latin America, June 8, Oct. 13, 14, 76, Dec. 19
- East-West relations, Apr. 18, 30, May 56, June 10, Aug. 56, Sept. 3
- Economy, world, July 24, Sept. 51
- Summit of the Arch, Sept. 3, 63
- Environmental problems and control, Sept. 32, Oct. 80

Baker, James A., III (Cont'd)

Ethics issues, Apr. 22, 30
Europe, Eastern, reform movement:
U.S. response to change, Aug.
42, Sept. 7, 10, 52, Nov. 40,
43, Dec. 20
Warsaw Pact, Dec. 28, 29
European Community, Apr. 12, 18
Foreign policy, Apr. 16, May 10,
June 8, 11
Bipartisanship, May 24, June 9
Foreign Service issues, Dec. 18
Freedom, Apr. 11, May 56, Aug. 6
Germany, Federal Republic of,
June 15, 17
Reunification, Dec. 20, 28
Short-range nuclear missile
deployment, Aug. 13, 14
U.S. relations, Apr. 21, 39, July,
22, 28, 34
Greece, in NATO alliance, Apr. 41
Human rights issues, May 10, July
29, Nov. 14
Hungary:
Democratic progress, Dec. 29
U.S. support for reforms, Sept.
4, 11, 46, Nov. 38
Iceland, in NATO alliance, Apr. 38
India, nuclear weapons, Aug. 69
Iran, U.S. relations, Aug. 57, Oct.
13, 14
Israel, U.S. relations, May 63
Italy, aid to Nicaragua, June 15
Japan, U.S. relations, Apr. 24, May
2, Aug. 65
Korea, ambassadorial appointment,
July 29
Latin America, shared destiny,
June 5
Leadership and bipartisanship,
Apr. 11, 16, June 9
Lebanon, cease-fire efforts, July 30,
Oct. 11, Nov. 37
Hostages, Oct. 13
Luxembourg, in NATO alliance,
Apr. 42
Mexico, Apr. 12, 17, June 9, 18,
Oct. 78
Mexico-U.S. bilateral commission
meeting, Oct. 76
Middle East, Apr. 15, 19, Dec. 45
Palestine Liberation Organization
(PLO), Apr. 22, July 65,
Aug. 15, Sept. 68
Netherlands, U.S. relations, Sept.
50, 52
Nicaragua:
Contra aid, Apr. 21, May 23,
Oct. 79
Democratic progress, May 25,
Dec. 28
Soviet-bloc aid to, May 24, 26,
60, June 10, 13, 15, July 24,
32, Nov. 3, 12, 11, Dec. 19,
28
Western aid to, June 15

Baker, James A., III (Cont'd)

North Atlantic Treaty Organization
(NATO), May 4, 26, July 21,
Aug. 61, Nov. 32
Comprehensive concept on arms
control and disarmament,
Aug. 55, 63
Conventional Parity Initiative,
Aug. 55, 58, 62
Short-range nuclear forces (SNF)
agreement, Apr. 39, July 22,
24, 28, 34, Aug. 29, 34
Norway, in NATO alliance, Apr. 40
Pacific area, economic development,
Apr. 13, 18, Sept. 58, 60, Dec.
20
East Asia Pacific rim, U.S. rela-
tions, Aug. 64
Panama (*for details see Panama*):
Elections, June 6, 13, 17, July 32
Normalization of relations and
Noriega presence, June 7,
Aug. 15, 69, Dec. 19, 26
U.S. position, July 23, 27, Aug.
15, 60, Oct. 14, 15, Nov. 32
Philippines, Multilateral Assistance
Initiative, Sept. 56
Poland (*for details see Poland*):
Political and economic reforms,
June 14, Aug. 69, Sept. 6, 8,
66
Solidarity request for Western
aid, Sept. 31, 65
Summit of the Arch, Western sup-
port, Sept. 4, 5, 7, 11, 29,
32, 44, 46, 67
U.S. support for reforms, Nov.
38, 40, 41
Presidential power, May 25
Refugees, Southeast Asian, Aug.
44, Sept. 60
Regional conflicts, Apr. 15, 19, July
30, 38, Dec. 13, 19
Saudi Arabia, tank sales, Nov. 37
Security clearances, Apr. 31
Soviet Union (*for details see Soviet
Union*):
ABM Treaty, Nov. 14
Arms control negotiations, July
30, Aug. 43, 44, 61, Sept. 10,
Nov. 1, 5, 10, Dec. 13
Domestic reforms, May 26, July
33, Aug. 57
Economic issues, Aug. 13, Sept.
67, Nov. 12, 13, Dec. 10, 20
Foreign policy, June 16, Dec. 12
Glasnost and democratization,
Dec. 13
Gorbachev's role, Aug. 14, 30,
Sept. 68, Nov. 4, 42
Human rights, July 29, Nov. 14
Intermediate-range nuclear forces
(INF) treaty, July 28
Perestroika, July 29, 32, 34, 36,
Aug. 58, Nov. 2, Dec. 10, 20

Baker, James A., III (Cont'd)

Regional conflicts, role in, July
30, 38, Aug. 62, Dec. 13
Short-range nuclear forces (SNF)
July 31, 32, 34, 35
Strategic arms reduction talks
(START), Apr. 39, May 60,
June 15, 16, Sept. 44, Nov.
11, 15, 39, Dec. 16
Summit meeting proposed, June
11, Nov. 1, 10
Trade relations, Apr. 29, Sept.
66, Nov. 41, 42
U.S. relations, Apr. 12, 14, 18,
May 59, June 10, 13, July 3,
Nov. 3, 16
U.S. technical assistance, Nov. 2,
Dec. 14, 25
South Africa, new government,
Aug. 60
Spain, in NATO alliance, Apr. 42
Sudan, famine relief, Apr. 24
Terrorism, Apr. 14, 23, 42, May 79
(quoted)
Trade issues, Aug. 13, 65, Sept. 66
Oct. 77
Transnational issues, Apr. 13, 14,
18, July 30, 38
United Kingdom, Apr. 39, Aug. 42
43
Vietnam, U.S. relations, Sept. 62,
Dec. 19
Warsaw Pact and East European
reforms, Dec. 28, 29
Biographical data, Apr. 9
Meeting with Shevardnadze, Paris
(July 1989), Oct. 39
Messages and reports to Congress,
May 68
News conferences, press briefings,
and question-and-answer ses-
sions, Jan. 13, Mar. 6, Apr. 28,
38, May 59, July 21, 30, 34, Aug.
34, 41, Sept. 3, 29, 50, 60, 63,
Oct. 78, Nov. 10, 31, Dec. 18
Senate confirmation hearings, Apr. 10
Swearing-in as Secretary of State:
Baker, Bush, Apr. 8
TV and radio interviews, Apr. 21,
May 10, 23, 25, June 12, July 27,
Aug. 29, 67, Sept. 7, Dec. 26
Visits to:
Belgium (NATO headquarters),
July 34
Brunei, Sept. 58
China, May 10
Denmark, Apr. 40
France, Apr. 42
Germany, Federal Republic of,
Apr. 39
Greece, Apr. 41
Hungary, Sept. 37
Iceland, Apr. 38
Italy, Aug. 12
Japan, May 1, Sept. 56
Luxembourg, Apr. 42

- ker, James A., III (Cont'd)
 Netherlands, Sept. 50
 Norway, Apr. 40
 Poland, Sept. 29
 Portugal, Apr. 42
 Soviet Union, July 29
 Spain, Apr. 42
 United Kingdom, Apr. 38, Aug. 41
 Wyoming ministerial meeting, Jackson Hole (Sept. 1989), Nov. 1, 5, 10, 39
- Balance-of-payments support and special development fund, bilateral agreement with Pakistan, Jan. 51
- Baltic Freedom Day, 1989, proclamation (Bush), Aug. 80
- Bangladesh:
 Flood relief, Summit of the Arch, economic declaration, Sept. 16
 Treaties, agreements, etc., Jan. 50, Apr. 62, Aug. 89, Sept. 93, Oct. 84, 85
- Banking and financial services, U.S.-Canada Free Trade Agreement, Oct. 6
- Bartholomew, Reginald, Sept. 74
- Belgium:
 Treaties, agreements, etc., Mar. 92, May 87, June 68, July 77, Aug. 89, Sept. 93, Oct. 85, Dec. 58
 Visit of Secretary Baker (NATO headquarters), July 34
- Belize:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 70, Oct. 57
 Treaties, agreements, etc., Apr. 63, Sept. 93
- Benin, treaties, agreements, etc., Aug. 89
- Bering Straits region:
 Bering Straits Regional Commission, bilateral agreement with Soviet Union, text, Nov. 22
 Mutual visits by inhabitants, bilateral agreement with Soviet Union, text, Nov. 24
 U.S.-Soviet joint statement, Nov. 8
- Berlin Wall, 28th anniversary (Bush), Oct. 41
- Bhutan, treaties, agreements, etc., Apr. 62, July 76
- Bhutto, Mohtrama Benazir, Oct. 63, 64
- Biological weapons:
 Biological and Toxic Weapons Convention (1972) (Holmes), July 43, Oct. 23
 Development, production and stockpiling of bacteriological and toxin weapons, convention (1972), Bahrain, Feb. 73
 Foreign policy implications (Holmes), Oct. 22
 U.S. Biological Defense Research Program (Holmes), Oct. 24
- Biological weapons (Cont'd)
 U.S. policy (Bartholomew), Sept. 74, 77
- Bolivia:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
 Treaties, agreements, etc., Feb. 74, 75, May 87, Aug. 89, Oct. 85, Dec. 58
- Bolton, John R., Oct. 74
- Borg, Parker W., Jan. 33, Mar. 17
- Botswana, treaties, agreements, etc., Mar. 92, July 77, Dec. 57
- Brady, Nicholas F., May 53, June 21, Sept. 78
- Brazil:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
 Trade import duties (Reagan), Jan. 49
 Treaties, agreements, etc., Jan. 50, Mar. 92, June 69, Aug. 89
- Bremer, L. Paul, III, May 74
- Brown, Kenneth L., May 27
- Brundtland, Gro Harlem, Apr. 41
- Brunei:
 Treaties, agreements, etc., Jan. 50, May 86
 Visit of Secretary Baker, Sept. 58
- Bulgaria:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 58
 Human rights: Abram, Sept. 88; Department, Oct. 43, Nov. 59; NATO, Oct. 43; White House, Sept. 90
 Recall of U.S. ambassador (Department), Nov. 59
 Treaties, agreements, etc., Aug. 89, Dec. 57
- Bureau of International Communications and Information Policy, July 62
- Burkina Faso, treaties, agreements, etc., Feb. 74, Mar. 91, Aug. 89, Oct. 84
- Burleigh, A. Peter, May 61
- Burma:
 Drugs, narcotic, production, trafficking, control efforts: Lambertson, May 41; Wroblewski, May 70, 71, Oct. 58
 Human rights issues (Lambertson), May 42
 Political situation and democratic progress (Lambertson), May 40, Dec. 37
 Profile, May 41
 Thailand, relations with (Lambertson), May 42
 Treaties, agreements, etc., Feb. 73, Mar. 92
 U.S. policy (Lambertson), May 43
- Burns, William F., Jan. 41, Mar. 9
- Burt, Richard R., Aug. 73, Oct. 17, Dec. 33
- Burundi:
 Human rights issues (Brown), May 27
 International trade in endangered species of wild fauna and flora, convention (1973), Jan. 50
- Busby, Morris D., Dec. 47
- Bush, George H. (see also Proclamations by the President):
 Addresses, remarks, and statements:
 Acid rain, Apr. 27
 Afghanistan, Apr. 5, 6, 48
 Arab-Israeli conflict, peace process, May 4, 7, 16
 Arms control and disarmament, Apr. 30, May 15, Aug. 17, 31, 39, Sept. 25
 Conventional Parity Initiative, Aug. 16, 30, 32, Sept. 24
 "Open skies" proposal, July 16, Aug. 16, Nov. 30
 Asian-Pacific region, development, May 19
 Berlin Wall, 28th anniversary, Oct. 41
 Cambodia, peace settlement, May 6, 22
 Canada, U.S. relations, Apr. 26, July 46
 Central America, Apr. 6, May 16, June 55
 Chemical weapons, Mar. 6 (quoted), Nov. 29
 China, May 6, 13
 Chinese-Soviet relations, May 7
 Chinese students in U.S., Aug. 50, 51
 Political and economic reforms, Aug. 48, 50
 Student demonstrations and government reprisals, July 47, Aug. 75, 80, 81
 U.S. response, Aug. 46, 47, 48
 U.S. relations, Apr. 4, May 7, 11, 16, 22, Aug. 49, Sept. 54, 55
 Cuba, May 83
 Debt management, Sept. 21, 26
 Defense and national security, July 48
 Conventional arms, May 9, July 21
 Missile systems, July 20, 46, Aug. 51
 Strategic Defense Initiative (SDI), Apr. 3, 5, May 15
 Democracy and democratic progress, June 1, July 19, 47, Aug. 32, 38
 Drugs, narcotic, Oct. 47, Dec. 9
 East-West relations, Aug. 82, Sept. 20
 Economy, world, May 16, Nov. 28

Bush, George H. (Cont'd)

Environmental problems and control, Apr. 27, July 47, Aug. 39, Sept. 27, 48, Oct. 36, Nov. 28
El Salvador, May 16, June 2
Europe, Eastern, Aug. 38, 39, Sept. 21, 44, 48
Europe, Western, and U.S. relations, July 18, Aug. 11
Freedom, July 21, Sept. 22, 33, 47, 53, 86 (quoted), Oct. 11, Nov. 27, Dec. 8
Germany, Federal Republic of, Apr. 6, Aug. 38
Global role of U.S., May 8
"Hamtramck" speech on Poland, June 3
Human rights, May 6, Aug. 49
Hungary, Sept. 36, 37, 39, 40, 46
Inaugural address, Apr. 1
India, May 6
Iran, Apr. 5, Aug. 47, 49
Italy, Aug. 12
Japan, free trade, May 6, 9, 22
Korea, May 17, 21
U.S. troops in, May 16, 19
Latin America, June 1
Lebanon, Aug. 83
Hostages, Oct. 66, 67, 68, Nov. 26
Marshall Islands, diplomatic relations established, Oct. 62
Mexico, U.S. relations, Dec. 2, 3
Micronesia, diplomatic relations established, Oct. 62
Middle East, Apr. 5, May 16
Palestine Liberation Organization, Apr. 4
NATO, Apr. 6, May 4, July 18, 46, Aug. 38
Nicaragua, Apr. 6, May 16, June 1, Sept. 91
Conventional Parity Initiative, Aug. 16, 32, Sept. 24
Short-range nuclear forces (SNF) negotiations, July 46, Aug. 31, 81
Summit accomplishments, Aug. 45
Pakistan, U.S. relations, May 6
Panama, June 2, July 46, 66, 68, 70, Aug. 51, Dec. 19
Paraguay, democratic progress, June 2
Peace Corps, Hungary, Sept. 40
Philippines, multilateral assistance initiative, May 8
Poland:
Address before Polish Parliament, Sept. 25
Democratic progress, Aug. 48, 69, 78, Sept. 23, Oct. 38
Food and commodity aid, Sept. 19, Oct. 38, Nov. 60
U.S. support for reform efforts, June 3, Sept. 24, 26, 54

Bush, George H. (Cont'd)

Western support for reform efforts, Sept. 7 (quoted), Dec. 10
Soviet Union (*for details see* Soviet Union):
Chinese-Soviet relations, May 7
Economic issues, Sept. 18, 19, 20, 21
Nicaragua, Soviet bloc aid, June 1, 56
Perestroika, July 20, Aug. 51
Strategic arms reduction talks (START), May 15, July 17, Aug. 73
U.S. relations, Apr. 4, May 9, July 16, 19, Aug. 18, 32, 39, Sept. 54
Summit of the Arch, review, Sept. 17, 19
Terrorism, May 79 (quoted)
Trade, U.S., Apr. 28, Sept. 40, Oct. 35
Trade, world, May 9
UN, peacekeeping role, Nov. 31
World Bank/International Monetary Fund, Dec. 8
Meetings with heads of state and officials of, remarks and joint communiqués:
Colombia, Dec. 56; Cyprus, Dec. 41; Egypt, June 40, Dec. 45; El Salvador, June 66; Ireland, June 39; Israel, June 42; Italy, Dec. 42; Japan, Apr. 32, Nov. 51; Jordan, July 54; Mexico, Dec. 1; NATO, Dec. 44; Pakistan, Oct. 63; Zaire, Oct. 15
Messages and reports to Congress:
Address before Joint Session, Apr. 3
Cyprus, Apr. 43, Sept. 89, Dec. 41
EURATOM cooperation, June 44
FS-X aircraft, coproduction with Japan, Oct. 32
Science and technology, international activities, June 51
News conferences and question-and-answer sessions, Apr. 4, 5, May 4, July 45, Aug. 16, 30, 34, 40, 46, 80, Sept. 17, 54, Oct. 13
North Atlantic Council (NAC), heads of state meeting, Brussels (May 1989), Aug. 15
TV interview, May 11
Visits to:
Belgium, Aug. 15
Canada, Apr. 26
China, May 11
Germany, Federal Republic of, Aug. 34
Hungary, Sept. 36
Italy, Aug. 11
Japan, May 4
Korea, May 17
Netherlands, Sept. 47
Poland, Sept. 23

United Kingdom, Aug. 40
Business, U.S., multilateral development banks projects (Brady), June 26
Byelorussian S.S.R., treaties, agreements, etc., Mar. 92, Apr. 62, May 87, July 77, Aug. 88, 89, Sept. 93, Dec. 58

C

Cambodia:
International Conference, Paris (1989): Baker, Oct. 25; conference statement, Oct. 26; Solomon, Nov. 50
Peace settlement: Baker, Sept. 61, 62
Bush, May 6; Solomon, Nov. 47; Walters, Feb. 65
Profile, May 39
UN role (Baker), Oct. 26
U.S. aid to noncommunist resistance: Lambertson, May 38; Solomon, Nov. 49
FY 90, request (Clark), May 52
U.S. policy: Baker, Sept. 59; Bush, May 22; Lambertson, May 37; Reagan, Jan. 17
Cameroon, treaties, agreements, etc., Apr. 62, Sept. 93, Oct. 84, Dec. 57
Canada:
Aircraft hijacking agreement (Department), Jan. 39
Defense, Oct. 12
Economic and political conditions, Oct. 10
Foreign relations, Oct. 11
Geography, peoples and culture, Oct.
Government, Oct. 9
History, Oct. 8
Profile, Oct. 9, 11
Treaties, agreements, etc., Jan. 50, Feb. 73, May 87, June 68, 69, Aug. 89, Sept. 93, Dec. 58
U.S.-Canada Free Trade Agreement: Chronology, Oct. 4
Questions and answers, Oct. 4
Summary of key provisions, Oct. 1
U.S. fisheries relationship (Wolfe), July 57
U.S. relations: Oct. 12; Baker, Apr. 11, 17, 28, June 9
Cape Verde, treaties, agreements, etc., Apr. 63, Dec. 58
Captive Nations Week, 1989, proclamation (Bush), Sept. 91
Caribbean region. *See under* Latin America
Carter, Jimmy, Jan. 44
Central America. *See under* Latin America *and see also names of individual countries*
Chad, treaties, agreements, etc., Feb. 74, May 86, Dec. 57

- range and international relations:
Baker, July 36, Aug. 55; Shultz, Jan. 6, 9
- Chemical weapons (CW): Baker, Apr. 15, 19, May 58, Nov. 39; Burns, Jan. 42; Bush, Mar. 6, May 15; Nitze, Apr. 45; NAC, Aug. 25, 28; Shultz, Jan. 3, 9; U.S.-Soviet joint statement, Nov. 8
- Australia Group (Bartholomew), Sept. 75
- Bilateral verification experiment and data exchange relating to prohibition, memo of understanding with Soviet Union, text, Nov. 18
- Conference on Prohibition of Chemical Weapons, Paris (1989): Burns, Mar. 9; Reagan, Shultz, Mar. 4; White House, Jan. 16
- Final declaration, text, Mar. 9
- Federal Republic of Germany: Baker, Apr. 22, 39; Bartholomew, Sept. 76; Department, Mar. 71; Shultz, Mar. 53
- International Government-Industry Conference Against Chemical Weapons, Canberra (1989): Clarke, Nov. 45; U.S.-Soviet joint statement, Nov. 9
- Iraq (Baker), Nov. 32
- Libya: Baker, Apr. 22; Bartholomew, Sept. 76; Shultz, Mar. 7, 8, 53
- Middle East: Murphy, Feb. 58; Shultz, Feb. 8, Mar. 8
- Prohibition of use in war of asphyxiating, poisonous, or other gases, and of bacteriological methods of warfare, protocol (1925): Antigua and Barbuda, Bahrain, Mar. 91; Bangladesh, Oct. 84; Cameroon, Dec. 57; Equatorial Guinea, Grenada, Guinea-Bissau, Oct. 84; Democratic People's Republic of Korea, Republic of Korea, Mar. 91; Laos, Oct. 84; St. Lucia, Mar. 91
- Role of chemical industry (Shultz), Mar. 7
- Soviet Union (Shultz), Mar. 7
- Third World use (Baker), Nov. 32
- U.S. disposal program (Friedersdorf), June 19
- U.S. initiatives: Baker, Nov. 34, Dec. 17; Bush, Nov. 29
- U.S. policy: Baker, Dec. 20; Bartholomew, Sept. 74, 77
- U.S.-Soviet memo of understanding: Baker, Nov. 1; joint statement, Nov. 6
- Verification issues (Clarke), Nov. 47
- File:
Democratic progress (Kozak), June 65
- Fruit export and sale: Baker, U.S.-Chile joint statement, May 85
- Treaties, agreements, etc., July 76, 77
- China, People's Republic of (Bush), Apr. 4
- Afghanistan, involvement in, Mar. 84
- ASEAN nations, relations with (Baker), Sept. 62
- Cambodian policy: Lambertson, May 40; Solomon, Nov. 49
- Chinese students in U.S.: Bush, Aug. 50, 51; Williams, Oct. 28
- Communications satellites (Department), Feb. 26
- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 71, Oct. 59
- Human rights issues: Baker, May 10, Sept. 64; Bush, May 6
- Political and economic reforms: Baker, July 23, 29, Aug. 66, Sept. 6; Bush, Aug. 47, 48, 50
- Political unrest and safety of U.S. citizens (Department), Aug. 75
- Soviet Union, relations with (Bush), May 7
- Student demonstrations and government reprisals: Baker, July 29, Aug. 14, 67; Bush, July 47, Aug. 75, 80, 81; Department, Aug. 75, 76, 77; White House, Aug. 75, 77; Williams, July 48, Oct. 29
- U.S. response: Baker, Sept. 5, 11, 61, 63, 64, Nov. 37; Bush, Aug. 46, 47, 48; White House, Aug. 77
- Taiwan:
Economic development: Apr. 36
- Trade relations with U.S.: Hippler Bello, Holmer, Mar. 12
- Trade relations with U.S., Apr. 35
- Treaties, agreements, etc., Jan. 50, Feb. 75, Mar. 91, 92, Apr. 63, May 87, June 68, July 77, Aug. 88, Sept. 93, Oct. 85, Dec. 57
- U.S. relations: Baker, Apr. 18, Aug. 58, 59; Bush, May 7, 11, 16, 22, Aug. 49, Sept. 54, 55; Department, May 14; Shultz, Feb. 25; Williams, Oct. 27
- Visit of Secretary Baker, May 10
- Civil emergency planning (NAC), Feb. 46
- Clark, Warren, Dec. 31
- Clark, William, Jr., May 49
- Clarke, Richard A., Nov. 45
- Cleveland, Paul M., June 45
- Coffee:
International Coffee Agreement (1983), U.K. (extended to St. Helena), July 76
- International Coffee Agreement negotiations (Wallis), Mar. 15
- Cohen, Herman J., Nov. 43, Dec. 23
- Colombia:
Drugs, narcotic, production, trafficking, control efforts: Baker, Dec. 19; Department, Oct. 77, Nov. 79; Eagleburger, Nov. 70, 74; Wroblewski, Oct. 56
- Travel advisory issued (Department), Oct. 77
- Treaties, agreements, etc., Mar. 92, Apr. 62, June 68, 69
- U.S. aid, emergency anti-drug support package (Bush), Oct. 47
- U.S. visit of President Barco (White House), Dec. 56
- Commodities:
Commodity imports, bilateral agreement with Egypt, Sept. 93
- Common Fund for Commodities, agreement, entered into force, Aug. 88
- Prices and agreements (Wallis), Mar. 15
- Communications, mutual support, memo of understanding with U.K., Mar. 93
- Comoros, radio communications between amateur stations on behalf of third parties, bilateral agreement, Dec. 58
- Conference on Disarmament (CD), Geneva:
Chemical weapons ban (Bartholomew), Sept. 74
- Defense and space talks (Cooper), Oct. 20
- START (Burt), Oct. 17
- Congo, treaties, agreements, etc., Feb. 74, Aug. 88
- Congress, U.S.:
Africa, human rights issues, Brown, May 27; Ferrand, May 32
- Angola, peace and reconciliation efforts (Clark), Dec. 31
- Arms sales to Pakistan (Schaffer), Oct. 65
- Biological weapons (Holmes), July 43, Oct. 22
- Bipartisanship and leadership (Baker), Apr. 11, 16, June 9
- Burma, political situation and human rights (Lambertson), May 40, Dec. 37
- Cambodia, update (Lambertson), May 37
- Certification for narcotics source and transit countries (Wroblewski), May 68, Oct. 49
- Chemical weapons (Bartholomew), Sept. 74
- China, demonstrations, and U.S. response (Williams), July 48, Oct. 27
- Confirmation hearings, Secretary-designate Baker, Apr. 10
- Cuba:
Human rights: Schifter, Oct. 41; Valladares, Dec. 54

Congress, U.S. (Cont'd)

- Narcotics trafficking (Levitsky), Oct. 46
- U.S. security (Kozak), Nov. 75
- East-West relations and NATO (Baker), Aug. 61
- High definition television, global production standards (Landau), June 48
- Immigration and refugee issues (Moore), July 59
- International fisheries matters (Wolfe), July 56
- Legislation:
 - Berne Convention Implementation Act, 1988 (Reagan), Jan. 35
 - Defense Department Appropriations Act, 1989 (White House), Jan. 45
 - Genocide Convention Implementation Act, 1987: Reagan, Jan. 38; White House, Jan. 39
 - Joint Resolution on Cambodia (Walters), Feb. 66
 - 1988 Trade Act: Hippler Bello, Holmer, Mar. 11
- Legislation, proposed:
 - Foreign affairs budget, FY 90: Foreign operations, overview (Baker), Apr. 16
 - East Asia and the Pacific (Clark), May 49
 - International organizations and programs (Vogelgesang), May 81
 - Latin America and the Caribbean (Kozak), June 59
 - Middle East: Burleigh, May 66; Walker, May 61, 62, 64
 - Migration and refugee assistance (Moore), May 72
 - Multilateral development banks (Brady), June 21, 29
 - Security assistance (Holmes), June 52
 - Sub-Saharan Africa (Rosenberg), July 39
 - Terrorist Alien Removal Act (Bremer), Feb. 64
- Middle East, U.S. diplomacy (Kelly), Oct. 44
- Namibia, independence process (Cohen), Nov. 43
- Pacific region economic cooperation (Solomon), Dec. 34
- Philippines, future prospects (Lambertson), May 43
- Presidential address, joint session (Bush), Apr. 3
- Senate advice and consent, international natural rubber agreement, Feb. 74
- Senate confirmation hearings on Secretary-designate Baker, Apr. 10
- South Africa (Cohen), Dec. 29

Congress, U.S. (Cont'd)

- Soviet Union and *perestroika* (Baker), Dec. 20
- Terrorism and counterterrorism:
 - Rushdie affair (Adams), May 78
 - U.S. counterterrorism policy: Bremer, May 74; Busby, Dec. 47
- Trade negotiations, Uruguay Round (Hills), June 30
- Trade-related aspects of intellectual property rights (Hills), Nov. 55
- UN and PLO admission (Vogelgesang), July 65
- Western Europe, U.S. relations (Eagleburger), Oct. 37
- Conservation (*see also* Fish and Fisheries):
 - Antarctic marine living resources, convention (1980): Finland, Dec. 59; Italy, July 76; Peru, Dec. 59
 - Endangered species of wild fauna and flora, international trade in, convention (1973): Burundi, Jan. 50; Chad, May 86; Ethiopia, Gabon, Malta, New Zealand, Aug. 88; St. Vincent and Grenadines, May 86; Vanuatu, Dec. 57
 - Amendment (1983): Botswana, Dec. 59; China, Jan. 50; Denmark, May 86; Finland, Dec. 59; India, May 86; Luxembourg, Dec. 59; Mauritius, Jan. 50; Rwanda, Dec. 59; Sri Lanka, May 86
 - International Trade in Endangered Species, convention (CITES), FY 90, U.S. funding, proposed (Vogelgesang), May 83
 - Wetlands of international importance, especially as waterfowl habitat, convention (1971): Malta, Vietnam, May 86
 - Protocol (1982): Egypt, Greece, Apr. 62; Venezuela, May 86
- Construction, cooperation in housing and other construction, bilateral agreement with Soviet Union, Oct. 86
- Consular relations:
 - Vienna convention on (1967): Antigua and Barbuda, Feb. 73; Bulgaria, Dec. 59; Byelorussian S.S.R., Aug. 88; Mongolia, Aug. 88; South Africa, Dec. 59; Soviet Union, Ukrainian S.S.R., Aug. 88
- Cooper, Henry F., Oct. 20, Dec. 33
- Copyright:
 - Berne convention for the protection of literary and artistic works (1896), revised and amended (1979): Lesotho, Oct. 84; Liberia, Mauritius, Peru, Trinidad and Tobago, May 86; U.S. Apr. 62
 - U.S. proposal for amendment (Hills), Nov. 50

Copyright (Cont'd)

- Copyright protection, bilateral agreement with Indonesia, Sept. 93
- Trade issues, U.S. proposal (Hills), Nov. 56
- Universal copyright convention (1971), Trinidad and Tobago, Apr. 62
- Cossiga, Francesco, Dec. 46
- Costa Rica:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 70, Oct. 57
 - Economic development (Kozak), June 63
 - Treaties, agreements, etc., Jan. 50, Feb. 75, May 87, June 69, Nov. 79
- Cote d'Ivoire:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 59
 - Treaties, agreements, etc., Oct. 85, Nov. 79
- Criminal matters. *See* Judicial matters
- Crocker, Chester A., Feb. 10
- Cuba:
 - Angola, involvement in:
 - Angola/Namibia peace accords: Crocker, Feb. 10; Shultz, Feb. 11; White House, Feb. 10
 - Angola/Namibia tripartite agreement, text, Feb. 13
 - Protocol of Brazzaville, text, Feb. 11
 - Chronology (Howland), Feb. 16
 - Cuban troop withdrawal settlement: Feb. 14, 16; Baker, May 29; Department, Jan. 16
 - Bilateral agreement to terminate Cuban military contingent, text, Feb. 13
 - Drugs, narcotic, production, trafficking, control efforts: Kozak, Nov. 76; Levitsky, Oct. 46; Wroblewski, May 69, Oct. 57
 - Economic, social, political situation: Apr. 60; Baker, Sept. 10; Kozak, Nov. 75
 - Human rights issues: Apr. 59; Kozak, Nov. 76; Lister, Jan. 37; Schifter, Oct. 41; Valladares, Dec. 54
 - UN Human Rights Report (Bush), May 83
 - Nicaragua, aid to Sandinistas (Baker), Nov. 3, 12
 - Treaties, agreements, etc., Jan. 50, May 86, Nov. 79
 - U.S. policy (Kozak), Nov. 77
- Cultural relations:
 - Conference on Security and Cooperation in Europe (CSCE), concluding document, Mar. 33
 - Cultural and educational exchange, bilateral agreement with Mongolia, Dec. 58

Cultural relations (Cont'd)

- Cultural property, means of prohibiting and preventing the illicit import, export, and transfer of ownership, convention (1970): Byelorussian S.S.R., Colombia, Soviet Union, Ukrainian S.S.R., Apr. 62
- Hungary, scientific and cultural exchanges: Bush, Sept. 40; White House, Sept. 42
- Importation and distribution of foreign motion pictures, bilateral agreement with Republic of Korea, May 88
- Management and protection of national parks and other protected natural and cultural heritage sites, bilateral agreement with Mexico, May 88
- Poland, establishment of cultural and information centers, bilateral agreement: Sept. 94; Bush, Sept. 27; White House, Sept. 29
- U.S.-Canada free trade agreement, Oct. 5
- U.S.-Mexico Binational Commission, joint communique, Oct. 84
- World cultural and natural heritage, protection, convention (1972): Byelorussian S.S.R., May 87; Cape Verde, Apr. 63; German Democratic Republic, Republic of Korea, May 87; Paraguay, Apr. 63; Soviet Union, Ukrainian S.S.R., May 87
- World Heritage Fund, FY 90, U.S. funding, proposed (Vogelgesang), May 83
- Customs:
 - Containers, customs convention (1956), Antigua and Barbuda, Feb. 73
 - Containers, safe, international convention (1972): Indonesia, Dec. 57; Mexico, Aug. 88; Vanuatu, May 86
 - Harmonized commodity description and coding system, international convention (1983), protocol (1986), U.S., Apr. 62
 - International transport of goods under cover of TIR carnets, convention (1975): Algeria, May 86; Indonesia, Dec. 59
 - International Union for the Publication of Customs Tariffs, convention (1980), protocol (1949), Colombia, June 68
 - Mutual assistance, bilateral agreement: Finland, Norway, Aug. 90

Cyprus:

- Cease-fire and deconfrontation (Department), July 52

Cyprus (Cont'd)

- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 58
- Foreign Relations of the United States, 1952-1954, Volume VIII, Eastern Europe; the Soviet Union; the Eastern Mediterranean*, released, Jan. 53
- Reports to Congress: Bush, Apr. 43, Sept. 89, Dec. 41; Reagan, Feb. 50
- Treaties, agreements, etc., Mar. 92, Oct. 85, Nov. 79, Dec. 57
- U.S. visit of President Vassiliou (White House), Dec. 41
- Czechoslovakia:
 - Human rights: Abram, Sept. 89; Department, Jan. 29; Shultz, Mar. 53
 - Treaties, agreements, etc., May 87, June 69, July 77, Aug. 89
 - Warsaw Pact invasion, anniversary (Department), Oct. 40

D

Debt management:

- Brady Plan: Baker, June 18; Bush, Sept. 21
- Debt consolidation and rescheduling, bilateral agreements: Bolivia, Aug. 89, Gabon, Aug. 90; Guyana, Dec. 58; Jamaica, July 78, Dec. 58; Madagascar, Nov. 80; Malawi, June 69; Mali, Sept. 93; Morocco, Nov. 80; Niger, Aug. 90, Nov. 80; Poland, Senegal, Nov. 80; Tanzania, Aug. 90; Trinidad and Tobago, Nov. 80
- Egypt (Walker), May 63, 64
- International debt (Brady), May 53, June 22
- Latin America: Kozak, June 61; Shultz, Jan. 11, Feb. 30
- Mexico (Baker), June 18, Oct. 77
- Multilateral development banks (Brady), June 22
- North-South conference (Baker), Sept. 5, 7, 8
- Philippines: Baker, Sept. 57; Lambertson, May 41
- Poland: Baker, Sept. 32; Bush, Sept. 26; White House, Sept. 28
- Summit of the Arch: Baker, Sept. 4, 65; Bush, Sept. 21; Economic declaration, Sept. 14
- Third World debt (Whitehead), Jan. 19
- Defense and national security (*see also* Armaments, U.S.; Security assistance, U.S.)
 - Arms control issues (NAC), Aug. 28
 - ANZUS treaty (Hawke), Oct. 61
 - Defense and space talks (Cooper), Oct. 20

Defense and national security (Cont'd)

- Defense budget: Apr. 31; Baker, Apr. 28; Nov. 17, Dec. 18; Reagan, Feb. 7
- Military use and operating rights of the U.S. Government and Marshall Islands, bilateral agreement, Oct. 86
- Mutual logistical support, bilateral agreements: Canada, Sept. 93; Jordan, Jan. 50
- National security export controls (Wendt), Jan. 20
- NATO based short-range nuclear missiles (Baker), July 28, 29, 34, 35
- NATO Defense Planning Committee, Aug. 78
- NATO insensitive munitions information center, establishment and operation of, multilateral agreement: Canada, France, Netherlands, Norway, U.K., U.S., Sept. 93
- Nuclear missiles: Aug. 8; Baker, Dec. 16; Bush, July 46
- Philippines, U.S. military bases agreement (Lambertson), May 45
- Reciprocal advance notification of major strategic exercises, bilateral agreement with Soviet Union, text, Nov. 20
- Security clearances (Baker), Apr. 31
- Security strategy for the 1990s (Bush), July 19
- Stealth bomber (Baker), Sept. 12, Dec. 18
- Strategic Defense Initiative (SDI): Apr. 3, 5; Baker, June 16, Nov. 10, 11, 12, 15; Bush, May 15
- Strategic planning (Baker), Dec. 15
- Delors, Jacques, Feb. 27
- Democracy and democratic progress (*see also names of individual countries*): Baker, July 36; Bush, June 1, July 19, 47, Aug. 32, 38, 48; Powell, Jan. 30; Quayle, Aug. 53; Shultz, Jan. 10, Mar. 1
- Denmark:
 - Treaties, agreements, etc., Mar. 91, 92, May 86, 87, July 77, Aug. 89, Sept. 93
 - Visit of Secretary Baker, Apr. 41
- Developing countries:
 - Development program, support, grant agreement with Philippines, Oct. 86
 - Economic and democratic progress (Powell), Jan. 32
 - Newly industrialized economies, Apr. 36
 - OECD final communique, Sept. 83
 - Role in United Nations (Williamson), Feb. 70
 - Summit of the Arch, economic declaration, Sept. 14
 - Uruguay Round issues, Feb. 36

Diplomacy:

- Diplomatic matters, Vienna convention (1961), South Africa, Dec. 59
- Diplomatic relations, bilateral agreements: Marshall Islands, Micronesia, Dec. 58
- Land lease and purchase for construction of diplomatic facilities, bilateral agreement with Israel, May 88, July 78
- Dobriansky, Paula, June 35
- Dominica, recognition and enforcement of foreign arbitral awards, convention (1958), Jan. 49
- Dominican Republic:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 69, Oct. 57
 - Treaties, agreements, etc., Oct. 85, Dec. 58
- Drugs, narcotic (*see also names of individual countries*): Shultz, Jan. 9
- Argentina, cooperative agreement for reducing demand, preventing abuse, and combating illicit production and traffic of drugs and psychotropic substances, Aug. 89
- Asia, production, trafficking, control (Wroblewski), Oct. 51
- Belize, mutual cooperation for reducing demand, preventing illicit use, and combating illicit production and traffic of drugs, bilateral agreement, Apr. 63
- Certification for narcotics source and transit countries: Baker, May 68, Wroblewski, May 68, Oct. 49
- Cocaine, production, trafficking, control efforts (Wroblewski), Oct. 50
- Cooperation to combat illegal narcotics trafficking, bilateral agreement with Soviet Union, Mar. 93
- Heroin, South Asia (Wroblewski), Oct. 51, 52
- International cooperation in control efforts (Wroblewski), Oct. 53, 55
- International Narcotics Control Strategy Report*, May 69
- Investigation of drug trafficking offenses and seizures and forfeiture of proceeds and instrumentalities of drug trafficking, bilateral agreement with U.K., June 69
- Latin America, trafficking: Baker, June 8, Oct. 13, 14; Bush, June 2; Wroblewski, Oct. 49, 53
- Marijuana, production, trafficking, control (Wroblewski), Oct. 52
- U.S. production (Wroblewski), Oct. 50
- Medellin cartel and Noriega indictment (Eagleburger), Nov. 70, 74
- Money laundering (Bush), Dec. 10

Drugs, narcotic (Cont'd)

- Morocco, joint cooperative agreement in fighting against international terrorism, organized crime, and the illicit production, trafficking, and abuse of narcotics, May 88
- Narcotic drugs and psychotropic substances, control, bilateral agreement with the Bahamas, May 87
- OAS Drug Commission (Shultz), Jan. 12
- Opium production and trafficking: Lambertson, May 41; Wroblewski, Oct. 54
- Paraguay, mutual cooperation for reducing demand, illicit production and traffic of drugs, bilateral agreement, Jan. 51
- Psychotropic substances, convention, 1971: Canada, Feb. 83; Jamaica, Dec. 59
- Reducing demand, preventing illicit production and trafficking in drugs, bilateral agreements: Malaysia, July 78; Nigeria, May 88
- Single convention on (1961), Jamaica, Dec. 59
- Summit of the Arch, economic declaration, Sept. 16
- Trafficking networks (Wroblewski), Oct. 52
- U.K., bilateral agreements re: Anguilla, Mar. 93, Aug. 90; British Virgin Islands, Jan. 51, July 78; Cayman Islands, Mar. 93, July 78; Monserrat, May 88, Nov. 80; Turks and Caicos Islands, Apr. 63, Oct. 86
- United Nations Conference for the Adoption of a Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Vienna, text, Apr. 49
- U.S. aid to Andean democracies, FY 90, request (Baker), Apr. 20

E

- Eagleburger, Lawrence S., July 49, Oct. 37, 69, Nov. 67
- East-West relations: Baker, Apr. 18, 30, May 56, June 10, Aug. 56, Sept. 3; Bush, Aug. 82, Sept. 20; Maresca, May 36; Miller, Aug. 1; Mitterand, Aug. 82; NAC, Feb. 45, 46, Aug. 19, 21, 23; Nitze, Apr. 47
- Economy, domestic, federal budget deficit: McCormack, July 50; Whitehead, Jan. 19
- Economy, world (*see also Debt management; Developing countries; and Investment*): Baker, July 24; Bush, May 16, Nov. 28, Dec. 8

Economy, world (Cont'd)

- African Development Bank (Brady), June 24
- Asian Development Bank (Brady), June 24
- Cash transfer, grant agreement with Egypt, Dec. 58
- Creative responsibility sharing (Baker), Sept. 46
- European Community, Jan. 23
- Foreign direct investment, OECD final communique, Sept. 81
- Freedom and world prosperity (Bush), Dec. 8
- Group of 7: Baker, Sept. 51; Bush, May 9; Whitehead, Jan. 19
- Summit of the Arch, 15th economic summit, Paris, (July 1989): Baker, Sept. 63
- Declarations on:
 - China, Sept. 2; Baker, Sept. 3, 5
 - East-West relations, Sept. 2; Baker, Sept. 3
 - Economic declaration, text, Sept. 13
 - Human rights, Sept. 1
 - Terrorism, Sept. 2
 - Review: Baker, Sept. 3; Bush, Sept. 17, 19
- Hungarian-American Enterprise Fund: Bush, Sept. 39; White House, Sept. 41
- Inter-American Development Bank (Brady), June 24
- Mexico, foreign direct investment, July 73
- Multilateral development banks, U.S. funding, FY 90, proposed (Brady), June 21, 29
- Polish-American Enterprise Fund: Baker, Sept. 29; Bush, Sept. 26; White House, Sept. 27
- Swap agreement, memo of understanding with Argentina, Jan. 50
- Swap agreement between U.S. Treasury and Central Bank of Bolivia/Government of Bolivia, bilateral agreement, Oct. 85, Dec. 58
- Swap agreement between U.S. Treasury and the Banco de Mexico/Government of Mexico, bilateral agreement, Dec. 58
- Swap agreement between U.S. Treasury and the Central Bank of Venezuela/Government of Venezuela, bilateral agreement, June 70
- U.S. and world economy: McCormack July 49; Quayle, Aug. 53; Whitehead, Jan. 18
- U.S.-foreign direct investment, June 32

Economy, world (Cont'd)

- U.S. investment in China (Bush), May 13
- U.S. role (Bush), May 16
- Ecuador:**
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
 - International Atomic Energy Agency (IAEA), statute and amendment (1984), Mar. 91
- Education:**
 - Basic education strengthening, project grant agreement with Guatemala, Oct. 86
 - Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 33
 - Science and engineering workforce (McCormack), July 52
- Egypt:**
 - Arab-Israeli peace process, 10-point plan (Baker), Nov. 31, 35, 38, 42, Dec. 45
 - Cairo Water Supply II, bilateral agreement, Jan. 50
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 58
 - Telecommunications IV, bilateral agreement, Jan. 50
 - Treaties, agreements, etc., Jan. 50, Feb. 74, 75, Apr. 62, June 68, 69, July 77, Sept. 93, Oct. 85, Dec. 57, 58
 - U.S. aid, FY 90, request: Baker, Apr. 20, Walker, May 62
 - U.S. visits of President Mubarak: Baker, Dec. 45; Bush, Mubarak, June 40
- El Salvador:**
 - Democratic progress, Jan. 44; Bush, May 16, June 2; (Department), May 84; Shultz, Jan. 13
 - Duarte, Jose Napoleon, Jan. 45, 46
 - Economy (Department), Jan. 48
 - Farabundo Marti National Liberation Front (FMLN) (Department), Jan. 45, 46
 - Human rights: Department, Jan. 47; Kozak, June 65
 - Terrorism (Department), Dec. 55
 - Treaties, agreements, etc., Feb. 74, 75, June 69, July 77, Sept. 93
 - U.S. relations: Department, Jan. 48; Shultz, Jan. 13
 - U.S. visit of President-elect Cristiani and Vice-President-elect Merino (White House), June 66
- Employment of dependents of official government employees, bilateral agreement with Botswana, July 77

Energy:

- Coal/heavy oil coprocessing, bilateral agreement with Canada, May 87
- International Energy Agency (IEA), ministerial meeting, Paris (1989), communique, Sept. 83
- Oil and gas technology and export controls (Wendt), Jan. 21
- Private sector power, bilateral agreement with Pakistan, Jan. 51
- Environmental problems and control (*see also* Oil pollution): Baker, Apr. 13, 14, 18; Bush, Nov. 28
- Acid rain, Baker, Apr. 28, 30; Bush, Apr. 27; Mulronev, Apr. 27, July 46, 47
- Clean air legislation (Bush), July 47
- Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 28
- Energy issues, IEA communique, Sept. 84
- German-U.S. cooperation (Bush), Aug. 39
- Global climate change: Baker, Apr. 13; Mulronev, July 47
- Global efforts: Bush, Sept. 48; OECD final communique, Sept. 82; Van den Broek, Sept. 50, 51
- Hungary, regional environmental center: Bush, Sept. 40; White House, Sept. 41
- Intergovernmental Panel on Climate Change (IPCC), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- Intervention on the high seas in cases of pollution by substances other than oil, protocol (1973), Egypt, June 68
- Long-range transboundary air pollution, convention (1979), protocol (1984): Italy, Apr. 62; Poland, Feb. 74; Portugal, Apr. 62
- Protocol (1988): Austria, Belgium, Bulgaria, Byelorussian S.S.R., Canada, Czechoslovakia, Denmark, Finland, Aug. 89; France, Aug. 89, Oct. 85; German Democratic Republic, Federal Republic of Germany, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Aug. 89; Netherlands, Norway, Aug. 89, Dec. 59; Poland, Spain, Aug. 89; Soviet Union, Aug. 89, Oct. 85; Sweden, Switzerland, Ukrainian S.S.R., U.K., Aug. 89; U.S., Aug. 89, Sept. 93, Oct. 36
- Marine environment of the wider Caribbean region, convention (1983), Cuba, Jan. 50

Environmental problems and control (Cont'd)

- Mexico-U.S. border issues: fact sheet, Dec. 6; U.S.-Mexico binational commission, joint communique, Oct. 82
- Nuclear simulation: Baker, Oct. 80; Reilly, Oct. 81; Solana, Oct. 80
- Multilateral development banks project (Brady), June 23, 24, 25
- Ozone layer, protection, convention (1985): Burkina Faso, Aug. 89; Cameroon, Chad, China, Dec. 57; German Democratic Republic, May 86; Ghana, Oct. 84; Greece, Apr. 62; Iceland, Dec. 57; Ireland, Italy, Feb. 74; Jordan, Aug. 89; Kenya, Feb. 74; Liechtenstein, May 86; Malaysia, Dec. 57; Malta, Feb. 74; Nigeria, Jan. 50; Panama, May 86; Peru, Aug. 89; Thailand, Oct. 84; Trinidad and Tobago, Tunisia, Dec. 57; U.S., Feb. 74; Uruguay, May 86
- Montreal protocol (1987): Australia, Aug. 89; Austria, Feb. 74, July 77; Belgium, Mar. 92; Burkina Faso, Feb. 74, Oct. 84; Byelorussian S.S.R., Mar. 92; Cameroon, Dec. 57; Congo, Feb. 74; Denmark, European Community, France, Mar. 92; German Democratic Republic, May 86; Federal Republic of Germany, Mar. 92; Ghana, May 86; Greece, Mar. 92; Hungary, July 77; Iceland, Dec. 57; Ireland, Feb. 74, Mar. 92; Italy, Mar. 92; Jordan, Aug. 89; Kenya, Feb. 74; Liechtenstein, May 86; Malaysia, Dec. 57; Malta, Feb. 74, Apr. 62; Netherlands, Nigeria, Mar. 92; Panama, May 86; Philippines, Feb. 74; Singapore, June 68; Soviet Union, Feb. 74; Spain, Mar. 92; Switzerland, Mar. 92; Thailand, Feb. 74, Oct. 84; Trinidad and Tobago, Tunisia, Dec. 57; Uganda, Feb. 74; U.K., Mar. 92; Venezuela, May 86
- Philippines Multilateral Assistance Initiative (Baker), Sept. 57
- Poland, air and water pollution, U.S. aid package: Baker, Sept. 32; Bush, Sept. 27; White House, Sept. 28
- Pollution in Bering and Chukchi Seas, combating in emergency situations, bilateral agreement with Soviet Union, July 78, Oct. 86
- Prevention of marine pollution by dumping of wastes and other matter, convention (1978), Portugal, July 77

Environmental problems and control (Cont'd)

- Prevention of pollution from ships, international convention (1973):
 - Annex V: pollution by garbage (1973): Algeria, Belgium, China, Suriname, June 68
 - Protocol (1978): Algeria, June 68; Cyprus, Dec. 59; Suriname, Syria, Apr. 62; U.K. (extended to Gibraltar), June 68; Vanuatu, Oct. 84
- Prohibition of military or other environmental modification techniques, convention (1977), Antigua and Barbuda, Feb. 73
- Summit of the Arch: Bush, Sept. 18; economic declaration, Sept. 14
- Tropical rain forest protective measures (Brady), June 24
- U.S.-Canada bilateral concerns: Bush, Mulroney, Apr. 27
- Water supply and flood control in the Souris River Basin (1989), bilateral agreement with Canada, Dec. 58
- World Environment Day (Bush), Oct. 36
- Equatorial Guinea, treaties, agreements, etc., Oct. 84, Dec. 58
- Estonia:
 - Cultural and political history (Dobriensky), June 35, 38
 - U.S. policy toward (Dobriensky), June 37
- Ethics issues (Baker), Apr. 30
- Ethiopia:
 - Human rights issues (Brown), May 29
 - Treaties, agreements, etc., Aug. 88, Nov. 79
- Europe (*see also* East-West relations; European Community and names of individual countries):
 - American military forces stationed in (Baker), Aug. 12
 - Conference on Security and Cooperation in Europe (CSCE): Aug. 7, 9; Ledogar, May 34; NAC, Feb. 44, 45, Aug. 23; Shultz, Mar. 8, 50
 - Conference on the Human Dimension, Paris (1989), Abram, Sept. 88
 - Follow-up meeting, Vienna (1986-1989), concluding document: Mar. 21; Reagan, Mar. 22; Zimmerman, Mar. 25
 - Conventional arms negotiations, Mar. 26
 - Cultural exchanges, Mar. 33
 - Education, Mar. 33
 - Environmental problems and control, Mar. 28
 - Fourth follow-up meeting, Helsinki, 1992, Mar. 34
 - Helsinki Final Act, Mar. 22

Europe (Cont'd)

- Human dimension, Mar. 34, 46
- Human contacts, Mar. 30
- Human rights, Mar. 23
- Industrial cooperation, Mar. 27
- Information access, Mar. 32
- Mediterranean area security, Mar. 30
- Migrant workers, Mar. 29
- Science and technology, Mar. 28
- Stockholm conference (1984-1986), assessment, Mar. 26
- Terrorism, Mar. 23
- Tourism, Mar. 29
- Trade relations, Mar. 27
- Transportation, Mar. 29
- Follow-up meeting, Vienna (1986-89), concluding document, annexes:
 - Annex I, Meeting of experts on peaceful settlement of disputes, Mar. 35
 - Annex II, Negotiations on confidence- and security-building measures, March 1989, Mar. 36
 - Annex III, Negotiations on conventional armed forces in Europe, Vienna (1989), Mar. 36
 - Annex IV, Meetings concerning the course of the negotiation on conventional armed forces in Europe, Mar. 39
 - Annex V, Conference on economic co-operation in Europe, Mar. 39
 - Annex VI, Meeting on the protection of the environment, Mar. 41
 - Annex VII, Meeting on the Mediterranean, Mar. 42
 - Annex VIII, Information forum, Mar. 43
 - Annex IX, Symposium on the cultural heritage, Mar. 45
 - Annex X, Conference on the human dimension, Mar. 46
 - Annex XI, Chairman's statement, Mar. 50
- Helsinki Final Act and the Madrid and Vienna concluding documents, semi-annual report, released, Dec. 60
- Information Forum, London 1989 (Marks), Sept. 86
- Confidence- and security-building measures (CSBMs), negotiations, Vienna: Baker, May 56; Bush, May 33; Department, Aug. 74; Maresca, May 35; White House, July 44, Nov. 46

Europe (Cont'd)

- Conventional armed forces in Europe (CFE), negotiations: Aug. 9; Baker, May 56, 59, Nov. 13; Bush, May 33; Ledogar, May 33, Sept. 75; Western position paper, May 34; White House, July 45, Sept. 76, Nov. 46
- Eastern: Bush, Aug. 38, 39, Sept. 7 (quoted), 21, 48; Solomon, Feb. 4
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- Freedom of expression (Marks), Sept. 87
- Reform movement and U.S. support (Baker), Aug. 42, Sept. 7, 10, 51, 52, Nov. 40, 43, Dec. 20
- Relations with European Community (Eagleburger), Oct. 39
- Strategic technology exports (Baker), Sept. 7
- U.S. aid, Soviet view (Baker), Nov. 2
- Warsaw Pact relations (Baker), Dec. 28, 29
- Mutual and balanced force reductions talks, concluded: Apr. 25; Ledogar, May 34
- Western, and U.S. relations: Bush, July 18, Aug. 11; Eagleburger, Oct. 37
- European Atomic Energy Community (EURATOM):
 - Treaties, agreements, etc., Oct. 85
 - U.S. cooperation (Bush), June 44
- European Communities (EC) Commission:
 - Legislation on trade barriers (Lamb), Feb. 32
 - Ministerial meeting, Brussels (1988): Delors, Shultz, Feb. 27
 - U.S. visit of Jacques Delors (White House), Aug. 83
- European Community (Baker), Apr. 12, 18
- Agriculture policy: Delors, Feb. 29; Lamb, Feb. 35; Shultz, Feb. 29
- Background and institutions, Jan. 27
- Defense procurement (Shultz), Feb. 2
- Program and goals, Jan. 23
- Relations with Eastern Europe (Eagleburger), Oct. 39
- Trade issues, Lamb, Feb. 31, 33; Wallis, Feb. 31
- Treaties, agreements, etc., Mar. 92, July 77, Oct. 85
- U.S. relations: Jan. 24; Eagleburger, Oct. 37; Hippler Bello, Holmer, Mar. 12
- European Free Trade Association (Lamb), Feb. 32

F

- Farrand, Robert W., May 32
 Fiji (Department), Feb. 60
 U.S. aid, FY 90, request (Clark), May 52
 Inland, treaties, agreements, etc., Mar. 91, 92, July 77, Aug. 88, 89, 90, Nov. 79, Dec. 57, 58
 Fish and fisheries:
 Conservation of Atlantic tunas, international convention (1966), protocol (1984): Cuba, Ghana, May 86; Venezuela, June 68
 Cooperation in ensuring safety and wholesomeness of fresh and frozen oysters, clams, and mussels, exported to U.S. from Chile, bilateral agreement with Chile, July 77
 Faroese fishing in fisheries off coast of U.S., bilateral agreement with Denmark, July 77
 Fisheries off the coasts of the U.S., bilateral agreement with: European Economic Community, July 77, Oct. 85; Iceland, July 77, Oct. 86; Korea, July 78, Sept. 93
 International fishing in U.S. waters (Wolfe), July 56
 Mutual fisheries relations, bilateral agreement with Soviet Union, Feb. 76
 Pacific Islands regional fisheries treaty (1987): New Zealand, Feb. 73; Tonga, Sept. 93; U.S., Feb. 73; Western Samoa, Mar. 91
 Pacific salmon, treaty, bilateral agreement amending Annex IV, with Canada, June 69
 Salmon and tuna fisheries, conservation issues (Wolfe), July 57, 58
 U.S. bilateral fisheries relationships (Wolfe), July 57
 Food and Drug Administration (FDA), Chilean fruit in U.S. markets: Baker, U.S.-Chile joint statement, May 85
 Foreign affairs, U.S. *See* Diplomacy and Foreign policy, U.S.
 Foreign aid, U.S. (*see also* Humanitarian aid and Security assistance, U.S.): Powell, Jan. 31
 Burma (Lambertson), May 42
 Cambodian noncommunist resistance (Lambertson), May 38
 Colombia, anti-drug support package (Bush), Oct. 47
 Communications development assistance, July 63
 Development assistance (definition), June 61
 Economic support fund (ESF), June 61
 Food for Peace (PL 480), June 61
 International affairs, FY 90 budget, request:
 Foreign aid, U.S. (Cont'd)
 Foreign assistance funding programs (Baker), Apr. 20
 East Asia and the Pacific (Clark), May 49
 Latin America and the Caribbean (Kozak), June 59, 62 (chart), 64 (chart)
 Middle East (Walker), May 61
 Migration and refugee assistance programs (Moore), May 72
 Southwest Asia and Persian Gulf (Burleigh), May 66
 Sub-Saharan Africa (Rosenberg), July 39
 Foreign operations (Baker), Apr. 20
 International organizations and programs (Vogelgesang), May 81
 Philippines: Apr. 37; Lambertson, May 46
 Multilateral Assistance Initiative (MAI): Clark, May 51; Lambertson, May 47
 Foreign policy, U.S.: Baker, June 8; Perkins, Sept. 70
 Africa, Sub-Saharan (Rosenberg), July 40
 Agenda (Baker), Apr. 16
 American Foreign Policy: Foreign Affairs Press Briefings, 1984, Supplement, released, Feb. 77
 Biological weapons (Holmes), July 43, Oct. 22
 Bipartisanship (Baker) May 24, June 9
 El Salvador, military assistance, Jan. 44
 European Community, Jan. 24
 50th anniversary, Department of State *Bulletin*, July 1
 Human rights issues (Lister), Jan. 36
 Initiatives (Baker), May 10
 Regional conflicts and influence of U.S. support (Powell), Jan. 30
 Soviet Union and *perestroika* (Baker), Dec. 10, 12
 Trade relations and export controls (Wendt), Jan. 21
 UN peacekeeping activities and U.S. support (Powell), Jan. 30
 U.S. refugee program (Moore), May 72
 Foreign Relations of the United States, 1952-1954, Volume VIII, Eastern Europe; the Soviet Union; the Eastern Mediterranean, released, Jan. 53
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 Foreign Relations of the United States, 1955-1957, Volume XXIV, Soviet Union; Eastern Mediterranean, released, July 80
 Foreign Relations of the United States, Supplement, Memoranda of the Secretary of State, 1949-1951, and Meetings and Visits of Foreign Dignitaries, 1949-1952, microfiche publication, released, Apr. 65
 France:
 Treaties and agreements, Feb. 74, Mar. 92, May 87, June 69, Aug. 89, Sept. 93, Oct. 85, 86, Dec. 57
 U.S. visit of President Mitterand: Bush, Mitterand, Aug. 79
 Visit of Secretary Baker (Baker), Apr. 42
 Freedom: Baker, Apr. 11, May 56, Aug. 6; Bush, July 21, Sept. 22, 33, 47, 53, 86 (quoted), Oct. 41, Nov. 27, Dec. 8; Powell, Jan. 30
 Freedom of expression: Abram, Sept. 88; Marks, Sept. 86
 Friedersdorf, Max L., June 19
 Fund for Special Operations, U.S. funding, FY 90, request (Brady), June 29

G

- Gabon, treaties, agreements, etc., Feb. 74, May 87, June 69, Aug. 88, 90, Sept. 93
 Gambia, The, protection of victims of international armed conflict, June 68
 Geneva conventions on treatment of armed forces, civilian persons, and prisoners of war (1949), Kiribati, June 68
 Protocol I (1977) re protection of victims of international armed conflict: The Gambia, June 68; Greece, Hungary, Malta, Aug. 89; Nigeria, Solomon Islands, May 86; Spain, Aug. 89

General conventions on treatment of armed forces, civilian persons, and prisoners of war (1949) (Cont'd)
 Protocol II (1977) re protection of victims of non-international armed conflicts: The Gambia, June 69; Hungary, Malta, Aug. 89; Nigeria, Solomon Islands, May 86; Spain, Aug. 89

Genocide, prevention and punishment, convention (1948): Antigua and Barbuda, Feb. 73; Korea, Democratic People's Republic of, May 86; Libya, Aug. 89; U.S. Feb. 73; Yemen, June 68

German Democratic Republic:
 Berlin Wall, Aug. 58
 Reunification with West and NATO involvement (Baker), Dec. 28
 Treaties, agreements, etc., May 86, 87, July 77, Aug. 88, 89, Oct. 84

Germany, Federal Republic of (Bush), Apr. 6
 Joint and U.S. services program for testing and evaluation of IFFN system, bilateral agreement, Nov. 79

Libyan chemical weapons plant:
 Baker, Apr. 22, 39; Bartholomew, Sept. 76; Department, Mar. 71; Shultz, Mar. 53

Loans to Eastern Europe and Soviet Union (Baker), June 17

Nicaraguan aid (Baker), June 15
 Reunification issues (Baker), Dec. 20, 28

Short-range nuclear missile forces deployment, Baker, Apr. 39, July 22, 24, 28, 34, Aug. 13, 14
 Treaties, agreements, etc., Feb. 74, Mar. 92, May 87, June 69, July 77, Aug. 89, 90, Nov. 79, Dec. 58

U.S. relations, Baker, Apr. 21, June 17, July 28; Bush, Aug. 34, 38; Kohl, Aug. 33

U.S. visit of Chancellor Kohl: Kohl, Reagan, Mar. 56
 Visit of Secretary Baker (Baker), Apr. 39

Ghana, treaties, agreements, etc., Jan. 50, May 86, June 68, 69, Oct. 84

Gorbachev, Mikhail S.:
 Soviet Union:
 Human rights, Mar. 61 (quoted)
 Rule of law, Jan. 7 (quoted)
 U.S. relations, Mar. 55
 U.S. visit (Reagan), Feb. 3

Greece:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), Oct. 58

Foreign Relations of the United States, 1955-1957, Volume XXIV, Soviet Union; Eastern Mediterranean, released, July 80

Greece (Cont'd)
 Terrorism and counterterrorism: Department, Feb. 62; Shultz, Feb. 48
 Treaties, agreements, etc., Mar. 92, Apr. 62, Aug. 89, 90
 U.S.-Greek defense agreement, expires (Department), Feb. 47
 Visit of Secretary Baker: Baker, Papandreou, Apr. 41

Grenada, treaties, agreements, etc., Sept. 93, Oct. 84

Guatemala:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 70, Oct. 57
 Judicial reforms (Kozak), June 65
 Treaties, agreements, etc., Apr. 62, Oct. 86

Guinea-Bissau, treaties, agreements, etc., Oct. 84, Dec. 57

Guyana:
 Treaties, agreements, etc., Oct. 86, Dec. 58
 U.S. economic aid (Kozak), June 65

H

Haiti:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 69, Oct. 57
 Treaties, agreements, etc., July 76, 77, Nov. 79
 U.S. policy (Kozak), June 64

Hank Gonzalez, Carlos, Oct. 81

Hannibalsson, Jon Baldvin, Apr. 38

Hawke, Robert J.L., Oct. 60

Helsinki Human Rights Day, 1989, proclamation (Bush), Oct. 42

Higgins, William R., murder in Lebanon, Oct. 66

Hills, Carla, June 30, Nov. 53, 55

Hippler Bello, Judith, Mar. 11

Holmer, Alan F., Mar. 11

Holmes, H. Allen, June 52, July 43, Oct. 22

Honduras:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 7, Oct. 57
 Treaties, agreements, etc., Feb. 75, May 87, July 77, Oct. 86

Hong Kong:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 71, Oct. 59
 Economic development, Apr. 36
 Treaties, agreements, etc., Mar. 92, Oct. 86, Nov. 80

Howe, Sir Geoffrey, Apr. 38

Howland, Nina D., Feb. 16

Human rights (*see also* Europe: Conference on Security and Cooperation in Europe (CSCE): Bush, Aug. 49; U.S.-Soviet joint statement, Nov. 8
 Afghanistan, Mar. 85
 Africa: Brown, May 31; Farrand, May 32
 Baltic states (Dobriansky), June 36
 Bulgaria: Abram, Sept. 88; Department, NATO, Oct. 43, Nov. 59; White House, Sept. 90
 Burma (Lambertson), May 42
 Burundi (Brown), May 27
 Cambodia (Lambertson), May 40
 China: Baker, May 10; Bush, May 6
 Conference on the Human Dimension, Paris, (1989) (Abram), Sept. 88
 Convention against torture and other cruel, inhuman, or degrading treatment or punishment (1984): Algeria, Australia, Finland, Nov. 79; Guinea, Dec. 58; Italy, Apr. 62; Libya, Aug. 89; Netherlands, May 87; Poland, Nov. 79; Portugal, May 87; U.K., Mar. 92; Yugoslavia, June 69
 Cuba: Apr. 59; Bush, May 83; Kozak, Nov. 76; Lister, Jan. 37; Schifter, Oct. 41; Valladares, Dec. 54
 Czechoslovakia (Abram), Sept. 89
 El Salvador: Jan. 47; Kozak, June 65
 Ethiopia (Brown), May 30
 Genocide Convention Implementation Act, 1987, signing: Reagan, Jan. 38; White House, Jan. 39
 Indochinese refugees (Eagleburger), Oct. 70
 International covenant on civil and political rights (1966), Algeria, Nov. 79
 International covenant on economic, social, and cultural rights (1966), Algeria, Nov. 74
 International convention on genocide (White House), Jan. 39
 Kenya (Brown), May 27
 Liberia (Brown), May 27
 Mozambique (Brown), May 27
 Nongovernmental organizations, role of (Lister), Jan. 37
 Philippines (Lambertson), May 45
 Racial discrimination, elimination of, convention (1965): Antigua and Barbuda, Feb. 74; Mauritania, Mar. 92; Yemen, June 68
 Religious freedom (Baker), July 29
 Romania (Abram), Sept. 89
 Somalia (Brown), May 30
 South Africa: Brown, May 31; Perkins, Sept. 71
 Soviet Union: Abram, Sept. 88; Baker, July 29, Nov. 14; Shultz, Feb. 7, 47, Mar. 52; Solomon, Feb. 40; White House, Mar. 69

human rights (Cont'd)

- Sudan (Brown), May 30
- Uganda (Brown), May 27
- U.S. goals and objectives: Abram, Sept. 89; Lister, Jan. 36
- Universal Declaration of Human Rights (1968), 40th anniversary: Reagan, Mar. 66; Schifter, Mar. 59; Walters, Mar. 68; Whitehead, Mar. 64; Williamson, Mar. 61
- Human Rights Day, Bill of Rights Day, and Human Rights Week, 1988, proclamation (Reagan), Mar. 67
- humanitarian aid (Moore), May 73
- Afghanistan, Mar. 89
- Hungary:
 - Democratic progress: Baker, Dec. 29; Bush, Sept. 36, 37; White House, Aug. 78, Dec. 39
 - Iron Curtain barbed wire, presentation by Premier Nemeth, Sept. 43
 - Summit of the Arch, declaration on East-West relations: Baker, Sept. 4, 11, 46; Bush, Sept. 39; text, Sept. 2; White House, Sept. 41
 - Treaties, agreements, etc., Feb. 75, May 87, July 77, Aug. 88, 89, Oct. 86, Nov. 80
 - U.S. aid for reform efforts: Baker, Sept. 4, 11, 46, Nov. 38; White House, Dec. 39
 - U.S. relations (Bush), Sept. 46
 - Visit of Secretary Baker, Sept. 37
- Russell I, July 54

I

Iceland:

- Treaties, agreements, etc., July 77, Oct. 86, Dec. 57
- Visit of Secretary Baker: Baker, Hannibalsson, Apr. 38
- Immigration, Mexico: July 75; Solana, Oct. 81; U.S.-Mexico binational commission, joint communique, Oct. 82
- Import duties increase on certain Brazilian products, proclamation (Reagan), Jan. 49

India:

- Afghanistan, involvement in, Mar. 83
- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
- Nuclear weapons development (Baker), Aug. 69
- Pakistan, U.S. arms sales (Schaffer), Oct. 65
- Treaties, agreements, etc., May 86, July 78, Aug. 90, Nov. 80
- U.S. relations (Bush), May 6

Indonesia:

- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 71, Oct. 59

Indonesia (Cont'd)

- Economic development, Apr. 37
- Treaties, agreements, etc., Feb. 74, 75, Mar. 92, July 77, Sept. 93, Dec. 57
- U.S. aid, FY 90, request (Clark), May 52
- Industrial property, Paris convention for the protection of industrial property (1967), Lesotho, Oct. 85
- Information exchange, bilateral agreement with U.K., Feb. 76
- Information technology, multilateral development banks project funding (Brady), June 26
- Intellectual property:
 - Berne convention for protection of literary and artistic works: Hills, Nov. 56; Reagan, Jan. 35
 - GATT trade negotiation issues (Hills), June 31
 - 1988 Trade Act: Hippler Bello, Holmer, Mar. 12
 - Rights enforcement (Hills), Nov. 58
 - Royalty fees for U.S. origin defense articles, bilateral agreement with Korea, Oct. 86
 - Tax reimbursement, bilateral agreement with World Intellectual Property Organization, Mar. 93
 - Trade-related issues (Hills), Nov. 55
 - Uruguay Round issues: Feb. 36; Hills, Nov. 55
 - U.S. bilateral initiatives (Hills), Nov. 58
 - World Intellectual Property Organization, convention (1967), Malaysia, Feb. 74
- Inter-American Development Bank (IDB) (Brady), June 24, 30
- U.S. funding, FY 90, request (Brady), June 29
- Inter-American Investment Corporation (IIC), U.S. funding, FY 90, request (Brady), June 29
- Interdependence of modern world: Solomon, Feb. 38; Shultz, Jan. 9, 12; Thatcher, Jan. 10 (quoted)
- International Atomic Energy Agency (IAEA), U.S. funding, FY 90, proposed (Vogelgesang), May 82
- IAEA Statute (1956), amendment (1984), Burma, Feb. 73
- Safeguards in connection with the treaty for prohibition of nuclear weapons in Latin America, bilateral agreement with IAEA, May 87
- Tax reimbursement agreement, July 78
- International Bank for Reconstruction and Development (IBRD):
 - Articles of agreement (1944), Angola, Dec. 59

International Bank for Reconstruction and Development (IBRD) (Cont'd)

- Debt management programs: Brady, May 55; Bush, Dec. 8
- Monetary debt policy reforms (Brady), June 22
- Philippines, aid to (Lambertson), May 49
- Poland, loans to: Bush, Sept. 26; White House, Sept. 28
- U.S. funding, FY 90, request (Brady), June 29
- International Conference on Cambodia, Paris, (1989). *See under* Cambodia
- International Conference on Indochinese Refugees, Geneva (1989). *See under* Refugees
- International Development Association (IDA), U.S. funding, FY 90, request (Brady), June 29
- International Drug Enforcement Conference (IDEC) (Wroblewski), Oct. 51
- International Energy Agency (IEA), ministerial meeting, Paris (1989), communique, Sept. 83
- International Finance Corporation (Brady), June 28
- U.S. funding, FY 90, request (Brady), June 29
- International Maritime Organization (IMO), May 86
- International Monetary Fund (IMF):
 - Articles of agreement (1944), Angola, Dec. 59
 - Debt management programs: Brady, May 55; Bush, Dec. 8
 - Philippines aid (Lambertson), May 49
- International Monetary Fund (IMF) Enhanced Structural Adjustment Facility, U.S. funding, FY 90, proposed (Brady), June 21, 27, 29
- International Narcotics Control Strategy Report (INCSR): May 69; Wroblewski, Oct. 49
- International Natural Rubber Organization, tax reimbursement, bilateral agreement, Feb. 75
- International Tropical Timber Organization (ITTO) tax reimbursement, bilateral agreement, Apr. 63
- Investment:
 - Mutual exchange, U.S.-Mexico Binational Commission, joint communique, Oct. 84
 - Reciprocal encouragement and protection, bilateral agreements: Bangladesh, Cameroon, Grenada, Sept. 93; Zaire, Sept. 94
 - U.S.-Canada free trade agreement, Oct. 1
- Investment of private capital abroad:
 - Hungary: Baker, Sept. 4, 11, 39, 46; White House, Sept. 41, Dec. 39
 - Investment incentive, bilateral agreement with Marshall Islands, May 88

Investment of private capital abroad
(Cont'd)

- Philippines Multilateral Assistance Initiative (Baker), Sept. 57
Poland: Baker, Sept. 29, 32, Nov. 40, 41; Bush, June 4
Iran (Bush), Apr. 5
Afghanistan, involvement in, Mar. 84
Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
Foreign Relations of the United States, 1952-1954, Volume X, Iran (1951-1954), released, Aug. 93
Normalization of relations, U.S. terms (Bush), Aug. 47, 49
Preventing collisions at sea, international regulations, convention (1972), June 68
Rushdie, Salman, death threats: Adams, May 78; Baker, May 78 (quoted); Bush, May 79 (quoted); Department, May 78, 79 (quoted)
Preventing collisions at sea, international regulations convention (1972), June 68
U.S. hostages in Lebanon: Baker, Aug. 57; Bush, Oct. 68; Kelly, Nov. 63; Reagan, Feb. 6
U.S.-Iran claims settlement (Department), Nov. 60
U.S. relations: Baker, Oct. 13, 14, Dec. 19; Kelly, Oct. 44
Iran arms and *contra* aid controversy (Bremer), Feb. 61
Iraq:
Treaties, agreements, etc., Mar. 91, Aug. 90
U.S.S. *Stark*, claims resulting from attack on, bilateral agreement, June 69
Ireland:
Treaties, agreements, etc., Feb. 74, Mar. 92, Aug. 89, Sept. 93
U.S. visit of Prime Minister Haughey (Bush), June 39
Israel (see also Arab-Israeli conflict and Middle East):
Cooperation in the fields of social services and human development, bilateral agreement, Feb. 75
Treaties, agreements, etc., Feb. 74, Mar. 92, May 88, July 78, Sept. 93, Dec. 57
U.S. aid, FY 90, request: Baker, Apr. 20; Walker, May 61
U.S. relations: Arens, Baker, May 63
U.S. visit of Defense Minister Rabin (White House), Aug. 84
U.S. visit of Prime Minister Shamir: Bush, June 42; Shamir, June 43
West Bank elections, Likud Party position (Baker), Sept. 6, 12, 30, 32, 52, 61, Nov. 36

Italy:

- Nicaraguan aid (Baker), June 15
Profile, Dec. 43
Treaties, agreements, etc., Feb. 74, 75, Mar. 92, Apr. 62, June 68, July 76, Aug. 89, Sept. 93, Oct. 84, Dec. 58
U.S. relations (Bush), Aug. 12
U.S. visit of President Cossiga: Bush, Cossiga, Dec. 42
Visit of Secretary Baker, Aug. 12
Ivory Coast. See Cote d'Ivoire

J

Jamaica:

- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 70, Oct. 54, 58
Treaties, agreements, etc., Mar. 92, May 88, July 78, Dec. 57, 58

Japan:

- FSX Aircraft, codevelopment: Bush, July 48, Oct. 32; Eagleburger, July 49
Investment in U.S., Apr. 35
Japanese Red Army terrorist group, Nov. 64
Philippines, multilateral assistance initiative: Bush, May 8; Lambertson, May 48
Trade relations with U.S.: Apr. 34, Sept. 78; Hippler Bello, Holmer, Mar. 12, 13
Treaties, agreements, etc., Feb. 73, 75, May 88, June 69, Aug. 90, Nov. 80
U.S. relations: Baker, Apr. 24, May 2, Aug. 65, Bush, May 6, 9, 22
U.S. visit of Prime Minister Kaifu: Bush, Nov. 51; Kaifu, Nov. 52
U.S. visit of Prime Minister Takeshita: Bush, Apr. 32; Takeshita, Apr. 33
Visits of Secretary Baker, May 1, Sept. 56

Jordan:

- Profile, July 54
Treaties, agreements, etc., Jan. 50, Aug. 89, Sept. 93
U.S. aid, FY 90, request (Walker), May 64
U.S. visit of King Hussein I: Bush, July 53; Hussein, July 54
Judicial matters:
Child abduction, international, civil aspects, convention (1980): Belize, Sept. 93; Norway, Apr. 62; Sweden, July 76; U.S., Jan. 50
Execution of judicial matters, bilateral agreement with Thailand, Feb. 76
Extradition treaties (Shultz), Jan. 5

Judicial matters (Cont'd)

- International Court of Justice, compulsory jurisdiction, Guinea-Bissau, Dec. 57
Letters rogatory, inter-American convention (1975): U.S., Jan. 50
Additional protocol (1979): U.S., Jan. 50
Mutual assistance in criminal matters, bilateral agreement with Nigeria, Nov. 80
Service abroad of judicial and extrajudicial documents in civil and commercial matters, convention (1965): Canada, Feb. 73; Pakistan, Mar. 91
Taking of evidence abroad in civil or commercial matters, convention (1970), Mexico, Oct. 84
Transfer of sentenced prisoners, convention (1983): Italy, Sept. 93; Malta, Feb. 74

K

- Kaifu, Toshiki, Nov. 52
Keel, Alton G., Jr., Aug. 18
Kelly, John H., Oct. 44, Nov. 61
Kenya:
Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 59
Human rights issues (Brown), May 29
Treaties, agreements, etc., Feb. 74, 75, May 86
Khalifa, Mohammad bin Mubarak al-, Oct 66
Kiribati, Geneva convention relative to the protection of civilian persons in time of war, June 68
Kohl, Helmut, Mar. 56, Aug. 33
Korea, Democratic People's Republic of:
Treaties, agreements, etc., Mar. 91, May 86, 87, Aug. 88
U.S. relations: Oct. 31; Bush, May, 21; Department, Jan. 17
Korea, Republic of:
Ambassadorial appointment (Baker), July 29
Democratic progress: Oct. 30; Bush, May 20, 22
Dialogues with North Korea, Oct. 31
Economic development: Apr. 36; Bush, May 20
Treaties, agreements, etc., Feb. 74, Mar. 91, May 88, July 78, Sept. 93, Oct. 86
Unification proposal (Bush), May 19, 21
U.S. relations: Oct. 30; Bush, May 17, 18, 20
U.S. troops in (Bush), May 16, 19
Kozak, Michael G., June 59, Nov. 79
Kuwait, treaties, agreements, etc., Mar. 93, May 87, June 69, July 76

L

Lamb, Denis, Feb. 31
 Lambertson, David F., May 37, 40, 43, Dec. 37
 Landau, Sonia, June 48
 Laos:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 71, Oct. 59
 Refugees, Conference on Indochinese Refugees, Oct. 72
 Suppression of unlawful seizure of aircraft, convention, June 68
 U.S. relations (Solomon), Nov. 49
 Latin America (*see also names of individual countries*):
 Caribbean region:
 Caribbean Basin Initiative, Baker, June 7, 8; Kozak, June 64
 Economic development and telecommunications (Borg), Mar. 17
 U.S. aid, FY 90, request: Baker, Apr. 20; Kozak, June 59
 Central America: Baker, Apr. 12, 17, 28, 29; Bush, Apr. 6
 Central American peace plan (Arias/Esquipulas II agreement): Baker, June 7, 10, Oct. 79, 82; Bush, May 16; Central American Presidents joint declarations, Alajuela, June 57, El Tesoro, June 58; Shultz, Jan. 13
 Peace process, U.S.-Soviet joint statement, Nov. 7
 Refugee assistance (Moore), Aug. 87
 UN mandate under peace agreements: Baker, Department, Dec. 53
 UN Resolution 637, Central American peace, Okun, text, Oct. 73
 U.S. aid, FY 90, request (Baker), Apr. 20
 U.S. bipartisan accord on Central America: Baker, June 56; Bush, June 55; text, June 57
 Debt management: Bush, June 2; Kozak, June 61; Shultz, Jan. 11
 Democratic progress: Baker, June 6; Bush, June 1; Kozak, June 63
 Drugs, narcotic, production, trafficking, control efforts: Bush, June 2; Kozak, June 62; Shultz, Jan. 12
 Economic development: Bush, June 1; Kozak, June 60, Shultz, Jan. 11
 International Commission for Central America Recovery and Development (Sanford Commission) (Kozak), June 62
 Multinational cooperation in development (Kozak), June 63
 Political trends (Kozak), June 60
 Terrorism (Bremer), Feb. 63
 U.S. aid, FY 90, request (Kozak), June 59

Latvia:
 Cultural and political history (Dobriensky), June 35, 38
 U.S. policy toward (Dobriensky), June 37
 Lebanon (Department), Feb. 58
 American hostages: Baker, Oct. 13; Bush, Apr. 5, Nov. 26; White House, Oct. 67
 Iranian role: Baker, Aug. 57; Bush, Oct. 68; Kelly, Nov. 63; Reagan, Feb. 6
 Murder of Col. Higgins: Bush, Oct. 66, 67; White House, Oct. 66, 69
 Cease-fire efforts: Baker, Oct. 14, Nov. 37; Department, June 44; Kelly, Oct. 45, Nov. 61; White House, June 44
 Arab League peace initiative: (Department) May 65, June 43, July 55
 French support for (Bush), Aug. 83
 U.S.-Soviet joint statements, July 30, Nov. 9
 Disaster relief funds (Department), July 54
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), Oct. 58
 National reconciliation agreement (Department), Dec. 46
 U.S. aid, FY 90, request (Walker), May 66
 Ledogar, Stephen J., May 33, Sept. 75
 Lesotho, treaties, agreements, etc., Aug. 88, Oct. 84, 85
 Levitsky, Melvyn, Oct. 46
 Liberia:
 Human rights issues (Brown), May 28
 Treaties, agreements, etc., Mar. 92, May 86
 Libya:
 Chemical weapons: Department, Mar. 71; Shultz, Mar. 7, 53
 MiG-23 aircraft shot down by U.S. Navy: Carlucci, Defense Department, Mar. 79; Okun, U.S. report to U.N., Mar. 90
 Terrorism: Nov. 64; Bremer, Feb. 61, 62
 Treaties, agreements, etc., June 68, Aug. 88, 89, Oct. 85
 U.S. oil companies resume operations (White House), Mar. 71
 Liechtenstein, treaties, agreements, etc., May 86, Aug. 89, Dec. 58
 Lister, George, Jan. 36
 Lithuania:
 Cultural and political history (Dobriensky), June 35, 38
 U.S. policy toward (Dobriensky), June 37, 38
 Loadlines. *See under* Maritime matters

Luxembourg:

Treaties, agreements, etc., Mar. 92, May 87, July 76, Aug. 89, Sept. 93, Dec. 59
 Visit of Secretary Baker: Baker, Poos, Apr. 42

M

Macao, treaties, agreements, etc., May 88, June 69
 Madagascar, treaties, agreements, etc., Aug. 89, Nov. 80
 Malawi, treaties, agreements, etc., May 86, June 69
 Malaysia:
 Drugs, narcotic, production, trafficking, control efforts (Wroblecki), May 72, Oct. 59
 Economic development, Apr. 37
 Treaties, agreements, etc., Feb. 74, Mar. 93, July 78, Aug. 90, Dec. 59
 U.S. aid, FY 90, request (Clark), May 53
 Mali:
 Consolidation and rescheduling of debts owed to, guaranteed by, or insured by the U.S., Sept. 94
 U.S. visit of President Traore: Reagan, Jan. 14; Traore, Jan. 14, 15
 Malta, treaties, agreements, etc., Feb. 74, Apr. 82, May 86, July 76, 77, Aug. 88, 89, Dec. 59
 Marine pollution. *See* Environmental problems and control *and* Oil pollution
 Maritime matters:
 Deep submergence rescue system, memo of understanding with France, June 69
 Facilitation of international maritime traffic, convention (1965), Vanuatu, June 68
 International Maritime Organization, convention (1948), Malawi, May 86
 Law of the Sea, rules of international law governing innocent passage, bilateral agreement with Soviet Union, text, Nov. 26
 Load lines, international convention (1966): Haiti, July 76; Mauritius, Feb. 73; Tanzania, July 76; Togo, Dec. 59
 Maritime search and rescue, bilateral agreements: Mexico, Oct. 86; Micronesia, Feb. 75; Soviet Union, Oct. 86
 Maritime search and rescue, convention (1979): Italy, Trinidad and Tobago, Oct. 84

Maritime matters (Cont'd)

- Prevention of collisions at sea, international regulations, convention (1972): Iran, June 68; Malta, July 76; Mauritius, Oct. 84; Togo, Dec. 59
- Amendments (1987), U.S., Sept. 93
- Safety of life at sea, international convention (1974): Haiti, Suriname, July 77; Togo, Dec. 57
- Protocol (1978): Indonesia, Feb. 74; Togo, Dec. 59
- Safety on the Great Lakes by means of radio, bilateral agreement with Canada, May 87
- Standards of training, certification, and watchkeeping for seafarers, international convention (1978): Algeria, Apr. 62; Cameroon, Oct. 84; Ghana, June 68; Haiti, July 77; Marshall Islands, Oct. 84; Togo, Dec. 59; Trinidad and Tobago, U.K. (extended to Bermuda), June 68
- Suppression of unlawful acts against the safety of maritime navigation, convention (1988): China, Denmark, Finland, Iraq, New Zealand, Mar. 91
- Protocol (1988) for suppression of unlawful acts against the safety of fixed platforms located on the Continental Shelf: Belgium, July 77; Brunei, May 86; Byelorussian S.S.R., July 77; China, Mar. 91; Czechoslovakia, July 77; Denmark, Mar. 91; Egypt, July 77; German Democratic Republic, Oct. 84; Iraq, Mar. 91; Netherlands, May 86; New Zealand, Mar. 91; Nigeria, July 77; Poland, Mar. 91; Saudi Arabia, July 77; Seychelles, May 86; Soviet Union, July 77; Spain, Nov. 79; Switzerland, June 68; Trinidad and Tobago, Dec. 59; Ukrainian S.S.R., July 77
- Tonnage measurement of ships, international convention (1969): Haiti, Indonesia, Malta, July 77; Marshall Islands, Oct. 85; Mauritius, Feb. 74; Togo, Dec. 58; U.K. (extended to Gibraltar, Guernsey), Uruguay, Vanuatu, June 68
- Marks, Leonard, Sept. 86
- Marriage, consent to, minimum age for, and registration, convention (1962), Antigua and Barbuda, Feb. 73
- Marshall Islands:
 - Diplomatic relations established (Bush), Oct. 62
 - Treaties, agreements, etc., May 88, Aug. 88, Sept. 93, 94, Oct. 84, 85, 86, Dec. 58

- Mauritania, international convention on the elimination of all forms of racial discrimination, Mar. 92
- Mauritius, treaties, agreements, etc., Jan. 50, Feb. 73, 74, May 86, 88, Aug. 88, Oct. 84
- McAllister, Eugene J., Oct. 33
- McCormack, Richard T., July 49
- Mexico (Baker), Apr. 12, 17
- Boundary and water agreements:
 - Baker, Oct. 80; U.S.-Mexico Binational Commission, joint communique, Oct. 82
- Debt management: July 73; Baker, June 18
- Drugs, narcotic, production, trafficking, control efforts: Alvarez, Oct. 79, 80; Aspe, Oct. 80; Baker, Oct. 76, 83; Solana, Oct. 80; Thornburgh, Oct. 79; U.S.-Mexico Binational Commission, joint communique, Oct. 83; Wroblewski, May 69, July 75, Oct. 58
- Economy, U.S.-Mexico Binational Commission, joint communique, Oct. 83
- Environmental issues, fact sheet, Dec. 6
- Immigration of third-country nationals through U.S. border: Solana, Oct. 81; U.S.-Mexico Binational Commission, joint communique, Oct. 82
- Profile, July 76, Dec. 4
- Tourism: fact sheet, Dec. 6; Hank Gonzalez, Oct. 81; U.S.-Mexico Binational Commission, Oct. 84
- Trade issues, fact sheet, Dec. 6
- Treaties, agreements, etc., Jan. 50, Feb. 74, 75, Mar. 93, Apr. 63, May 87, 88, June 69, July 78, Aug. 88, Oct. 84, 86, Dec. 58
- U.S. fisheries (Wolfe), July 57
- U.S. foreign policy objectives, July 76
- U.S.-Mexico Binational Commission meeting, Mexico City (1989): Baker, Oct. 76; joint communique, text, Oct. 82
- U.S. relations: July 73; Baker, June 9, Oct. 78; Bush, Dec. 2, 3; Salinas, Dec. 2, 4; Shultz, Feb. 71; Solana, Oct. 78; U.S.-Mexico Binational Commission, joint communique, Oct. 82
- U.S. visit of President Salinas: Bush, Salinas, Dec. 1
- Micronesia, Federated States of:
 - Diplomatic relations established (Bush), Oct. 62
 - Treaties, agreements, etc., Feb. 75, Dec. 58
- Middle East: Baker, Apr. 15, 19, 22; Bush, May 16; Walker, May 61; White House, Aug. 84
- Arms proliferation (Kelly), Oct. 45

Middle East (Cont'd)

- Foreign Relations of the United States, 1955-1957, Volume XIII, Near East: Jordan-Yemen*, released, Apr. 65
 - Palestine Liberation Organization (PLO):
 - Arafat, Yasir, denied U.S. visa: Department, Feb. 53; Murphy, Feb. 55; Reagan,
 - Terrorist threat (Armacost), Feb. 5
 - U.S.-PLO dialogues: Baker, Aug. 59, Sept. 9; Pelletreau, May 66; Reagan, Shultz, Feb. 51
 - U.S. policy toward: Baker, Apr. 22, July 65, Sept. 68; Department, July 66; Shultz, Feb. 28; Vogelgesang, July 65
 - Regional peace efforts (Murphy), Feb. 58
 - U.S. diplomacy (Kelly), Oct. 44
 - West Bank and Gaza Strip, U.S. aid, FY 90, request (Walker), May 62
 - West Bank resettlement by Soviet Jews (Baker), Dec. 45
 - Migrant workers, Conference on Security and Cooperation in Europe (CSCE), concluding document, Mar. 29
 - Military personnel, exchange of officers, memo of understanding with Papua New Guinea, Sept. 94
 - Miller, James E., Aug. 1
 - Mitterrand, Francois, Aug. 79, 81, 82
 - Mobutu Sese Seko, Oct. 17
 - Monaco, convention on assistance in the case of a nuclear accident or radiological emergency (1986), Dec. 57
 - Mongolia, treaties, agreements, etc., Aug. 88, Nov. 79, Dec. 58
 - Moore, Jonathan, May 72, July 59, Aug. 85, 87
 - Morocco:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 59
 - Treaties, agreements, etc., Feb. 75, Mar. 92, May 88, Sept. 93, Nov. 80
 - Mozambique:
 - Human rights issues (Brown), May 27
 - Refugees, protocol relating to the status of (1967), July 77
 - Mubarak, Mohammed Hosni, June 40
 - Mulrone, Brian, July 45
 - Murphy, Richard W., Feb. 55, 57
- N**
- Namibia (*see also* Angola, People's Republic of):
 - Independence: Baker, Feb. 15, May 29; Cohen, Nov. 43; Department, June 18

- Megroponete, John D., biographical data, Dec. 5
- Nepal:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 56
 - Treaties, agreements, etc., Mar. 93, May 86
- Netherlands:
 - Treaties, agreements, etc., Mar. 92, May 86, 87, Aug. 89, Sept. 93, Nov. 80, Dec. 57
 - U.S. relations: Baker, Van den Broek, Sept. 50, 52
 - Visit of Secretary Baker, Sept. 50
- New Zealand:
 - Economic development, Apr. 31
 - Treaties, agreements, etc., Feb. 73, 74, Mar. 91, July 78, Aug. 88, 89, Sept. 93
 - U.S. relations (Cleveland), June 45, 46
- Nicaragua:
 - Contra aid: Baker, Apr. 21, May 23, Oct. 79; Bush, Apr. 6, June 55; White House, Jan. 45
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 70, Oct. 58
 - Economic assistance from Italy and Germany (Baker), June 15
 - Elections: Baker, May 25, Dec. 28; Bush, June 56, Sept. 92; Department, June 67
 - Organization of American States (OAS), protocol of amendment to charter, ratified, Feb. 74
 - Peace and democracy, need for (Bush), June 1
 - Restriction of entry by officials and employees into U.S. (Reagan), Jan. 47
 - Sandinista oppressions (Bush), May 16
 - Soviet bloc aid to Sandinistas: Baker, May 24, 26, 60, June 10, 13, 15, July 24, 32, Nov. 3, 12, 41, Dec. 19, 28; Bush, June 1, 56; White House, June 67
 - U.S. policy (Reagan), Feb. 5
 - Treaties, agreements, etc., Aug. 90, Oct. 85, Nov. 80
- Nigeria:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 59
 - Treaties, agreements, etc., Jan. 50, Mar. 92, May 86, 88, July 77, Nov. 80
- Nitze, Paul H., Apr. 44
- North Atlantic Council (NAC), heads of state meeting, Brussels (May 1989): Baker, Aug. 61, 62; Bush, Aug. 15, 16, 45; Kohl, Aug. 34
- Comprehensive concept on arms control and disarmament: Baker, Aug. 55, 63; NATO Defense Planning Committee, Aug. 77
- North Atlantic Council (NAC) (Cont'd)*
 - Text, Aug. 22
 - Conventional Parity Initiative: Aug. 20, 25, 26; Baker, Aug. 55, 58, 62; Bush, Aug. 16, 32, Sept. 24
 - Declaration, Aug. 18
 - Short-range nuclear forces (SNF) agreement: Baker, Aug. 34, 55; Bush, Aug. 81
 - North Atlantic Council (NAC), ministerial meeting, Brussels (Dec. 1988):
 - Extracts from minutes, Feb. 46
 - Final communique, Feb. 44
 - Statement on conventional arms control, Feb. 43
 - North Atlantic Treaty Organization (NATO): Baker, May 4, July 21; Bush, Apr. 6, May 4, July 18, Aug. 38, 61; Mulroney, July 46
 - Alliance building: Aug. 6; Bush, Aug. 31; NAC, Aug. 20, 24
 - Arms control agenda (Shultz), Jan. 3
 - Conventional armed forces in Europe (CFE), negotiations: Ledogar, May 33, White House, July 44
 - Conventional weapons limitations proposal: Baker, Nov. 32; Bush, Aug. 16; Keel, Aug. 18; White House, Sept. 76
 - Creative responsibility-sharing and regional problems (Baker), Aug. 57, 60
 - Defense ministers' meeting, Brussels (Dec. 1988), final communique, Feb. 42
 - Defense ministers' meeting, Brussels (June 1989), final communique, Aug. 77
 - Defense Planning Committee, Brussels (1988), final communique, Feb. 46
 - Flexible response policy: Aug. 7; Baker, May 26; Miller, Aug. 3
 - 40th anniversary, chronology: Aug. 7; Baker, Aug. 55
 - German reunification (Baker), Dec. 28
 - History of (Miller), Aug. 1
 - Meeting of Secretary General Woerner with President Bush (White House), Dec. 44
 - Nuclear Planning Group, meeting, The Hague, (Oct. 1988), final communique, Jan. 28
 - Nuclear Planning Group, meeting, Brussels (April 1989), final communique, June 36
 - Security challenges in the 1990s (Nitze), Apr. 44
 - Short-range nuclear forces (SNF) negotiations: Baker, Apr. 39, July 22, 24, 28, 34; Aug. 29, 34; Bush, July 46, Aug. 31, 81; Mitterand, Aug. 81; Mulroney, July 46
- North Atlantic Treaty Organization (NATO) (Cont'd)*
 - Soviet Union, relations with (Nitze), Apr. 47
 - Summit meeting. *See* North Atlantic Council, heads of state meeting
 - U.S. goals and objectives, Aug. 6; Baker, Aug. 63
 - U.S. troop reduction proposals (Baker), Aug. 42, 44
 - Visit of Secretary Baker to alliance countries, Apr. 38
 - Warsaw Pact, relations (Bush), Aug. 32
- Norway:
 - Treaties, agreements, etc., Mar. 92, Apr. 62, Aug. 89, 90, Sept. 93, Oct. 86, Nov. 79, Dec. 57
 - Visit of Secretary Baker: Baker, Brundtland, Apr. 40
- Nuclear accidents:
 - Assistance, convention (1986): Cyprus, Egypt, France, Israel, Monaco, Thailand, Tunisia, Dec. 57
 - Early notification, convention (1986): Cyprus, France, Israel, Monaco, Thailand, Tunisia, Dec. 59; Yugoslavia, May 86
- Nuclear energy:
 - Decommissioning nuclear facilities, bilateral agreement with U.K., July 78
 - 50th anniversary (Shultz), Jan. 1
 - International Atomic Energy Agency (IAEA) Statute (1956), amended (1984): Bangladesh, Sept. 93; Ecuador, Mar. 91; Ghana, Italy, Libya, Tunisia, June 68; Uganda, Aug. 88
 - Liquid metal-cooled fast breeder reactors, bilateral agreement: France, Germany, Federal Republic of, May 87; Japan, U.K.; May 88
 - Nuclear materials safeguards research and development, bilateral agreement with EURATOM, Oct. 85
 - Nuclear plant life extension research, bilateral agreement with Switzerland, Sept. 94
 - Peaceful uses of atomic energy, scientific and technical cooperation, bilateral agreement with Soviet Union, Oct. 86
 - Physical protection of nuclear material, convention (1979): Argentina, July 77; Austria, May 86; China, Aug. 89; Japan, Feb. 73
 - Radioactive waste management, bilateral agreement with Belgium, May 87

Nuclear energy (Cont'd)

- Safeguards in connection with the treaty for the prohibition of nuclear weapons in Latin America, bilateral agreement with International Atomic Energy Agency (IAEA), May 87
- Nuclear nonproliferation: Burns, Jan. 12; Shultz, Jan. 1
- Treaty (1968): Bahrain, Feb. 73; Qatar, Aug. 89
- Nuclear testing:
 - Limited test ban treaty (1963), Antigua and Barbuda, Mar. 91
 - Nuclear simulation, environmental and safety concerns: Baker, Oct. 80; Reilly, Oct. 81; Solana, Oct. 80
 - Nuclear testing talks (White House), Feb. 24, Sept. 77
- Nuclear weapons (*see also* Arms control and disarmament): NAC, Aug. 26; NATO, Feb. 42
- Ballistic missiles, proliferation (Shultz), Jan. 2, 8
- Deployment in Europe (Bush), Aug. 30
- India (Baker), Aug. 69
- NATO Nuclear Planning Group meeting, Brussels (April 1989), final communique, June 36
- Proliferation, concerns (Bush), June 41

O

- Oceans (*see also* Maritime matters and Science and technology):
 - Investigation of the ocean using radar, cooperative project, memo of understanding with Norway, Oct. 86
 - World ocean studies cooperation, bilateral agreement with Soviet Union, June 69, Oct. 86
- Oil pollution:
 - Civil liability for oil pollution damage, international convention (1969): Canada, Egypt, June 68; St. Vincent and the Grenadines, Oct. 84
 - Protocol (1984): Canada, June 68; Germany, Federal Republic of, Feb. 74; St. Vincent and the Grenadines, Oct. 84
 - International fund for compensation for damage, convention (1971): Canada, Vanuatu, June 68
 - Protocol (1984), Germany, Federal Republic of, Feb. 84
 - Intervention on the high seas in cases of oil pollution casualties, international convention (1969), Egypt, June 68
- Oken, Herbert S., Mar. 90, Oct. 73
- Oman:
 - Treaties, agreements, etc., Jan. 50, Feb. 74, June 68

Oman (Cont'd)

- U.S. aid, FY 90, request (Burleigh), May 67
- Organization for Economic Cooperation and Development (OECD) meeting, Paris (1989): Brady, Sept. 78; final communique, Sept. 79
- Tax matters, mutual administrative assistance, convention (1988), Norway, Nov. 79
- Organization of American States (OAS):
 - Kozak, June 63; Shultz, Jan. 10
 - Charter, protocol of Cartagena de Indias (1985): Argentina, Jan. 50; Bolivia, Feb. 74; Brazil, Jan. 50; El Salvador, Mexico, Nicaragua, St. Vincent and the Grenadines, Suriname, Feb. 74
 - Involvement with Panama: Declaration, Nov. 69; Eagleburger, Nov. 67, 74; Resolution 1, July 72
 - U.S. funding proposed, FY 90 (Vogelgesang), May 82

P

- Pacific Ocean region:
 - America's leadership role (Quayle), Aug. 52
 - Creative responsibility-sharing (Baker), Aug. 65
 - Economic development: Apr. 33; Baker, Aug. 65, Sept. 58; Bush, May 19
 - East Asia (Solomon), Dec. 34
 - Pacific rim: Baker, Apr. 13, 18, Sept. 60, Dec. 20; Solomon, Dec. 35
 - Economic indicators, 1987 (table), Apr. 35
 - New Pacific partnership (Baker), Aug. 64
 - Transition and impact on world change (Cleveland), June 45
 - U.S. aid, FY 90, request (Clark), May 49
 - South Pacific region (Clark), May 51
- Pakistan:
 - Afghanistan, involvement in: Mar. 83; Bush, May 6
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 54, 56
 - Treaties, agreements, etc., Jan. 50, 51, Mar. 91, 93, Oct. 86, Dec. 58
 - U.S. visit of Prime Minister Bhutto: Bhutto, Oct. 64; Bush, Oct. 63
- Panama:
 - Democratic progress (Baker), June 6
 - Drugs, narcotic, production, trafficking, control efforts: Eagleburger, Nov. 68; Wroblewski, May 70, Oct. 58
 - Noriega political crisis (Baker), July 27

Panama (Cont'd)

- May elections: Baker, June 17, July 32; Bush, June 2, July 46, 66; Department, July 66, 67, 68; White House, July 69
- Election fraud and international response: Baker, Aug. 60; Bush, July 68; Department, July 70, 71, 72; Eagleburger, July 69; OAS, July 72
- Noriega's drug-related activities: Eagleburger, Nov. 70; Wroblewski, May 70
- Normalization of relations and Noriega presence: Baker, June 7, 13, Aug. 15, 69, Dec. 19; Bush, Aug. 51, Dec. 19; Eagleburger, Nov. 74
- U.S. response (Baker), July 23, Oct. 14, 15, Nov. 32, Dec. 26
- OAS response: Baker, Nov. 32; Eagleburger, Nov. 67; OAS ministers' declaration, Nov. 69
- Safety of U.S. citizens (Bush), July 70
- Panama Canal treaties (Eagleburger), Nov. 73
- Plan for national unity (Department), Feb. 72
- Treaties, agreements, etc., Feb. 74, May 86, 87, Nov. 79
- Panama Canal neutrality treaty, protocol (1977), Soviet Union, Jan. 49
- Papandreou, Andreas, Apr. 41
- Papoulias, Karolos, Apr. 41
- Papua New Guinea, treaties, agreements, etc., May 88, Sept. 93
- Paraguay:
 - Democratic progress: Bush, June 2; Kozak, June 65
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 52, 57
 - Treaties, agreements, etc., Jan. 51, Apr. 63
- Patents:
 - International recognition of deposit of micro-organisms for patent procedure, Budapest treaty (1977): Czechoslovakia, Aug. 89; German Democratic Republic, July 77
 - New varieties of plants, protection, international convention (1961), revised (1981), Australia, May 86
 - Patent cooperation treaty (1970): Burkina Faso, Mar. 91; Spain, Nov. 79
 - U.S. trade policy objectives (Hills), Nov. 57
- Peace Corps, Hungary, English teachers: Bush, Sept. 40; White House, Sept. 43
- Pelletreau, Robert H., Jr., Feb. 52, May 66
- Perkins, Edward J., Aug. 69, Sept. 69

- Persian Gulf:
 U.S. diplomatic efforts (Kelly), Oct. 45
 U.S.S. *Stark*, Iraqi attack, compensation settlement (Department), May 67, June 69
 U.S.S. *Vincennes*, shooting down of Iranian air-bus, compensation settlement (Department), Sept. 91
- Peru:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 57
 Herbicide spraying, cocaine (Wroblewski) Oct. 50
 Sendero *Luminoso* terrorist group, Dec. 49
 Treaties, agreements, etc., Feb. 74, 75, May 86, 88, Aug. 89, 90, Sept. 93, Dec. 57
- Philippines:
 Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 72, Oct. 59
 Economic development: Apr. 37; Lambertson, May 46
 Human rights (Lambertson), May 45
 Multilateral Assistance Initiative (MAI): Baker, Sept. 56; Bush, May 8; Lambertson, May 47, 48
 Treaties, agreements, etc., Jan. 51, Feb. 74, Apr. 62, July 78, Oct. 86, Dec. 58
 U.S. aid, FY 90, request: Clark, May 50; Lambertson, May 46
 U.S. economic and security assistance, Apr. 37
 U.S. military bases agreement (Lambertson), May 45
 U.S. policy (Lambertson), May 43
- Poland:
 Democratic progress: Baker, June 14, Sept. 6, 8; Bush, Aug. 48, Sept. 23, 24; Department, Nov. 60
 Elections: Baker, Sept. 66; Bush, Aug. 78, Oct. 38
 Solidarity relegalization accords (White House), June 37
 Solidarity request for Western aid: Baker, Sept. 31, 65; Bush, Sept. 54
 Soviet bloc, relations with (Baker), Aug. 69
 Treaties, agreements, etc., Feb. 74, 75, Mar. 91, Aug. 89, Sept. 94, Nov. 79, 80
 U.S. support for reform efforts: Baker, Nov. 38, 40, 41; Bush, Sept. 24, 26; White House, Dec. 39
 Action Plan (White House), Sept. 27
 Food and commodity aid program (Bush), Oct. 38, Nov. 60
 "Hamtramck" speech (Bush), June 3
 Technical assistance for economic transition and reform (White House), Sept. 36
- Poland (Cont'd)
 Visit of Secretary Baker, Sept. 29
 Western support for reform efforts: Baker, Sept. 46; Bush, Sept. 7 (quoted), 19, Dec. 10; White House, Sept. 27
 Summit of the Arch, declaration on East-West relations: Baker, Sept. 4, 5, 7, 11, 29, 32, 44, 46; White House, Sept. 27
 Text, Sept. 2
 Poos, Jacques, Apr. 42
 Portugal:
 Treaties, agreements, etc., Apr. 62, May 87, July 77, Aug. 90, Dec. 58
 Visit of Secretary Baker (Baker), Apr. 42
 Postal matters:
 INTELPOST service, memos of understanding: Bangladesh, Aug. 89; New Zealand, July 78; Soviet Union, June 70
 International express mail, bilateral agreements: Bolivia, Feb. 75; Botswana, Mar. 92; Costa Rica, Ethiopia, Nov. 79; Gabon, May 87; Iraq, Aug. 90; Liberia, Mar. 93; Netherlands, St. Lucia, Nov. 80; Togo, Mar. 93; Uganda, Feb. 76; Vanuatu, Sept. 94
 Money orders and postal travelers' checks, agreement with final protocol (1984): Chad, Syria, Feb. 74
 Postal money order agreement, bilateral agreements: Dominican Republic, Oct. 85; Israel, Mar. 92; Sierra Leone, Oct. 86
 Postal parcel agreement, with final protocol and detailed regulations (1984): Bolivia, New Zealand, Feb. 74; Niger, Oct. 85; Oman, Syria, Feb. 74; Togo, Oct. 85; Venezuela, Feb. 74; Western Samoa, Yugoslavia, Oct. 85
 Universal Postal Union, constitution (1964):
 Second additional protocol (1974), Western Samoa, Oct. 85
 Third additional protocol (1984): Bolivia, Chad, New Zealand, Feb. 74; Niger, Oct. 85; Oman, Syria, Feb. 74; Togo, Oct. 85; Venezuela, Feb. 74, Western Samoa, Yugoslavia, Oct. 85
 Powell, Colin L., Jan. 30
 Presidential power (Baker), May 25
 Press Releases:
 State Department: Jan. 51, Feb. 76, Mar. 93, Apr. 63, May 89, June 70, July 78, Aug. 90, Sept. 94, Nov. 80, Dec. 59
 USUN: Jan. 51, Apr. 63, Aug. 91
 Proclamations by the President:
 Baltic Freedom Day, 1989 (5990), Aug. 80
- Proclamations by the President (Cont'd)
 Captive Nations Week, 1989 (5996), Sept. 91
 Helsinki Human Rights Day, 1989 (6005), Oct. 42
 Human Rights Day, Bill of Rights Day, and Human Rights Week, 1988 (5921), Mar. 67
 Import duties on Brazilian products (5885), Jan. 49
 Restrictions on entry of Nicaraguan officials and employees (5887), Jan. 47
 Territorial sea of the U.S. (5928), Mar. 72
 United Nations Day, 1989 (6052), Dec. 53
 World Trade Week, 1989 (5971), July 51
 Public service (Shultz), Mar. 1
 Publications:
 State Department: Jan. 52, Feb. 76, Mar. 93, May 89, June 70, July 79, Aug. 92, Nov. 81
American Foreign Policy: Current Documents, 1987, released, Mar. 94
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 Background Notes, Apr. 66, July 81, Nov. 79
 Conference on Security and Cooperation in Europe (CSCE) Helsinki Final Act and the Madrid and Vienna concluding documents, semi-annual report, released, Dec. 60
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Publications (Cont'd)

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Q

- Qatar, nonproliferation of nuclear weapons, treaty (1968), Aug. 89
Quayle, J. Danforth, Aug. 52
Visits to: El Salvador, Apr. 7, Venezuela, Apr. 7

R

- Reagan, Ronald:
Addresses, remarks, and statements:
Angola/Namibia peace accords, Feb. 12
Afghanistan, Feb. 6, Mar. 89
Brazil, trade with, Jan. 49
Cambodia, independence, Jan. 17
Chemical weapons, conference, Mar. 4 (quoted)
Defense spending, Feb. 7
Iran, hostage negotiations, Feb. 6
Nicaragua, Jan. 47, Feb. 5
Nuclear and space arms talks, Mar. 10
Nuclear war, Jan. 2 (quoted)
Organization of African Unity (OAU), Jan. 14
Palestine Liberation Organization (PLO), Feb. 6, 51
Soviet Union:
Gorbachev, view of, Feb. 5
Middle East, role in, Feb. 5
Trade relations, Feb. 6
U.S. relations, Feb. 3, 4, Mar. 54
Correspondence and messages, Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, Mar. 22
Meetings with heads of state and officials of, remarks and joint communiqués: Germany, Federal Republic of, Mar. 56; Mali, Jan. 14; Soviet Union, Feb. 1, 3; U.K., Mar. 57
Messages and reports to Congress, Cyprus, Feb. 50
News conferences, Feb. 4

Refugees:

- Afghan: Mar. 87; Moore, May 73
African: Brown, May 31; Moore, May 73, July 59
Burmese (Lambertson), May 42
Central American (Moore), Aug. 87
East Asian (Moore), May 73, July 59
Migration and refugee assistance programs:
FY 89 budget (Moore), May 72
FY 90 budget, request (Moore), May 72
Palestinian (Moore), May 73
Refugee admissions ceiling, FY 89, proposed revisions (Moore), July 60
Southeast Asian (Baker), Aug. 44, Sept. 60
International Conference on Indochinese Refugees, Geneva, June (1989) (Eagleburger), Oct. 69
Comprehensive plan of action, text, Oct. 71
Draft declaration, text, Oct. 71
Soviet Union (Moore), July 59
Special released reeducation center detainees resettlement program, bilateral agreement with Vietnam, Dec. 58
Status of, protocol (1967): Hungary, Aug. 89; Mozambique, July 77
U.S. assistance programs: Brown, May 31; Moore, Aug. 87
U.S. policy (Moore), May 72, July 59, Aug. 85
Vietnamese (U.S.-Vietnam joint statement), Nov. 63
Regional issues (Baker), Apr. 15, 19
Reilly, William K., Oct. 81
Restrictions on entry by Nicaraguan officials and employees, proclamation (Reagan), Jan. 47
Romania:
Human rights (Abram), Sept. 89
Treaties, agreements, etc., May 88, June 69, Sept. 94, Oct. 80
Rosenberg, Alison, July 39
Rubber:
International Natural Rubber Organization, tax reimbursement, bilateral agreement, Feb. 75
International natural rubber agreement (1987): Belgium, Denmark, EEC, Mar. 92; Finland, Mar. 92, July 77; France, Feb. 74; Germany, Federal Republic of, Greece, Ireland, Italy, Luxembourg, Morocco, Netherlands, Norway, Mar. 92; Soviet Union, June 69; Spain, Sweden, Mar. 92; Switzerland, Sept. 93; Thailand, U.K., Mar. 92; U.S., Feb. 74, Aug. 89
Rwanda, endangered species of wild fauna and flora, convention (1973), amendment, Dec. 57

S

- Safety, promotion of, on Great Lakes by means of radio, bilateral agreement with Canada, Jan. 50
St. Lucia, treaties, agreements, etc., Mar. 91, Nov. 80
St. Vincent and the Grenadines, treaties, agreements, etc., Feb. 74, May 86, 88, Sept. 93, Oct. 84
Salinas de Gortari, Carlos, Dec. 1
Satellites:
Distribution of program-carrying signals, convention (1974), Soviet Union, Feb. 74
INMARSAT, convention and operation agreement (1976): Cuba, Nov. 79; Czechoslovakia, May 87; Switzerland, Oct. 85
Amendments (1985): Belgium, Oct. 85; Egypt, Feb. 74, Oct. 85; Gabon, June 69; Germany, Federal Republic of, Feb. 74; New Zealand, Aug. 89; Oman, May 87; Singapore, Feb. 74; U.S., Oct. 85
INTELSAT, agreement and operating agreement (1971): Nepal, Zimbabwe, May 86
International trade in commercial launch services, bilateral agreement with China, May 87, July 77
Liability for satellite launches, bilateral memo of agreement with China, Feb. 75, July 77
PACSAT/VITA, July 64
Satellite technology safeguards, bilateral memo of agreement with China, Feb. 75, July 77
Saudi Arabia:
Arms sales to, by China (Bush), June 41
Treaties, agreements, etc., July 77, Sept. 93
U.S. visit of Foreign Minister Sa'ud al-Faisal (White House), Aug. 84
Schaffer, Teresita, Oct. 65
Schifter, Richard, Mar. 59, Oct. 41
Science and technology:
Antarctica mineral resource activities convention, (Department), Feb. 77
Basic scientific research, bilateral agreement with Soviet Union, Mar. 93
China, cooperation in, bilateral agreement, Apr. 63
China, technology transfer (Bush), May 13
Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 28
Cooperation in high energy laser-matter interaction physics research and development, bilateral agreement with France, May 87

Science and technology (Cont'd)

- Cooperation on geothermal and related volcanic investigations, bilateral agreement with Mexico, July 78
- Earth sciences, cooperation, bilateral agreements: Japan, Feb. 75; Kuwait, Mar. 93
- Energy and related fields, research and development, bilateral agreement with Japan, Aug. 90
- Geological sciences, cooperation, bilateral agreement with France, Oct. 86
- Geoscience research, cooperation, bilateral agreement with Poland, Feb. 75
- High-energy laser-matter interaction physics research and development, bilateral agreement with France, Mar. 92
- High energy laser technology, cooperative projects for research and development, bilateral agreement with Germany, Federal Republic of, July 77
- Imaging of an ocean using radar, cooperative research, bilateral agreement with U.K., Aug. 90
- Integrated circuit layout designs, intellectual property issues (Hills), Nov. 57
- Intergovernmental Panel on Climate Change (Baker), Apr. 13
- International activities (Bush), June 51
- International Convention and Scientific Organization (ICSO), FY 90, U.S. funding, proposed (Vogelgesang), May 82
- Joint Loran-C and Chayka radio navigation system, bilateral agreement with Soviet Union, May 88
- Marine and freshwater scientific and technological cooperation, bilateral agreement with Israel, Sept. 93
- Maritime patrol aircraft, cooperative program for development and production, bilateral agreement with Germany, Federal Republic of, July 77
- World Meteorological Organization, convention (1947), Antigua and Barbuda, Mar. 91
- Seabeds, seabed disarmament treaty (1971): Antigua and Barbuda, Mar. 92; Bahamas, Aug. 89
- Security assistance, U.S. (*see also* Defense and national security): Appropriations request, FY 90: Baker, Apr. 20; Holmes, June 52 East Asia and Pacific (Clark), May 49

Security assistance, U.S. (Cont'd)

- Latin America and Caribbean (Kozak), June 59
- Middle East: Burleigh, May 67; Walker, May 61
- Sub-Saharan Africa (Rosenberg), July 39, 41
- Defense acquisition, bilateral agreement with Switzerland, Feb. 76
- Defense cooperation, bilateral agreement with Spain, Feb. 76, July 78
- Extended air defense, cooperative program, memo of agreement with Germany, Federal Republic of, Aug. 90
- Foreign military sales financing (FMSF) programs, June 61
- Argentina (Kozak), June 64
- Foreign military sales (FMS) program: Egypt (Walker), May 63
- Israel (Walker), May 61
- Jordan (Walker), May 65
- Yemen Arab Republic (Burleigh), May 68
- Greece, U.S. defense agreement, expires (Department), Feb. 47
- International military education and training (IMET) program: June 61; bilateral agreement, Brazil, June 69
- Japan: Bilateral agreements on acquisition and production of: F-15 aircraft, June 69
- HYDRA 70 rocket system, June 69
- P-3C weapon system, June 69
- SH-60J and UH-60J aircraft, June 69
- Development of support fighter (FS-X) weapon system, bilateral agreement: Feb. 75; Bush, Oct. 32
- Joint defense space research facility, bilateral agreement with Australia, Mar. 92
- Military assistance, protocol II, bilateral agreement with Honduras, Feb. 75
- Military bases, bilateral agreement with Philippines, Jan. 51
- Senegal: Consolidation and rescheduling of debts, bilateral agreement, Nov. 80
- Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 59
- Seychelles, suppression of unlawful acts against the safety of maritime navigation, with protocol re safety of fixed platforms on the Continental Shelf, convention (1988), May 86
- Shamir, Yitzhak, June 43

Shevardnadze, Eduard A.:

- Soviet Union: Human rights, Jan. 7 (quoted)
- Military power, Jan. 7 (quoted)
- Wyoming ministerial meeting, Jackson Hole (Sept. 1989): Nov. 4: joint statement, Nov. 5
- Shultz, George P.: Addresses, remarks, and statements: Afghanistan, Soviet occupation and withdrawal, Feb. 7
- Agricultural subsidies, Feb. 29
- Angola/Namibia peace accords, Feb. 11
- Arafat, Yasir, Feb. 8, 9
- Argentina, coup, Feb. 8
- Arms control and disarmament, Jan. 1, Feb. 48
- Central America, Arias peace plan, Jan. 13
- Change and international stability, Jan. 6
- Chemical weapons, Jan. 3, 9, Feb. 8, Mar. 4, 6, 53
- China, U.S. relations, Feb. 25
- Conference on Security and Cooperation in Europe (CSCE), Mar. 53, 54
- Czechoslovakia, political unrest, Mar. 53
- Democracy and democratic principles, Jan. 10, Mar. 1
- Duarte, Jose Napoleon, Jan. 10, 13
- El Salvador, U.S. aid, Jan. 13
- Europe, arms reduction efforts, Feb. 47
- European Communities, ministerial meeting, Feb. 27
- Extradition treaties, terrorists, Jan. 5
- Gorbachev, Mikhail, assessment of, Mar. 54
- International cooperation, Jan. 9, 12
- Latin America, debt management, Jan. 10, Feb. 30
- Mexico, U.S. relations, Feb. 71
- Mutual and balanced force reduction talks, Mar. 54
- Nicaragua, Sandinista repressions, Jan. 13
- Nuclear weapons proliferation, Jan. 2, 8
- Organization of American States (OAS), Jan. 10
- Palestine Liberation Organization (PLO), Feb. 57
- Public service, Mar. 1
- Rule of law, Jan. 5
- Soviet Union (*for details see* Soviet Union): ABM Treaty, noncompliance, Feb. 7
- Angola/Namibia peace accords, Feb. 12
- Arms reduction efforts, Feb. 47

Shultz, George P. (Cont'd)

- Human rights, Feb. 7, 49, Mar. 52
- U.S. relations, Jan. 3, 6, Feb. 7, 48
- Terrorism and counterterrorism, Jan. 4, 9, Feb. 8, 9, 48
- Trade, free, Jan. 11
- News conferences and press briefings, Jan. 13, Feb. 27, 46, Mar. 6, 52
- TV interviews, Feb. 7, 71
- Visits to:
 - El Salvador, Jan. 10
 - Mexico (Shultz), Feb. 71
- Sierra Leone, treaties, agreements, etc., Feb. 75, Oct. 86
- Singapore:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 72, Oct. 59
 - Economic development, Apr. 36
 - Treaties, agreements, etc., Feb. 74, June 68
 - U.S. aid, FY 90, request (Clark), May 52
 - U.S. relations (Quayle), Aug. 54
- Slavery, convention to suppress the slave trade and slavery (1926), protocol (1927), supplementary on abolition of slavery, slave trade, and institutions and practices similar to slavery (1956): Antigua and Barbuda, May 87; Libya, Oct. 85
- Social security, bilateral agreements: Portugal, Aug. 90; Switzerland, Nov. 80
- Solana Morales, Fernando, Oct. 78, 80
- Solomon, Richard H., Feb. 38, Nov. 47, Dec. 34
- Solomon Islands, treaties, agreements, etc., May 86, Dec. 58
- Somalia, human rights issues (Brown), May 30
- South Africa:
 - Angola-Cuban troop withdrawal settlement (Department), Jan. 16
 - Angola-Namibia tripartite agreement, text, Feb. 13
 - Apartheid and reform: Baker, Aug. 60; Perkins, Sept. 71
 - U.S. policy and objectives: Cohen, Dec. 29; Perkins, Sept. 69
 - Elections (Department), Nov. 44
 - Human rights issues: Brown, May 31; Perkins, Sept. 71
 - U.S. visit of Albertina Sisulu (Bush), Sept. 71
 - Vienna convention on diplomatic relations (1961), Dec. 57
- Soviet Union:
 - ABM Treaty: Baker, Nov. 14; Cooper, Oct. 20; U.S.-Soviet joint statement, Nov. 5
 - Angola, involvement in, chronology (Howland), Feb. 16

Soviet Union (Cont'd)

- Soviet noncompliance: Department, Jan. 16; Burns, Jan. 42; Shultz, Feb. 7
- Afghanistan, and U.S. economic sanctions: Baker, Aug. 13; Bush, Aug. 39
- Angola-Namibia peace accords: Crocker, White House, Feb. 10; Shultz, Feb. 12
- Arms control issues: Aug. 7; Reagan, Feb. 5
 - Conventional Parity Initiative, Baker, Aug. 68; Bush, Aug. 32
 - Soviet initiatives (Shultz), Feb. 47, 49
- Baltic states, U.S. policy: Baker, Nov. 17, 42; Dobriansky, June 38
- Chemical weapons (Burns), Jan. 42
- China, relations with (Bush), May 7
- Common European homeland proposal: Baker, June 16; Eagleburger, Oct. 40
- Cuba, relations with (Kozak), Nov. 75
- Cultural-informational exchanges (Baker), July 30, Nov. 13
- Defense and space talks: Burns, Jan. 41; Cooper, Dec. 33
- Earthquake, Dec. 1988 (White House), Feb. 39
- East European reform efforts (Baker), Dec. 12
- Economic, political, and social reforms: Baker, July 36, Dec. 10; Bush, July 16; Cleveland, June 45; Kozyrev, Medvedev, Jan. 7 (quoted)
- Economic summit participation: Baker, Sept. 67; Bush, Sept. 18, 19, 20, 21
- Elections (Baker), May 26
- Fisheries agreements with U.S. (Wolfe), July 57, 58
- Foreign policy: Baker, Dec. 11; Powell, Jan. 31
- Foreign Relations of the United States, 1952-1954, Volume VIII, Eastern Europe; the Soviet Union; the Eastern Mediterranean*, released, Jan. 53
- Foreign Relations of the United States, 1955-1957, Volume XXIV, Soviet Union; Eastern Mediterranean*, released, July 80
- Glasnost* and democratization (Baker), Dec. 13
- Gorbachev's role: Baker, Aug. 14, 30, Sept. 68, Nov. 4; Bush, Aug. 18
- Human rights: Abram, Sept. 88; Baker, July 29, 38, Aug. 61, Nov. 14; Shevardnadze, Jan. 7 (quoted)
- CSCE follow-on conference, proposed (White House), Mar. 69

Soviet Union (Cont'd)

- Emigration: Baker, July 32, Moore, May 72
- Intermediate-Range Nuclear Forces (INF) treaty: Baker, July 28; Burns, Jan. 41; Bush, July 19; Shultz, Jan. 2; White House, Aug. 74
 - Anniversary (White House), Feb. 2
- Middle East position (Murphy), Feb. 58
- Military capabilities: Baker, Sept. 10; NATO, Feb. 42; Shevardnadze, Jan. 7 (quoted)
- Nicaragua, Soviet bloc aid to: Baker, May 24, 26, 60, June 10, 13, 15, July 24, 32, Nov. 3, 12, 41, Dec. 19, 28; Bush, June 1, 56; White House, June 67
- Nuclear and space arms talks (NST): Burt, Aug. 73, Dec. 33; Bush, Aug. 73; Reagan, Mar. 10
- Nuclear nonproliferation talks, Feb. 5
- Nuclear testing talks: Burns, Jan. 42; White House, Feb. 24
- Perestroika*: Baker, July 29, 32, 34, 36, Aug. 58, Nov. 2, Dec. 10, 20; Bush, July 20, Aug. 51; Solomon Feb. 41
- Regional ethnic problems (Baker), Aug. 58
- Rule of law (Gorbachev), Jan. 7 (quoted)
- Shevardnadze Baker meeting, Paris, July 1989, Oct. 39
- Short-range nuclear forces (SNF) reductions (Baker), July 31, 32, 34, 35
- Soviet leadership in world affairs (Quayle), Aug. 52
- Strategic arms reduction talks (START): Baker, Apr. 39, May 60, June 15, 16, Sept. 44, Nov. 11, 15, 39, 42, Dec. 16; Burns, Jan. 41; Burt, Oct. 17, Dec. 33; Bush, May 15, July 17, Aug. 73; Nitze, Apr. 45; Shultz, Jan. 2; U.S.-Soviet joint statement, Nov. 6
- Review of status of talks (Burt), Oct. 17
- U.S. objectives (Miller), Aug. 8
- Verification issues: Burt, Oct. 18; U.S.-Soviet joint statement, Nov. 7
 - Trial verification and stability measures, bilateral agreement with Soviet Union, text, Nov. 21
- Third World development (Kozyrev), Jan. 7 (quoted)

Soviet Union (Cont'd)

Treaties, agreements, etc. (see also *names of treaties under Soviet Union*): Jan. 49, Feb. 74, 76, Mar. 93, Apr. 62, May 87, 88, June 69, 70, July 77, 78, Aug. 88, 89, Sept. 93, 94, Oct. 85, 86

U.S. arms control negotiations (see also *Chemical weapons and ABM Treaty, INF Treaty, and START under Soviet Union*): Baker, July 30, 31, 38, Aug. 43, 44, 61, Sept. 10, Nov. 1, 5, 10, Dec. 13; Burns, Jan. 41; Bush, May 9; Department, Jan. 16; Reagan, Feb. 5; Shultz, Feb. 48; Solomon, Feb. 40

Prevention of dangerous military activities, bilateral agreement with Soviet Union, Sept. 94

Soviet Union initiatives (Shultz), Feb. 47, 49

U.S. relations: Baker, Apr. 14, 18, June 11; Bush, Sept. 54; Miller, Aug. 4, 5; Reagan, Feb. 3, 4, 5, 6; Shultz, Jan. 6, Feb. 48

Arms control agenda (Shultz), Jan. 2

Baker/Shevardnadze meeting, Vienna (Mar. 1989) (Baker), May 59

Embassy reconstruction in Moscow (Department), Jan. 29

Global issues: Baker, July 30, 33, 39, Aug. 62; Solomon, Feb. 38

Regional issues: Baker, July 30, 31, 38, Aug. 62, Dec. 13, 19; Solomon, Feb. 41; U.S.-Soviet joint statement, Nov. 7

Summit meeting proposed: Baker, June 14, Nov. 1, 10; U.S.-Soviet joint statement, Nov. 5

U.S. response to Soviet reform initiatives: Baker, June 13, Nov. 2, 12, 42, Dec. 14, 20, 25; Bush, Apr. 4

U.S. trade relations: Baker, Apr. 29, Sept. 66, Nov. 41; Reagan, Feb. 6; Wendt, Jan. 22

U.S. visit of President Gorbachev (Reagan), Feb. 1, 3

Visit of Secretary Baker, July 29

Wyoming ministerial meeting, Jackson Hole (Sept. 1989): Baker, Nov. 1, 4, 5, 39; Shevardnadze, Nov. 4; U.S.-Soviet joint statement, Nov. 5

Space:

Astronauts, rescue and return, and return of objects launched into outer space, agreement (1968): Antigua and Barbuda, China, Mar. 91

Design, development, operation, and utilization of the permanently manned civil space station, bilateral agreements: Denmark, Sept. 93; Japan, June 69; Norway, Sept. 93

Space (Cont'd)

Exploration and use of outer space, including the Moon and other celestial bodies, treaty (1967): Antigua and Barbuda, Mar. 92; Togo, Sept. 93

International liability for damage caused by space objects, convention (1972): Antigua and Barbuda, China, Mar. 92

Joint defense space communications station in Australia, bilateral agreement with Australia, Mar. 92

Registration of objects launched into outer space, convention (1975): Antigua and Barbuda, June 69; China, Mar. 92

Space cooperation, bilateral agreement with Spain, June 69

Spain:

North Atlantic alliance participation: NAC, Feb. 46; NATO, Feb. 43

Treaties, agreements, etc., Feb. 76, Apr. 92, June 69, July 78, Aug. 89, 90, Sept. 93, Nov. 79

Visit of Secretary Baker (Baker), Apr. 42

Sri Lanka, treaties, agreements, etc., Jan. 51, May 86, Aug. 90, Sept. 93, Nov. 80

State Department:

50th anniversary, *Department of State Bulletin*, July 1

Foreign operations, FY 90 budget, request (Baker), Apr. 20

Foreign Service (Baker), Dec. 18

Status of forces, bilateral agreement with Papua New Guinea, May 88

Subunits, exchange of, memo of understanding with U.K., Jan. 51

Sudan:

Cease-fire and famine relief: Baker, Department, Apr. 24, Jan. 15, July 41

Human rights issues (Brown), May 30

Treaties, agreements, etc., Sept. 94, Oct. 86

Sugar, international sugar agreement (1987) with annexes: Austria, Colombia, Mar. 92; El Salvador, July 77; Republic of Korea, Feb. 74; Mexico, May 87; Panama, Nov. 79

Suriname, treaties, agreements, etc., Feb. 74, Apr. 62, June 68, July 77

Sweden, treaties, agreements, etc., Mar. 92, July 76, Aug. 89

Switzerland, treaties, agreements, etc., Feb. 76, Mar. 92, June 68, Aug. 89, Sept. 93, 94, Oct. 85, Nov. 80

Syrian Arab Republic:

Drugs, narcotic, production, trafficking, control efforts (Wroblecki), Oct. 56

Syrian Arab Republic (Cont'd)

Terrorism (Bremer), Feb. 61

Treaties, agreements, etc., Feb. 74, Apr. 62

T

Takeshita, Noboru, Apr. 33

Tanzania, treaties, agreements, etc., July 76, Aug. 90

Taxes:

Double taxation:

Avoidance of, and prevention of fiscal evasion with respect to taxes on income, bilateral agreements: Belgium, Sept. 93; India, Nov. 8; Finland, Dec. 58; Germany, Federal Republic of, Nov. 79

Relief from, on earnings from operations of ships and aircraft, bilateral agreement with Mexico, Oct. 86

Exchange of information with respect to taxes, bilateral agreements: Costa Rica, June 69; Dominican Republic, Oct. 85; Trinidad and Tobago, Apr. 63; U.K. (on behalf of Bermuda), Feb. 76

Income and property, convention (1967), protocol (1988), bilateral agreement with France, Mar. 92

Mutual administrative assistance in tax matters, convention (1988): Norway, Sweden, U.S., Aug. 89

Reciprocal exemption of income tax:

Income accruing from the business of shipping, bilateral agreement with Japan, Nov. 80

Income derived from international operation of ships, bilateral agreements: Hong Kong, Oct. 86, Nov. 80; Pakistan, Oct. 86; Peru, May 88; U.K. (on behalf of Isle of Man), Oct. 86

Income derived from international operation of ships and aircraft, bilateral agreements: India, July 78; Luxembourg, Sept. 93; Malaysia, Aug. 90; St. Vincent and the Grenadines, May 88

Tax reimbursement, bilateral agreements: International Atomic Energy Agency (IAEA), July 78; World Intellectual Property Organization, Mar. 93

Telecommunications:

Assignments and usage of television broadcast channels along the U.S.-Mexico border, bilateral agreement with Mexico, Feb. 75

Caribbean Basin economic development (Borg), Mar. 17

Caribbean Basin Radar Network (CBRN):

Telecommunications (Cont'd)

- Colombian integration into, memo of understanding with Colombia, June 69
- Establishment, bilateral agreement with Honduras, July 77
- Communications satellites, trade agreement with China (Department), Feb. 26
- Development, U.S. contributions, July 62
- High-definition television (HDTV) production standards (Landau), June 48
- High frequency radio communications facility, bilateral agreement with Australia, May 87
- International telecommunications convention (1982), Western Samoa, Feb. 74
- Land mobile service in the bands 470-572 MHz and 806-890 MHz along the common U.S.-Mexico border, bilateral agreement with Mexico, May 88
- LORAN-C transmitting station at Sylt, operation, bilateral agreement with Germany, Federal Republic of, June 69
- Network-based information services (Borg), Jan. 33
- Private sector contributions to development, July 64
- Radio communications between amateur stations on behalf of third parties, bilateral agreement with Comoros, Dec. 58
- Television broadcasting channels along the U.S.-Mexican border, bilateral agreement with Mexico, Jan. 50
- U.S. Telecommunications Training Institute (USTTI) (Borg), Mar. 20
- World Administrative Telegraph and Telephone Conference (WATTC) (Borg), Mar. 19
- Territorial sea of the U.S., proclamation (Reagan), Mar. 72
- Terrorism and counterterrorism: Baker, Apr. 14; Bremer, May 74; Department, Feb. 63; Shultz, Feb. 48
- Aircraft hijacking, U.S. and Canada agreement (Department), Jan. 39
- Andean countries (Bremer), Feb. 63
- Aviation security: Bremer, May 76; McAllister, Oct. 34; White House, Oct. 68
- Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 23
- Counterterrorism, international cooperation: Bremer, May 76; Busby, Dec. 47

Terrorism and counterterrorism (Cont'd)

- Crimes against persons and related extortion of international significance, convention (1971): Panama, Peru, Feb. 74
 - El Salvador (Department), Dec. 55
 - Greece (Department), Feb. 62
 - Hawari Group (Department), Feb. 64
 - Iran (Baker), Apr. 23, 42
 - Death threats against Salman Rushdie: Adams, May 78; Baker, Bush, May 79 (quoted); Department, May 78, 79 (quoted)
 - International convention against the taking of hostages (1979): Brunei, Jan. 50; Cote d'Ivoire, Haiti, Nov. 79; Kuwait, May 87; Netherlands, Mar. 92; Turkey, Nov. 77; Venezuela, Mar. 92
 - Israel (Shultz), Feb. 8
 - Japanese Red Army, Nov. 64
 - Libya (Bremer), Feb. 61, 62, May 75
 - Maritime security (Bremer), May 77
 - Morocco, joint cooperation in fighting against international terrorism, organized crime, and the illicit production, trafficking, and abuse of narcotics, bilateral agreement, May 88
 - Narcoterrorism: Bremer, Feb. 63; Shultz, Jan. 9
 - Palestine Liberation Organization (PLO): Department, Feb. 53; Murphy, Feb. 55; Shultz, Feb. 51
 - Pan American Airlines #103, bombing (Bremer), May 74
 - Prevention and punishment of crimes against internationally protected persons, convention (1973): Bhutan, Apr. 62; Kuwait, June 69; Netherlands, Mar. 92
 - Rule of law: Bremer, May 75; Gorbachev, Jan. 7 (quoted); Shultz, Jan. 5
 - Security awareness, measures, and management (Shultz), Jan. 4
 - Sendero Luminoso*, Peruvian terrorist group, Dec. 49
 - Syria (Bremer), Feb. 61, May 75
 - U.S. antiterrorism assistance program (Bremer), May 77
 - U.S. counterterrorism policy (Bremer), Feb. 61, May 74
- ### Textiles:
- Cotton and manmade fiber textiles and textile products, trade in, bilateral agreements: Costa Rica, May 87; Mauritius, May 89; Turkey, Feb. 76, Oct. 86
 - Cotton textiles, trade in, bilateral agreement: El Salvador, Sept. 93; Nepal, Mar. 93

Textiles (Cont'd)

- Cotton, wool, and manmade fiber textiles and textile products, bilateral agreements: Brazil, Mar. 92; Hungary, May 87; Macao, May 88, June 69; Malaysia, Mar. 93; Mexico, Mar. 93, May 88, June 69; Peru, Feb. 75; Romania, May 88
 - Exports of certain textile products from Uruguay to U.S., bilateral agreement, Nov. 80
 - GATT trade negotiations issues (Hills), June 31
 - International trade in, arrangement (1973), protocol (1986): Brazil, Aug. 89; El Salvador, June 69
 - Trade in (certain) textiles and textile products, bilateral agreements: Burma, Mar. 92; China, Sept. 93, Oct. 85; Hong Kong, Mar. 92; Jamaica, Mar. 92, May 88; Macao, May 88; Pakistan, Jan. 50, Mar. 93; Sri Lanka, Jan. 51
 - Visa system relating to trade in (certain) textile products, bilateral agreements: Dominican Republic, Oct. 85; Indonesia, Mar. 92; Jamaica, Macao, Romania, May 88; Turkey, Mar. 93, Oct. 86; United Arab Emirates, June 70; Uruguay, Feb. 76, Sept. 94
 - Wool and manmade fiber textiles and textile products, bilateral agreement with Romania, Sept. 94, Oct. 86
 - Wool textiles and textile products, visa system for exports to U.S., bilateral agreement with Hungary, Feb. 75
- ### Thailand:
- Burmese refugees (Lambertson), May 43
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), May 71, 72, Oct. 59
 - Economic development, Apr. 37
 - Treaties, agreements, etc., Feb. 74, 76, Mar. 92, Oct. 84, Dec. 57
 - U.S. aid, FY 90, request (Clark), May 51
- ### Thatcher, Margaret, Jan. 10 (quoted), Mar. 57, Aug. 40
- ### Thornburgh, Richard, Oct. 79
- ### Timber:
- International tropical timber agreement (1983): Gabon, Feb. 74; Panama, May 87; Portugal, Dec. 58
 - International Tropical Timber Organization (ITTO), tax reimbursement, bilateral agreement, Apr. 63
- ### Togo, treaties, agreements, etc., Mar. 93, Sept. 93, Oct. 85, Dec. 57, 58

onga, Pacific island regional fisheries treaty (1987), Sept. 93

ourism:

- Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 29
- Development and facilitation of tourism, bilateral agreement with Hungary, Oct. 86

rade:

- Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 27
- Coordinating Committee on Multilateral Export Controls (COCOM) policy: Baker, Apr. 30, Aug. 13; Wendt, Jan. 20
- East-West (NAC), Feb. 46
- General Agreement on Tariffs and Trade (GATT): Feb. 36; Hippler Bello, Holmer, Mar. 12, 14; Wallis, Feb. 31; Whitehead, Jan. 19
- Article VII (customs valuation code), agreement (1979), protocol (1979), Cyprus, Oct. 85
- Foreign investment issues, Feb. 36
- Intellectual property issues (Hills), Nov. 56
- Safeguards for domestic industries, Feb. 37
- Tariffs, Feb. 37
- Uruguay Round: Feb. 36; Hills, June 30, Nov. 53; Lamb, Feb. 35; McCormack, July 52

Global economic integration (Whitehead), Jan. 18

Open multilateral trading system, Organization for Economic Cooperation and Development (OECD), final communique, Sept. 82

Summit of the Arch, economic declaration, text, Sept. 14

UN convention on contracts for international sale of goods, Vienna (1980): Byelorussian S.S.R., Dec. 58; Denmark, German Democratic Republic, May 87

rade, U.S.:

- Association of South East Asian Nations (ASEAN), Apr. 36
- Bangladesh, bilateral agreement concerning trade in certain apparel categories, Jan. 50
- Brazil (Reagan), Jan. 49
- Canada (Wallis), Feb. 31
 - U.S.-Canada free trade agreement: Chronology, Oct. 4
 - Questions and answers, Oct. 4
 - Summary of key provisions, Oct. 1
- China: Apr. 35; Bush, May 13; Department, Feb. 26
- East Asia, Apr. 34

Trade, U.S. (Cont'd)

- European Community: Jan. 24; Eagleburger, Oct. 37; Hippler Bello, Holmer, Mar. 12; Lamb, Feb. 34; Shultz, Feb. 38; Wallis, Feb. 31
- Hungary, most-favored-nation status: Bush, Sept. 40; White House, Sept. 41
- International trade deficit, (Wallis), Feb. 30
- Japan: Apr. 34, Sept. 78; Baker, Aug. 65; Bush, May 9; Hippler Bello, Holmer, Mar. 12, 13
- Korea: Oct. 30; Bush, May 20, 21
- Latin America (Shultz), Jan. 11
- Libya (White House), Mar. 71
- Mexico: July 73, 74 (chart); Baker, Oct. 77; fact sheet, Dec. 6; Serra, Oct. 81; U.S.-Mexico Binational Commission, joint communique, Oct. 83
- Mexico, safety and wholesomeness of fresh and fresh frozen oysters, clams, and mussels exported to the U.S., bilateral agreement, Apr. 63
- Newly industrialized economies, Apr. 36
- Soviet Union: Baker, Aug. 13, Sept. 66; Reagan, Feb. 6; Wendt, Jan. 20, 22
- Steel (Bush), Apr. 28, Oct. 35
- Strategic technology: Baker, Sept. 66; Wendt, Jan. 20
- Taiwan (Hippler Bello, Holmer), Mar. 13
- Thailand, Apr. 37
- U.S. policy: Hills, Nov. 53; Hippler Bello, Holmer, Mar. 11; McCormack, July 49
- Uruguay, exports of certain textile products to U.S., bilateral agreement, Sept. 94
- Uruguay Round, trade objectives, Feb. 35
- Wine and wine products, market access in Korea, bilateral agreement with Republic of Korea, May 88

Trade, world, and economic growth (chart) Feb. 37

Trademarks, U.S. trade policy objectives (Hills), Nov. 57

Transportation, Conference on Security and Cooperation in Europe (CSCE), follow-up meeting, concluding document, Mar. 29

Traore, Moussa, Jan. 14, 15

Treaties, agreements, etc., Jan. 50, Feb. 73, 74, Apr. 62, Aug. 89, Sept. 93, Oct. 36, 62, 85, Nov. 18, 20, 21, 22, 24, 26

International Convention on Genocide (1948): White House, Jan. 39

Treaties, agreements, etc. (Cont'd)

- Vienna Convention on the Law of Treaties (1969), Solomon Islands, Dec. 58
- Trinidad and Tobago, treaties, agreements, etc., Apr. 62, 63, May 86, June 68, Oct. 84, Nov. 80, Dec. 57
- Tunisia, treaties, agreements, etc., June 68, Dec. 57
- Turkey:
 - Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 58
 - Foreign Relations of the United States, 1955-1957, Volume XXIV, Soviet Union; Eastern Mediterranean*, released, July 80
 - Treaties, agreements, etc., Feb. 76, Mar. 93, Sept. 93, Oct. 86, Nov. 79
 - Visit of Secretary Baker: Baker, Yilmaz, Apr. 41

U

- Uganda:
 - Human rights issues (Brown), May 28
 - Treaties, agreements, etc., Feb. 74, 76, Apr. 63, Aug. 88
- Ukrainian S.S.R., treaties, agreements, etc., Apr. 62, May 87, July 77, Aug. 88, 89
- United Arab Emirates, treaties, agreements, etc., May 86, June 70
- United Kingdom:
 - Treaties, agreements, etc., Jan. 51, Feb. 76, Mar. 92, 93, Apr. 63, May 88, June 68, 70, July 76, 78, Aug. 89, 90, Sept. 93, Nov. 80
 - U.S. relations: Baker, Aug. 42, 43; Bush, Aug. 41; Thatcher, Aug. 41
 - U.S. visit of Prime Minister Thatcher: Reagan, Mar. 57; Thatcher, Mar. 58
 - Visit of Secretary Baker: Baker, Howe, Apr. 38
- United Nations:
 - Afghanistan, involvement in, Mar. 75, 86, 87
 - Cambodian peace settlement (Baker), Oct. 26
 - Central American peace agreements, mandate: Baker, Department, Dec. 53
 - Conference for the Adoption of a Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Vienna (1988), text, Apr. 49
 - Cuba, human rights investigation (Valdadares), Dec. 54
 - Disarmament Commission, U.S. position (Burns), Jan. 43
 - General Assembly:

United Nations (Cont'd)

- Resolution 43 19 on Kampuchea, Feb. 67
- Resolution 43 20 on Afghanistan, Jan. 40
- Libyan aircraft shot down by U.S. Navy, (Okun), Mar. 90
- Palestine Liberation Organization (PLO) and U.S. policy: Baker, July 65; Department, July 66; Shultz, Feb. 8, 9; Vogelgesang, July 65
- Peacekeeping role and activities: Bush, Nov. 26, 31; Powell, Jan. 30
- Privileges and immunities, convention (1946), Antigua and Barbuda, Feb. 75
- Role in world affairs (Bolton), Oct. 74
- Security Council:
Resolutions 242 and 338 on Israel: Murphy, Feb. 55; Reagan, Shultz, Feb. 51
- Resolution 435 on Namibian independence: Feb. 15, 16, 19, 21; Cohen, Nov. 43
- Resolution 637 on Central American peace, Oct. 73
- Security Council members ministerial meeting, joint statement, Nov. 66
- U.S. contribution to funding (Baker), Apr. 21
- U.S. relations and objectives (Williamson), Feb. 68
- Universal Declaration of Human Rights (1948), 40th anniversary: Reagan, Mar. 66; Schifter, Mar. 59; Walters, Mar. 68; Whitehead, Mar. 64; Williamson, Mar. 61
- United Nations Capital Development Fund (UNCDF), FY 90, U.S. funding, proposed (Vogelgesang), May 82
- United Nations Children's Fund (UNICEF), FY 90, U.S. funding, proposed (Vogelgesang), May 81
- United Nations Day, 1989, proclamation (Bush), Dec. 53
- United Nations Development Fund for Women (UNIFEM), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- United Nations Development Program (UNDP), FY 90, U.S. funding, proposed (Vogelgesang), May 81
- United Nations Economic, Scientific and Cultural Organization (UNESCO), importation of economic, scientific and cultural materials, protocol (1976), Germany, Federal Republic of, Dec. 58
- United Nations Educational and Training Program for Southern Africa (UNETPSA), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- United Nations Environment Program (UNEP), FY 90, U.S. funding, proposed (Vogelgesang), May 82
- United Nations Fellowship Program (UNFP), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- United Nations High Commissioner on Refugees (UNHCR), Indochinese refugee settlement (Eagleburger), Oct. 70
- United Nations Human Rights Commission (Schifter), Oct. 43
- United Nations Industrial Development Organization (UNIDO), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- United Nations Transition Assistance Group (UNTAG) (Baker), May 29
- United Nations Trust Fund for South Africa (UNTFSA), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- United Nations Voluntary Fund for Victims of Torture (UNVFVT), FY 90, U.S. funding, proposed (Vogelgesang), May 83
- U.S.S.R. *See* Soviet Union
- Uruguay, treaties, agreements, etc., Feb. 76, May 86, June 68, Sept. 93, Nov. 80

V

- Valladares, Armando, Dec. 54
- Van den Broek, Hans, Sept. 50
- Vanuatu, treaties, agreements, etc., May 86, June 68, Sept. 94, Oct. 84, Dec. 57
- Venezuela:
Drugs, narcotic, production, trafficking, control efforts (Wroblewski), Oct. 57
- Treaties, agreements, etc., Feb. 74, Mar. 92, May 86, June 68, 70
- Vietnam:
Cambodian occupation and withdrawal: Lambertson, May 37; Solomon, Nov. 47; Walters, Feb. 65
- POWMIA's (Lambertson), May 37
- Refugee resettlement agreement, U.S.-Vietnam joint statement, Nov. 63
- Treaties, agreements, etc., May 86, Dec. 58
- U.S. relations: Baker, Sept. 62, Dec. 19; Lambertson, May 37
- Vogelgesang, Sandra L., May 81, July 65

W

- Walker, Edward S., May 61
- Wallis, W. Allen, Feb. 30, Mar. 15
- Walters, Vernon A., Jan. 40, Feb. 65
- War, renunciation of war as an instrument of national policy, treaty (1928), Antigua and Barbuda, Mar. 92
- Warsaw Pact (Ledogar), May 33
Conventional armed forces in Europe (CFE) negotiations, resumed (White House), July 44
- East European reforms (Baker), Dec. 28, 29
- Weapons, prohibitions and restrictions on use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, with protocols (1980), Liechtenstein, Dec. 58
- Wendt, E. Allen, Jan. 20
- Western Samoa, treaties, agreements, etc., Feb. 74, Mar. 91, Oct. 85
- Whaling, international whaling convention and schedule of regulations (1946), withdrawal, Egypt, Feb. 75
- Wheat:
Food aid convention (1986): Luxembourg, U.K., Sept. 93
- Wheat trade convention (1986): Belgium, Dec. 58; Israel, Feb. 75; Italy, Portugal, Dec. 58; U.S., Sept. 93
- Whitehead, John C., Jan. 18, Mar. 64
- Williams, Richard L., July 48, Oct. 27
- Williamson, Richard S., Feb. 68, Mar. 6
- Wolfe, Edward E., July 56
- Women:
Convention for elimination of all forms of discrimination against (1979): Antigua and Barbuda, Nov. 79; Libya, Aug. 89; Luxembourg, May 87; Madagascar, Aug. 89; Sierra Leone, Feb. 75
- Political rights, convention (1953): Antigua and Barbuda, Feb. 75; Libya, Aug. 89
- World Administrative Telegraph and Telephone Conference (Borg), Jan. 33
- World Bank. *See* International Bank for Reconstruction and Development (IBRD)
- World Intellectual Property Organization (WIPO), tax reimbursement, bilateral agreement, Mar. 93
- World Meteorological Organization (WMO), FY 90, U.S. funding, proposed (Vogelgesang), May 82
- World Trade Week, 1989, proclamation (Bush), July 51
- Wroblewski, Ann B., May 68, Oct. 49

Y

Yemen Arab Republic:
Treaties, agreements, etc., Jan. 51,
June 68
U.S. aid, FY 90, request (Burleigh),
May 66
Yilmaz, Mesut, Apr. 41
Yugoslavia:
*Foreign Relations of the United
States, Volume VIII, 1952-1954,
Eastern Europe: the Soviet*

Yugoslavia (Cont'd)

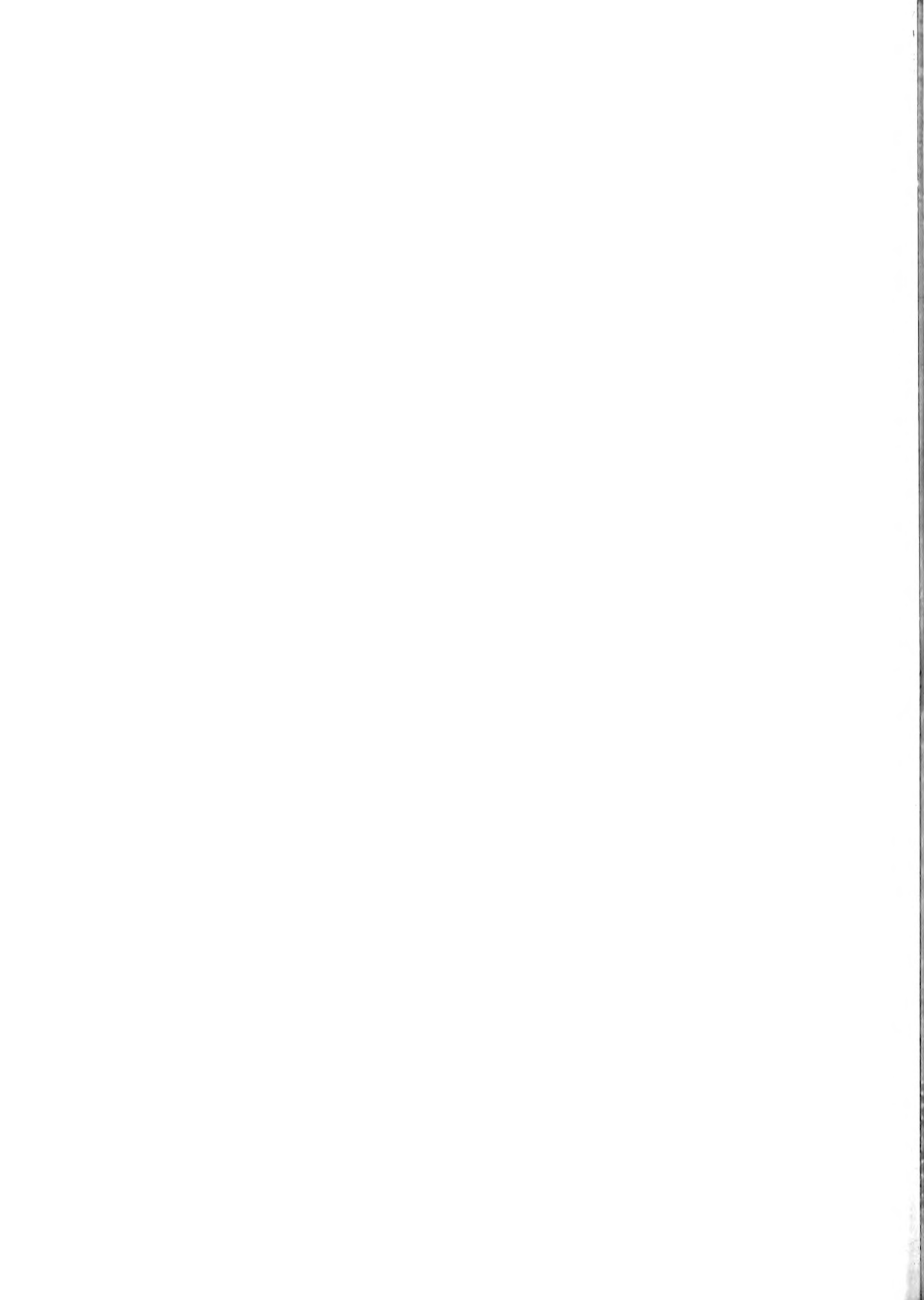
*Union: the Eastern Mediter-
ranean*, released, Jan. 53
Treaties, agreements, etc., Feb. 76,
May 86, June 69, Oct. 85

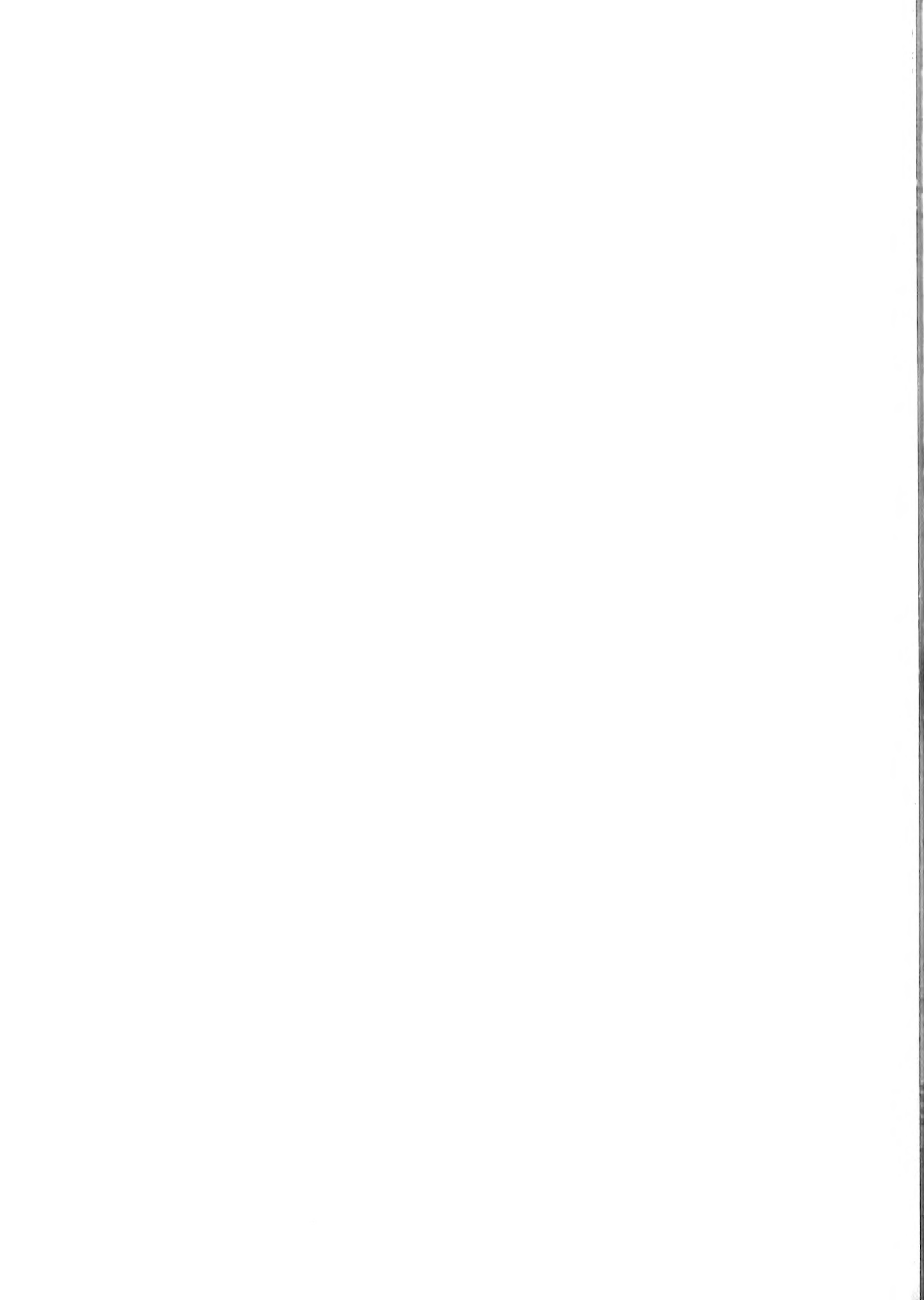
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Zaire:
Profile, Oct. 16

Zaire (Cont'd)

Treaties, agreements, etc., Jan. 51,
Sept. 94
U.S. visit of President Mobutu: Bush,
Oct. 15; Mobutu, Oct. 17
Zambia, sales of agricultural com-
modities, bilateral agreement, July
78
Zimbabwe, convention for suppression
of unlawful acts against the safety
of civil aviation (1971), May 86
Zimmerman, Warren, Mar. 25 ■



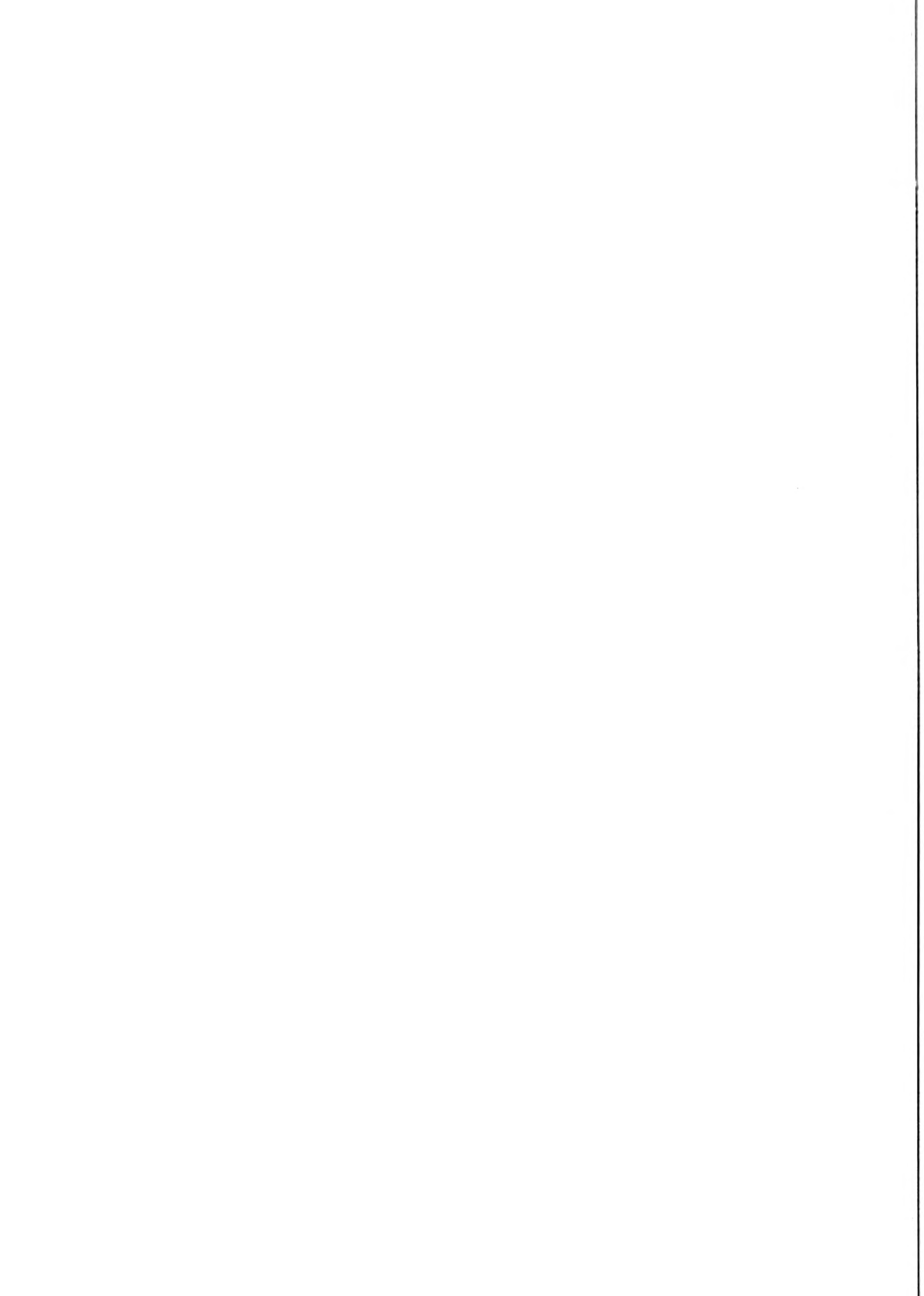


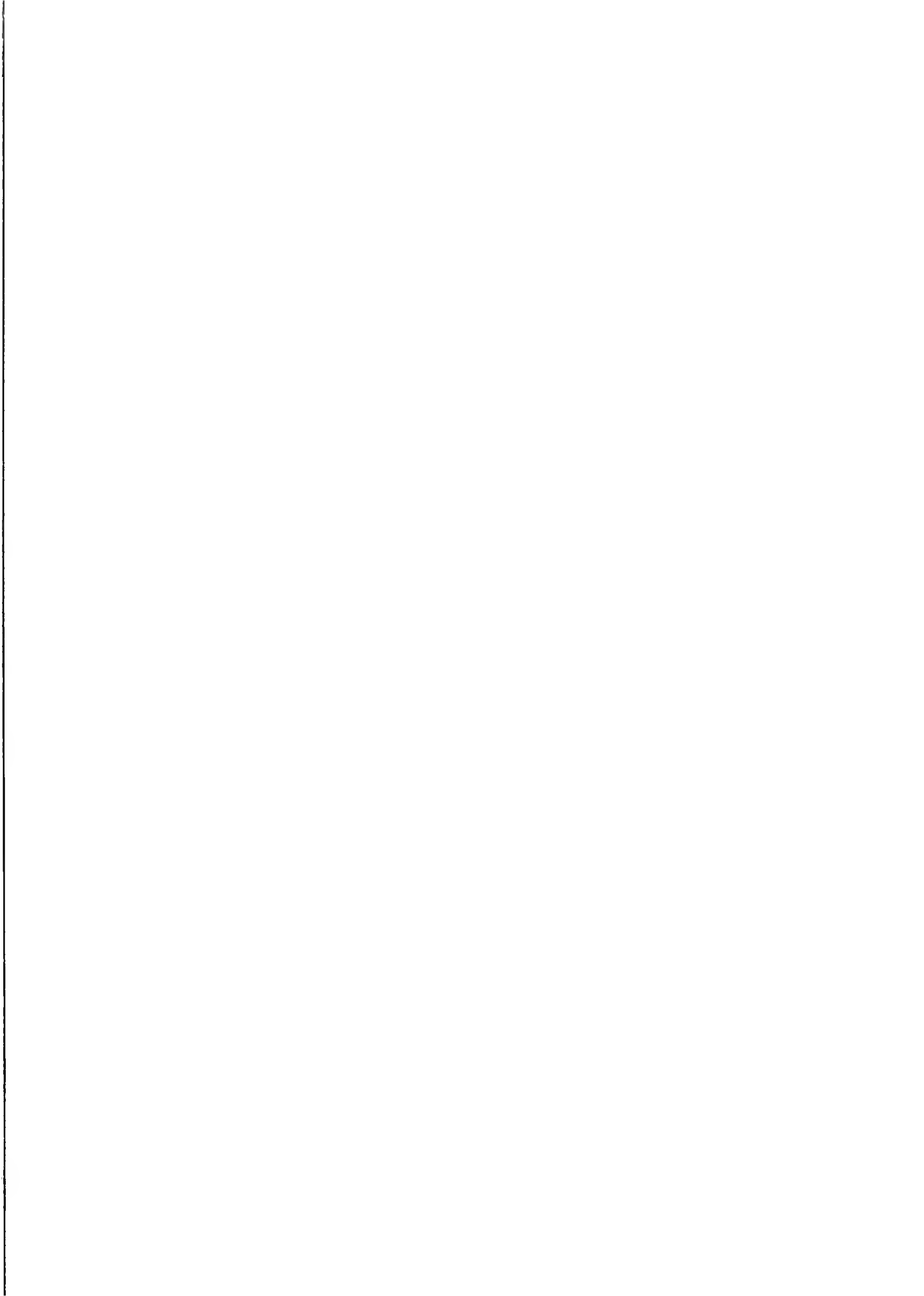
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