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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Charles (Jack) Pritchard to Sandra Kristoff, et al., re. [Visit] (34 pages)	03/24/1997	P1/b(1) KBH 10/21/2024

COLLECTION:

Clinton Presidential Records
NSC Emails
MSMail - Non-Record (Sept 94 - Sept 97) ([AIDS and Global...])
OA/Box Number: 605000

FOLDER TITLE:

[03/24/1997 - 04/30/1997]

2007-1550-F

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RESTRICTION CODES

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

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

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- b(1) National security classified information [(b)(1) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

,
MS Mail

DATE-TIME 24 March 97 17:32
FROM Pritchard, Charles (Jack) L.
CLASSIFICATION ~~CONFIDENTIAL~~
SUBJECT Hashimoto Visit [~~CONFIDENTIAL~~]
TO Kristoff, Sandra J.
Pritchard, Charles (Jack) L.
Suettinger, Robert L.
Uriu, Robert M.
CARBON_COPY NO CC's on THIS MESSAGE
TEXT_BODY

DECLASSIFIED
PER E.O. 13526
2017-0739-m (1.84)
K8H 8/19/2022

Bob U,

Are you ready to focus on Hashimoto's visit? Attached are the papers that were done for the VP's Japan trip. See if you can turn them into papers for the President. We need to use the format for Presidential meetings (different than the VPs); you can use Sep 96 (UNGA) or Nov 96 (Manila) as an example.

We probably need to task out additional papers from State, DoD, USTR, and CIA.

Once you get a handle on what we have, lets sit down with Sandy and see what we want the agenda to look like and determine where we need to go.

[[HASHVP.DOC : 4404 in HASHVP.DOC]][[JAPBILAT.DOC : 4405 in JAPBILAT.DOC]][[JPNMAG.DOC : 4406 in JPNMAG.DOC]][[JPNINFRA.DOC : 4407 in JPNINFRA.DOC]][[JPNRGION.DOC : 4408 in JPNRGION.DOC]][[JPNSCRTY.DOC : 4409 in JPNSCRTY.DOC]][[JPNTRADE.DOC : 4410 in JPNTRADE.DOC]][[JPUNRFRM.DOC : 4411 in JPUNRFRM.DOC]][[XUSDPRK2.DOC : 4412 in XUSDPRK2.DOC]]

Jack

ATTACHMENT 20 March 97 11:41

FILE DATE**ATTACHMENT
FILE NAME**

HASHVP.DOC

March 21, 1997

**WORKING LUNCH
WITH PRIME MINISTER HASHIMOTO**

DATE: March 24, 1997
LOCATION: Akasaka Palace
TIME: 12:00pm-1:00pm

FROM: LEON FUERTH

I. PURPOSE

To underscore the continued importance that the Clinton Administration in its second term attaches to Japan, and our commitment to work with the second Hashimoto administration to meet the international security, political, economic and global challenges of the 21st century. You will want to deflect any attempt to commit to troop reduction discussions now or during the Prime Minister's visit to Washington. The seriousness of the situation on the Korean peninsula and the potential disruption to the region argue forcefully that the timing is wrong for such a discussion.

II. BACKGROUND

The Prime Minister prides himself on his good relationship with President Clinton. Hashimoto and the President met five times in 1996, and the Prime Minister is looking forward to his April visit to Washington. Your meeting is an opportunity to lay the foundation for that visit. It is also an opportunity to renew your own acquaintance with Hashimoto, whom you met in 1995 in Osaka at APEC when he was Minister of

International Trade and Industry.

Hashimoto will look to his meeting with you to obtain high level U.S. reaffirmation of our close ties. Overall, our relationship with Japan is sound. Over the last few years, we have strengthened our alliance, produced significant results in improving market access for American business, and enhanced our regional and global cooperation on such key areas as Korea, China, and the Common Agenda.

We cannot be complacent, however. Management of the alliance remains delicate. Hashimoto leads a minority government which must rely on weak partners to pass legislation in the Diet, which makes it difficult to tackle controversial issues. While both governments have emphasized the equality of the partnership, the Japanese government remains sensitive to actions that might be perceived as American unilateralism, or taking Japan for granted. Furthermore, while there is broad agreement in Japan that our strategic alliance is vital, there is a growing intolerance for the accidents, crime, and noise associated with the U.S. bases and 47,000 service members. The U.S. presence in Okinawa, 28,000 service men and women including 20,000 Marines, remains a particularly sensitive political issue.

Secretary Albright's discussion of security issues during her February visit was a good tonic for a Japanese leadership and bureaucracy, some of whom have been almost paralyzed by vocal Okinawan pressure on our troop presence there. Because we have had further discussions since then on various pending security issues, mainly concerning Okinawa, Hashimoto may not raise them with you in any detail. If he does, you should tell Hashimoto that we are concerned that any discussion of force structure issues now might send the wrong signal to regional nations, given the unpredictable and unstable nature of the Korean peninsula.

Hashimoto will want to discuss our bilateral relationship and

exchange views on some foreign policy questions, particularly China and your goals for your visit there. Hashimoto will also be interested in a read-out on the President's meeting with Yeltsin in Helsinki. You will want to convey a sense of continuity in our foreign policy, underscore our commitment to a Pacific presence and our alliance with Japan, and reaffirm our intention to work closely with Japan on global and regional matters.

Your lunch with the Prime Minister follows your speech at the Global Partnership for the Environment Summit, so you may wish to highlight our mutual successes in the environmental field under Common Agenda cooperation. Japan hosts the third Conference of Parties (COP-3) to the Framework Convention on Climate Change, in Kyoto this December. Negotiations leading up to the conference are intended to produce a new agreement for addressing the effects of climate change in the post-2000 period. These negotiations, and their outcome, are the highest international environmental priority for the U.S. Japan is eager to have a successful outcome to the Kyoto meeting, and must begin to take a stronger role in shaping the agreement and achieving international consensus. Japan does not agree entirely with the U.S. protocol proposal tabled in January. In particular, Japan has urged the U.S. to reduce our demands on developing countries, arguing that such proposals could derail the negotiations. However, we believe that we have put forth reasonable positions regarding developing countries. This issue is not only environmentally important due to future growth in developing country emissions, but is crucial for domestic constituencies.

We need to build on the progress achieved in our economic relationship. Under the 1993 Framework Agreement, we have reached over 20 agreement, and U.S. exports have risen by 40 percent. Japan's current account surplus has fallen from 3.1 percent

of GDP in 1993 to 1.4 percent of GDP in 1996. However, Japan remains a relatively closed, highly regulated market, and we continue to face problems with implementation of our trade agreements. Prime Minister Hashimoto seeks deregulation, which would stimulate the economy, but politicians and bureaucrats are reluctant to endure the short-term dislocations that deregulation would bring. We are particularly concerned that PM Hashimoto's plans to cut Japan's budget deficit sharply may slow Japan's demand led growth and significantly increase Japan's current account surplus. This would risk undermining much of what we have achieved over the past four years and risk a rise in trade friction.

We need to build on the progress we have achieved in the past four years by: (1) encouraging policies that foster demand led growth in Japan; (2) encouraging PM Hashimoto's efforts to deregulate the economy in critical sectors such as civil aviation, telecommunications, financial services, and port practices; (3) ensuring full implementation of trade agreements such as our auto agreement; and (4) quickly addressing new market access concerns.

III. PARTICIPANTS

TBD

IV. PRESS PLAN

Spray at top of lunch

V. ATTACHMENTS

Talking Points

TALKING POINTS
LUNCH WITH PRIME MINISTER HASHIMOTO

Overall Relations

- ☐ Since APEC in Osaka (November 1995), have been looking forward to returning to Japan. Pleased to be here.
- ☐ Confirm President views Japan as closest ally; treaty alliance is cornerstone of our engagement in Asia.
- ☐ Underscore Administration's commitment to work closely with Hashimoto on international problems and manage any bilateral differences. Confirm we are working on the details for his visit to Washinton in April.
- ☐ Cooperation on transnational issues in order to address common threats is important.
- ☐ Our two countries, working together, can be a powerful force for peace and prosperity in the 21st century world. Will want to continue and strengthen our many areas of cooperation.

Russia -- Helsinki Summit (to be provided)

Lima Hostage Situation

- ☐ Express sympathy, understanding for the Lima hostage crisis. Convey U.S. support for Japan's strategy of dialogue with the MRTA without surrendering to the MRTA's demands.
- ☐ Note that Lima has demonstrated anew the importance of close dialogue; terrorism can best be countered in partenship with others.

Security Relations/Okinawa

- ☐ Japan alliance is fundamental to Asia-Pacific stability and prosperity. Pleased we are jointly updating it to keep it as relevant for the next 50 years as it has been the past 50 years.
- ☐ Grateful for generous Host Nation Support for U.S. forces (\$5 billion/year). Important evidence of Japanese commitment to the alliance. Helps

us maintain the
100,000 forward-deployed American presence in Asia-Pacific.

☐ Appreciate Prime Minister's leadership in managing Okinawa issues. Seek his continued support for implementation of the final SACO report on Okinawa base consolidation, including transfer of facilities now at Futenma (foo-ten-muh) Marine Corps Air Station to an off-shore location.

☐ Reaffirm U.S. commitment to conclude review of Defense Guidelines by this autumn. Important for future bilateral planning for defense of Japan and ability to rely on Japanese support for regional contingencies.

☐ Seek Hashimoto's assessment of progress toward extension of land leases for U.S. use in Okinawa.

☐ (if raised) U.S. Troop Levels on Okinawa: Marine forces in Japan maintained at certain levels because regional security situation calls for it. Force structure should be altered significantly only after the most careful consideration of the effect of any adjustment on our ability to meet our security obligations, to Japan and the region.

-- Even the public suggestion that we would consider a joint study to review the force structure would be counterproductive to our efforts to ensure our commitment to peace and stability in the region are unquestioned, particularly given the unsure situation on the Korean peninsula.

☐ (if raised) Depleted Uranium Incident: Regret the inadvertent use of depleted uranium bullets on Okinawa firing range (FYI: in 1995 and 1996, but not reported until recently). As you know we took great care to clean up the range and the incident posed no hazard. Pentagon has pledged full cooperation to address any remaining issues and establish clear procedures for future incidents. As security partners, we ask for your help in avoiding public overreaction.

Economic Relations

□ Express appreciation for Hashimoto's efforts to resolve significant trade disputes.

Need to fully implement existing bilateral and multilateral agreements.

□ We have made considerable progress on the economic front and need to work together to sustain that progress. We are particularly concerned, however, that a failure to maintain a strong domestic demand-led expansion will slow Japan's growth and significantly increase Japan's current account surplus. This would undermine much of what we have achieved together under the Framework talks over the past four years, and risk an increase in trade friction.

□ We support your desire to deregulate Japan's economy. Hope we can work together to achieve your vision of a "Big Bang" in financial services, to reach an open skies agreement in civil aviation, and to increase competition and deregulation on the telecommunications and port sectors. This will support Japanese growth as well as global prosperity.

Korea

□ We are encouraged by DPRK attendance at 5 March U.S.-ROK joint briefing on the Four-party proposal, in spite of the difficult situation created by the Hwang defection in Beijing. We place importance on trilateral talks; U.S. and ROK provided complete readout of joint briefing on 8 March to Japanese Ministry of Foreign Affairs personnel in New York.

□ Mention U.S. contribution of \$10 million for humanitarian food aid for North Korea in response to UN World Food Program appeal, and the ROK's \$6 million pledge. Encourage Japan to contribute as important to joint strategy on North Korea (notwithstanding flurry of renewed Japanese unhappiness about past record of

North Korean misdeeds -- kidnapping of 13 year old school girl twenty years ago).
Anticipate a second WFP appeal for food aid following WFP head's recent visit to
North Korea; focus should be on children 6 years and under.

☐ Encourage Japan to work urgently with ROK on the Light Water Reactor project to
reach agreement on funding LWR construction; site preparations scheduled for this
spring.

China

☐ Preview your visit to Beijing. Remember Hashimoto views China as greatest
challenge to region.

☐ Deng's death will bring no immediate change.

☐ Beijing will wish above all to protect an image of continuity and stability during Hong
Kong's reversion and the period of preparation for the Party Congress this fall;
maneuvering for political advantage will almost certainly be well hidden from public
view.

☐ We expect a continuation of the present pattern of U.S.-PRC relations: mutual
commitment to developing areas of common interest, with continued difficulties over
specific issues.

☐ Jiang not likely, however, to show great flexibility in foreign policy during a period of
focus on major personnel decisions.

Diplomatic Relations/Political Cooperation

☐ Convey belief that our two countries, working together, can and must be a powerful
for for peace and prosperity in the 21st century world.

☐ Stress growing importance of global issues which transcend borders -- environment,
population, health, education, crime, narcotics, terrorism.

☐ Encourage continued cooperation in strategic political and diplomatic situations

around the world: China, Korea, Middle East, Bosnia, Africa.

UN Reform Issues

☐ Emphasize strong U.S. support for Japanese permanent UNSC membership, a reflection of our confidence in Japan as a global, not just regional, partner. Stress that to safeguard its decisionmaking, we cannot accept a Council larger than 20 or 21 members.

☐ Explain our plan for payment of arrears to the UN and other international organizations; seek support for 5% budget cuts in major international organizations, lower U.S. assessment for the UN and other major international organizations and for peacekeeping budgets.

Common Agenda/Climate Change

☐ The global issues which transcend borders -- environment, population, health, education, crime, narcotics, terrorism -- are growing more and more in importance. We need to continue to work together in various fora to address these challenges.

☐ We have good reason to be pleased with the many achievements of the Common Agenda. Under Secretary Wirth is looking forward to co-hosting the upcoming Plenary in Washington, D.C. (May 22) with Deputy Foreign Minister Ogura.

☐ We look forward to working with Japan to move the climate change negotiations forward, including continuing bilateral talks, toward a successful conclusion in Kyoto.

☐ We believe the Kyoto agreement must include appropriate action by developing countries to advance the implementation of their existing treaty commitments. Without specific and effective provisions in this area, the U.S. will be unable to participate in the agreement.

☐ We hope your officials will hold discussions on this subject

with developing countries, particularly those in Asia, to reemphasize the global nature of the climate change problem and to urge a constructive approach to the question of developing country commitments to reduce emissions.

APEC (if raised)

- ☐ We want economic cooperation in APEC both to advance trade and investment liberalization and facilitation, and to remove structural obstacles to growth.
- ☐ Challenge this year is to produce tangible deliverables that affect business' bottom line, for example by developing safe, efficient capital markets, improving infrastructure, or streamlining customs procedures.
- ☐ That means involving the private sector more directly as an equal partner in developing and implementing initiatives.
- ☐ Japan, which contributed so much to success at Osaka, needs to be actively involved.

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20 March 97 11:56

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U.S.-JAPAN BILATERAL ISSUES

Our overall relationship is fundamentally sound, thanks in

large part to U.S. initiatives over the last four years. We want to maintain the momentum on defense cooperation and market opening, raise the profile of the Common Agenda, consult closely on regional matters, and prod the Japanese for greater cooperation in emissions reductions negotiations.

SECURITY

Force Structure: Some in the GOJ continue to show interest in reducing the Marine presence in Okinawa. In her February 23-24 visit, Secretary Albright told PM Hashimoto that while we will remain sensitive to Okinawan concerns, we expect to maintain current force levels in East Asia. She also reminded Hashimoto that our troops in Japan are a vital part of the Asian security system and the alliance serves both U.S. and Japanese interests, as well as regional peace and stability. Additionally, senior DoD officials have told Japanese visitors to Washington that any discussion of reductions in force levels is premature and unwise because of the situation on the Korean peninsula. Hashimoto is reported to have told the press that he will not request a review of force in Japan when he meets with the President, but that such a review at some point is natural.

SACO Implementation: The key issue in implementing the December 2, 1996 Report of the Special Action Committee on Okinawa (SACO) is the location for the off-shore facility to replace Futenma Marine Corps Air Station. We must maintain pressure while being sensitive to the delicate relationship between Okinawa and the central government.

Okinawa Land Leases: Okinawa Governor Ota has refused to pressure a slow-moving Prefectural Committee considering extending 3,000 land leases covering parts of U.S. facilities. Our role is limited to expressions of concern to

ensure the GOJ pushes ahead with the leases. The GOJ intends to introduce legislation to permit the extension of the leases, which expire May 14. Ministry of Foreign Affairs personnel advocated a potential review of U.S. forces in Japan as a means of providing a political trade off to gain support for pending expropriation legislation. This is a short-sighted, domestic issue that should be rebuffed at every opportunity.

Review of Defense Guidelines: The Security Declaration at the April 1996 Summit committed both countries to revise our bilateral Defense Guidelines to allow greater military cooperation in Japan's defense and in response to regional contingencies such as one on the Korean peninsula. The issue is politically sensitive and the GOJ is responding very slowly. We need to keep the pressure on. The goal is to complete work on the guidelines by Fall, 1997.

ECONOMIC

Civil Aviation: We seek to replace the 1952 agreement with one preserving U.S. carriers' existing rights and expanding access to Japan and beyond. Japan opposes our Open Skies proposal which would benefit consumers and firms in both countries with increased efficiency and innovation.

Deregulation: We need to encourage the GOJ to take concrete actions on deregulation, focusing on areas where U.S. firms are competitive like imported housing, telecommunications and financial services.

Port Practices: To compel the GOJ to eliminate the monopoly of the Japan Harbor Transportation Association over port management, our Federal Maritime Commission (FMC) has announced \$100,000 sanctions on Japanese container ships when they call at U.S. ports, effective April 14 unless reforms

are made. Restrictive port practices raise costs for U.S. and Japanese carriers as well as for other businesses.

WTO Film Case: This could be our most important WTO case this year. It addresses GOJ toleration of anti-competitive business practices restricting access to Japan's photographic film and paper market. The WTO decision is expected in September.

Implementation of Bilateral/Multilateral Agreements: High level officials must continue to emphasize the importance we attach to full implementation of trade agreements to stave off Japanese backsliding. Key sectors we are watching include telecom, autos, and construction.

ENVIRONMENTAL

The Common Agenda: The next Common Agenda Plenary will be held May 22 in Washington and will be co-chaired by U/S Wirth and MOFA VM Ogura. New areas for possible inclusion include work in climate change observation facilities worldwide, which Japan proposes to fund with as much as \$5 billion, and a joint oil spill study in light of the January shipwreck of a Russian oil tanker off the coast of Japan.

COP-3: We have discussed jointly preparing for negotiations to adopt a protocol on greenhouse gas emission reductions at the Conference of the Parties to the UN Framework Convention on Climate Change (COP-3), scheduled for December 1-12 in Kyoto. Japan's inability to develop internal consensus has allowed its leadership in international negotiations to drift. We need to stress the urgency of bringing our two draft protocols together.

DIPLOMATIC

Japan works closely with us on international matters,

especially those in Asia. Regionally, Japanese cooperation has been most important in KEDO and related activities with North Korea. Japan is also active -- primarily as a financial contributor -- in Bosnia reconstruction, and helpful in the Middle East Peace Process, African humanitarian crises, Latin American development, and Afghanistan.

United Nations: Japan would like recognition as a global player and seeks a permanent seat on the UN Security Council, an objective the U.S. supports. We also need Japan's support for our UN reform proposals, including budget cutbacks in the UN system and a lower U.S. share of the UN budget, which will entail a higher share for Japan. The U.S. supports permanent membership for Japan and Germany on the UN Security Council, and we are working with both countries to develop international support for such an initiative. Any lowering of the United States' UN assessment would likely cause Japan's to increase, a burden the GOJ appears unlikely to be willing to accept without clear progress toward permanent status on the Security Council.

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20 March 97 12:18

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JAPAN: COMMON AGENDA

President Clinton and Prime Minister Miyazawa launched the Common Agenda for Cooperation in Global Perspective ("Common Agenda") in July 1993, as part of the Framework for a New Economic Partnership. The Common Agenda Plenary meets regularly, under the leadership of U/S Wirth and MOFA Vice Minister Ogura, and issues a joint report to the

President and the Prime Minister. The next Common Agenda Plenary will be held May 22 in Washington.

Under the Common Agenda, we are cooperating on more than two dozen initiatives covering a broad range of the world's most pressing global problems such as health, rapid population growth and the environment. The Common Agenda is an important symbol of the broad based nature of U.S.-Japan relations and further demonstrates our ability to cooperate on solving difficult transnational issues.

Both the USG and the GOJ are pleased with the concrete accomplishments under the Common Agenda and its role in strengthening the bilateral relationship. GOJ officials regularly watch to see whether our side raises the Common Agenda in bilateral discussions and attach much importance to our continued attention to the Common Agenda in bilateral discussions on U.S.-Japan relations.

Under the Common Agenda, the U.S. and Japan have launched joint conservation efforts in Indonesia and the Philippines. In Indonesia, we have jointly-funded a biodiversity center. We are also working together to protect nature reserves in five Central American and Caribbean countries through the Parks in Peril Program. Together with other international partners, we have galvanized world support for the International Coral Reef Initiative, a program aimed at protecting and conserving these valuable marine resources.

In light of the devastation recently caused by earthquakes in Japan and California, we are working together to improve earthquake forecasting and warning, to mitigate the damage caused by earthquakes and to improve the design and construction of buildings. The second U.S.-Japan

earthquake policy
symposium will be held in Japan in the fall.

On the health front, we are working with longstanding programs to eradicate polio worldwide by the year 2000. We are also funding a project to enhance the availability of children's vaccines in the developing world. We are working closely on rapid population growth and HIV/AIDS programs in Bangladesh, Kenya, the Philippines and Indonesia.

Pending the results of negotiations between now and the visit, we expect the Vice President will be able to discuss new areas of environmental cooperation under the Common Agenda.

Japan's Science and Technology Agency is considering supplying over \$5 billion during the next five years to fund climate change research facilities worldwide. As envisioned by the Japanese, this would begin as a bilateral effort involving, among others, the Universities of Hawaii and Alaska. The Embassy is probing the GOJ to determine if this cooperation can be announced as part of the Global Observation Information initiative under the Common Agenda during the Vice President's visit.

After the disaster caused by the shipwreck of a Russian oil tanker off the coast of Japan in January, Japan has indicated a desire to jointly study oil spills. This cooperation could begin in the form of joint monitoring of Prince William Sound (the site of Exxon Valdez) and the Sea of Japan as well as by inviting Japanese scientists to visit NOAA's Hazardous Materials Division in Seattle to see its computer modeling of oil spill movement. We are working to see if an announcement of joint cooperation under the Common Agenda can be made during the Vice President's visit.

As a result of the Lima hostage crisis, Japan has expressed an interest in further strengthening counter-terrorism cooperation. Also pending resolution of the standoff in Lima is our shared priority for expanding collaboration in Latin America. Successes in the region--civil society and democracy in El Salvador, alternative crop development in Peru, girls education in Guatemala--make us optimistic that this is an area of significant opportunity for the future.

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20 March 97 12:0

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DECL: 3/11/02

JAPAN: GLOBAL INFRASTRUCTURE ISSUES

Global Positioning System

Last year Vice President Gore announced our policy directive on the management and use of the Global Positioning System (GPS). (This part of the Global Information Infrastructure uses satellite data to provide a precise location anywhere on the earth.) We seek to promote the civilian use of this system worldwide. We are discussing technical, national security, and commercial issues in separate talks with the Japanese, Europeans and Russians. We intend to propose a bilateral agreement on cooperation with Japan at the next talks tentatively set for late April.

Encryption

U.S. cryptography policy seeks to protect the privacy of electronic communications and data, promote development of electronic commerce and the Global Information Infrastructure, and ensure lawful access to these protected items on national security or law enforcement grounds. On October 1, 1996, the Vice President announced an encryption policy initiative that would establish a Key Management Infrastructure (KMI) designed and built by the private sector. In such a plan, encryption users would deposit a copy of their key with a trusted private or government entity who provides the key to the user or to authorized law enforcement officials. The Administration is drafting legislation to implement this system. Although the GOJ is sympathetic to our aims, Japan's laws strictly protect individual privacy. An international encryption agreement could, however, make key recovery more palatable domestically in Japan. We are discussing Japan's idea to hold an export control experts' meeting soon with key countries. Japan has also suggested addressing the encryption issue in the G-7/P-8 process.

International Space Station

Japan is contributing more than \$3 billion to develop the International Space Station. This contribution, which is managed and integrated by the National Space Development Agency (NASDA), will fund a pressurized laboratory module with an attached exposed facility and remote manipulator system. While the other non-US partners (Russia, Europe, and Canada) are having budget shortfalls, cost overruns, or both, the Japanese have made steady progress in developing the components. They are concerned that the Russian Space Agency's funding problems may cause the date for beginning on-orbit assembly of the space station to slip well beyond the current target of November, 1997.

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20 March 97 12:16

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Classified by: National Security Advisor to the Vice President

Reason: 1.5(d)

Declassify on: 3/6/2007

JAPANESE PERSPECTIVE ON REGIONAL ISSUES

Japan's greatest national security preoccupations are China and the Korean

Peninsula. Despite strong economic ties with China and South Korea, and shared

concern about North Korea, Japan's relations with its two continental neighbors are

burdened with historical, political and territorial problems, as well as incipient strategic

rivalry. Relations with Russia are complicated by Russian occupation of an island

group north of Hokkaido, the "Northern Territories." Japanese relations with the

Southeast Asian countries are better, and there are no territorial issues.

China: Japan is both fascinated with and wary of China. The Japan-China economic

relationship, and Japan's huge Overseas Development Assistance (ODA) loan

program, cushions periodic bumps in political relations, since China identifies Japan's

market, and technology and aid, as crucial to Chinese economic success. Although

fairly sanguine about the short to medium term, Japan is wary of identifying China as

anything other than a potential long-term security problem.

China's nuclear tests,

military modernization program, attempted intimidation of Taiwan, actions in the

Spratleys, continuing evocation of World War II and portrayal of a potentially

remilitarized Japan as an adversary of China, and competing claim to the Senkaku

("Diaoyu" in Chinese) islands cast a new light of concern, in Tokyo's eyes, on China's

rapid economic growth.

Japan welcomes U.S. efforts to improve ties with China, but requires constant reassurance that the United States is not neglecting Japan. Therefore, the GOJ places great value on frequent and detailed consultations with the U.S. at all levels on policy toward China, their key strategic rival. The U.S. would like greater Japanese support on human rights and non-proliferation issues involving China.

Korean Peninsula: Japan views North Korea as its most dangerous short-term threat. Although its concerns have moderated greatly since the signing of the U.S.-DPRK Agreed Framework in 1994, Japan remains worried about political instability in North Korea and the DPRK's No-dong missiles, which can reach Japanese territory. Japan relies heavily on the U.S. presence in South Korea to contain this security threat and closely coordinates its Korean Peninsula policies with those of the U.S.

Accordingly, Japan has strongly supported the Korean Peninsula Energy Development Organization (KEDO), the Agreed Framework, which terminated North Korea's nuclear weapons development program, and the Four Party process. Japan-South Korea relations are cooperative, despite historical difficulties, a sovereignty dispute over the Liancourt Rocks (Takeshima/Tok-do islands), and bilateral differences on fisheries and exclusive economic zones.

Further timely and generous Japanese financial backing for the North Korean light water reactor project will be crucial to keep the KEDO program viable and on schedule. Careful bilateral coordination with Japan and with the ROK to deal with food shortages and other dangerous developments in North Korea must be continued.

Russia: Japan's Russia policy is moving slowly beyond a sole focus on the Northern Territories issue. Japan recognizes the international community's interest (and its own)

in supporting development of a democratic and prosperous Russia.
It wants to see
Russia continue its cooperative engagement in the international
community rather than
lapse into a purely nationalistic pursuit of self-interests.
Japanese apprehension about
China boosts interest in Russia as a possible counter-weight.
Actual and potential
Russian sales of arms and military technology to China are of
concern to Tokyo. Japan
has paid increasing attention to NATO-Russia discussions and
possible Asia security
implications of a NATO-Russia Charter, specifically impact on
Russian Far East military
deployments.

In the early 1990s, Japan agreed on a USD four billion dollar
framework for
investment in Russia, and government-to-government agreement have
been reached
on a USD 400 million first tranche of Exim Bank funding. Even
here, however, there
have been problems in finalizing concrete projects, and economic
ties are still relatively
weak. At this critical juncture for Russia, we hope that Japan
will continue to find ways --
including increased trade and investment -- to further the
process of economic reform
and Russia's integration into international economic
institutions.

Southeast Asia: Japanese trade with and investment in Asia --
especially the
Southeast Asian "tigers" -- is growing at an increasingly rapid
rate. During a January trip
to five ASEAN countries, Prime Minister Hashimoto tried to
balance those economic ties
with a call for closer regional coordination in Common
Agenda-like non-economic areas:
environment, cultural exchanges, counter-terrorism cooperation,
food and energy
shortages, and health and welfare issues. In a policy speech
delivered during the trip,
Hashimoto also proposed annual Japan-ASEAN summit meetings for
broader and
deeper exchanges, an idea which the ASEAN countries appear to be
considering.
Hashimoto also touched lightly on Burma human rights, but Japan
is not as concerned
as we are about Burma's accession to ASEAN. Japan is an active

participant in the ASEAN Regional Forum (ARF) which aims at greater regional security dialogue and military transparency. Still, the legacy of Japan's role during the Second World War continues to place limits on its acceptance as a regional leader.

ATTACHMENT
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20 March 97 12:15

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JPNSCRTY.DOC

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~~SECRET~~

JAPAN: U.S.-JAPAN SECURITY ARRANGEMENTS

The U.S.-Japan security relationship is in good shape -- the result of last April's summit and more than two years of high level attention in Tokyo and Washington. Our defense relationship, including forward military deployments, makes Japan central to the United States' strategy in the Asia-Pacific region. Governments in the region generally see the U.S.-Japan partnership as key to political and military stability and to economic prosperity in the region, although China has expressed concern that the U.S.-Japan Security Declaration is a vehicle to "contain" China. The U.S. forward deployment strategy in East Asia relies on our bases in Japan. At present about 47,000 U.S. military personnel are stationed in Japan. The Japanese Government provides about \$5 billion a year in host nation support (HNS), about 70 percent of the cost of maintaining U.S. forces in Japan.

Common Strategic Goals

The United States and Japan share major strategic interests and concerns in the region. Both seek continued stability on the Korean Peninsula and the faithful execution of the Agreed Framework. We both

encourage China
to play an active, constructive role in the international
community. China and
Japan dispute the sovereignty of the Senkaku ("Diaoyu" in
Chinese) islands. We
do not side with either country on the relative merits of
their competing
sovereignty claims. Japan continues to view Russia's
presence in Northeast Asia
warily, in part as a result of the lack of a Russo-Japanese
peace treaty and
Russia's occupation of the Northern Territories. We support
Japan's position on
the latter issue.

Current Review of the 1978 U.S.-Japan Defense Guidelines

At the April 1996 Summit in Tokyo, President Clinton and
Hashimoto
signed a joint Security Declaration reaffirming the
bilateral alliance. The
Declaration noted areas of continued tension in the region
and underscored the
importance of the U.S.-Japan security relationship to both
countries and to
regional peace and stability. The two leaders agreed to a
Review of the 1978
U.S.-Japan Defense Guidelines and to closer policy
coordination on situations
around Japan that would have an important influence on
Japan's security (e.g.,
the Taiwan Strait). The review was formally established in
late June and is
scheduled to be completed in Fall, 1997.

The U.S. objective for the Guidelines review is to provide
the underlying
political authority for bilateral military planning both for
U.S. military operations in
regional contingencies and for the defense of Japan.
Japan's Constitution and
the provisions contained in Article 9 ("Renunciation of
War") have not been --
and will not be -- a subject of this Guidelines discussion.
In bilateral workshops

and meetings, we are identifying specific support we would want from Japan in a Korean contingency, but the issue is politically sensitive and Tokyo is responding very slowly. We need to keep the pressure on.

Progress on SACO

The Security Declaration also endorsed the then ongoing work of the Special Action Committee on Okinawa (SACO), which completed its work in December and announced substantial consolidations of U.S. bases in Okinawa. Eleven U.S. bases will be returned, in whole or in part. The returned areas total 12,000 acres, more than 21 percent of the land now used by U.S. forces in Okinawa. We agreed to complete a detailed implementation plan for the return of Futenma Marine Air Corps Station within a year and to return the base, after adequate replacement facilities are finished, within seven years. The SACO Final Report states that the replacement for Futenma will be a sea-based facility on the east side of Okinawa. Japan is committed to designating a site early this year, but its coordination with Okinawa Prefectural authorities and local communities is complicated by the domestic political scene and Okinawa's desire to extract concessions from Tokyo in exchange for its cooperation on base issues. We must maintain pressure while being sensitive to the delicate relationship between Okinawa and the central government.

Another Okinawa problem looms this spring. Okinawa Governor Ota may once again refuse to renew base leases in the face of opposition from anti-base land owners. On May 14, 3,000 leases that cover large parts of Kadena Air Base and other facilities will expire. The GOJ plans to seek special legislation to shift control of the renewal process to the central government from the prefecture, but will face strong opposition in the Diet. Our role is limited to

private expressions of concern to ensure the GOJ pushes ahead.

Theater Missile Defense (TMD) is a controversial issue in Japan because of worry about China's reaction, concern about the high cost, technological uncertainties, and opposition from the left. We (largely DOD) have engaged the GOJ in technical, office-director level exchanges on this issue for the last two years.

Japan is unlikely to decide to get on board this year, when JDA completes its study of the issue, but prospects are good for an agreement that will allow Japan to build many aspects of TMD under the rubric of enhanced air defense.

**ATTACHMENT
FILE DATE**

20 March 97 12:17

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JPNTRADE.DOC

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JAPAN: BILATERAL TRADE ISSUES

U.S. trade policy has aimed at opening Japan's markets, so that foreign firms can compete on an equal footing. The Framework Agreement, signed by President Clinton and PM Miyazawa in 1993, governs our bilateral trade relationship. We have negotiated 23 Framework agreements since then. Despite recent successes in insurance, semiconductors, extending IPR protection, and distilled spirits, Japan remains a difficult market. Government regulations and restrictive private business practices impede entry and expansion. We are pressing Japan to implement existing agreements and to deregulate its economy. Full implementation of bilateral and multilateral agreements is key. High level officials must continue to emphasize the importance we attach to the U.S.-Japan economic agenda to stave off Japanese backsliding.

Civil aviation is the most pressing bilateral issue we face in the coming months. We seek to replace the 1952 agreement with one preserving our existing rights and expanding access of U.S. carriers to Japan and beyond. The Japanese consider the present agreement an occupation era relic unbalanced in our favor because, they allege, certain U.S. carriers abuse their unlimited rights to fly beyond Japan to other points in Asia. We have proposed "open skies" with safety and security as the only constraints on operations. An "open skies" agreement, although unlikely, would greatly benefit consumers and firms in both countries by increasing competition, efficiency, and innovation. The March 4-6 talks were a useful exchange, but a significant gap remains. Further meetings are planned later this spring.

Our dispute over Japan's port practices also has a short fuse. On February 26, the U.S. Federal Maritime Commission (FMC) announced sanctions of \$100,000 per entry from abroad on Japanese-owned or operated container ships, effective April 14. The FMC is seeking to compel the GOJ to eliminate the monopoly of the arbitrary and corrupt Japan Harbor Transportation Association (JHTA) over port management and stevedoring, an issue we have raised since 1982. The FMC's concerns include: 1) restrictions on granting stevedoring licenses that shield the JHTA and its members from competition, and 2) JHTA arbitrary requirements for "prior consultations" on even minor aspects of vessel operations. These practices raise costs and reduce the efficiency of all shippers. The GOJ has asked us to remove the sanctions, but we are insisting on concrete progress.

Deregulation has also been a focus of our attention, but progress has been slow. Though Prime Minister Hashimoto has said deregulation, which would stimulate Japan's sluggish economy, is a priority, Japanese bureaucrats and politicians have resisted the short-term dislocations deregulation would bring. We can make an

impact by focusing high-level attention on special areas of interest to U.S. companies, such as telecommunications, financial services, imported housing, distribution, and transportation.

Government procurement practices in Japan are a concern. Some government entities have shielded procurement from open bidding despite existing WTO and bilateral agreements, particularly in telecom, satellites, and construction. For example, ensuring that foreign firms can bid on Chubu airport construction projects would be a major step forward. The GOJ needs to ensure that its National Policy Agency addresses the exclusion of a major U.S. firm from a telecom procurement and adheres to applicable agreements in the future.

We have several concerns regarding telecom market access. Nippon Telephone and Telegraph (NTT) maintains monopoly control over Japan's local phone service and equipment and dominates long distance service. Because NTT's progress in increasing purchases from foreign firms has not been adequate, we will seek renewal of our NTT procurement agreement in the fall. Although the GOJ maintained its cap on foreign investment in telecom firms at 20% in the WTO Global Basic Telecom Agreement, it promised to reconsider. In response, we have recommended that the FCC delay issuing licenses to NTT and another Japanese firm for long-distance service from the U.S. to third countries.

We have filed a case in the WTO regarding access problems in Japan's photographic film and paper market. This case promises to be our most important at the WTO this year and will highlight GOJ toleration and promotion of anti-competitive business practices. If we can break the stranglehold on the distribution sector, U.S. and other foreign firms will be able to compete on a more equal basis in Japan. A WTO decision is expected by mid-September.

Implementation of the 1995 Auto/Auto Parts Agreement has been generally good, but some problems remain, including the low number of new dealer outlets and inadequate deregulation in the replacement parts market. As our bilateral trade deficit with Japan worsens with the weaker yen, attention to this sector is likely to rise.

ATTACHMENT
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20 March 97 11:57

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~~CONFIDENTIAL~~/EXDIS
DECL:3/4/06

UN SECURITY COUNCIL REFORM

The pace of UN Security Council reform efforts is intensifying: Germany and Japan have stepped up their campaigns to gain permanent seats and would like to see progress by the end of this year; and UNGA President Razali hopes to have the UN's Open-Ended Working Group on UNSC expansion conclude its work by this summer (it has been working the issue for several years, but has made little headway). Widespread disagreement continues on size and composition issues, as well as on the rights and prerogatives of existing permanent members and possible new permanent members. These disagreements, focused on the number of new permanent seats and on veto rights, make any acceptable expansion formula unlikely in the near term; gaining the necessary two-thirds UNGA majority for amending the UN Charter will be an arduous process.

USG support for Germany and Japan has produced a growing acceptance of them as appropriate candidates for permanent seats. However, many countries assert that if the two become permanent members, the UNSC must be made "more

representative"
by expanding it further to include members from other regions, in particular, the developing world.

The U.S. position is clear and of long standing: we do not want Charter changes to affect Perm Five status and prerogatives; we want to preserve UNSC effectiveness; we support Germany and Japan as new permanent members; we believe the world's regions should be fairly represented, without making the Council large and unwieldy (a Council of 20 would be acceptable); we are open to ending the restriction on self-succession by non-permanent members; and we support further procedural changes to increase transparency and broaden opportunities for non-members. We have taken no position on extending veto powers to Germany and Japan.

While pleased with our support, the Japanese have increasingly made a linkage between UN financial reform (our priority), which would result in Japan's paying more, and Tokyo's quest for permanent membership, pointing out that it will be difficult for the GOJ to "sell" increased costs to the Japanese public absent progress on increased status. Secretary Albright recently reiterated our firm backing for Japanese permanent membership, but warned that Japan must take the lead in making its case. In discussions with GOJ officials, it is useful to restate our support for Japanese permanent membership, underscore the need to avoid increasing Council size to a point that would render the UNSC ineffective, and to exchange thoughts on how to give impetus to the UNSC reform process.

ATTACHMENT
FILE DATE

20 March 97 13:46

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FILE NAME

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U.S.-DPRK BILATERAL RELATIONS

Our North Korea policy is designed to reduce the DPRK threat to ourselves and our allies and to encourage North Korea to become a responsible member of the international community. The U.S.-DPRK Agreed Framework, signed in October 1994, is the foundation of this strategy. Under the terms of the agreement, North Korea has frozen--and eventually will dismantle--its indigenous nuclear program. In return, the U.S. agreed to create an international consortium, the Korean Peninsula Energy Development Organization (KEDO), to provide the DPRK with two proliferation-resistant light-water reactors (LWRs). KEDO is also obligated to provide the North with heavy fuel oil until the first reactor is complete.

The Agreed Framework calls for the eventual full normalization of U.S.-DPRK relations as progress is made on issues of concern to both sides. Among the main issues of concern to us are reducing tensions on the Peninsula, improving inter-Korean relations, ending DPRK missile programs and exports, and recovering the remains of Korean War-era MIAs in the DPRK. The DPRK hopes that improved ties with the U.S. will weaken the U.S.-ROK alliance and bring it economic benefits.

During the negotiation of the Agreed Framework, we made clear to the DPRK that inter-Korean dialogue is essential for the long-term stability of the Korean Peninsula. We have assured South Korea that U.S.-DPRK relations will not improve significantly without an improvement in North-South relations. To this end, Presidents Clinton and Kim in April 1996 proposed Four Party peace talks to reduce tensions and establish a permanent peace mechanism to replace the 1953 Armistice. The DPRK is conditioning acceptance of Four Party talks on U.S. and South Korean commitments to provide large quantities of food aid.

On March 7, U.S. and DPRK delegations met in New York to discuss the full range of issues in our bilateral relations. The DPRK urged that the U.S. provide more food aid and lift economic sanctions; we stressed that DPRK agreement to Four Party talks could be key to meeting some of these DPRK needs. The DPRK indicated a willingness to be forthcoming on three issues of particular interest to us: the recovery of the remains of Korean War-era MIAs; discussions to constrain DPRK missile programs and exports; and the exchange of liaison offices. At the meeting, we also raised our concerns on human rights and counterfeiting.

In July 1996, a team of U.S. military specialists conducted the first U.S.-DPRK joint operation for the recovery of the remains of Korean War-era MIAs. This team recovered one set of remains, which has since been positively identified and returned to the family. A second recovery operation scheduled for September 1996 was postponed after the submarine incident. Last month, we proposed a set of "next steps" on remains recovery, including an immediate visit to the DPRK by a U.S. archival research team and additional recovery operations. We also requested access to Americans living in North Korea. This includes people who defected decades ago; their presence may be the source of press reports of live POWs from the Korean War, the existence of which the North absolutely denies

The DPRK produces and exports SCUD missiles and is developing longer-range systems that we are concerned may also be exported to the Middle East.

In April 1996, U.S. and DPRK officials met to discuss for the first time our concerns about DPRK missile issues. In that meeting, we proposed two freezes, one on development and domestic deployment and another on exports of missiles and related technology. The DPRK agreed to discuss an export freeze, but would not consider freezing development and domestic deployment, which it described as necessary for

self-defense. However, in a U.S.-DPRK bilateral meeting in New York March 7, the North Koreans hinted that, with progress in removing sanctions and otherwise improving bilateral relations, they might discuss missile development as well. We also raised concerns about the North's chemical weapons program, and proposed another round of missile talks as soon as mutually convenient.

We are committed under the Agreed Framework to exchange liaison offices with the DPRK--the lowest level of diplomatic representation--as soon as technical and consular issues are resolved. We have been at an impasse for more than a year because of the DPRK's refusal to honor a commitment, made in December 1994, to allow us to supply our liaison office via the DMZ. On March 7, we proposed an interim solution, under which the U.S. and DPRK could have two diplomats in each other's capital for a limited time, working to resolve pouch transit and other issues related to the establishment of liaison offices; the DPRK has not accepted this proposal.

Until the signing of the Agreed Framework, U.S. economic sanctions against the DPRK prohibited any commercial activity between the two countries. Since then, we have taken a few modest sanctions-easing steps in response to progress on issues of concern to us. The DPRK is pressing for additional sanctions relief, particularly to permit investment in its agricultural and mining sectors and in its newly established Free Trade Zone. We have said we will consider additional steps as progress is made in the Four Party talks, bilateral missile talks, and other issues of concern to us.

Due to the severe food shortage in the North, the U.S. has provided the UN World Food Program (WFP) with \$18.5 million in food assistance for North Korea in the past two years. (In the same period, the ROK provided the DPRK with \$230 million in food aid, although mostly in 1995; ROK response to the WFP appeals has been \$9

million over the past two years). Our assistance was given on a strictly humanitarian basis, independent of other policy considerations; nonetheless it has improved the political atmosphere on the Peninsula. We are confident the WFP, which has on-site monitors, is doing all possible to ensure the food reaches only the intended civilian targets.

M S M a i l

DATE-TIME 27 March 97 18:52
FROM Lee, Malcolm R.
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: Pls Clear: Must Go Proclamation [UNCLASSIFIED]
TO Abdulmalik, April B.
CARBON_COPY NO CC's on THIS MESSAGE
TEXT_BODY

From: Lee, Malcolm R.
To: Kreczko, Alan J.; Danvers, William C.
CC: /R, Record at A1; Kyle, Robert D.; @LEGISLAT-Legislative Affairs;
@LEGAL
- Legal Advisor
Subject: Pls Clear: Must Go Proclamation [UNCLASSIFIED]
Date: Thursday, March 27, 1997 06:51 PM

[[2115A.DOC : 4639 in 2115A.DOC]][[2115B.DOC : 4640 in 2115B.DOC]]

Just got this proclamation from USTR. Exec Sec says they have to have it by noon Friday. Must be issued by April 1. Justice clears, USTR has completed required industry and congressional consultations. Please clear. Will bring full package around first thing Friday. ML

**ATTACHMENT
FILE DATE** 27 March 97 18:44

**ATTACHMENT
FILE NAME** 2115A.DOC
2115

Date

ACTION

MEMORANDUM FOR SAMUEL BERGER
DAN TARULLO

JOHN HILLEY

FROM: MALCOLM R. LEE

SUBJECT: Proclamation to Eliminate Tariffs on Pharmaceuticals
and Chemicals

USTR has sent to the President a proclamation to be issued on
April
1 to implement a WTO agreement that eliminates tariffs on over
470
pharmaceuticals and chemical intermediates. Justice and the ITC
have
cleared the documents, and USTR has completed required industry
and
congressional consultations. There is broad bipartisan and
industry
support for the agreement. USTR is not aware of any opposition.

Concurrence by: Alan Kreczko, Bill Danvers

RECOMMENDATION

That you approve the memorandum to the President at Tab I

Attachments

Tab I Memorandum to the President

Tab A Presidential Proclamation

Tab B Memorandum to the President from USTR

Tab C Memorandum to the President from the Department of Justice

**ATTACHMENT
FILE DATE**

27 March 97 18:46

**ATTACHMENT
FILE NAME**

2115B.DOC

cc: Vice President
Chief of Staff

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
DANIEL TARULLO
JOHN HILLEY

SUBJECT: Proclamation to Eliminate Tariffs on Pharmaceuticals
and Chemicals

Purpose

To implement a WTO agreement eliminating tariffs on over 470 pharmaceuticals and chemical intermediates used to produce pharmaceuticals, through issuance of proclamation on April 1.

Background

This action would implement an agreement announced in Singapore at the Ministerial Conference of the World Trade Organization (WTO). We and 16 other WTO members - including all of our major WTO trading partners -- have agreed to eliminate tariffs on over 470 pharmaceutical and chemical intermediates used to produce pharmaceuticals, including some new anti-AIDS drugs. This step will benefit U.S. consumers of pharmaceuticals and our manufacturers that export finished products or import the ingredients. This proclamation also increases tariffs to their former rate on 25 products that were erroneously included in the pharmaceuticals agreement reached at the end of the Uruguay Round of multilateral trade negotiations. All other parties to the agreement will be taking similar action. USTR has completed required Congressional and private sector consultation. The agreement has broad bipartisan and industry support.

RECOMMENDATION

That you sign the attached proclamation.

Attachment

Tab A Presidential Proclamation

Tab B Memorandum to the President from USTR

Tab C Memorandum to the President from Justice

Background

Eliminating tariffs on pharmaceuticals and chemical intermediates was a significant U.S. objective during the Uruguay Round. At the end of the negotiations we reached agreement on the elimination of tariffs on over 6,000 products and intermediates. Congress approved this action in the Uruguay Round Agreements Act (URAA) and delegated authority to the President to make further modifications of tariffs on these products if we negotiated these modifications under the auspices of the WTO and complied with the consultation and layover provisions in section 115 of the URAA.

The President delegated his authority to comply with the requirements of section 115 to the United States Trade Representative (USTR). On January 29, 1997, after receipt of the required advice from the U.S. International Trade Commission and the appropriate private sector advisory committee, the USTR transmitted the necessary report and supporting documents to the Ways and Means Committee of the House and the Senate Finance Committee. Subsequently, USTR staff has consulted with committee staffers on this proposed action. This initiative has clear bipartisan support.

The statutory consultation and layover period of 60-calendar days expires on March 31, 1997. Thus, the President is authorized to proclaim the proposed tariff modifications on or after April 1, 1997.

During the negotiations on these changes, we committed to attempt to implement the changes by April 1, 1997. Moreover, including a specific date in the annex to the proclamation will enhance implementation of the changes. At least one U.S. firm is awaiting final action before completing importation of a covered product.

Thus, it would be desirable for the President to sign the attached proclamation on Tuesday, April 1, 1997.

M S M a i l

DATE-TIME 28 March 97 11:39
FROM Abdulmalik, April B.
CLASSIFICATION UNCLASSIFIED
SUBJECT Package 2115 [UNCLASSIFIED]
TO Brown, Nancy E.
Davies, Glyn T.
Dohse, Fred J.
Friedrich, M. K.
Harmon, Joyce
Hilliard, Brenda I.
Joshi, M. Kay
Kerrick, Donald L.
Millison, Cathy L.
CARBON_COPY NO CC's on THIS MESSAGE
TEXT_BODY

Folks:

The package on the proclamation on pharmaceuticals and chemicals is on its way. Here are the documents. Thanks. With respect, April

[[2115A.DOC : 2872 in 2115A.DOC]][[2115B.DOC : 2873 in 2115B.DOC]]

**ATTACHMENT
FILE DATE** 28 March 97 11:37

**ATTACHMENT
FILE NAME** 2115A.DOC
2115

March 28, 1997

ACTION

MEMORANDUM FOR DANIEL TARULLO
JIM STEINBERG
JOHN HILLEY

THROUGH: ROBERT KYLE

FROM: MALCOLM R. LEE

SUBJECT: Proclamation to Eliminate Tariffs on Pharmaceuticals
and Chemicals

USTR has sent to the President a proclamation to be issued on
April
1 to implement a WTO agreement that eliminates tariffs on over
470
pharmaceuticals and chemical intermediates. Justice and the ITC
have
cleared the documents, and USTR has completed required industry
and
congressional consultations. There is broad bipartisan and
industry
support for the agreement. USTR is not aware of any opposition.

Concurrences by: Alan Kreczko; Bill Danvers

RECOMMENDATION

That you approve the memorandum to the President at Tab I.

Attachments

Tab I Memorandum to the President

Tab A Presidential Proclamation

Tab B Memorandum to the President from USTR

Tab C Memorandum to the President from the Department of
Justice

**ATTACHMENT
FILE DATE**

28 March 97 11:37

**ATTACHMENT
FILE NAME**

2115B.DOC

cc: Vice President
Chief of Staff

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: DANIEL TARULLO
JIM STEINBERG
JOHN HILLEY

SUBJECT: Proclamation to Eliminate Tariffs on Pharmaceuticals
and Chemicals

Purpose

To implement a WTO agreement eliminating tariffs on over 470 pharmaceuticals and chemical intermediates used to produce pharmaceuticals, through issuance of proclamation on April 1.

Background

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RECOMMENDATION

That you sign the attached proclamation.

Attachments

Tab A Presidential Proclamation

Tab B Memorandum to the President from USTR

Tab C Memorandum to the President from Justice

M S M a i l

DATE-TIME 14 April 97 12:40
FROM Rice, Susan E.
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: more question from FLOTUS [UNCLASSIFIED]
TO Battenfield, Pat
CARBON_COPY NO CC's on THIS MESSAGE
TEXT_BODY

no. Thanks for your good detective work.

From: Battenfield, Pat A.
To: McCormick, Shawn H.; Prendergast, John P.; Rice, Susan E.
CC: /N, NonRecord at A1
Subject: more question from FLOTUS [UNCLASSIFIED]
Date: Monday, April 14, 1997 12:15 PM

FLOTUS office phoned with following additonal questions:

1. Was the AIDS information center in Uganda constructed by German, Japanese and American governments? Bill Lyerely (AID) said no -- it was initially set up back in 1988 under USAID grant. Funding under HIV/AIDS Prevention in Africa Project -- recently some of the funding has been picked up by other governments, but for the first 5 or 6 years it was a USAID grant to the government. Lyerely also mentioned that the concept has not only been picked up by other countries around the world, it is actually being used as a model for inner city AIDS programs in the U.S. (I have passed this info to FLOTUS office)
2. Do we have any information on a traditional Ugandan song about women which begins with the words "Mothers, daughers"???? I have a call in to the Uganda desk (Ted Craig). Do you know about such a song??

M S M a i l

DATE-TIME 15 April 97 19:52
FROM Barks-Ruggles, Erica
CLASSIFICATION UNCLASSIFIED
SUBJECT speaking engagement for EJBR [UNCLASSIFIED]
TO Rice, Susan E.
CARBON_COPY NO CC's on THIS MESSAGE

TEXT_BODY

Susan-
Attached is outline of what I would like to cover in my remarks tomorrow to U.S.-Africa Free Enterprise Education Foundation Luncheon. They want an overview of FLOTUS trip 15-20 minutes. Ambassadors of Botswana, Ethiopia, Gabon, Ghana, Lesotho, Mali, Mauritania, Morocco, Senegal, South Africa, Zambia are confirmed, Uganda, Zimbabwe, Eritrea and Tanzania invited. IMF and World Bank reps will be there and Crane has been invited. I would like your advice on how much of the "conclusions" stuff I should do. Should I stick with basics of trip and only outline how what she saw impacted her? I have enough material to do either. Thanks - Erica
[[EJBRSPC2.DOC : 4947 in EJBRSPC2.DOC]]

**ATTACHMENT
FILE DATE** 15 April 97 19:46

**ATTACHMENT
FILE NAME** EJBRSPC2.DOC

Speech to U.S.-Africa Free Enterprise Education Foundation
April 16, 1997
Briefing on First Lady's Trip to Africa

I. Introduction

A. Itinerary: 3/16-30 Senegal, South Africa, Zimbabwe, Tanzania, Uganda and Eritrea.

B. Goals:

1. Highlight the untold positive story about Africa: sweeping democratic and economic transformations and improvement in the daily lives of many Africans
2. Highlight importance of investment in education and health care and of the protection of human and women's rights to the growth of strong democracies and strong economies

3. FLOTUS said in Uganda:

"The President and the Secretary of State ... asked me to come to Africa in order to highlight Africa's economic and democratic renewal.

I wanted to come to remind Americans of the importance of our partnership with Africa, to underscore how America's modest contributions in foreign aid yield enormous results. I wanted to help our country understand the importance of investing in the people of Africa. I wanted to make sure that my country understood what was happening in your country and throughout so many of the countries in Africa as you are growing and trading and strengthening democracy."

III. Timing of trip important

A. Africa is on the cusp of a dramatic transformation

- In 6 years, democracies from 5 to almost 25
- 34 of 48 sub-Saharan countries registered positive economic growth last year, rivaling Asian tigers.

B. Show U.S. support for the continuing efforts of governments and people to build a future based on development, economic progress and open, inclusive markets and political systems

C. Educate the American people, American businesses and the American press about why Africa matters

IV. Why Africa matters

A. Democratic governments with surging economies make better partners: in trade, multilateral force and in conflict resolution.

B. National security interests at stake in preventing the spread of narcotics trafficking, international crime, terrorism and disease. We cannot afford to ignore these problems, or they soon will become our problems. Arms proliferation and the potential production of weapons of mass destruction -- also a problem in Africa -- need to be combated.

V. Findings

A. Importance of U.S. Assistance

- A little assistance can go a long way: since 1995 our

assistance to Africa has decreased from \$802 million to \$650 million

-- Money well spent: helps enable Africans to become literate and healthy & supports stability and democracy

-- We saw first hand: in Uganda Peace Corps helping teachers get better training and classroom materials; in Senegal "health hut" in a village which promoted better child and maternal health; in Cape Town housing project where start-up loan guarantees from the U.S. enabled homeless women to obtain credit to buy materials to build their own homes

B. Aid and Trade

-- Social development goes hand in hand with business development and we need to do more of both

-- U.S. holds only 7% of Africa's market of over 700 million people -- more than our trade with all of the former Soviet states combined.

-- 100,000 U.S. jobs already depend upon exports to Africa

-- exports to Africa increased 39% 1994-1996 to \$6 bill.

-- in order to take advantage of the historic opportunities in Africa we must devote more time, energy and resources to increasing trade and investment

C. Women

-- Women are central to efforts to build democracy and economies in Africa. Note speech in Uganda:

". . . democracy without women's full participation is a contradiction in terms. . . if more than half the citizens on this earth are underpaid, uneducated, under-represented, fed less, fed worse, not heard, threatened by violence in their own homes and on the streets of their communities, we cannot sustain the democratic values and way of life we have come to cherish."

-- Met women struggling against stereotypes and cultural norms to build better lives for themselves and their families: in Zimbabwe spoke with women trying to change traditional inheritance laws; in South Africa, where the per capita number of rapes is more than double that of the United States, spoke with private citizens and officials seeking solutions to the problem of violence

against women; in Eritrea and Uganda met women working to keep and build on gains made during their freedom struggles

COUNTRY OVERVIEWS

Senegal

Saw an historic slave fort, and visited a school with links to USAID, a village literacy program which simultaneously taught about democracy, health care and environmental protection, and our Peace Corps training center.

South Africa

Visited Johannesburg for a day -- most of which was spent in Soweto at a school, a memorial to children who died in the struggle against apartheid and at a day care center and orphanage. Roundtable on the issue of violence against women and crime.

Cape Town, warmly received by Bishop Tutu, Chairman of the Truth and Reconciliation Commission, visited a housing construction program run by and for homeless women, delivered a speech at University of Cape Town stressing themes of reconciliation, democracy-building, and ensuring full participation of all citizens.

"...nowhere has the triumph of the human spirit, the power of love to conquer hate been greater than in South Africa. The spirit of reconciliation has enabled your nation of diverse peoples to overcome 40 stubborn and violent years of apartheid and begin the difficult journey to democracy. Just think of the progress we human beings could make if that same spirit of reconciliation echoed in all corners of the world -- in the streets of Belfast, the killing fields of Burundi, the countryside of Bosnia."

Zimbabwe

Participated in a dynamic women's roundtable, visited a clinic for the blind where IBM, Coca-Cola and other U.S. companies have donated

Braille equipment, went to a family planning clinic which has helped contribute to Zimbabwe's 30% decline in fertility, and saw a microcredit program where women are obtaining credit to start their own small businesses. Enjoyed Victoria Falls.

Tanzania

Held a roundtable on women's issues visited U.S. company making reliable, quality phone service available. In Arusha went to International Criminal Tribunal for Rwanda, met the Chief Prosecutor, observed a workshop on prosecuting rape as a war crime, and taped further remarks for rebroadcast in Rwanda. Visited a Masai village that is working on grassroots HIV/AIDS education. Then spent two days at Ngorongoro Crater, the Serengeti and Oldavai Gorge, highlighting the importance of protecting the environment and remembering Africa contains the roots of human civilization.

Uganda

Visited a school, an HIV/AIDS detection and counseling center, and a FINCA micro-credit project all receiving modest USAID assistance.

Second speech in Kampala highlighted the positive trends seen during other stops, underscored the importance of reinforcing democracy through investing in education and health care, increasing economic opportunities, ensuring governments and citizens taking responsibility for creating civil society, and ensuring that women are fully included in all these efforts.

Eritrea

Final stop. Opened a health clinic which USAID helped build, visited a training center where former women combatants are learning new trade skills and participated in a round-table with a large group of women, many ex-fighters, who now lead government ministries and NGOs.

M S M a i l

DATE-TIME 30 April 97 08:11
FROM Clarke, Richard A.
CLASSIFICATION UNCLASSIFIED
SUBJECT FW: Denver Summit Draft Communique [UNCLASSIFIED]
TO Simon, Steven N.
CARBON_COPY Verville, Elizabeth G.
TEXT_BODY

anything here we need to worry about?

From: Antholis, William J.

To: @AFRICA - African Affairs; @ASIA - Asian Affairs; @CEE - Central/Eastern

Europe; @DEMOCRACY - Dem/Human Affairs; @ENVIRON - Environmental; @EUROPE -

European Affairs; @EXECSEC - Executive Secretary; @FOREIGNAID;

@GLOBAL -

Global Affairs; @INTECON - Economic Affairs; @INTERAM - Inter-American;

@LEGISLAT-Legislative Affairs; @NESASIA - NE/South Asia; @NONPRO - Export

Controls; @NSA - Natl Security Advisor; @OSTP - Office Science Tech;

@PLANNING - Strat Plan & Comm; @RUSSIA - Russia/Ukraine; @UP - APNSA Special

Assistants; @VP - VP Natl Security Affairs

CC: /R, Record at A1

Subject: Denver Summit Draft Communique[UNCLASSIFIED]

Date: Tuesday, April 29, 1997 10:15 PM

[[042997CQ.DOC : 2097 in 042997CQ.DOC]]

Attached please find draft communique for the Denver Summit. This document will be sent to Sherpas from the other members of the Eight (and the EU) COB Friday. This draft is being recleared by relevant agencies, due COB 4/30.

Please send all suggested revisions in line in/line out strikethru.

Thanks.

**ATTACHMENT
FILE DATE** 29 April 97 22:9
ATTACHMENT 042997CQ.DOC

FILE NAME

Denver Communiqué, DRAFT :
Denver Communiqué, DRAFT--DRAFT :

INTRODUCTION

1. In our continuing common effort to prepare for the next century, we met at Denver to strengthen and deepen the ties between market democracies, to secure and expand the benefits of integration and to confront global and political challenges that none of us can effectively face alone. In recent years, we have agreed on common approaches to global and political issues and on practical steps to create a more secure, stable and prosperous international system.

Our cooperation is producing dividends. Now we must build on this progress. We call on other states to join in supporting our efforts, as we continue to identify innovative ways to seize the opportunities and meet the challenges of our time.

SOCIAL AND ECONOMIC ISSUES**Small and Medium Enterprises**

2. The contributions of small and medium-sized enterprises to jobs and innovation are widely recognized; we discussed new evidence which shows that young enterprises may be the real key to job creation.

At the same time that successful smaller and younger firms are creating new jobs and new ideas, many other shrinking or failing small and medium-sized enterprises are shedding jobs. A certain rate of job loss is inevitable -- without some failed experiments we will not have successful ones. This turbulence, in fact, is responsible for a large fraction of productivity growth. In all of our economies, however, obstacles prevent some smaller and younger firms from developing into their full potential. These obstacles include: a lack of well-established credit histories or collateral making it difficult to borrow in credit markets; regulations

that
 inhibit small and medium-sized enterprises from starting up or
 competing in certain sectors; lack of resources and knowledge
 necessary to take advantage of a global economy; and
 difficulties
 adapting existing technologies. Our governments discussed the
 best
 practices for dealing with these obstacles, focusing on
 policies
 that complement the market in providing support for small and
 young
 businesses. Examples include: [to be included from the
 individual
 country submissions].

Aging Populations

3. Increased life expectancy and improved health among the
 elderly are
 two of the major achievements of this century. In the next
 century,
 these successes present our countries with both challenges and
 opportunities.

4. In the coming decades, our nations will face financial
 challenges
 associated with aging populations. Longer life expectancies and
 lower birth rates are projected to significantly raise the
 proportion
 of the elderly population in our countries. Moreover, the
 general
 trend has been towards earlier retirements, despite declining
 disability among the elderly. Although the fiscal impact of
 population aging will, in many cases, not be fully felt for 20
 years
 or more, we began a discussion of the challenges we will be
 facing
 early in the 21st century. Early consideration of these
 challenges
 should help ease any needed adjustments. The aging-related
 challenges facing our countries differ in some respects. In
 Japan and
 continental Europe, for example, the principal financial
 challenge
 relates to public pensions, where the main source of difficulty
 is
 the aging of the population. In the United States and Canada,
 health
 care financing -- which involves not only the rising population
 share of the elderly, but also the cost, volume, and intensity

of
 services they use -- looms relatively larger. Recognition of
 these
 differences may help clarify the issues that must be addressed
 by
 each country.

5. The Japanese "Initiative for a Caring World" proposed at our
 meeting
 last year provided an opportunity to focus attention on aging
 population issues from a "productive aging" perspective. In the
 coming year, our governments, working together and with the OECD
 and
 other international organizations, will identify barriers to
 continued labor force participation among older persons,
 appropriate
 incentives for prolonging productive activity and encouraging
 younger
 people to save more, and potential areas of international
 collaboration for future research and analysis. We call upon
 our
 governments to: (1) support expanded opportunities for
 intergenerational caregiving and volunteer activity; (2) help
 shape
 public attitudes toward an appropriate balance between
 government and
 personal responsibility for meeting health and long-term care
 needs;
 and (3) initiate collaborative biomedical and behavioral
 research
 efforts to help increase our understanding of the aging process,
 the
 factors promoting better health and reduced disability, and
 cost-effective medical interventions for chronic conditions at
 older
 ages. In addition, we encourage our governments to develop
 comparable longitudinal surveys and data bases to improve
 cross-national demographic research on population.

Children's Health

6. {{Awaiting outcome of Environment Ministerial.}}

GLOBAL ISSUES

7. Global integration has tremendously benefited all our
 countries.
 Rapid advances in technology have helped to blur borders and

shrink distances, spurring economic growth and binding all our nations closer together. Yet the forces of integration have also exposed us to a host of complex problems that defy unilateral solutions. Building on the efforts of each of our governments at home, and of international groups regionally and globally, we are committed to lead in identifying and confronting challenges that demand strong collective action. Last year at Lyon, we identified emerging infectious diseases and international environmental issues as areas requiring considerable attention. This year, we commit ourselves to working together -- and with the relevant regional and international institutions -- to make real accomplishments in these areas.

Infectious Diseases

Emerging Infectious Diseases

8. Last year in Lyon, we recognized that emerging infectious diseases, such as drug-resistant tuberculosis, malaria, and HIV/AIDS, present one of the most significant health challenges facing the global community. At this Summit we agreed to act in three critical areas: coordinating international response to outbreaks; developing a global surveillance network; and building capacity to detect and control infectious diseases in our own nations and in the developing world. Measures are already being undertaken in each of our countries and by the World Health Organization (WHO) and other bilateral and multilateral mechanisms; we pledge to continue and revitalize these activities, to work with WHO and others to establish emergency response policies and procedures; to inventory and build upon existing surveillance networks; strengthen and link WHO's Collaborating Centers and other institutions; harmonize approaches to disease surveillance; monitor antimicrobial resistance; establish regional centers for training and disease diagnostics; and coordinate and implement capacity building programs in developing countries. A High Level Advisory Group will track

our efforts and develop an action plan to improve the prevention, detection, and response to these disease threats.

International AIDS Vaccine Research Initiative and UNAIDS

9. In Lyon, we agreed on the importance of taking action to address the growing threat of emerging infectious diseases, including HIV/AIDS. In Denver, we agreed that the development of a safe and effective vaccine against AIDS is an urgent global public health imperative. We are committed to providing, in our own countries, the investments necessary to accelerate AIDS vaccine research.

10. We also pledge to work together to enhance international scientific cooperation and collaboration in this global initiative, and to work with the Joint United Nations Program on HIV/AIDS (UNAIDS) to address the legal and ethical issues related to vaccine testing. We reaffirm our commitment to provide funding for UNAIDS so that it may lead in the global effort to expand the scale and quality of the response to HIV/AIDS, and call on other nations to join in supporting UNAIDS' core activities and its Coordinated Appeal for Supplemental Activities.

11. Cooperation among scientists, governments and international agencies is critical to this new global initiative. Scientific progress in the development of an AIDS vaccine will provide important advances that will aid in the development of vaccines for other infectious diseases that continue to threaten the world's population. Only a truly effective vaccine to prevent AIDS can limit and eventually eliminate the threat of AIDS and its devastating human, economic, and social consequences. We call on other states to join us in this endeavor.

Environment

UN General Assembly Special Session

12. Progress has been made in defining and promoting sustainable

development in the five years since the 1992 Rio Earth Summit.

This

year's UN General Assembly Special Session on Environment and Development, provides an opportunity to develop a concrete and focused agenda for future efforts to promote sustainable development.

Underlying this agenda must be the awareness that sustained economic growth and social development is possible only when accompanied by sound policies to preserve our environment and manage

our natural resources. At the Special Session, we must define a manageable list of priority issues for future work.

13. We will also highlight the important role citizens and communities

have in working with their governments to achieve sustainable development at all levels. Educating our young people about the importance of sustainable development is critical to preserve the

environment for future generations. To this end, we will invite other countries to participate in the Global Learning and Observations to Benefit the Environment (GLOBE) program at the UNGA

Special Session.

Reform of UN Institutions

14. Strong international institutions are essential to coordinating

global efforts to protect the environment and achieve sustainable

development. The UNGA Special Session should confirm the leading

role of the UN Commission on Sustainable Development (CSD) in integrating all aspects of sustainable development -- the social,

economic, environmental and political.

15. The United Nations Environmental Program (UNEP) can play a leading

role by fulfilling its new mandate of monitoring and reporting on

the state of the environment; providing a forum for collaborative

actions to protect the environment; integrating environmental concerns into the UN system; and urging compliance with international

environment agreements. We urge the newly formed Committee of Environment Ministers to design and ensure implementation of reforms

to improve UNEP's ability to carry out its mission and call the Secretary General of the United Nations to appoint a dedicated and capable Executive Director to lead UNEP in fulfilling its tasks.

Climate Change

16. We remain committed to confronting the problem of global warming.

To do so, we must forge a strong agreement with realistic, legally binding emission reductions targets to control greenhouse gas emissions at the Third Conference of Parties to the UN Framework Convention on Climate Change in Kyoto. We support an agreement that maximizes national flexibility in meeting these targets so that the most efficient and cost-effective approaches are used.

Developing countries too must take measurable steps to address this problem, and recognize that their obligations will increase over time.

17. To achieve emission reductions and secure a long-term solution to global climate change, we will pursue ambitious programs to develop and diffuse climate friendly technology. We have agreed to carry out a five-year \$1 billion developing country climate change initiative. We intend to increase research to develop such technologies and will work with other multilateral institutions to ensure that climate friendly technologies are appropriately supported and applied in their programs. We urge the private sector to intensify its efforts to develop and market non-carbon emitting technologies for the 21st century. This is a promising suggestion of detail, but needs a more explicit suggestion of who, what, when, how.

Forests

1. Forests are a natural resource vital to the well-being and prosperity of current and future generations. Countries must act urgently to halt forest destruction around the world. Together

with private and public partners, we must implement the agreements on sustainable forest management our countries adopted in the Intergovernmental Panel on Forests. We urge countries to adopt internationally agreed criteria and indicators to assess the status of their forests; to implement national forest laws and programs; to eliminate illegal logging; to establish networks of protected forest areas; and to harness private investment in sustainable forest management. To implement these criteria we call on the UN General Assembly Special Session on Environment and Development to launch an intergovernmental framework to adopt a focused and coordinated action plan on management of our forest resources, promote transparency and national accountability, and build a consensus on other outstanding issues, including the merits of initiating negotiations toward a global forest convention.

Environmental Standards for Export Credit Agencies

2. As a next step in our efforts to promote sustainable development, we undertake to develop common environmental guidelines for official export credit agencies. To ensure that these guidelines are adopted by all countries that fund the export of private sector development activities, we propose that the OECD take the lead in developing these guidelines. Our respective export credit agencies will meet prior to November 1997 to review issues, share information and assess progress toward developing common guidelines. We will instruct our representatives to seek agreement among the OECD Participants to the Arrangement for Officially Supported Export Credits to develop and approve terms of reference for negotiations of common environmental guidelines to be approved by the OECD Ministers at their 1998 Ministerial, with a mandate for negotiations to be complete and guidelines ready for approval and implementation by the 1999 Ministerial. In the interim, we will take actions immediately to ensure that our export credit agencies have access to the

necessary
technical expertise to develop environmental guidelines, and
once
guidelines have been agreed upon, to comply with them.

ON-GOING GLOBAL AGENDA

3. Our annual meetings have helped to forge strong common approaches to the global challenges of the next century. When we first met as The Eight in Naples, we laid the groundwork for a constructive partnership to address the most pressing political issues of the day. At Halifax, we expanded this partnership to meet the most urgent global challenges, and committed ourselves to revitalizing the United Nations as the central forum for that effort. At Lyon, we committed our governments to ambitious agendas for combating transnational crime and terrorism, and cooperating on nuclear safety, nonproliferation and arms control. This year, we have taken important joint steps in confronting these challenges. Throughout, our goal has been to devise a common approaches that rely not on creating new bureaucracies, but on promoting new cooperation. We call on all states to join us in these endeavors.

Transnational Crime

4. We remain deeply committed to combating transnational organized crime and have actively worked to implement the 40 recommendations to counter transnational organized crime adopted last year at Lyon. By taking action within our own borders and with one another, we have developed measures to bring criminals to justice through legal assistance and extradition, to keep our borders secure through strengthened document security and alien smuggling standards, to protect our people from illegal trafficking in firearms, and to adapt to new threats through efforts on high tech crime. In

particular,
we will work to continue progress in these areas, and to
respond to
new trends in transnational organized criminal activity. In
the
coming year, we will forge a new cooperative approach to crimes
involving growth in computer and telecommunications technology.
We
call on other states to work with us in these areas and direct
our
experts to continue to identify innovative to promote
international
cooperation to protect our common future from the scourge of
transnational crime.

Terrorism

5. We condemn terrorism in all forms, irrespective of motive.
We call
on all states to adopt and ratify the 10 international
counterterrorism conventions, and we will begin a diplomatic
initiative
to ensure that this takes place by the year 2000. To translate
our
condemnation into action, last year our governments adopted 25
recommendations to combat terror. In addition to the national
steps
each of our governments have taken to implement these
recommendations, we also have taken common steps, including:
introducing a draft UN convention on terrorist bombing which we
urge
be rapidly completed; promoting improved international
standards for
airport security, explosives detection, and vehicle
identification.
We have pressed the OECD to accelerate consultations on
encryption
technology, called upon all states to provide lawful
government
access to encrypted material in order to prevent and
investigate
terrorist acts; and agreed to promote stronger laws and export
controls on the manufacture, trade and transport of explosives.

6. We will continue to cooperate in these areas and extend our
counterterrorist efforts to other critical spheres: exchanging
information on technologies to deter and detect use of

materials of
mass destruction in terrorist attacks, developing means to deter
terrorist attacks on electronic and computer infrastructure;
working
to strengthen maritime security measures and to implement
International Maritime Organization standards; and developing a
model
protocol for security at international special events. We urge
other
states to join us in building bilateral and multilateral
partnerships to combat terrorism.

Nuclear Safety

7. Our governments reaffirm the commitment made at last year's
Moscow
Summit on Nuclear Safety and Security. Nuclear safety must
prevail
over all other considerations in the use of nuclear energy, and
we
recommit ourselves to the highest internationally recognized
safety
standards for the siting, design, construction, operation and
regulation of nuclear power installations.

8. We reviewed progress on nuclear safety since Moscow. The
most
significant accomplishment of the Moscow agenda is the entry
into
force of the Nuclear Safety Convention, which allow for
expeditious
safety upgrades of reactors by clearly establishing rules of
public
accountability for accidents. The imminent adoption at the
International Atomic Energy Agency of a new Supplementary
Funding
Convention will also advance these efforts, and pledge that
each of
our governments will give early consideration to ratification
so that
the Convention can be brought into force before the year 2000.

UN Reform

9. Over the past two years, the UN has made significant progress
in
improving effectiveness and efficiency. We welcome Secretary

General

Annan's reform efforts. We hope the measures he has announced can be quickly implemented, look forward to additional proposals, and commit ourselves to working with all UN members to further these reform efforts.

10. In particular, we believe UN finances must be strengthened through a more equitable assessment system and by full and timely payment of obligations. The proportion of the UN regular budget contributed by any single member state should be reduced to avoid dependence on any one country. Peacekeeping assessments should be capped at 25%.

Budgets must be stabilized or reduced with some savings shifted to programs. Robust oversight mechanisms and sound personnel policies are critical.

11. On economic and social programs, the policy-coordination role of the Economic and Social Council for UN operational development programs must be enhanced. This should include improved collaboration with the Bretton Woods institutions, effective development coordination at the headquarters and field levels, and consideration of streamlining ECOSOC subsidiary bodies. An executive committee would help improve policy management of ECOSOC. We welcome the recent reforms at UNCTAD and in the regional commissions in Europe, Asia, and Latin America, and hope these efforts will continue. We also support ongoing efforts in the Economic Commission for Africa to make it more relevant to pressing regional requirements. Specialized agencies should continue to set priorities as well as increase efficiency and effectiveness.

12. On development issues, we urge timely implementation of the

Secretary General's reforms, strengthened integration at the country level, and a review of development funds and programs and specialized agency mandates for development. That review should address food security, setting a pattern for additional sector reviews. The system-wide Special Initiative for Africa has potential for enhancing donor coordination at headquarters and in the field. (Note: This last sentence -- as well as additional comments on ECA -- could be moved to the section on Africa.)

POLITICAL/REGIONAL ISSUES

DEMOCRACY

13. The worldwide growth of democracy is no guarantee of sustained success -- young democracies can be fragile and short-lived. We have a special responsibility and opportunity to help strengthen democratic values where they have taken hold and help extend their reach where they have not. We are already doing much. But we can be more effective by better coordinating our activities.

14. In our discussions in Lyon, where we agreed that "democracy, human rights and good governance are indispensable components of development." Recognizing that strengthening democracy is essential to strengthening peace, we will establish a Working Group on Democracy. The Group will share information about their most effective democracy programs and examine ways to strengthen emerging civil societies. This effort will be explicitly coordinated with NGOs, which have made the most dramatic contribution to supporting political pluralism, expanding women's political participation, boosting business and labor support for democracy, and promoting good governance and the rule of law in transition democracies. The Working Group will also consider efforts with non-democracies

and
will report its achievements and recommendations to us at the
1998
Birmingham Summit, where we will consider further steps.

AFRICA

15. We support the ongoing movement towards more democratic
political
systems in Africa and are greatly encouraged by the strong
performance of certain sub-Saharan countries in moving toward
financial sustainability and more market-oriented economic
policies.
We are determined to support these reforms as effectively as
possible.

Democracy Enhancement

16. Since 1990, more than twenty African countries have held free
and
fair elections. Democratic governance, in Africa as elsewhere,
lays
the foundation for human rights, including the rights of women,
the
rule of law, and economic development. We commend those African
nations that have set an example by undertaking democratic
reforms
and call upon other African governments to follow their example.

Consolidation of democracy will remain a high priority for our
bilateral and multilateral diplomatic and assistance efforts.
Democracy promotion is, among other things, a critical conflict
prevention strategy, as many conflicts arise when people or
groups are
excluded from political participation.

"Integrity In Government" Initiative

17. We offer a "Partnership for Integrity" to support African
countries
that are undertaking reforms of legal, regulatory, and judicial
systems and to help strengthen legal and business associations
and
private professional organizations that are essential components
of
emerging civil societies. Our governments will better
coordinate our
individual activities and those of the multilateral development
institutions to identify and encourage the most effective donor

programs in these areas. This section needs more details about how, through what means, and by when these goals will be accomplished. We urge African countries to improve transparency of government procurement and will support those countries willing to launch national anti-bribery certification programs in their government procurement regimes. We call on all countries, particularly OECD members, to take immediate action to criminalize bribery, and to eliminate tax deductions for bribes.

"Information Empowerment" Initiative

1. Access to advanced telecommunications and electronic information networks in an open pro-competition policy environment is vital to expand capacity for economic growth, as well as alleviate poverty, and promote democracy and good governance. We have agreed to collaborate to promote widespread Internet connectivity in Africa in both urban and rural areas and to improve access to information and support development efforts. More detail: where? how? what forum? by when?

Peacekeeping/Conflict Prevention

1. We attach special importance to enhancing African peacekeeping and conflict prevention capacities as a way to strengthen the ability to manage humanitarian and political challenges. Africans, the UN, and members of the Eight are forging a new international consensus that bolstering African peacekeeping and conflict prevention capacity should be the core priority of international efforts. Many bilateral and multilateral programs now under way should be closely coordinated and appropriately linked with the United Nations.

2. Over the course of the next year, we will seek to create a joint coordinating mechanism to enhance African peacekeeping capacities

that will bring together a "coalition of the willing," comprised of African countries, subregional bodies, donors, the OAU, and the UN.

We also call for the expanded utilization of the existing UN Trust Fund for African peacekeeping and conflict prevention; increased donor commitments to the OAU, Southern Africa Development Community (SADC) and other subregional bodies with specialized mechanisms for conflict mediation; and increased donor support to UN/OAU Special Envoy to the Great Lakes.

Nonproliferation and Arms Control

3. The expanding range of cooperation among our countries on arms control, nonproliferation and regional security helps to make our citizens safer and builds stability around the world. Since the April 1996 Moscow Summit on Nuclear Safety and Security, we have taken important steps to combat illicit trafficking in nuclear materials, and to identify technically feasible options for the safe management and disposition of fissile material no longer required for defense purposes. We will energetically pursue small-scale demonstrations of technologies for the long-term management and disposition of plutonium designated as no longer required for defense purposes, while continuing discussions of arrangements to facilitate further international cooperation in this area. Will there be any mention of inviting other states to participate in our countersmuggling efforts?

1. We have also worked together to advance and strengthen the international nonproliferation regime. The Comprehensive Test Ban Treaty was a historic milestone in these efforts, and we call upon all states to sign and ratify it rapidly. We applaud the entry into force on April 29 of the Chemical Weapons Convention, a major

step in
our collective effort to make the world safe from the threat of
chemical weapons, and we call on all states that have not yet
ratified it to do so as soon as possible. We reiterate our
strong
support for the NPT and welcome the strengthening of the IAEA
safeguards system and negotiations on a fissile material cutoff
treaty. We reaffirm our strong support for the Wassenaar
Arrangement, underscoring our commitment to promote responsible
arms
export practices.

2. To sustain and build upon these accomplishments, we welcome
the
progress on strategic arms control made at Helsinki in May, and
look
forward to the early entry-into-force of the START II agreement
and
the initiation of START III negotiations.

3. We will work together against the proliferation of weapons of
mass
destruction and their delivery systems, particularly in regions
of
tension and potential conflict. In this regard, we
unequivocally
endorse the efforts of the UN Special Commission and the IAEA
to
eliminate weapons of mass destruction capabilities in Iraq and
to
implement fully all UN Security Council resolutions related to
that
country. We reiterate our call for all States to avoid any
cooperation with Iran which might contribute to the acquisition
of a
nuclear weapons capability or enhance its WMD or missile
capabilities, and reaffirm our support for implementing the
Agreed
Framework and monitoring of the freeze on and dismantlement of
North
Korea's nuclear program. We welcome the emerging high-level
dialogue
between India and Pakistan. We encourage both countries to
exercise
restraint in their nuclear and missile programs, to adhere to
the
CTBT so that it can enter into force, and to participate in
negotiations to ban the production of fissile material for use
in
weapons and other explosive devices.

Antipersonnel Landmines

4. We remain concerned with the proliferation of anti-personnel landmines and the thousands of resulting deaths and injuries, especially to civilians, particularly to children. We welcome the bans, moratoria, and other restrictions on anti-personnel landmines unilaterally declared by states. All states should adhere to the strengthened Protocol on Mines, Booby Traps and Other Devices, after the 1980 Convention on Conventional Weapons, as well as to the new Protocol on Blinding Laser Weapons. The international community should "pursue vigorously an effective, legally-binding international agreement to ban the use, stockpiling, production and transfer of anti-personnel landmines with a view to completing the negotiation as soon as possible." As stated in UN General Assembly resolution 51/45 S of December 12, 1996, we encourage the international scientific community to develop technological solutions to mine detection and clearance, and for nations to strengthen their support for humanitarian demining and assistance to mine victims.