

FOIA MARKER

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Folder Title:

Lithuania [7]

Staff Office-Individual:

European Affairs-Norland, Richard

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2630

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33

Section:

5

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10

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1

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V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Richard Norland to Richard Norland and Jonathan Elkind re: Lithuania and Russia (1 page)	01/03/2000	P1/b(1) KBH 11/20/2023
001b. email	Richard Norland to Jonathan Elkind re: Lithuania and Russia; duplicate of 001a (1 page)	12/29/1999	P1/b(1) KBH 11/20/2023
001c. email	Jonathan Elkind to Richard Norland re: Lithuania and Russia (1 page)	12/29/1999	P1/b(1) KBH 11/20/2023
001d. email	White House Situation Room to Steven Black et al. re: Oil Politics (3 pages)	12/29/1999	P1/b(1) KBH 11/20/2023
002. email	White House Situation Room to Antony Blinken et al. re: Williams Deal (3 pages)	11/02/1999	P1/b(1) KBH 11/20/2023
003. email	Richard Norland to Antony Blinken and Charles Allen re: Appointment Request (2 pages)	11/03/1999	P1/b(1) KBH 11/20/2023
004. email	Marilyn Scott Perez to Richard Norland re: Appointment Request (1 page)	11/03/1999	P1/b(1) KBH 11/20/2023
005. email	Leslie Davidson to Richard Norland re: Appointment with Sandy Berger (2 pages)	10/25/1999	P1/b(1) KBH 11/20/2023
006. email	White House Situation Room to Antony Blinken et al. re: Agreement with Williams (2 pages)	10/29/1999	P1/b(1) KBH 11/20/2023
007. email	Andrew Weiss to Richard Norland re: Appointment Request with Sandy Berger (1 page)	10/20/1999	P1/b(1) KBH 11/20/2023
008. email	James Baker to Richard Norland re: Appointment Request with Sandy Berger (1 page)	10/20/1999	P1/b(1) KBH 11/20/2023

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Richard Norland)
OA/Box Number: 2630

FOLDER TITLE:

Lithuania [7]

2011-1038-F
kh1050

RESTRICTION CODES

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

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

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- 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]

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

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

RR. Document will be reviewed upon request.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. email	Damian Leader to Antony Blinken re: Update on Williams (1 page)	10/25/1999	P1/b(1) KBH 11/20/2023
010. report	re: Lithuania: Oil (1 page)	10/23/1999	P1/b(1) KBH 11/20/2023
011. email	White House Situation Room to Antony Blinken et al. re: Fiscal Problems (2 pages)	10/25/1999	P1/b(1) KBH 11/20/2023
012. email	White House Situation Room to John Duncan et al. re: Lithuanian Government (4 pages)	10/24/1999	P1/b(1) KBH 11/20/2023
013. email	Don Cheramie to Richard Norland re: Government Crisis (4 pages)	10/20/1999	P1/b(1) KBH 11/20/2023
014. email	Richard Norland to Antony Blinken re: Lithuania/Williams (1 page)	10/19/1999	P1/b(1) KBH 11/20/2023
015. fax	Richard Lidinsky to Cameron Munter re: Peace Talks/Lithuania (1 page)	12/29/1999	P6/b(6)
016. report	re: Lithuania (1 page)	12/20/1999	P1/b(1)
017. email	White House Situation Room to Leslie Davidson and Richard Norland re: Shifting Political Landscape (4 pages)	12/01/1999	P1/b(1) KBH 11/20/2023
018. paper	re: Lithuania: New Government (2 pages) <i>Partial release - KBH 11/20/2023</i>	11/19/1999	P1/b(1)
019. email	White House Situation Room to Steven Black et al. re: Department of Energy Secretary Richardson [partial] (1 page)	11/17/1999	b(7)(E)
020. email	White House Situation Room to Gina Abererombie Winstanley et al. re: Lithuanian Historical Society (3 pages)	11/17/1999	P1/b(1) KBH 11/20/2023

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
021. report	re: Lithuania: Financial Crisis (1 page)	11/12/1999	P1/b(1) K8M 11/20/2023

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National Security Council
European Affairs (Richard Norland)
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FOLDER TITLE:

Lithuania [7]

2011-1038-F
kh1050

RESTRICTION CODES

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Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Monday, January 03, 2000 5:15 PM
To: Norland, Richard B. (EUR); Elkind, Jonathan H. (RUE)
Cc: @NIS; @EUROPE - European Affairs
Subject: RE: lithuania and russia's energy realpolitik [CONFIDENTIAL]

Further to our exchange on this issue, I understand that the Baltic folks at State have been in touch with their Russia Desk counterparts to discuss a possible approach to the Russians. However, Embassy Moscow reportedly first wants to evaluate some new info, viz. that a Williams rep in Moscow told Jim Collins at a reception recently that everything was going fine. Embassy Moscow will reportedly also talk to people in the Petroleum Forum, before coming back to Washington with its reactions to the Vilnius cable.

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, December 29, 1999 7:44 PM
To: Elkind, Jonathan H. (RUE)
Cc: @NIS; @EUROPE - European Affairs
Subject: RE: lithuania and russia's energy realpolitik [CONFIDENTIAL]

Jonathan, had a chance to take a look at this -- certainly seems persuasive, though I'll be curious if Embassy Moscow chooses to weigh in further in response. Ultimately, Lithuania was able to import oil from the North Sea -- which deprives Lukoil of a customer, hardly in Russia's long-term interest. But it may have cost the Lithuanians a lot more to buy the oil from the West. I'd be inclined to see whether Embassy Moscow couldn't do a little productive nudging on this issue -- at least to let some folks know we're watching and we care. Dick.

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

From: Elkind, Jonathan H. (RUE)
Sent: Wednesday, December 29, 1999 11:30 AM
To: Norland, Richard B. (EUR)
Subject: FW: lithuania and russia's energy realpolitik [CONFIDENTIAL]

Dick:

Wasn't sure whether this was an item for you or for Nick. I guess it's you, eh?

Jon

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

From: Elkind, Jonathan H. (RUE)
Sent: Wednesday, December 29, 1999 11:20 AM
To: Pascual, Carlos E. (RUE)
Cc: @NIS; Kass, Nicholas S. (EUR); Blinken, Antony J. (EUR)
Subject: lithuania and russia's energy realpolitik [CONFIDENTIAL]

Carlos and EUR colleagues:

Reading the attached cable (which builds on an interchange between Embassies Moscow and Vilnius), I cannot help but see parallels to the gas situation in Georgia. In this case, EmbVilnius previously asked Moscow to intervene and press the Russians not to (allow LUKOil to) turn the thumb screws on Lithuania. EmbMoscow replied, "no, this is just a commercial matter." Now EmbVilnius retraces the history of Russia's use of energy supply as an instrument of state power -- a persuasive argument for USG intervention.

In support of EmbMoscow's perspective is the question of where one would draw the boundary line on commercial versus political actions. Do we as the USG open ourselves to legitimate criticism from a sensitive Moscow if we press on the GOR politically over the actions of one of their commercial entities? Maybe.

On the other hand, Russian thuggishness toward newly independent neighbors (even if it is "only" in the form of a private entity attempting to use market intimidation) is something that I think we ought to mull before we let it slip past.

Reactions?

Jon

<< Message: OIL POLITICS AND THE STRATEGIC IMPORTANCE OF LITHUANIAN ENERGY SOVEREIGNTY >>

DECLASSIFIED
PER E.O. 13526
2016-0384-M (1.69)
KBH 6/23/2023

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Cc: @NIS; @EUROPE - European Affairs
Subject: RE: lithuania and russia's energy realpolitik [CONFIDENTIAL]

DECLASSIFIED
PER E.O. 13526

2016-0384-M (1.70)
K8H 6/23/2023

Jonathan, had a chance to take a look at this -- certainly seems persuasive, though I'll be curious if Embassy Moscow chooses to weigh in further in response. Ultimately, Lithuania was able to import oil from the North Sea -- which deprives Lukoil of a customer, hardly in Russia's long-term interest. But it may have cost the Lithuanians a lot more to buy the oil from the West. I'd be inclined to see whether Embassy Moscow couldn't do a little productive nudging on this issue -- at least to let some folks know we're watching and we care. Dick.

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Leadings:
→ wait for Emb Moscow response.
→ Callin's point to Williams?
→ (in Moscow)
→ well ok? (?)
→ Petroleum Forum?

Norland, Richard B. (EUR)

From: Elkind, Jonathan H. (RUE)
Sent: Wednesday, December 29, 1999 2:16 PM
To: Norland, Richard B. (EUR)
Subject: RE: lithuania and russia's energy realpolitik [CONFIDENTIAL]

DECLASSIFIED
PER E.O. 13526
2016-0384-M (1.71)
KBH 6/23/2023

no urgency

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, December 29, 1999 11:45 AM
To: Elkind, Jonathan H. (RUE)
Subject: RE: lithuania and russia's energy realpolitik [CONFIDENTIAL]

It is me indeed, and I had pulled this item earlier but have not had a chance to think about it - let me get back to you later today. thanks. Dick.

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

From: Elkind, Jonathan H. (RUE)
Sent: Wednesday, December 29, 1999 11:30 AM
To: Norland, Richard B. (EUR)
Subject: FW: lithuania and russia's energy realpolitik [CONFIDENTIAL]

Dick:

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Jon

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From: Elkind, Jonathan H. (RUE)
Sent: Wednesday, December 29, 1999 11:20 AM
To: Pascual, Carlos E. (RUE)
Cc: @NIS; Kass, Nicholas S. (EUR); Blinken, Antony J. (EUR)
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Reactions?

Jon

<< Message: OIL POLITICS AND THE STRATEGIC IMPORTANCE OF LITHUANIAN ENERGY SOVEREIGNTY
>>

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, December 29, 1999 10:14 AM
To: Black, Steven K. (VP); Blinken, Antony J. (EUR); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Cables; Crawford, Bernard T. (EUR/INTERN); Davidson, Leslie K. (VP); Duncan, John D. (INTECON/DOS); Elkind, Jonathan H. (RUE); Hammonds, D. Holly (INTECON); Kass, Nicholas S. (EUR); Kaufman, Stuart J. (RUE); Lee, Malcolm R. (NEC); Munter, Cameron P. (EUR); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Tedstrom, John E. (RUE); vonLipsey, Roderick K. (SEE); Weiss, Andrew S. (RUE); Yee, Hoyt B. (EUR)
Subject: OIL POLITICS AND THE STRATEGIC IMPORTANCE OF LITHUANIAN ENERGY SOVEREIGNTY

ActionAddres: RUEHC/SECSTATE WASHDC IMMEDIATE 1176
Classification: ~~CONFIDENTIAL~~
DateTime: 291416Z DEC 99
Distribution: SIT: BLACK BLINKEN BRODY BRZEZINSKI NSC CRAWFORD DAVIDSON DUNCAN

Identifier: M4223630
InfoAddres: RUEHMO/AMEMBASSY MOSCOW 1451

Line1: RUEHRA/AMEMBASSY RIGA 1348
Line2: RUEHTL/AMEMBASSY TALLINN 5081
Line3: RUEATRS/DEPT OF TREASURY WASHDC
Line4: OAACZYUW RUEHVL3583 3631416-CCCC--RHEHAAX.
Originator: ZNY CCCCC ZZH
Precedence: O 291416Z DEC 99
Profiles: FM AMEMBASSY VILNIUS
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StationRoutingIndicator: RUEHVL
StationSerialNumber: 3583
TimeOfReceipt: 12/29/1999 10:13:04 ET

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PER E.O. 13526**

2016-0384-M (1.72)
KRM 6/23/2023

~~CONFIDENTIAL~~ VILNIUS 003583

DEPT FOR D - DS TALBOTT, EUR FOR DAS RON ASMUS, EB FOR DAS WAYNE
MOSCOW FOR SIMON SCHUCHAT
TREASURY FOR DAVID WRIGHT

E.O. 12958: DECL: 12/28/2009
TAGS: EPET, PREL, ENRG, EINV, RS, LH
SUBJECT: OIL POLITICS AND THE STRATEGIC IMPORTANCE OF LITHUANIAN

ENERGY SOVEREIGNTY

REF: (A) MOSCOW 31970 (B) VILNIUS 03563 (C) VILNIUS 03452 AND PREVIOUS

CLASSIFIED BY AMBASSADOR KEITH SMITH, REASONS 1.5 B AND D

1. (C) SUMMARY: EMBASSY REITERATES THE STRATEGIC POLITICAL IMPORTANCE OF USG SUPPORT FOR LITHUANIA'S ENERGY SOVEREIGNTY, AND OUR BELIEF THAT THE CURRENT DIFFICULTY LITHUANIA HAS IN OBTAINING CRUDE OIL SUPPLY FROM RUSSIA IS A POLITICAL AS WELL AS A COMMERCIAL ISSUE. THIS CONCLUSION IS BASED ON RUSSIA'S HISTORY OF USING ITS CONTROL OF THE CRUDE OIL SUPPLY TO LITHUANIA TO FURTHER ITS GEOSTRATEGIC POLITICAL AND ECONOMIC INTERESTS, AND ITS RECENT ACTIONS IN THE CURRENT CUTOFF. THE WEIGHT OF EVIDENCE SUGGESTS THAT, DESPITE A DIRECT APPEAL FROM WILLIAMS TO THE MINISTER, THE MINISTRY OF FUEL AND ENERGY (AND THUS THE RUSSIAN GOVERNMENT) HAS ALLOWED LUKOIL TO EFFECTIVELY EMBARGO LITHUANIA, BY DECLINING TO BECOME INVOLVED. WE BELIEVE THAT ACTIONS REQUESTED IN REFS B AND C ARE EXTREMELY IMPORTANT, AND WILL DEMONSTRATE NOT ONLY USG SUPPORT FOR LITHUANIAN ENERGY SOVEREIGNTY, BUT ALSO CLEARLY INDICATE THAT THE UNITED STATES WILL NOT ACCEPT RUSSIAN GOVERNMENT COMPLICITY IN WHAT SHOULD, IN FACT, BE SIMPLY A COMMERCIAL MATTER. END SUMMARY.

2. (U) RUSSIA, OIL, AND POLITICS HAVE HISTORICALLY BEEN CLOSELY RELATED IN THE BALTICS. IN 1992 THE RUSSIANS CUT OFF THE OIL SUPPLY TO THE BALTICS, IN AN ATTEMPT TO KEEP THE NEW NATIONS FIRMLY UNDER THE INFLUENCE OF RUSSIA. IN 1997, LUKOIL PRESIDENT VISITED LITHUANIA TWICE, TO DEMAND A FIFTY-ONE PERCENT CONTROLLING INTEREST IN THE MAZEIKIAI OIL COMPLEX IN RETURN FOR SUPPLYING OIL. IN 1998, RUSSIA STOPPED OIL SHIPMENTS AND INSTITUTED AN ECONOMIC EMBARGO ON GOODS FROM LATVIA TO FORCE LATVIA TO IMPROVE THE TREATMENT OF RUSSIAN PENSIONERS IN LATVIA.

3. (C) THUS IN 1997 LITHUANIA VIEWED WITH TREPIDATION THE PRIVATIZATION OF ITS STATE OIL COMPLEX. HAVING NO OIL ITSELF, LITHUANIA WAS IN 1997 COMPLETELY DEPENDENT ON RUSSIA FOR ITS SUPPLY OF CRUDE OIL. SINCE INDEPENDENCE, THE RUSSIANS HAD ROUTINELY USED LITHUANIA'S DEPENDENCE ON RUSSIAN OIL TO INCREASE THEIR POLITICAL INFLUENCE, EXTRACT CONCESSIONS FROM THE GOL ON BILATERAL ISSUES, AND MAINTAIN THEIR MONOPOLY ON THE LITHUANIAN ENERGY MARKET. IN ALL BILATERAL DEALINGS WITH RUSSIA, THE IMPLIED (AND VERY REAL) THREAT OF AN OIL CUTOFF WAS OMNIPRESENT. FOR THIS REASON, LITHUANIA DECIDED TO SEEK A PARTNER WHO COULD HELP IT BREAK FREE FROM THIS POLITICAL AND ECONOMIC STRANGLEHOLD.

4. (C) WITH THIS IN MIND, THE GOL APPROACHED THE USG TO ASSIST IN FINDING THE LITHUANIA A WESTERN STRATEGIC PARTNER TO PRIVATIZE MAZEIKIAI NAFTA. THE GOL REALIZED THAT, IN AN OPEN TENDER PROCESS, RUSSIAN INTERESTS MIGHT GAIN A CONTROLLING INTEREST IN THE COMPLEX, THUS INCREASING THEIR CONTROL OVER THE LITHUANIAN ENERGY MARKET FROM SUPPLY TO THE MEANS OF PRODUCTION AND EVEN DISTRIBUTION. THE GOL DETERMINED THAT FOR STRATEGIC NATIONAL INTERESTS THIS WAS UNACCEPTABLE.

5. (C) AS A RESULT, THE GOL CHOSE THE UNITED STATES COMPANY WILLIAMS INTERNATIONAL AS THE STRATEGIC PARTNER FOR THE MAZEIKIAI PRIVATIZATION. LUKOIL IMMEDIATELY BEGAN WORKING PUBLICALLY AND PRIVATELY TO SCUTTLE THE DEAL. ULTIMATUMS WERE ISSUED BY LUKOIL TO THE GOL: GIVE US AN EQUAL OR CONTROLLING SHARE OF MAZEIKIAI NAFTA, OR THE OIL SUPPLY WILL BE CUT OFF. WHEN THE GOL DID NOT YIELD, THE OIL STOPPED FLOWING AND THE REFINERY SAT IDLE. THIS PATTERN WAS REPEATED THROUGHOUT THE COURSE OF THE NEGOTIATIONS BETWEEN WILLIAMS AND THE GOL - WHEN THE GOL MOVED AWAY FROM WILLIAMS, THE OIL WAS TURNED ON, WHEN NEGOTIATIONS BECAME PRODUCTIVE, THE OIL WAS TURNED OFF. A WIDESPREAD DISINFORMATION CAMPAIGN, DESIGNED TO MISLEAD THE LITHUANIA PEOPLE ABOUT THE DEAL, WAS ALSO ORCHESTRATED BY LUKOIL AND, IT WOULD APPEAR, SUPPORTED BY THE RUSSIAN GOVERNMENT. ALL OF LITHUANIA'S WORST

*FEARS CONCERNING RUSSIAN ENERGY DOMINATION WERE GRAPHICALLY EVIDENT, CONFIRMING THE GOL'S ORIGINAL DECISION TO PREVENT RUSSIAN INTERESTS FROM TAKING CONTROL OF MAZEIKIAI.

6. (C) AT THE END OF OCTOBER, THE DEAL WAS SIGNED. LUKOIL RESPONDED BY STATING THAT NO OIL WOULD FLOW TO MAZEIKIAI, AS THE GOL HAD REJECTED ITS TERMS. IN THE FIRST WEEK, WILLIAMS PAID OVER 50 MILLION USD IN UNPAID BILLS, INCLUDING ALL THE UNPAID OIL INVOICES. WILLIAMS ALSO SENT A TEAM OF NEGOTIATORS TO MOSCOW TO MEET WITH VARIOUS RUSSIAN OIL PRODUCERS. BY OFFERING EXTREMELY ATTRACTIVE PRICES AND PAYMENT TERMS, WILLIAMS SECURED AGREEMENTS FROM THREE RUSSIAN PRODUCERS TO PROVIDE OIL. HOWEVER, AS DETAILED IN REF C, LUKOIL EFFECTIVELY BLOCKED THESE SHIPMENTS, WITH THE ACQUIESCENCE OF THE RUSSIAN MINISTRY OF FUEL AND ENERGY. IN RESPONSE, WILLIAMS IMPORTED NORTH SEA CRUDE VIA THE BUTTINGE TERMINAL TO MEET LITHUANIA'S DOMESTIC PETROLEUM PRODUCT DEMANDS.

7. (C) COMMENT: SO - IS IT COMMERCIAL OR POLITICAL? IS IT LUKOIL OR RUSSIA? EMBASSY AGREES THAT, IN PRINCIPLE, THIS SHOULD BE A PRIVATE SECTOR COMMERCIAL MATTER BEST LEFT TO THE TWO PARTIES. UNFORTUNATELY, THIS IS NOT THE CASE. ALTHOUGH, AS NOTED REF A, IT MAY BE LEGALLY IMPOSSIBLE FOR LUKOIL TO CUT OFF OIL SUPPLIES THROUGH THE PIPELINE, THE FACT REMAINS THAT IT HAS DONE SO REPEATEDLY IN THE PAST, AND, IF THE USG SITS IDLY BY, WILL DO SO AGAIN. LEGAL OR ILLEGAL, THE OIL HAS STOPPED. IF IT IS ILLEGAL, THE MINISTRY OF FUEL AND ENERGY SHOULD SURELY INTERCEDE. IT HAS NOT DONE SO, DESPITE DIRECT APPEALS FROM WILLIAMS TO THE MINISTER HIMSELF. INDEED, THE MINISTRY REPEATEDLY DECLINES TO BECOME INVOLVED, DESPITE THE FACT THAT THIS ISSUE WOULD APPEAR TO BE EXACTLY THE TYPE OF SITUATION IN WHICH THE MINISTRY SHOULD HAVE A ROLE.

8. (C) WE CAN ONLY INTERPRET THE MINISTRY'S FAILURE TO BECOME INVOLVED AS RUSSIAN GOVERNMENT ACQUIESCENCE TO LUKOIL'S OIL EMBARGO OF LITHUANIA. THIS IS ESSENTIALLY A DE FACTO RUSSIAN OIL EMBARGO, SINCE LUKOIL HAS PREVENTED ALL OTHER RUSSIAN SUPPLIERS FROM DELIVERING OIL. IN OUR OPINION, THIS IS NOT A SIMPLE COMMERCIAL MATTER, BUT RATHER A CLEAR EXAMPLE OF RUSSIA USING ITS POWER (IN THIS CASE, ITS CONTROL OF THE OIL SUPPLY) TO FURTHER ITS GEOSTRATEGIC POLITICAL AND ECONOMIC INTERESTS. IT IS IMPORTANT THAT THE USG TAKE A POSITION IN OPPOSING THIS, AND COME OUT STRONGLY IN SUPPORT OF LITHUANIA'S ENERGY SOVEREIGNTY. END COMMENT.
SMITH

Blinken, Antony J. (EUR)

KSH 6/23/2023

From: WHSR
Sent: Tuesday, November 02, 1999 11:33 AM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Sigler, Ralph H. (WHSR)
Subject: WILLIAMS DEAL POLITICAL AND ECONOMIC AFTER-SHOCKS: NEW PM; NEED FOR IMF AGREEMENT (U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND

CLASS: ~~CONFIDENTIAL~~
DTG: 021551Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 1004
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 3073
TOR: 991102110910 M4129530

~~CONFIDENTIAL~~ SECTION 01 OF 02 VILNIUS 003073

DEPT FOR EUR/NB; PLEASE PASS TO TREASURY

E.O. 12958: DECL: 10/25/2009

TAGS: PGOV, EFIN, ENRG, PREL, LH

SUBJECT: WILLIAMS DEAL POLITICAL AND ECONOMIC AFTER-SHOCKS:
NEW PM; NEED FOR IMF AGREEMENT

(U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND D.

THIS IS AN ACTION REQUEST. PLEASE SEE PARAGRAPH 7.

1. (U) SUMMARY: THE LITHUANIAN PARLIAMENT IS EXPECTED TO CONFIRM ANDRIUS KUBILIUS AS THE NEW PRIME MINISTER ON WEDNESDAY NOVEMBER 3. LITHUANIAN POLITICS IS STILL BEING ROCKED BY LAST WEEK'S SIGNING OF THE AGREEMENT TO SELL A 33% SHARE AND MANAGEMENT CONTROL OF THE MAZEIKIU NAFTA REFINERY TO THE WILLIAMS CO. EMBASSY REQUESTS DEPARTMENT HELP IN EXPLAINING TO IMF THE USG INTEREST IN COMING QUICKLY TO A NEW STAND-BY ARRANGEMENT WITH LITHUANIA.
END SUMMARY

KUBILIUS TO BE CONFIRMED NOV. 3

2. (U) THE LITHUANIAN PARLIAMENT (SEIMAS) WILL MEET IN A SPECIAL SESSION ON WEDNESDAY NOV. 3 TO DECIDE ON ANDRIUS KUBILIUS' NOMINATION TO BE THE NEXT PRIME MINISTER. THE RULING HOMELAND UNION, AKA CONSERVATIVE PARTY HOLDS A SOLID MAJORITY IN THE CURRENT PARLIAMENT AND HE IS EXPECTED TO BE CONFIRMED EASILY. KUBILIUS WILL BE LITHUANIA'S 10TH PM SINCE LITHUANIA REGAINED INDEPENDENCE IN 1991 -- AND LITHUANIA'S THIRD PM THIS YEAR. HE HAS COME OUT SAYING THE RIGHT THINGS TO REASSURE THE IMF AND FINANCIAL MARKETS THAT HE WILL MAKE SOME TOUGH AND UNPOPULAR DECISIONS TO CUT GOVERNMENT SPENDING. KUBILIUS HIMSELF POINTED OUT THAT THE NEW GOVERNMENT HAS TO ACT "IN THE BEST INTERESTS OF THE COUNTRY, RATHER THAN FOR THE PARTY INTERESTS IN THE NEXT ELECTION."

3. (U) THE CONSERVATIVE PARTY IS MORE UNITED NOW THAN IT HAS BEEN SINCE THE FALL OF EX-PRIME MINISTER VAGNORIUS LAST SPRING. VAGNORIUS EXPRESSED HIS STRONG SUPPORT FOR THE NEW PM AND HIS SUPPORTERS PROBABLY WILL NOT BE SNIPING FROM THE SIDELINES AS THEY DID THROUGHOUT PAKSAS' TENURE. THE CONSERVATIVES ALL UNDERSTAND THAT IF AN ELECTION WERE HELD TODAY THEY WOULD FACE A CRUSHING DEFEAT. ALTHOUGH THE RULING PARTY EXPECTS TO BE IN THE

- Dick
① What if anything
can we do in terms
of public stmt -
Supporting
Williams deal?
② What if anything
can we do
to encourage
IMF w/o
undercutting its
negotiating
position or
mispropagating
muddling?

Aspin has made statement
ask Damien...

OPPOSITION AFTER NEXT AUTUMN'S ELECTIONS, THEIR HOPE IS THAT THE WORST OF THE FINANCIAL AND ECONOMIC CRISIS WILL BE OVER BY NEXT SPRING AND THAT THEY CAN COME OUT WITH A DECENT SHOWING IN NEXT YEAR'S ELECTIONS. THE PRESIDENT'S OFFICE EXPRESSED HIS SUPPORT FOR KUBILIUS, BUT THE PRESIDENT'S UNPAID ECONOMIC ADVISOR ELENA LEONTJEVA RESIGNED IN PROTEST OVER THE WILLIAMS DEAL. OTHERS ON THE PRESIDENT'S STAFF ARE ALSO CONSIDERING RESIGNING -- INCLUDING THE PRESIDENT'S OLDEST FRIEND WHO SERVES AS HIS CHIEF OF STAFF.

OPPOSITION MOVES: REFERENDUM IN FEBRUARY?

4. (C) BY THE END OF LAST WEEK, THE OPPOSITION WAS ABLE TO MUSTER THE SIGNATURES OF 48 MEMBERS OF PARLIAMENT IN ORDER TO HOLD A REFERENDUM ON THE ISSUE OF PRIVATIZATION OF THE MAZEIKIAI REFINERY. PRESS REPORTS INDICATE THAT THE ELECTORAL COMMISSION WILL PROPOSE THAT THE REFERENDUM BE HELD FEBRUARY 6 OR 13 NEXT YEAR. THE TEXT OF THE REFERENDUM WILL BE: "DO YOU AGREE THAT THE PARLIAMENT OF THE REPUBLIC OF LITHUANIA AND THE GOVERNMENT GIVE UP GOVERNMENT CONTROL AND DECISION MAKING IN THE RESTRUCTURED JOINT-STOCK COMPANY MAZEIKIAI OIL?" THE GOVERNMENT AND WILLIAMS WILL HAVE TO WORK HARD TO DEFEND THEIR AGREEMENT IF THE REFERENDUM IS HELD. NO ONE IS QUITE SURE WHAT EFFECT THE REFERENDUM WOULD HAVE ON THE STATUS OF THE AGREEMENT SIGNED ON OCT. 29 IF THE NO-VOTES WIN IN THE REFERENDUM.

5. (C) IN THE MEANTIME, THE LEADER OF THE CENTER UNION PARTY ROMUALDAS OZOLAS HAS RESIGNED AS DEPUTY PARLIAMENT CHAIRMAN AND WANTS TO CHANGE THE PARTY'S STATUS FROM BEING IN THE RULING COALITION (THEY HAVE ONE CABINET POST -- MINISTRY OF JUSTICE) TO BEING IN THE OPPOSITION. WITH SOME FAIRLY EMOTIONAL ANTI-WILLIAMS STATEMENTS HE IS TRYING TO DISTANCE HIMSELF AND HIS PARTY AS MUCH AS POSSIBLE FROM THE WILLIAMS DEAL. ACCORDING TO THE POLLS, THE CENTER PARTY IS CURRENTLY THE MOST POPULAR PARTY IN LITHUANIA AND OZOLAS IS DOING HIS BEST TO CAPITALIZE ON THE CURRENT ANTI-WILLIAMS SENTIMENT. ALTHOUGH SOME VERY HARSH ANTI-WILLIAMS, ANTI-GOVERNMENT, AND ANTI-LITHUANIAN-AMERICAN EDITORIALS APPEARED IN TODAY'S PRESS, THE SINGLE-ISSUE FOCUS ON THE WILLIAMS DEAL IN THE LITHUANIAN PRESS HAS SUBSIDED.

MAZEIKIU NAFTA GETS A NEW GOVERNING BOARD

6. (U) ON SATURDAY OCT. 30 THE MANAGEMENT AT MAZEIKIAI APPROVED THE AGREEMENT AND ELECTED A NEW GOVERNING BOARD WITH FOUR LITHUANIANS AND THREE WILLIAMS REPRESENTATIVES, INCLUDING STEVE HUNKAS WHO WILL SERVE AS THE NEW DIRECTOR GENERAL OF THE ENTERPRISE.

USG SUPPORT FOR NEW IMF AGREEMENT CRUCIAL

7. (C) ACTION REQUEST: EMBASSY BELIEVES THAT STRONG USG BACKING FOR A NEW IMF AGREEMENT ON A STAND-BY LOAN IS ESSENTIAL IF LITHUANIA IS TO ACHIEVE FINANCIAL STABILITY IN THE NEXT FEW MONTHS. EVEN WITH DRASTIC SPENDING CUTS, THE GOVERNMENT IS
~~CONFIDENTIAL~~ SECTION 02 OF 02 VILNIUS 003073

DEPT FOR EUR/NB; PLEASE PASS TO TREASURY

E.O. 12958: DECL: 10/25/2009

TAGS: PGOV, EFIN, ENRG, PREL, LH

SUBJECT: WILLIAMS DEAL POLITICAL AND ECONOMIC AFTER-SHOCKS:
NEW PM; NEED FOR IMF AGREEMENT

STILL FACING A SEVERE FISCAL CRISIS BECAUSE OF DOUBTS ABOUT ITS ABILITY TO RAISE MONEY TO COVER ITS DEBTS. LITHUANIA'S MACRO-ECONOMIC STABILITY IS IMPORTANT TO THE REGION AND IT IS CRUCIAL TO LITHUANIA'S ASPIRATIONS FOR EU AND NATO MEMBERSHIP. EMBASSY WOULD LIKE DEPARTMENT TO CONSIDER HOW USG CAN BEST PERSUADE THE IMF TO COME TO A PROMPT AGREEMENT WITH LITHUANIA ON A NEW STAND-BY AGREEMENT. EMBASSY RECOMMENDS THAT STATE DEPARTMENT DEPUTY

SECRETARY TALBOTT, E UNDERSECRETARY LARSON, AND TREASURY
DEPARTMENT UNDERSECRETARY EIZENSTAT SHOULD WEIGH-IN TO STRESS
USG SUPPORT FOR THE WILLIAMS DEAL AND FOR A NEW STAND-BY
AGREEMENT. SMITH

Norland, Richard B. (EUR)

From: Norland, Richard B. (EUR)
Sent: Wednesday, November 03, 1999 5:33 PM
To: Blinken, Antony J. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Ron Asmus has made some mildly positive statements about the Williams deal ("good for Lithuania, good for the U.S., good for the region") but following consultations with Embassy Vilnius and the Lithuanians, the general feeling is that the less said about it by us publicly from here on out, the better. As Tony confirmed, it is a done deal. The new government is being given a chance to settle in, and Lithuania's relationship to the IMF will undergo a little (useful) scrutiny. State intends to give the issue a low profile for a while.

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

From: Blinken, Antony J. (EUR)
Sent: Wednesday, November 03, 1999 1:13 PM
To: Norland, Richard B. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

DECLASSIFIED
E.O. 13526, Sec. 3.5 (b)
White House Guidelines, September 11, 2006
By KSH NARA, Date 4/23/2023
2016-0384-M

good. one less problem. Thanks.

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, November 03, 1999 11:22 AM
To: Blinken, Antony J. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Stasys says their day tomorrow is full, including meeting with Speaker Hastert and Strobe so they're fairly happy (would have liked MAK and SRB, but...). I will follow up with State re: what we can say publicly about Williams deal.

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

From: Blinken, Antony J. (EUR)
Sent: Wednesday, November 03, 1999 11:09 AM
To: Norland, Richard B. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

yes, please. oh and welcome back.

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, November 03, 1999 10:16 AM
To: Blinken, Antony J. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Sharon said Sandy did not check the box offering Jim -- I guess we should check with Stasys before requesting Jim (who I suspect will decline based on his schedule and not being here on Friday). Should I call Stasys?

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

From: Blinken, Antony J. (EUR)
Sent: Wednesday, November 03, 1999 9:49 AM
To: Norland, Richard B. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

what about Jim?

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, November 03, 1999 9:47 AM
To: Blinken, Antony J. (EUR); Allen, Charles A. (LEGAL)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

update: Sharon says Sandy Berger regrets.

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

From: Blinken, Antony J. (EUR)
Sent: Tuesday, November 02, 1999 1:14 PM
To: Allen, Charles A. (LEGAL); Norland, Richard B. (EUR)

Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB ~~(CONFIDENTIAL)~~

you are correct. deal was signed.

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

From: Allen, Charles A. (LEGAL)
Sent: Tuesday, November 02, 1999 1:01 PM
To: Norland, Richard B. (EUR)
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor
Subject: RE: Appt. request: Landsbergis/SRB ~~(CONFIDENTIAL)~~

Dick, I thought the agreement was inked Friday and the issue pretty much mooted aside from their expected desire for a statement that we're not prepared to make. In any event, please forward any meeting background and points to us for clearance when you have them. Thanks.

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

From: Norland, Richard B. (EUR)
Sent: Tuesday, November 02, 1999 11:44 AM
To: @APNSA
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor; Allen, Charles A. (LEGAL)
Subject: Appt. request: Landsbergis/SRB ~~(CONFIDENTIAL)~~

Lithuanian Ambassador Sakalauskas has written SRB to ask for an appointment anytime Nov. 4-6 for Vytautas Landsbergis, chairman (speaker) of the Lithuanian parliament. Landsbergis wants to discuss Baltic security and relations with Russia and reported progress Lithuania is making in handling processing of Nazi war crimes. U.S. investment in Lithuania will also be on the agenda: Landsbergis originally wanted to discuss a complex and politically controversial deal involving an American oil company, but since the appointment request came in the government has fallen over this issue and the new Prime Minister has put things on hold.

Landsbergis is one of the prominent figures in Lithuania's independence movement and warrants a high level reception. The Lithuanians see the oil deal as important in resisting what they perceive as Russian pressure on energy issues, and in general are looking for reassurance given Russian behavior in Chechnya and uncertainty surrounding next year's elections in Russia. We recommend a short meeting but would propose to steer clear of specifics on the energy deal.

_____ OK - short meeting Nov. 4-6

_____ Regret

_____ JBS to handle if schedule permits.

LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS



EMBASSY OF THE REPUBLIC OF LITHUANIA
WASHINGTON, D.C.

PRESS RELEASE
November 4, 1999

Contact: Rolandas Kacinskas
Phone: (202) 234-5860 x 21

THE CHAIRMAN OF THE *SEIMAS* VYTAUTAS LANDSBERGIS STARTS A VISIT TO THE UNITED STATES

WASHINGTON, D.C., November 4 – Prof. V.Landsbergis, Chairman of the *Seimas* (Parliament) of the Republic of Lithuania starts his two-day working visit today to Washington, DC where he is scheduled to meet high-ranking officials of the U.S. Administration as well as leaders of the Congress. While in Washington, the Chairman of the *Seimas* will meet the Speaker of the House of Representatives Dennis Hastert, Deputy Secretary of State Strobe Talbott, Undersecretary of Defense Walter B.Slocombe, Sen. Richard G.Lugar, Congressmen Tom Lantos and others.

On November 5, Prof. V.Landsbergis will participate at the gala reception and dinner celebrating the 10th anniversary of the fall of the Berlin Wall during which he will accept the first Truman-Reagan Freedom Award. The ceremony is organized by the Victims of Communism Memorial Foundation.

The Chairman of the *Seimas* will also speak on the threat of extremism in Eastern Europe at Radio Free Europe/Radio Liberty, on November 5, 8:30 a.m. to 10:00 a.m. (1201 Connecticut Avenue, NW).

Norland, Richard B. (EUR)

From: Scott-Perez, Marilyn L. (NSA)
Sent: Wednesday, November 03, 1999 4:44 PM
To: Norland, Richard B. (EUR); @APNSA
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor; Allen, Charles A. (LEGAL)
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

OK - thanks!

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, November 03, 1999 4:27 PM
To: Scott-Perez, Marilyn L. (NSA); @APNSA
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor; Allen, Charles A. (LEGAL)
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Lithuanian Ambassador very grateful for offer but indicates that Landsbergis' schedule tomorrow is chock full, including meetings with Speaker Hastert and Strobe Talbott. With Jim not here Friday, Lithuanians will pursue WH meeting next time with more advance notice.

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

From: Scott-Perez, Marilyn L. (NSA)
Sent: Wednesday, November 03, 1999 4:12 PM
To: Norland, Richard B. (EUR); @APNSA
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor; Allen, Charles A. (LEGAL)
Subject: RE: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Dick -- SRB has asked that Jim do this meeting and Jim has agreed. Please offer 3:00PM tomorrow, November 4 and of course we will need a list of proposed participants and a paper prepared. Thanks!

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

From: Norland, Richard B. (EUR)
Sent: Tuesday, November 02, 1999 11:44 AM
To: @APNSA
Cc: @EUROPE - European Affairs; @LEGAL - Legal Advisor; Allen, Charles A. (LEGAL)
Subject: Appt. request: Landsbergis/SRB [CONFIDENTIAL]

Lithuanian Ambassador Sakalauskas has written SRB to ask for an appointment anytime Nov. 4-6 for Vytautas Landsbergis, chairman (speaker) of the Lithuanian parliament. Landsbergis wants to discuss Baltic security and relations with Russia and reported progress Lithuania is making in handling processing of Nazi war crimes. U.S. investment in Lithuania will also be on the agenda: Landsbergis originally wanted to discuss a complex and politically controversial deal involving an American oil company, but since the appointment request came in the government has fallen over this issue and the new Prime Minister has put things on hold.

Landsbergis is one of the prominent figures in Lithuania's independence movement and warrants a high level reception. The Lithuanians see the oil deal as important in resisting what they perceive as Russian pressure on energy issues, and in general are looking for reassurance given Russian behavior in Chechnya and uncertainty surrounding next year's elections in Russia. We recommend a short meeting but would propose to steer clear of specifics on the energy deal.

____ OK - short meeting Nov. 4-6

____ Regret

____ JBS to handle if schedule permits.

DECLASSIFIED
 E.O. 13526, Sec. 3.5 (b)
 White House Guidelines, September 11, 2006
 By KRM/NARA, Date 6/23/2013
 2016-0384-M

TO: BERGER

FROM: SAKALAIUSKAS, STASYS

DOC DATE: 20 OCT 99
SOURCE REF:

KEYWORDS: LITHUANIA

ANSA

NSA Correspondence

PERSONS: LANDSBERGIS, VYAUTAS

SUBJECT: ASKS FOR MTG BTW SPEAKER OF LITHUANIAN HOUSE & SRB

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: ~~20 OCT~~ 99 STATUS: S
05 NOV

STAFF OFFICER: NORLAND

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
NORLAND

FOR CONCURRENCE
RUDMAN

FOR INFO
STOREY
WEISS

COMMENTS:

NFAR - (see attached email)

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSDMK

CLOSED BY:

DOC 1 OF 1



LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS

EMBASSY OF THE REPUBLIC OF LITHUANIA
WASHINGTON, D.C.

October 20, 1999

The Honorable Samuel R. Berger
National Security Advisor
The White House
Fax: 202-456-9460

PLEASE STAFF

Dear Mr. Berger:

On November 4-6, 1999, Professor Vytautas Landsbergis, Chairman (Speaker) of the Lithuanian Parliament will be visiting Washington, D.C. I avail myself of this opportunity to extend personal request of the Chairman for a meeting with you at your convenience.

Mr. Landsbergis would like to once again thank you for the continuous support to the strengthening Lithuanian - American relationship and integration of Lithuania into the Euro-Atlantic structures.

Mr. Landsbergis would also be interested to discuss with you further promotion of the security and stability in the Baltic region, as well as to discuss situation in Byelorussia and Russia, Lithuania's experience in improving relations with Russia and its policy of providing Lukasenka's-led Byelorussia with the channels of communication with the West.

Prof. Landsbergis would also like to use the opportunity to brief you about the status of multimillion investment of the U.S. Company "Williams" into Lithuania's oil complex and discuss a possible support of the U.S. Government for this project. Furthermore, Mr. Landsbergis would like to address the issues of war crimes and the progress Lithuania is making.

Thank you for your kind consideration and I look forward to hearing from you at your convenience.

Respectfully,

A handwritten signature in cursive script, likely belonging to Stasys Sakalauskas.

Stasys Sakalauskas
Ambassador

OCT 25 13:32

Norland, Richard B. (EUR)

From: Davidson, Leslie K. (VP)
Sent: Monday, October 25, 1999 2:28 PM
To: Norland, Richard B. (EUR)
Cc: Saunders, Richard M. (VP); Blinken, Antony J. (EUR)
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Dick -- I have extreme doubts that we will get a VP meeting. He's traveling through the 4th and scheduled to be down on the 5th. I'm not sure Leon will want to use extreme political capital to get VP into the office that day. Two thoughts come to mind. (1) We in OVP will watch in case VP's down day suddenly becomes work day at the WH -- small prayer then of getting something stuck onto the schedule. (2) Let's brainstorm. Is there some other way we can show some support?

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

From: Norland, Richard B. (EUR)
Sent: Monday, October 25, 1999 2:13 PM
To: Davidson, Leslie K. (VP)
Cc: Saunders, Richard M. (VP); Blinken, Antony J. (EUR)
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Stasys called again today to highlight the political importance the Lithuanians attach to having Landsbergis received by the VP if at all possible. Amidst growing political turmoil in Lithuania directed against the Williams energy deal, Landsbergis is trying to defend U.S. investment and argue that the deal is good for the country. Stasys sees a meeting with the VP as a way to boost perceptions that U.S. investment is a good thing. I agreed to pass this on.

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

From: Davidson, Leslie K. (VP)
Sent: Thursday, October 21, 1999 11:27 AM
To: Norland, Richard B. (EUR)
Cc: Saunders, Richard M. (VP)
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Yes. I've talked to Stasys about Landsbergis. Passed info to Rick and Leon. VP is now travelling on the 4th, so the 5th is the only logistical option. Unfortunately, that is supposed to be a VP down day, and we've been very shy these days about intruding on this private time (he's getting about 1 day every two weeks right now). Need to check with Leon.

Williams is a very complicated thing indeed. Have been chatting with the desk myself. I want to hear what Legal has to say about discussing this. Right now, it seems to be to still be in the category of commercial dispute. No contract has been signed yet -- so Williams does have the opportunity to renegotiate a few terms, if they take seriously Lithuania's statements that the current terms would bankrupt 'em.

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

From: Norland, Richard B. (EUR)
Sent: Thursday, October 21, 1999 10:45 AM
To: Davidson, Leslie K. (VP)
Cc: Norland, Richard B. (EUR)
Subject: FW: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Leslie, am getting a lot of heat from Lithuanian Amb. about meetings for Landsbergis with Sandy Berger AND the VP -- has he approached you? @LEGAL is going to look at the question of discussing the Williams deal -- complicated and controversial. But the Amb. makes a strong case that USG should signal general support so that Williams makes as many concessions as possible..... Dick.

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

From: Baker, James E. (LEGAL)
Sent: Wednesday, October 20, 1999 9:10 PM
To: Norland, Richard B. (EUR); @LEGAL - Legal Advisor
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Yes please.

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, October 20, 1999 6:44 PM
To: @LEGAL - Legal Advisor
Subject: FW: Landsbergis Request appt. with SRB [CONFIDENTIAL]

We will be sending the appointment request below to SRB or JBS -- given the Lithuanian desire to discuss a prospective deal with a U.S. oil company, would @LEGAL care to review or comment on the appointment request? thanks.

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

From: Blinken, Antony J. (EUR)

Sent: Wednesday, October 20, 1999 6:41 PM
To: Norland, Richard B. (EUR); Pascual, Carlos E. (RUE)
Cc: @EUROPE - European Affairs
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

This strikes me as a Jim meeting, not SRB.

Also check this with lawyers given oil angle.

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

From: Norland, Richard B. (EUR)
Sent: Wednesday, October 20, 1999 6:36 PM
To: Blinken, Antony J. (EUR); Pascual, Carlos E. (RUE)
Cc: @EUROPE - European Affairs
Subject: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Tony/Carlos: any comments before I send this off to SRB?

Lithuanian Amb. Sakalauskas has written to SRB (letter reportedly faxed today, with cc: to us) to ask for an appointment Nov.4-6 for Vytautas Landsbergis, Chairman (speaker) of the Lithuanian Parliament. Landsbergis wants to discuss (1) Baltic security/relations with Russia; (2) a complex and politically controversial negotiation between Lithuania and the American oil company Williams, in which the Lithuanians hope the USG will weigh in with Williams and the IMF to make a deal possible; and (3) reported progress Lithuania is making in handling processing of Nazi war crimes.

Landsbergis is one of the prominent figures in Lithuania's independence movement and warrants a high level reception. The Lithuanians see the Williams oil deal as important in resisting what they perceive as Russian pressure on energy issues, and in general are looking for reassurance given Russian behavior in Chechnya and uncertainty surrounding the upcoming elections in Russia. We would recommend a short meeting but would ask the Lithuanians in advance not to go into detail on the Williams deal.

_____ OK - short meeting Nov. 4-6

_____ Decline

_____ Discuss

Norland, Richard B. (EUR)

From: WHSR
Sent: Friday, October 29, 1999 2:59 PM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Norland, Richard B. (EUR)
Subject: LITHUANIA SIGNS AGREEMENT WITH WILLIAMS; KUBILIUS TO BE CONFIRMED NEW PRIME MINISTER (U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND

CLASS: ~~CONFIDENTIAL~~
DTG: 291618Z OCT 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 1001
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 3062
TOR: 991029123920 M4124556

DECLASSIFIED
PER E.O. 13526
2016-0384-M (1.74)
KBN 4/13/2023

~~CONFIDENTIAL~~ VILNIUS 003062

DEPT FOR EUR/NB

E.O. 12958: DECL: 10/25/2009
TAGS: ENRG, PGOV, EFIN, PREL, LH
SUBJECT: LITHUANIA SIGNS AGREEMENT WITH WILLIAMS; KUBILIUS TO BE CONFIRMED NEW PRIME MINISTER

(U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND D.

1. (U) SUMMARY: REPRESENTATIVES OF THE LITHUANIAN GOVERNMENT AND THE WILLIAMS CO. SIGNED AN AGREEMENT IN VILNIUS ON OCTOBER 29 ON INVESTMENT IN LITHUANIA'S OIL SECTOR. THE PRESIDENT HAS NOMINATED DEPUTY CHAIRMAN OF THE PARLIAMENT ANDRIUS KUBILIUS TO BE THE NEXT PRIME MINISTER. END SUMMARY

SIGNED AT LAST

2. (S) DESPITE LINGERING POINTS OF DISAGREEMENT AND LAST MINUTE COLD FEET BY THE PRESIDENT, GOL TRANSPORTATION MINISTER RIMANTAS DIDZIOKAS, REFORM AND MUNICIPALITY MINISTER SIGITAS KAKTYS, MAZEIKIU NAFTA ACTING HEAD VITA PETROSIENE, AND WILLIAMS, LITHUANIA RANDY MAJORS SIGNED THE AGREEMENT AT MID-DAY. A FORMAL SIGNING CEREMONY WITH JOHN BAUMGARNER AND ACTING PM DEGUTIENE (WITH AMBASSADOR SMITH ATTENDING) TOOK PLACE IN THE AFTERNOON. WILLIAMS IMMEDIATELY TRANSFERRED USD \$150 MILLION AND THE GOL USD \$74 TO PROVIDE THE COMPANY WITH WORKING CAPITAL. BOTH SIDES PLEDGED TO WORK FOR GREATER PARTICIPATION BY INTERNATIONAL FINANCIAL INSTITUTIONS AND THE EBRD IN FINANCING MAZEIKIAI TO LESSEN THE FINANCIAL BURDEN OF THE GOL.

GOL WANTS TO HEAD OFF FINANCIAL CRISIS

3. (S) AN IMF MISSION WILL BE IN VILNIUS ON NOVEMBER 2-5 TO DISCUSS A PRECAUTIONARY STAND-BY AGREEMENT. IT WAS THE TWO IMF LETTERS OF OCTOBER 22 AND 25 CAUTIONING THE GOL AGAINST SIGNING THE WILLIAMS DEAL THAT NEARLY KILLED THE DEAL IN THE LAST WEEK. THE PRESIDENT AND OTHER STRONG SUPPORTERS OF THE DEAL WERE SHAKEN BY THE INHERENT THREAT THAT THE IMF WOULD NOT BE ABLE TO SIGN A NEW STAND-BY AGREEMENT IF THE GOL WENT AHEAD WITH SIGNING THE WILLIAMS DEAL. CONSERVATIVE PARTY MEMBERS ARE ALREADY TALKING ABOUT SOME OF THE STEPS THE GOL WILL HAVE TO TAKE TO SHOW THE IMF THAT IT IS WILLING TO REIN IN SPENDING, NAMING A TEMPORARY SUSPENSION OF THE SAVINGS RESTITUTION PLAN AS ONE MEASURE THAT CAN BE TAKEN. THE CONSERVATIVES BELIEVE THAT THEY WILL BE ABLE TO MAKE SOME EXPENDITURE CUTS THAT WILL CONVINCE THE IMF TO COME TO AN AGREEMENT ON A NEW STAND-BY WITHOUT LONG,

PAINFUL NEGOTIATIONS.

4. (C) THE SOCIAL INSURANCE FUND "SODRA" HAS ALREADY ANNOUNCED PENSIONS WILL BE DELAYED THIS MONTH AND MAY EVEN BE POSTPONED UNTIL NOVEMBER UNLESS IT GETS SOME SHORT-TERM LOANS. EMBASSY IS CONCERNED THAT MOST LITHUANIANS BELIEVE THAT THE GOVERNMENT IS TAKING MONEY AWAY FROM THE PENSIONERS IN ORDER TO "GIVE IT TO WILLIAMS." ONE OF THE CHALLENGES FOR THE GOL AND USG IS TO HEAD OFF THIS UNIVERSAL PERCEPTION. AS THE GOL DEALS WITH ITS FINANCIAL CRUNCH IN THE NEXT FEW MONTHS, THE OPPOSITION IS LIKELY TO COMPLAIN THAT THE WILLIAMS DEAL IS ONE OF THE ROOT CAUSES OF LITHUANIA'S FISCAL TROUBLES.

THE NEW PM

5. (C) ANDRIUS KUBILIUS WILL BE CONFIRMED AT A SPECIAL SESSION OF PARLIAMENT ON FRIDAY EVENING. THE ACTING PM DEGUTIENE DECIDED TO TAKE HERSELF OUT OF THE RUNNING. IN A PRESS CONFERENCE RIGHT AFTER THE SIGNING, KUBILIUS PROMISED TWO THINGS: TO CONTINUE THE POLICIES OF THE TWO PREVIOUS PRIME MINISTERS AND "TO MAKE A FEW VERY UNPOPULAR DECISIONS CONNECTED WITH THE CURRENT FINANCIAL SITUATION." OUR ASSESSMENT IS THAT HE IS THE MAN TO DO JUST THAT.

6. (C) KUBILIUS IS CONSIDERED A LANDSBERGIS MAN, BUT ALSO HAS CLOSE TIES TO FORMER PM VAGNORIUS. KUBILIUS HAS BEEN A LONG-TIME TRUSTED CONTACT OF THE U.S. EMBASSY WHO FULLY SUPPORTS THE FUNDAMENTAL PRIORITIES OF THE RECENT CONSERVATIVE PARTY GOVERNMENTS -- INTEGRATION OF LITHUANIA INTO WESTERN POLITICAL, SECURITY AND ECONOMIC INSTITUTIONS. HE IS CONSIDERED VERY SHREWD AND HAS BEEN A MOSTLY BEHIND THE SCENES PERSONALITY. FOR BOTH OF THESE REASONS, HE IS NOT ENTIRELY TRUSTED AND IS NOT VERY POPULAR WITH THE AVERAGE LITHUANIAN. THE CONSERVATIVE PARTY IS ALSO HAVING TO TAKE A BIT OF TIME FINDING A NEW MINISTER OF FINANCE AND A NEW MINISTER OF THE ECONOMY, BOTH OF WHICH ARE LIKELY TO BE THANKLESS JOBS. THE NEW MINISTERS WILL HAVE TO MAKE UNPOPULAR CUTS AND BECOME VILLAINS IN TIME FOR THE NEXT ELECTION. SMITH

Norland, Richard B. (EUR)



From: Russ, Judith P. (SEE)
Sent: Monday, October 25, 1999 1:01 PM
To: Norland, Richard B. (EUR)
Subject: You received a phone call from Lithuanian Ambassador. [UNCLASSIFIED]

Called: -1
Phone Number: 234-5860, x27
Please Contact: Lithuanian Ambassador
PleaseCall: -1
ReturnedCall: 0
WantsToSee: 0
WillCall: 0

- Landsbergis is championing Williams deal.
It's fairly strong opposition in Paris - a meeting
could be viewed as broad support.
- press negative in Williams.
- VP: better to have U.S. econ. presence in Lith. -
some good climate.

Norland, Richard B. (EUR)

From: Weiss, Andrew S. (RUE)
Sent: Wednesday, October 20, 1999 7:42 PM
To: Norland, Richard B. (EUR)
Cc: @RUSSIA - Russia/Ukraine; Blinken, Antony J. (EUR)
Subject: FW: Landsbergis Request appt. with SRB [CONFIDENTIAL]

→ @Legal?
10/25

TO: SRB
THROUGH: TONY BLINKEN
FROM: DICK NORLAND

Lithuanian Amb. Sakalauskas has written you (letter reportedly faxed Oct. 20, with cc: to us) to ask for an appointment Nov. 4-6 for Vytautas Landsbergis, Chairman (speaker) of the Lithuanian Parliament. Landsbergis wants to discuss (1) Baltic security/relations with Russia; (2) a complex and politically controversial negotiation between Lithuania and the American oil company Williams, in which the Lithuanians hope the USG will weigh in with Williams and the IMF to make a deal possible; and (3) reported progress Lithuania is making in handling processing of Nazi war crimes.

Landsbergis is one of the prominent figures in Lithuania's independence movement and warrants a high level reception. The Lithuanians see the Williams oil deal as important in resisting what they perceive as Russian pressure on energy issues. We would recommend a short meeting with you or Jim Steinberg but would ask the Lithuanians in advance not to go into detail on the Williams deal.

_____ OK - short meeting Nov. 4-6

_____ See if JBS can meet

DECLASSIFIED
E.O. 13526, Sec. 3.5 (b)
White House Guidelines, September 11, 2006
By KRM NARA, Date 6/23/2023
2016-0384-17

Norland, Richard B. (EUR)

From: Baker, James E. (LEGAL)
Sent: Wednesday, October 20, 1999 9:10 PM
To: Norland, Richard B. (EUR); @LEGAL - Legal Advisor
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

DECLASSIFIED
E.O. 13526, Sec. 3.5 (b)
White House Guidelines, September 11, 2006
By KSH NARA, Date 6/23/2023
2016-0384-17

Yes please.

-----Original Message-----
From: Norland, Richard B. (EUR)
Sent: Wednesday, October 20, 1999 6:44 PM
To: @LEGAL - Legal Advisor
Subject: FW: Landsbergis Request appt. with SRB [CONFIDENTIAL]

We will be sending the appointment request below to SRB or JBS -- given the Lithuanian desire to discuss a prospective deal with a U.S. oil company, would @LEGAL care to review or comment on the appointment request? thanks.

-----Original Message-----
From: Blinken, Antony J. (EUR)
Sent: Wednesday, October 20, 1999 6:41 PM
To: Norland, Richard B. (EUR); Pascual, Carlos E. (RUE)
Cc: @EUROPE - European Affairs
Subject: RE: Landsbergis Request appt. with SRB [CONFIDENTIAL]

This strikes me as a Jim meeting, not SRB.

Also check this with lawyers given oil angle.

-----Original Message-----
From: Norland, Richard B. (EUR)
Sent: Wednesday, October 20, 1999 6:36 PM
To: Blinken, Antony J. (EUR); Pascual, Carlos E. (RUE)
Cc: @EUROPE - European Affairs
Subject: Landsbergis Request appt. with SRB [CONFIDENTIAL]

Tony/Carlos: any comments before I send this off to SRB?

Lithuanian Amb. Sakalauskas has written to SRB (letter reportedly faxed today, with cc: to us) to ask for an appointment Nov. 4-6 for Vytautas Landsbergis, Chairman (speaker) of the Lithuanian Parliament. Landsbergis wants to discuss (1) Baltic security/relations with Russia; (2) a complex and politically controversial negotiation between Lithuania and the American oil company Williams, in which the Lithuanians hope the USG will weigh in with Williams and the IMF to make a deal possible; and (3) reported progress Lithuania is making in handling processing of Nazi war crimes.

Landsbergis is one of the prominent figures in Lithuania's independence movement and warrants a high level reception. The Lithuanians see the Williams oil deal as important in resisting what they perceive as Russian pressure on energy issues, and in general are looking for reassurance given Russian behavior in Chechnya and uncertainty surrounding the upcoming elections in Russia. We would recommend a short meeting but would ask the Lithuanians in advance not to go into detail on the Williams deal.

_____ OK - short meeting Nov. 4-6

_____ Decline

_____ Discuss

Blinken, Antony J.

From: Leader, Damian R. (STATE EUR / NORDIC-BALTIC AFFAIRS)
Sent: Monday, October 25, 1999 12:35 PM
To: Blinken, Antony J.
Subject: For Dick Norland: Update on Williams

Dick- The following is an as yet uncleared memo on Williams we hope to send up today.

The Williams Company of Tulsa's effort to purchase controlling interest in Lithuania's oil refinery, pipeline and terminal, and opposition by some politicians, has provoked a cabinet crisis. The Williams investment, which could be worth about \$700 million over five years, has been negotiated for several years. Opponents include Russian oil companies as well as some Lithuanian politicians who oppose foreign ownership of the nearly-bankrupt state refinery. The deal has been greatly complicated by Lithuania's economic downturn, which has dramatically reduced GOL revenues. What could have easily been financed last year is now very difficult to do.

Williams has given the GOL until October 29 to sign the agreement. The cabinet voted October 19 in favor, with three ministers opposing. Two have since resigned, and Prime Minister Rolandas Paksas is threatening to do so October 28. He gave a televised speech October 18 arguing that Williams was demanding too much and Lithuania could not afford the financing Williams requires to pay off the over \$300 million in old debt that encumbers the refinery. PM Paksas put it as a choice of inking the deal or paying for social programs. Paksas, the most popular politician in the country, has catalyzed strong opposition to the deal. Williams made further concessions to the GOL October 21, but without swaying Paksas. The IMF resrep has said publicly that the deal precludes a standby agreement, which is not the IMF Washington position (there is concern at the Fund about how it is financed, but it supports privatization and does not oppose the deal per se). Our concerns are twofold: that a U.S. strategic investment will go unrealized, and that it the deal is being politicized into a rallying point against U.S. investment.

We have worked closely with the GOL and Williams to try to make this work. We are encouraging Williams to be as forthcoming as possible, have told the GOL that the IMF position is being misrepresented to them, and are encouraging the IMF to deliver the same message. We will continue to work here and in Vilnius to make sure the Lithuanian government understands that, although there are risks to concluding the refinery deal, there are also risks to passing up this opportunity to secure significant foreign investment.

~~CONFIDENTIAL~~

12

INR

Lithuania: Oil Complex Crisis (U)

Prime Minister Paksas on October 18 refused to sign a deal with US-based Williams International to privatize Mazeikiu Nafta, the largest state-owned oil refinery complex, and offered to resign, according to Embassy Vilnius and press reports. He claimed the deal would jeopardize the economy. The agreement obligated Vilnius to pay \$350 million for Mazeikiu Nafta's working capital shortfall, which would have required the government to cancel all its other programs. (U)

The cabinet's approval of the agreement prompted the economy and finance ministers, the only cabinet officials opposing the deal, to resign in protest. President Adamkus and Parliamentary Chairman Landsbergis support the plan. Paksas promised Adamkus a stable government until his return from North America on October 28. (U)

■ **COMMENT:** Even if Paksas's resignation is accepted, the conservative party may still be able to pull off the deal by Williams' firm October 29 deadline owing to the agreement's perceived geostrategic importance and Adamkus's backing. Paksas may be accused of caving to Russian pressure. Lukoil last week interrupted the flow of oil to Lithuania. The cutoff was doubtless meant to register Russia's ire at being all but shut out of Lithuania's oil industry. Lukoil had wanted a 33% stake in the refinery but was offered only 10%. (C)

~~(CONFIDENTIAL)~~

**DECLASSIFIED
PER E.O. 13526**

2014-0384-M (1.75)

KBM 4/23/2023

~~CONFIDENTIAL~~

October 23, 1999



EMBASSY OF THE REPUBLIC OF LITHUANIA
2622 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20009

TEL: /202/ 234-5860

DATE: 10/20/99

FAX: /202/ 328-0466

FAX NR. 202-458-9150ATTENTION: MR. RICHARD NORLAND
DIRECTOR, NSCFROM: STASYS SKALAYSKAS PAGES: 4 + cover sheetMESSAGE: Dear Dick,
please find attached two
letters, that have been faxed
today to the addressees. Stasys



LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS

EMBASSY OF THE REPUBLIC OF LITHUANIA
WASHINGTON, D.C.

October 20, 1999

The Honorable Samuel R. Berger
National Security Advisor
The White House
Fax: 202-456-9460

Dear Mr. Berger:

On November 4-6, 1999, Professor Vytautas Landsbergis, Chairman (Speaker) of the Lithuanian Parliament will be visiting Washington, D.C. I avail myself of this opportunity to extend personal request of the Chairman for a meeting with you at your convenience.

Mr. Landsbergis would like to once again thank you for the continuous support to the strengthening Lithuanian - American relationship and integration of Lithuania into the Euro-Atlantic structures.

Mr. Landsbergis would also be interested to discuss with you further promotion of the security and stability in the Baltic region, as well as to discuss situation in Byelorussia and Russia, Lithuania's experience in improving relations with Russia and its policy of providing Lukasenka's-led Byelorussia with the channels of communication with the West.

Prof. Landsbergis would also like to use the opportunity to brief you about the status of multimillion investment of the U.S. Company "Williams" into Lithuania's oil complex and discuss a possible support of the U.S. Government for this project. Furthermore, Mr. Landsbergis would like to address the issues of war crimes and the progress Lithuania is making.

Thank you for your kind consideration and I look forward to hearing from you at your convenience.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Stasys Sakalauskas'.

Stasys Sakalauskas
Ambassador



LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS

EMBASSY OF THE REPUBLIC OF LITHUANIA
WASHINGTON, D.C.

October 20, 1999

Mr. Leon S. Fuerth
National Security Advisor
Office of the Vice President
Old Executive Office Building
Washington, DC 20501

Dear Mr. Fuerth:

On November 4-6, 1999, Professor Vytautas Landsbergis, Chairman (Speaker) of the Lithuanian Parliament will be visiting Washington, D.C. I avail myself of this opportunity to extend personal request of the Chairman for a meeting with the Vice President Al Gore at his convenience.

Mr. Landsbergis would like to once again thank him for the Vice President's continuous support to the strengthening Lithuanian - American relationship and integration of Lithuania into the Euro-Atlantic structures.

Mr. Landsbergis would also be interested to discuss with Mr. Al Gore further promotion of the security and stability in the Baltic region, as well as to discuss situation in Byelorussia and Russia, Lithuania's experience in improving relations with Russia and its policy of providing Lukasenka's-led Byelorussia with the channels of communication with the West.

Prof. Landsbergis would also like to use the opportunity to brief Mr. Gore about the status of multimillion investment of the U.S. Company "Williams" into Lithuania's oil complex and discuss a possible support of the U.S. Government for this project. Furthermore, Mr. Landsbergis would like to address the issues of war crimes and the progress Lithuania is making.

I kindly ask you to support this meeting and I look forward to hearing from you at your convenience.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Stasys Sakalauskas'.

Stasys Sakalauskas
Ambassador

Financial Times, October 20

LITHUANIA: Ministers quit over oil sell-off to US
By Vijai Maheshwari in Vilnius

Lithuania's finance and economics ministers resigned yesterday in protest against a privatisation deal that would see a 33 per cent stake in the country's oil refinery sold to Williams International, the US oil company.

Deep divisions over the deal, under which Williams would pay \$150m for the stake and Lithuania would provide \$400m to finance Mazheikiu Nafta's debts and working capital, are threatening to bring down the government of Rolandas Paksas, Lithuania's prime minister.

The proposed deal has also put the small Baltic country under pressure from Russia. The oil giant Lukoil has cut off supplies of crude to the refinery in protest. Lukoil had hoped to buy a controlling share in Mazheikiu Nafta.

Jonas Lionginas, the finance minister, and Eugenijus Maldeikis, the economy minister had headed the government's negotiations with Williams. They tendered their resignations on Monday, after the cabinet voted to continue the talks.

The two ministers were supported in their opposition by Mr Paksas, who has also refused to sign the deal, claiming the terms are too harsh. But on Tuesday, Valdas Adamkas, Lithuania's American-born president who has been an avid supporter of the sale to Williams, accepted the resignations.

"I am not against Williams, I am not against privatisation, I am for beneficial terms," Mr Paksas said late on Monday night, after the 15-member cabinet voted to sign the agreement.

The Tulsa-based Williams has alienated members of the government with its demand that the state spend \$400m to finance the ailing refinery's debts and supplement its working capital at a time when Lithuania is just recovering from the effects of the Russian crisis.

"I don't know how we arrived at this completely foolish agreement," said Eduardas Vilkas, economic adviser to the prime minister. "We must finance the \$400m immediately, while the Americans stagger their payments. It isn't right."

While the Lithuanians argue over the terms of the sale to the US multinational, Lukoil has shut the taps on its crude oil supplies to Lithuania to put pressure on the government. Angered over the government's refusal to sell it a controlling stake in the refinery, Lukoil, Lithuania's sole crude supplier, now wants to raise its rates as a precondition to resuming supplies.

"This privatisation deal smells fishy," said Lukoil's Lithuania spokesman, Ivan Poleichick. "If they are so keen to deal with the Americans, let them go and buy oil from America."

Russian intransigence over the sale is responsible for the refinery's Lit 47.2m (\$11.8m) loss in the first half of this year. Constant crude disruptions now threaten the viability of the refinery, which accounts for 10 per cent of Lithuania's GDP and contributes a quarter of the nation's taxes.

Although Lithuania can import oil through its newly built Butinge Terminal on the Baltic Sea, it is not a simple affair. A proposal to import crude from Iran, for example, met with harsh criticism from the US State Department.

Under pressure from two sides, some Lithuanians now think a new and open tender should be announced.

**Amended Code to give impetus to foundered
Lithuanian war crime trials**

VILNIUS, Oct 12, BNS - Draft amendments to the Lithuanian Criminal Process Code have been officially submitted to the country's parliament for consideration. If adopted, this would give a new impetus to the court hearings of many war crime cases which had been unduly delayed. The chairman of the parliamentary Human Rights committee, Emanuelis Zingeris, said that amendments initiated by him could be "applied to several hundreds of persons suspected of carrying out mass extermination of people during the Soviet occupation and also to nine persons suspected of genocide during the Nazi occupation."

The Committee's advisor, Kestutis Cilinskas, said that the draft amendments to the country's Criminal Process Code "will help to defend both the right of the victims' relatives to see that justice prevails, and the rights of the suspects." The amendments provide the right to the courts of first instance to start a court hearing of a criminal case even though the accused is unable to attend the hearing because of a protracted or a terminal illness.

The initiators of the draft say that this would not mean essential restriction of the person's rights because the draft proposes to supplement the Criminal Process Code with another article which says that the convicted person will effectively start his or her sentence only after full recovery from the illness. Incidentally, when the convicted person gets well, an appeal can be launched against the sentence or a re-start of criminal investigation can be demanded.

The draft amendments and supplements were approved on Monday by the Department of the European legal system. The director-general of the department, Vilenas Vadapalas, said that the draft complies with the main concepts of the European convention on human rights.

Norland, Richard B. (EUR)

From: WHSR
Sent: Monday, October 25, 1999 9:18 AM
To: Blinken, Antony J. (EUR); Duncan, John D. (INTECON/DOS); Hammonds, D. Holly (INTECON); Holtzapple, Richard A.; Lee, Malcolm R. (NEC); Norland, Richard B. (EUR); Schaefer, Matthew P. (INTECON)
Subject: LITHUANIA FACING SERIOUS FISCAL PROBLEMS (U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND

CLASS: ~~CONFIDENTIAL~~
DTG: 251250Z OCT 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 0979
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 2999
TOR: 991025090300 M4115249

**DECLASSIFIED
PER E.O. 13526**

2016-0384-M (1.76)
KRM 6/23/2023

~~CONFIDENTIAL~~ VILNIUS 002999

DEPT FOR EUR/NB

E.O. 12958: DECL: 10/25/2009
TAGS: PGOV, EFIN, ENRG, PREL, ETRD, BEXP, LH
SUBJECT: LITHUANIA FACING SERIOUS FISCAL PROBLEMS

(U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND D.

1. (X) SUMMARY: THE LITHUANIAN ECONOMY HAS NOT BEGUN TO REBOUND YET AND IS PROBABLY GOING TO END THE YEAR STILL CONTRACTING. GROWTH MAY NOT RESUME UNTIL THE MIDDLE OF NEXT YEAR. FOLLOWING TWO YEARS OF EXPANSIONARY FISCAL POLICY (1998-9), LITHUANIA IS NOW HAVING TROUBLE BORROWING FUNDS TO COVER ITS DEFICIT AND IS UNDER SERIOUS FINANCIAL AND ECONOMIC PRESSURE.
END SUMMARY

ECONOMY STILL STALLED

2. (X) EARLIER THIS YEAR, ECONOMISTS HAD PREDICTED THAT THE ECONOMY WOULD BEGIN TO PICK UP MID-YEAR, BUT LITHUANIA IS FACING A LONGER, SLOWER ROAD TO RECOVERY THAN MOST OBSERVERS EXPECTED. CONSUMER CONFIDENCE AND SPENDING HAVE SUFFERED AND CONTINUE TO GO DOWN. EXPORTS WILL PROBABLY BE DOWN BY ABOUT 25% BY YEAR'S END AND THERE IS NO SIGN OF A QUICK BOUNCE-BACK IN EXPORTS TO RUSSIA OR A SHARP INCREASE IN EXPORTS TO THE WEST. THE CURRENT ACCOUNT DEFICIT WILL CONTINUE TO BE LARGE, AND PROBABLY SHRINK SLOWLY. (LAST YEAR IT WAS ABOUT 12% OF GDP.) OFFICIAL UNEMPLOYMENT FIGURES ARE EXPECTED TO REACH OVER 8% IN THE NEXT SEVERAL MONTHS.

FISCAL PROBLEMS MOUNT: GOL SPENDING TOO MUCH

3. (X) GOL SPENDING HAS BEEN HIGHLY EXPANSIONARY OVER THE LAST TWO YEARS AND IS EXPECTED TO RISE. THE GOVERNMENT HAS SPENT OVER A BILLION LITAS (CLOSE TO US\$350 MILLION) OVER THE LAST YEAR TO COMPENSATE CITIZENS FOR MONEY LOST IN THEIR ACCOUNTS WHEN THE (OLD SOVIET) RUBLE COLLAPSED MAKING THEIR SAVINGS WORTHLESS AFTER INDEPENDENCE. THE IMF HAS WARNED TO GOL TO SUSPEND THESE PAYMENTS OR RISK LOSING AGREEMENT TO A NEW STAND-BY LOAN. THE NEXT US\$100 MILLION PAYMENT IS DUE IN MID-NOVEMBER AND THE IMF WILL BE WATCHING CAREFULLY TO SEE IF THE GOL GOES AHEAD. THE RULING CONSERVATIVE PARTY HAS SAID IT WILL NOT SUSPEND THE PAYMENTS, BUT AS THE GOL LURCHES TOWARDS A CRISIS, MAY NOW RECONSIDER ITS POSITION. (SOURCES SAY THAT TWO-THIRDS

OF THE MONEY THAT THE GOVERNMENT RECEIVED FROM PRIVATIZATION IN THE LAST YEAR HAS GONE TO THE RUBLE-COMPENSATION SCHEME.)

4. (Ø) THE EXPANSIONARY SPENDING HAS NOT BEEN ABLE TO STIMULATE THE ECONOMY TO RECOVER, HOWEVER. ADDITIONAL PRESSURE ON THE GOL COMES FROM THE NEED TO COVER THE DEBTS OF THE SOCIAL INSURANCE AGENCY "SODRA" (EQUIVALENT TO SOCIAL SECURITY ADMINISTRATION) AND THE MONEY THE GOL WILL NEED TO COVER THE DEBTS OF THE MAZEIKIU NAFTA OIL REFINERY, (NEEDED SOONER IF THE DEAL WITH WILLIAMS IS SIGNED, AND SLIGHTLY LATER IF THE DEAL IS NOT SIGNED.) ONE AID CONTRACTOR HAS PREDICTED THAT THE CONSOLIDATED FISCAL DEFICIT WILL REACH 8.6% OF GDP IN 1999 AND 7.3. IN 2000. THE GOL HAD PROMISED THE IMF TO BRING THAT DEFICIT DOWN TO 2% OF GDP NEXT YEAR.

AND TROUBLE RAISING MONEY

4. (Ø) MOREOVER IN THE LAST SEVERAL WEEKS, GOL HAS BEEN HAVING DIFFICULTY FINDING BUYERS INTERNALLY FOR ITS TREASURY BONDS AND EXTERNALLY FOR ITS EUROBONDS. THE CURRENT RATE ON GOL 3-MONTH BONDS HAS REACHED 20% INDICATING A SUBSTANTIAL INCREASE IN THE PERCEIVED RISK OF HOLDING GOL T-BILLS. INVESTOR CONFIDENCE IS ALREADY DOWN AND THE CURRENT POLITICAL INSTABILITY, WITH THE PRIME MINISTER EXPECTED TO RESIGN ON OCTOBER 28, DOES NOT HELP. WITHOUT A WILLINGNESS BY INVESTORS TO LOAN MONEY TO THE GOL, LITHUANIA MAY BE FACING SOME VERY TROUBLED TIMES. IF THE GOL DOES NOT TAKE PROMPT STEPS TO REIN IN SPENDING OR CONVINCE ITS LENDERS TO HELP GET IT THROUGH THIS ROUGH PATCH, IT MAY EVEN BE AT RISK OF A FINANCIAL COLLAPSE. FURTHERMORE, THE IMF MAY NOT BE WILLING TO PROVIDE A STAND-BY LOAN IF THE GOL DOES NOT MOVE QUICKLY TO CUT ITS SPENDING. THE IMF AND WORLD MAY END UP TAKING A LONG TIME COMING TO AN AGREEMENT TO LOAN NEW FUNDS TO THE GOL. THE INTERIM MAY BE FAIRLY PAINFUL TO THE LITHUANIAN ECONOMY. THE EU MISSION HERE IS CONCERNED THAT LITHUANIA, WHICH UP TO THIS YEAR HAD BEEN DOING A FAIR JOB AT MAINTAINING MACROECONOMIC STABILITY, WILL NOW FALL BEHIND IN ITS BID FOR EU MEMBERSHIP AS A RESULT.

5. COMMENT: WORD OF HOW BAD THE GOVERNMENT'S FINANCIAL SITUATION IS IS JUST GETTING OUT. UP TO NOW, THE GOVERNMENT HAS NOT SHOWN MUCH WILLINGNESS TO CHANGE COURSE, ALTHOUGH IT HAD PUSHED FOR A SUBSTANTIAL, THOUGH INADEQUATE CUT IN SPENDING THIS YEAR. THE GOL HAD EXPECTED THE ECONOMY TO REVIVE IN THE SECOND HALF OF THIS YEAR, BUT ALL THOSE ROSIER FORECASTS ARE OUT THE WINDOW NOW. WITH LOCAL ELECTIONS COMING UP THIS SPRING AND NATIONAL ELECTIONS NEXT FALL, IT IS DOUBTFUL THAT POLITICIANS WILL EASILY OR WILLINGLY MAKE THE PAINFUL CHOICES THEY NEED TO MAKE. LOOKING DOWN THE ROAD, WE SEE THAT THE LEFTIST/CENTRIST PARTIES, WHICH ARE NOW THE FRONTRUNNERS FOR NEXT YEAR'S ELECTIONS, HAVE NOT SHOWN A GREATER PROCLIVITY TO FISCAL CONSERVATISM THAN THE CONSERVATIVES NOW IN POWER. WE EXPECT TOUGH TIMES FOR THE LITHUANIAN ECONOMY -- AND FOR LITHUANIAN POLITICAL LEADERS IN THE YEAR AHEAD. SMITH

Norland, Richard B. (EUR)

From: WHSR
Sent: Sunday, October 24, 1999 8:43 AM
To: Duncan, John D. (INTECON/DOS); Hammonds, D. Holly (INTECON); Holtzapple, Richard A.; Lee, Malcolm R. (NEC); Norland, Richard B. (EUR); Schaefer, Matthew P. (INTECON)
Subject: LITHUANIAN GOVERNMENT TOTTERS OVER WILLIAMS DEAL; IMF SAYS DEAL WOULD KILL NEW STAND-BY LOAN (U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND

CLASS: ~~CONFIDENTIAL~~
DTG: 241125Z OCT 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 0972
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 2984
TOR: 991024074756 M4114297

DECLASSIFIED
PER E.O. 13526
2014-0384-M (1.77)
KGM 6/23/2023

~~CONFIDENTIAL~~ SECTION 01 OF 02 VILNIUS 002984

DEPT FOR EUR/NB

E.O. 12958: DECL: 9/9/2009
TAGS: PGOV, EFIN, ENRG, PREL, ETRD, BEXP, LH
SUBJECT: LITHUANIAN GOVERNMENT TOTTERS OVER WILLIAMS DEAL; IMF SAYS
DEAL WOULD KILL NEW STAND-BY LOAN

(U) CLASSIFIED BY AMBASSADOR KEITH SMITH FOR REASONS 1.5 B AND D.

1. (C) SUMMARY: LITHUANIAN PRIME MINISTER PAKSAS HAS MADE UP HIS MIND TO RESIGN RATHER THAN SIGN WHAT HE CONSIDERS AN UNACCEPTABLE DEAL WITH THE WILLIAMS CO., BUT HAS AGREED TO POSTPONE HIS RESIGNATION UNTIL OCTOBER 28 WHEN T HE PRESIDENT RETURNS FROM CANADA. THE RULING CONSERVATIVE PARTY IS STILL COMMITTED TO FORCING THE DEAL THROUGH, WITH A NEW PRIME MINISTER IF NEED BE. THE NEW IMF REPRESENTATIVE IN VILNIUS TOLD THE AMBASSADOR ON OCTOBER 22 THAT IF THE GOVERNMENT OF LITHUANIA GOES AHEAD WITH THE DEAL, THE IMF WOULD NOT BE ABLE TO EXTEND A NEW STAND-BY LOAN. THE IMF REP VIEWS THE DEAL AS DEEPLY FLAWED AND RECOMMENDS THAT THE GOL AND WILLIAMS AGREE TO A MORATORIUM TO REVIEW THE AGREEMENT AND MAKE NEEDED CHANGES.
END SUMMARY

PM WANTS OUT

2. (C) PAKSAS INTENDED TO SUBMIT HIS RESIGNATION TO PRESIDENT ADAMKUS A

T
NOON,
BUT THE PRESIDENT PERSUADED HIM TO HOLD OFF FOR WEEK UNTIL HE
(ADAMKUS)
RETURNS
FROM A TRIP TO NORTH AMERICA. (ADAMKUS IS CUTTING SHORT HIS
VISIT, SKI
PPING
A
SIDE TRIP TO CHICAGO WITH LITHUANIAN BUSINESSMEN.) GOL OFFICIALS
HAD
APPEALED
TO WILLIAMS CO. PRESIDENT BAUMGARDNER THIS WEEK TO FIND A WAY TO
HELP
LITHUANIA
COVER THE \$150 NEEDED TO COVER THE GOL PORTION OF MAZEIKIU
NAFTA'S WORK
ING
CAPITAL SHORTFALL IN ORDER TO CLOSE THE DEAL. BAUMGARDNER'S
RESPONSE WA
S TO
POINT OUT THAT THE GOL WAS MAKING A LOAN TO MAZEIKIU NAFTA TO COVER
ITS
DEBTS
--
NO MONEY WAS GOING TO WILLIAMS AS THE PRIME MINISTER IMPLIED -- AND
THA
T THE
GOL
WOULD HAVE TO COVER THE DEBTS IN ANY CASE, DEAL OR NO DEAL.
WILLIAMS M
ADE A
FEW
MINOR CONCESSIONS ON OTHER POINTS, BUT IT WAS NOT ENOUGH FOR PAKSAS
TO
BACK
OFF
FROM HIS THREAT TO RESIGN.

IMF SEES PROBLEMS AND SUGGESTS MORATORIUM --

3. (C) IN MEETING OCTOBER 22, THE NEW IMF REPRESENTATIVE MARK
HORTON
TOLD
THE
AMBASSADOR AND DCM THAT HE AGREES WITH CRITICS OF THE DEAL THAT THE
GOL
HAS
NO
MONEY TO BRING TO THE TABLE TO PAY OFF MAZEIKIU NAFTA'S WORKING
CAPITAL

SHORTAGE. ACCORDING TO HORTON, IF THE GOL SIGNS THE DEAL AS
CURRENTLY
STRUCTURED (AS HE UNDERSTANDS IT -- ONLY GOL AND WILLIAMS KNOW
EXACTLY
WHAT
IS
IN THE AGREEMENT) IT WOULD RUIN THE GOL'S CHANCES OF GETTING THE
NEW ST
AND-BY
IT
NEEDS FOR MACROECONOMIC STABILITY. AS MORE AND MORE DETAILS COME
OUT,
IMF
REP
HEARS ABOUT A NUMBER OF CLAUSES WHICH VIOLATED IMF/EU/US COMMON
PRACTIC
ES.
(NOTE: EMBASSY CONCURS WITH THE ASSESSMENT THAT THE DEAL APPEARS

TO LO
CK IN
SEVERAL CONCESSIONS FROM THE GOL THAT WOULD BE UNACCEPTABLE,
E.G. GIVE
WILLIAMS
MONOPOLY POWER OVER PARTS OF LITHUANIA'S ENERGY SECTOR AND ASK GOL
GUAR
ANTEES
OVER THINGS IT HAS NO POWER TO CONTROL.) HORTON ASSERTED THAT IF
GOL G
OES
AHEAD
AND SIGNS THE DEAL, THE GOL WOULD HAVE A SERIOUS NEGATIVE IMPACT ON
GOL
'S
CASH
FLOW AND BUDGET. HE SUGGESTED THAT THE GOL AND WILLIAMS AGREE TO A
90-
DAY
~~CONFIDENTIAL~~ SECTION 02 OF 02 VILNIUS 002984

DEPT FOR EUR/NB

E.O. 12958: DECL: 9/9/2009
TAGS: PGOV, EFIN, ENRG, PREL, ETRD, BEXP, LH
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SAYS
DEAL WOULD KILL NEW STAND-BY LOAN

MORATORIUM, DURING WHICH WORLD BANK AND EBRD ADVISORS COULD REVIEW
THE
AGREEMENT
AND TRY TO FIX THE MOST OBJECTIONABLE PARTS. HORTON SUMMED UP THE
DEAL
AS
ONE
BETWEEN UNEQUALS -- WITH ALL THE OBLIGATIONS AND RISKS ON ONE SIDE
-- T
HE GOL
AND NOT WILLIAMS.

-- BUT A MORATORIUM NOT WELCOME

4. (C) EMBASSY SPOKE WITH OFFICIALS IN PRESIDENTS OFFICE AND
SPEAKER
OF THE
PARLIAMENT LANDSBERGIS' OFFICE ABOUT THE IMF ASSESSMENT AND
MORATORIUM
IDEA,
BUT
FOUND NO TAKERS SO FAR. WILLIAMS' LITHUANIA REP RANDY MAJORS
REACTED W
ITH
SOME
ANGER TO THE SUGGESTION COMING FROM THE EMBASSY. AT THIS POINT,
MAJORS
IS
ACTING THAT ANY QUESTIONING OF THE AGREEMENT IS A BETRAYAL.

THE DEAL IS FLAWED

5. COMMENT: AS MORE AND MORE INFORMATION ABOUT THE DEAL IS NOW
LEAKIN
G OUT,
EMBASSY RELUCTANTLY CONCLUDES THAT THE AGREEMENT MAY HAVE SERIOUS
LEGAL
FLAWS
AND COULD JEOPARDIZE ITS NEGOTIATIONS WITH THE EU. USAID'S
MACROECONOM
IC

ADVISOR BELIEVES THAT IF CONCLUDED, THE DEAL COULD SERIOUSLY DAMAGE LITHUANIA'S ECONOMY. THE EMBASSY HAD NOT BEEN AWARE UNTIL TODAY OF SOME THE OBJECTIONABLE DETAILS BECAUSE OF A GAG ORDER WHICH PROHIBITED THE GOL FROM SHARING INFORMATION ON THE AGREEMENT. (WHEN WE ASKED WILLIAMS FOR A COPY OF THE DEAL EARLI
ER
THIS
WEEK THEY REFUSED.) THE CONSERVATIVE PARTY, ESPECIALLY LANDSBERGIS, SE
EMS
DETERMINED TO PUSH IT THROUGH NEVERTHELESS. THEY SEE THE DEAL IN STRAT
EGIC
AND
NOT ECONOMIC TERMS AND ARE RESOLVED TO PREVENT WHAT THEY SEE AS A RUSSI
AN
VICTORY AND CONTINUED RUSSIAN STRANGLEHOLD ON LITHUANIA'S ENERGY SECTOR

MEANWHILE, FORMER PRIME MINISTER VAGNORIUS' FOLLOWERS ARE HAPPY TO SEE
PAKSAS
GO. EMBASSY HAS HEARD RUMORS THAT CONSERVATIVES ARE TALKING ABOUT FIRS
T
DEPUTY
CHAIRMAN OF PARLIAMENT ANDRIUS KUBILIUS OR MINISTER OF PUBLIC ADMINISTR
ATION
REFORMS AND LOCAL AUTHORITIES SIGITAS KAKTYS AS POSSIBLE REPLACEMENTS
F
OR
PAKSAS. BOTH WOULD AGREE TO SIGN THE DEAL. KUBILIUS IS WIDELY RESPECT
ED,
BUT
UNPOPULAR AMONG THE PUBLIC, AND IS SEEN AS A GOOD SOLDIER WHO WOULD SAC
RIFICE
HIMSELF. KAKTYS IS CONSIDERED A LIGHT-WEIGHT WHO WOULD DO WHAT LANDSBE
RGIS
TELLS HIM. KAKTYS WAS ALREADY GIVEN AUTHORITY BY THE CABINET TO "INITI
AL"
THE
AGREEMENT WITH WILLIAMS. SMITH

Norland, Richard B. (EUR)

From: Cheramie, Don E. (WHSR)
Sent: Wednesday, October 20, 1999 4:51 PM
To: Norland, Richard B. (EUR)
Cc: @WHSR - WH Situation Room
Subject: FW: : FOREIGN MINISTER'S COMMENTS ON GOVERNMENT CRISIS OVER WILLIAMS DEAL [CONFIDENTIAL]

ActionAddres: SECSTATE WASHDC IMMEDIATE 0960
Classification: ~~CONFIDENTIAL~~
DateTime: 191448Z OCT 99
Distribution: SIT: DAVIDSON HOLTZAPPLE
SIT: NSC
InfoAddres: ////
Originator: AMEMBASSY VILNIUS
Precedence: IMMEDIATE
StationRoutingIndicator: RUEHVL
StationSerialNumber: 2940

**DECLASSIFIED
PER E.O. 13526**

2016-0384-M (1.78)
KBH 4/23/2023

Here is the cable from VILNIUS you requested.

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

From: WHSR
Sent: Tuesday, October 19, 1999 11:37 AM
To: Cables
Subject: FOREIGN MINISTER'S COMMENTS ON GOVERNMENT CRISIS OVER WILLIAMS DEAL

~~CONFIDENTIAL~~ SECTION 01 OF 02 VILNIUS 002940
E.O. 12958: DECL: 10/18/09
TAGS: EPET, PREL, ENRG, EINV, LH
SUBJECT: FOREIGN MINISTER'S COMMENTS ON GOVERNMENT CRISIS OVER WILLIAMS

DEAL

REF: VILNIUS 2937

CLASSIFIED BY DEPUTY CHIEF OF MISSION ANTHONY SPAKAUSKAS,
REASONS 1.5 B
AND
D

1 (C) SUMMARY: THE CABINET HAS OVERWHELMINGLY VOTED IN FAVOR OF THE WILLIAMS DEAL CREATING A GOVERNMENTAL CRISIS. THE GOL AND THE PM WANT TO SIGN THE DEAL BUT BELIEVE THAT THE INITIAL PAYMENT BY LITHUANIA IS TOO GREAT AN ECONOMIC BURDEN DURING THIS PERIOD OF SEVERE ECONOMIC CRISIS. IN RECOGNITION OF ECONOMIC REALITIES AND POSSIBLE DIRE CONSEQUENCES, THE PM HAS NOT BEEN GIVEN A DEADLINE TO SIGN OR RESIGN, BUT HE WILL DO SO IF ADDITIONAL INTERIM FINANCING IS NOT FORTHCOMING FROM WILLIAMS. NEVERTHELESS, THREE MINISTERS SUBMITTED THEIR RESIGNATIONS TODAY. FM REQUESTS THAT THE UNITED STATES GOVERNMENT WORK WITH WILLIAMS TO EASE THE INITIAL PAYMENT BURDEN SO THE DEAL BECOMES POLITICALLY MORE VIABLE.

PRESIDENT ADAMKUS, A STAUNCH DEAL SUPPORTER, WOULD LIKE WILLIAMS TO WOR

K
WITH THE GOL TO FINALIZE THE DEAL. END SUMMARY

2 (C) ON OCTOBER 19, FOREIGN MINISTER SAUDARGAS REPORTED TO AMBASSADO

R
SMITH THE RESULTS OF THE CABINET'S WILLIAMS DEAL VOTE AND THE MOOD OF T

HE
MINISTERS. THE VOTE WENT EXACTLY AS EXPECTED: ELEVEN (11) IN FAVOR, FO

UR
(4),
INCLUDING THE PRIME MINISTER, OPPOSED, WITH ONE (1) ABSTENTION. THE MO

OD OF
THE MINISTERS WAS SOMBER AND UNEMOTIONAL, EVEN THOUGH THE VOTE CREATES

A
GOVERNMENTAL CRISIS. THE MINISTERS RECOGNIZE THAT THE PM'S TELEVISED S

PEECH
LAST NIGHT HAS CAST HIM IN THE ROLE OF HERO DEFENDING THE NATION'S BUDG

ET
AND PROGRAMS WITH DEAL SUPPORTERS CAST AS SURRENDERING NATIONAL INTERESTS IN FAVOR OF THE AMERICAN INVESTOR. RECOGNIZING THAT THESE TH

INGS
CAN BE ORCHESTRATED, THE CABINET SEES A MARKED INCREASE IN ANTI-AMERICA

N
FEELING AND IS CONCERNED THAT UNCHECKED THESE FEELINGS COULD EFFECT UPCOMING ELECTION RESULTS AND PRODUCE A MARKED ANTI-WESTERN GOVERNMENT.

ESPECIALLY IF AN EARLY ELECTION WERE NECESSARY.

3 (C) THE FM REPORTED THAT LONG TERM SUPPORTERS OF WILLIAMS, SUCH AS

HE,
WHO HAVE SUPPORTED THE DEAL FROM DAY ONE, WERE CONCERNED THAT THE MONEY

REQUIRED UPON SIGNATURE WOULD BREAK THE GOVERNMENT. HE SPECULATED THAT

A BANKRUPTING DEAL SIGNED BY A WEAKENED GOVERNMENT COULD RESULT IN A SITUATION WHERE THE GOL BECOMES AN UNWILLING PARTNER OR A COOPERATIVE PARTNER UNABLE TO MEET ITS OBLIGATIONS. EITHER SITUATION COULD PRECIPI

TATE
A RISE IN POPULISM AND ANTI-AMERICANISM JUST MONTHS BEFORE ELECTIONS WI

TH
NEGATIVE REPERCUSSIONS ON LITHUANIA'S WESTERN AND TRANSATLANTIC ASPIRATIONS.

4 (C) DISCUSSING THE ECONOMIC SITUATION WITH THE AMBASSADOR, THE FM

RECOGNIZED THAT CURRENT ANNUAL GOVERNMENT REVENUES ARE ONLY SIXTY PERCENT OF FORECASTS. IF THE DEAL IS SIGNED AS IT NOW STANDS, THIS FOR

TY
PERCENT SHORT FALL WILL CONTINUE FOR MONTHS WITH SEVERE ECONOMIC CONSEQUENCES. HE IS CONCERNED THAT THIS ECONOMIC SCENARIO COULD ADVERSELY EFFECT BILATERAL RELATIONS, DAMAGE AMERICAN'S IMAGE IN LITHUANIA AND PREJUDICE FUTURE AMERICAN INVESTMENTS IN LITHUANIA.

NECESSARY BORROWING TO FINANCE THE PRESENT WILLIAMS DEAL AND TO COVER
T
HE
BUDGET SHORTFALL IN SOCIAL PROGRAMS WOULD PUSH THE DEFICIT TO ALMOST
10
&
THE IMF AND IFC (AND POSSIBLE THE EBRD) HAVE WARNED THE GOL NOT
TO GO
FORWARD WITH MORE INTERNATIONAL BORROWING TO COVER THE INJECTION OF
CAPITAL REQUIRED BY WILLIAMS.
5 (C) TO AVOID THESE CONSEQUENCES, THE CABINET, WHILE
OVERWHELMINGLY I
N
FAVOR OF THE DEAL HAS NOT GIVEN THE PM A DEADLINE TO SIGN THE
PACKAGE.
THE
FM REPORTED THAT THE PM IS PREPARED TO SIGN IF THE INITIAL PAYMENT
BURD
EN
CAN BE EASED. THE FM REQUESTED THAT THE EMBASSY WORK WITH WILLIAMS
TO
SEE
IF THERE WERE ANY GIVE IN THE WILLIAMS NEGOTIATING POSITION FOR THE
INI
TIAL
PAYMENT. THE FM REPORTED THAT THE PM WAS PREPARED TO TRAVEL TO THE
US
TO
NEGOTIATE DIRECTLY WITH WILLIAMS IF THERE WERE ANY HOPE OF SUCCESS.

~~CONFIDENTIAL~~ SECTION 02 OF 02 VILNIUS 002940

E.O. 12958: DECL: 10/18/09
TAGS: EPET, PREL, ENRG, EINV, LH
SUBJECT: FOREIGN MINISTER'S COMMENTS ON GOVERNMENT CRISIS OVER
WILLIAMS

6 (C) THE AMBASSADOR HAS DISCUSSED THIS WITH PRESIDENT ADAMKUS,
ANOTHE
R
LONG TERM, STAUNCH DEAL SUPPORTER, AND THE PRESIDENT'S
ADVISORS. THE
PRESIDENT SHARES THE PM'S CONCERNS OVER THE INCREASED FOREIGN
ASSISTANC
E
AND THAT THE DEAL IN ITS PRESENT FORM MIGHT BE POLITICALLY
UNFEASIBLE.
THE
PRESIDENT REQUESTED USG INTERVENTION WITH WILLIAMS TO REDUCE THE
INITIA
L
PAYMENT TERMS AND MAKE THE DEAL HAPPEN. THE AMBASSADOR IS HOPING
TO
DISCUSS THE ISSUE WITH WILLIAMS INTERNATIONAL PRESIDENT BUMGARTNER
ON
19
OCTOBER.

7 (C) COMMENT: THIS LATEST CRISIS IS TEARING THE CONSERVATIVE
PARTY APA
RT,
INCREASING THE CHANCES OF A LEFT OR LEFT-CENTER GOVERNMENT TAKING
OVER
IN
THE NEXT 6-12 MONTHS. THE EMBASSY IS CONVINCED HOWEVER THAT
PAKSAS'
DECISION TO OPPOSE THE WILLIAMS DEAL WAS MADE AFTER THE WARNINGS BY
THE

IMF AND IFC, AND AS A RESULT OF THE CONTINUING ECONOMIC SLIDE.

EVEN LONG
TERM SUPPORTERS OF THE WILLIAMS DEAL, SUCH AS THE PRESIDENT AND
FOREIGN
MINISTER NOW BELIEVE THAT GIVING IN TO WILLIAMS CONDITIONS FOR
GOL'S
CONTRIBUTION TO WORKING CAPITAL FUND WILL RESULT IN DANGEROUS
POLITICAL

STRAINS AND INCREASED ANTI-AMERICANISM. WE SHARE THE BELIEF THAT
STICK
ING
TO THE PRESENT DEAL WILL LEAD TO SHARP CUTBACKS IN HEALTH,
EDUCATION AND
PENSION PROGRAMS. END COMMENT
SMITH

Blinken, Antony J. (EUR)

From: Norland, Richard B. (EUR)
Sent: Tuesday, October 19, 1999 2:06 PM
To: Blinken, Antony J. (EUR)
Cc: @EUROPE - European Affairs
Subject: Lithuania/Williams [UNCLASSIFIED]

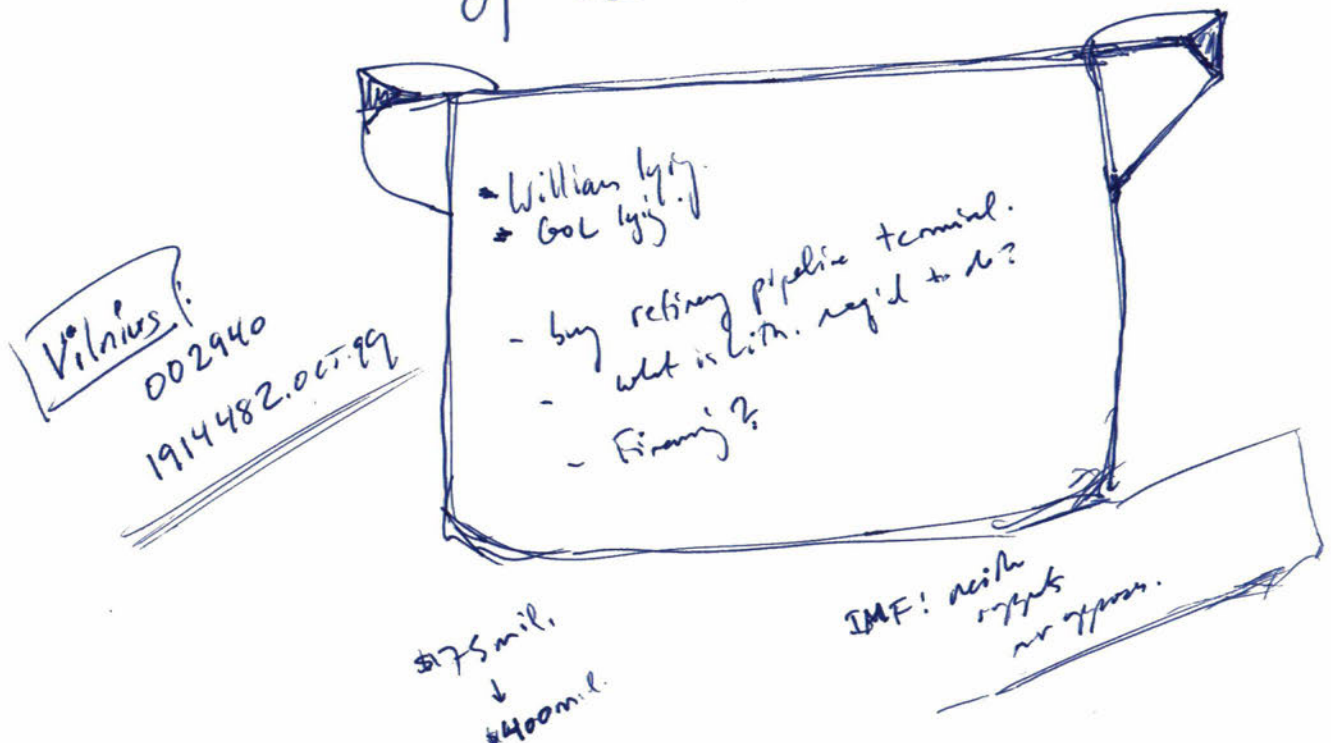
Tony,

FYI, the Williams energy deal in Lithuania is turning into a political hot potato. As currently structured, the deal is seen as bankrupting the country -- both the Finance and Economics minister have resigned in the past day. The PM is now on record as saying he cannot sign the deal (he gave major speech to the country on TV yesterday).

Stasys says all this points to the need for U.S. to weigh in with Williams and IMF for more favorable terms. He sees the justification as being geopolitical in nature -- to keep Lithuania from being under the exclusive thumb of Russia's Lukoil (a powerful and not entirely savory entity).

Damien Leader at State indicates they will be raising this with Ron Asmus when he returns from travel tomorrow or Thursday. Some thought is being given to a quiet chat with Williams. I've indicated we're prepared to be supportive. Dick.

Dick - pls. follow up,
incl. details
of deal + demands.



NATIONAL SECURITY COUNCIL

FAX COVER SHEET

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Washington, D.C.
20504

Did you get a complete,
clear transmission? If not,
please call:

(202) 456-9151

From: Cameron Munter

To: Damian Leader

Agency: EUR/NB

Fax Number: 736-4170

Date/Time: January 3, at 1:30 p.m.

No. of pages to follow: 2

Message: Damian, I have a favor to ask of you or of Andrew Silski. Richard Lidinsky, Baltimore businessman with northern European interests, sent me this fax. He asks for two things for a colleague who is going over to Lithuania: a general website on Lithuania; and a name of a contact (probably the PAO, since friend is a law professor at Chapel Hill).

Can you help him out? Many thanks, Cameron

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
015. fax	Richard Lidinsky to Cameron Munter re: Peace Talks/Lithuania (1 page)	12/29/1999	P6/b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Richard Norland)
OA/Box Number: 2630

FOLDER TITLE:

Lithuania [7]

2011-1038-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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RR. Document will be reviewed upon request.

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

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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]

Lithuania honors Father Casimir A. Pugevicius

By George P. Matyssek, Jr.
Review staff correspondent

They may have looked like innocent tourists visiting their Lithuanian families back in the days when Soviet Communists dominated that small, central European nation.

In reality, they were "secret agents" from the Catholic church in America who risked imprisonment by smuggling religious books, catechisms and religious articles to a people starved for spiritual nourishment.

And those 1,000 Lithuanian women who appeared to be little more than teachers and other workers to their neighbors and the ever-present KGB? They were underground nuns who smuggled bits of paper out of Lithuania with a Jesuit priest in pieces of candy or tubes of toothpaste, outlining human rights and church persecution for publication in the west.

Father Casimir Pugevicius, a

Baltimore priest who grew up in the Lithuanian parish of St. Alphonsus in Baltimore, was the man who helped coordinate both of the high-risk cloak and dagger operations when he headed the New York-based Lithuanian Catholic Religious Aid for 17 years beginning in 1976.

In honor of his efforts to defend human rights and restore Lithuanian independence, Father Pugevicius was awarded the Order of the Grand Duke Gediminas — one of the highest honors of the Lithuanian nation — during a Dec. 17 ceremony at the Lithuanian Embassy in Washington, D.C. Ambassador Stasys Sakalauskas, acting on behalf of President Valdas Adamkus, draped the medal around Father Pugevicius' neck.

"Our job was to process the information smuggled out about the church and human rights," remembered Father Pugevicius, now in residence at St. Vincent de Paul in Baltimore. "They

would take the papers to Moscow and get them to foreign correspondents who would send them to us. Then we published what they wrote for the Vatican."

Out of those tiny slips of paper and photographs of Lithuanian resistance documents, Father Pugevicius was able to publish more than 70 volumes of the "Chronicle of the Catholic Church in Lithuania." The booklets outlined how the Communists persecuted citizens who attended Mass — ridiculing their children in school or taking away their jobs. They were often read over the radio airwaves on Voice of America.

"It was a subtle kind of oppression, but it was very real oppression," said Father Pugevicius. "The Communists wanted to fool the west that they weren't persecuting the church. We showed

what was really going on. Although he was not involved in actually going to Lithuania to smuggle informa-



COURTNEY CARTY

A way to say 'thank you'

Lithuanian Ambassador Stasys Sakalauskas congratulates Father Casimir A. Pugevicius after awarding the Baltimore-born priest the Order of the Grand Duke Gediminas medal.

tion in and out of the country, all over the country. Father Pugevicius himself was "One of the biggest problems very much involved in the movement. When fanatically committed Communists were quietly assassinating opponents, Father Pugevicius was one of those most in danger. In fact, the priest decided not to visit the Holy Land out of fear that he would be tracked down and "stuck with a poisoned needle on the end of an umbrella."

"I was on their list of bad guys," Father Pugevicius said. After Communism finally crumbled and Lithuania won its independence in 1991, Father Pugevicius served as a parish priest for several years at St. George Matulaitis in Vilnius.

There, he helped compile and publish a hymnal of traditional and contemporary Lithuanian hymns that is now used

from under Communism and they're suddenly smacked in the face with western values that aren't all the greatest in the world," Father Pugevicius said, noting that materialism, drug use and sexual promiscuity were common on the rise in Lithuania. "The church does good work fighting that."

The 71-year-old priest, who returned to Baltimore to battle a malignant brain tumor, said he was honored to be recognized by Lithuania for his work.

"It's a humbling experience to meet people who had been through an era of persecution," he said. "It felt like working with people who came out of the catacombs. They were people who were willing to pay the price for their faith."

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, December 22, 1999 5:34 PM
To: Blinken, Antony J. (EUR); Cables; Crawford, Bernard T. (EUR/INTERN); Davidson, Leslie K. (VP); Ficklin, John W. (RECORDS); Kass, Nicholas S. (EUR); Millison, Cathy L. (EXSEC); Munter, Cameron P. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Wasserman, Elaine P. (EXSEC); Yee, Hoyt B. (EUR)
Subject: POTUS LETTER FOR PRESIDENT ADAMKUS ON EUR ACCESSION

ActionAddres: RUEHVL/AMEMBASSY VILNIUS IMMEDIATE 9742
Classification: UNCLASSIFIED
DateTime: 222230Z DEC 99
Distribution: SIT: BLINKEN NSC CRAWFORD DAVIDSON Ficklin KASS Millison MUNTER NORLAND VONLIPSEY Wasserman YEE
Identifier: M4215932
InfoAddres: RUEHBS/USEU BRUSSELS IMMEDIATE
Line1: OAAUZYUW RUEHCAA1066 3562230-UUUU--RHEHAAX.
Line2: ZNR UUUUU ZZH
Line3: O 222230Z DEC 99
Line4: FM SECSTATE WASHDC
Originator: SECSTATE WASHDC
Precedence: IMMEDIATE
Profiles: BLINKENA
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NORLANDR
VONLIPSR
WASSERME
YEEH
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UNCLAS STATE 241066

E.O. 12958: N/A
TAGS: PREL, ECIN, EUN
SUBJECT: POTUS LETTER FOR PRESIDENT ADAMKUS ON EUR ACCESSION

1. (U) POST IS REQUESTED TO DELIVER THE FOLLOWING LETTER FROM THE PRESIDENT TO PRESIDENT ADAMKUS AT THE EARLIEST OPPORTUNITY. THE WHITE HOUSE DOES NOT PLAN TO RELEASE TEXT OF MESSAGE BUT HAS NO OBJECTION IF THE GOVERNMENT OF LITHUANIA WISHES TO DO SO. NO SIGNED ORIGINAL WILL FOLLOW.

2. (U) BEGIN TEXT:

DEAR MR. PRESIDENT:

CONGRATULATIONS ON LITHUANIA'S INVITATION TO BEGIN ACCESSION NEGOTIATIONS WITH THE EUROPEAN UNION. THE EU DECISION TO BEGIN MEMBERSHIP TALKS WITH LITHUANIA IS A TRIBUTE TO THE PROGRESS YOU HAVE MADE OVER THE PRECEDING DECADE. LITHUANIA'S ADMISSION TO THE EU WILL GO A LONG WAY TO ADVANCE DEMOCRACY, STABILITY, AND GREATER PROSPERITY FOR ALL THE CITIZENS OF EUROPE.

IT WAS GOOD TO SEE YOU IN ISTANBUL LAST MONTH. PLEASE LET

ME TAKE THIS OPPORTUNITY TO REITERATE MY APPRECIATION FOR YOUR SUPPORT FOR AMERICAN INVESTMENT IN LITHUANIA. CLOSER ECONOMIC AND COMMERCIAL COOPERATION IS AN IMPORTANT ASPECT OF OUR SHARED GOALS. I AM CERTAIN, WITH YOUR SUPPORT, COOPERATION WILL CONTINUE TO GROW.

THANK YOU ALSO FOR YOUR INVITATION TO VISIT LITHUANIA. I HOPE WE WILL BE ABLE TO SEE EACH OTHER AGAIN BEFORE TOO LONG.

SINCERELY,
WILLIAM J. CLINTON

END TEXT.
PICKERING

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
016. report	re: Lithuania (1 page)	12/20/1999	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Richard Norland)
OA/Box Number: 2630

FOLDER TITLE:

Lithuania [7]

2011-1038-F
kh1050

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

Fax Cover Page

To: richard B. Norland
Company: NSC, European Affairs
Fax Number: 4569150

From: Embassy of Lithuania
Company:
Fax Number: 1-202-3280466

Message:

Dear Sir/Madam:

I thought you might be interested in seeing this news report from Vilnius on Russian-Belarus union.

Sincerely,

Rolandas Kacinskas
(Press & Political Affairs)
Embassy of Lithuania
Ph: 202 234 5860 x 21

**LITHUANIA RESTATES ITS WESTERN BELIEF
AS RUSSIA, BELARUS SIGN UNION PACT**

VILNIUS, Dec 08, BNS - Lithuania has restated its West-oriented stance after Russia and Belarus signed a controversial union treaty on Wednesday. The Lithuanian Foreign Ministry said that every country has a right to unite or join already existing political, economic and defense alliances. This right is ensured by generally accepted international documents and an agreement signed between Lithuania and Russia in 1991, as well as a joint resolution adopted by Lithuanian President Valdas Adamkus and Belarusian President Alexander Lukashenko in 1998. The Lithuanian ministry also expressed a hope that Russia and Belarus will respect Lithuania's right of joining the European Union (EU) and NATO.

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, December 01, 1999 6:13 AM
To: Davidson, Leslie K. (VP); Norland, Richard B. (EUR)
Subject: LITHUANIA'S SHIFTING POLITICAL LANDSCAPE AFTER THE WILLIAMS DEAL
CLASSIFIED BY: AMBASSADOR KEITH SMITH, REASONS 1.5

CLASS: ~~CONFIDENTIAL~~
DTG: 011010Z DEC 99
MSGTO: SECSTATE WASHDC IMMEDIATE 1098
ORIG: AMEMBASSY VILNIUS
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SSN: 3341
TOR: 991201053355 M4176721

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PER E.O. 13526
2016-0384-M (1.81)
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~~CONFIDENTIAL~~ SECTION 01 OF 02 VILNIUS 003341

DEPT FOR EUR DAS RON ASMUS AND EUR/NB

E.O. 12958: DECL: 11/23/2004
TAGS: PGOV, PREL, ECON, EINV, LH
SUBJECT: LITHUANIA'S SHIFTING POLITICAL LANDSCAPE AFTER THE WILLIAMS DEAL

CLASSIFIED BY: AMBASSADOR KEITH SMITH, REASONS 1.5

B AND D

1. (X) SUMMARY: LITHUANIA'S POLITICAL LANDSCAPE IS STILL FEELING POST-WILLIMAS TREMORS AS ALL LITHUANIAN FACTIONS JOCKEY AMONG THEMSELVES FOR BETTER POSITIONS FOR NEXT OCTOBER'S NATIONAL ELECTIONS. AMONG THE NOTABLE AFTER-EFFECTS OF THE WILLIAMS DEAL AND THE EXIT OF PRIME MINISTER PAKSAS ARE: A WEAKENED RULING (CONSERVATIVE) PARTY AND, AS A RESULT, A WEAKENED GOVERNMENT; A SOMEWHAT TARNISHED PRESIDENT; A PROLIFERATION OF NEW POLITICAL ALLIANCES AND PARTIES; A RISE IN ANTI-WESTERN FEELINGS, NOTICEABLY MORE ANTI-LITHUANIAN-AMERICAN THAN ANTI-AMERICAN. ON THE BRIGHT SIDE, THERE IS EVERY SIGN HOWEVER THAT LITHUANIA'S DEMOCRACY AND PRESS ARE THRIVING AMIDST THE POLITICAL CHAOS. END SUMMARY

2. CONSERVATIVE PARTY STILL SINKING

(X) THE RULING CONSERVATIVES AND THE NEW GOVERNMENT, SEEMING TO TAKE THEIR DEFEAT IN NEXT YEAR'S ELECTIONS FOR GRANTED, ARE TRYING TO PLOW AHEAD WITH SOME VERY UNPOPULAR REFORMS IN ORDER TO QUICKLY REASSURE THE FINANCIAL MARKETS AND SHORE UP THE GOVERNMENT'S FINANCES. WITH THE POPULARITY OF THE RULING CONSERVATIVES STILL SINKING, ALL OTHER PARTIES -- INCLUDING ITS ERSTWHILE COALITION PARTNERS, ARE WORKING TO DISTANCE THEMSELVES FROM THE DEADLY UNPOPULARITY OF THE CONSERVATIVE PARTY. THE WILLIAMS DEAL IS ONE OF THE FEW THINGS AS UNPOPULAR AS THE CONSERVATIVE PARTY IN LITHUANIA AND IS BLAMED BY SOME JOURNALISTS AND POLITICIANS FOR TAKING MONEY FROM PENSIONERS AND CHILDREN.

3. (X) CONSERVATIVE PARTY CHAIRMAN LANDSBERGIS CALLED A SPECIAL PARTY CONFERENCE WHICH RATIFIED THE PROPOSAL THAT THE PARTY WILL HAVE ONLY ONE LEADER -- LANDSBERGIS --WITH NO DEPUTY LEADER AND NO FORMAL ROLE FOR THE PM IN THE PARTY. THIS WAS IN REACTION TO WHAT CONSERVATIVES BELIEVE WAS THE SHOCKING BETRAYAL OF FORMER-PM PAKSAS WHEN HE SAID HE WOULD RESIGN RATHER THAN SIGN THE WILLIAMS DEAL. IT IS ALSO AIMED DIRECTLY FORMER PM VAGNORIUS AND HIS SUPPORTERS.)

4. (X) LANDSBERGIS HAS FURTHER CONSOLIDATED HIS HOLD ON THE PARTY BY PUSHING FORMER PM VAGNORIUS' SUPPORTERS OUT OF PARTY LEADERSHIP POSITIONS. AT FIRST IT APPEARED THAT VAGNORIUS WAS SO GLEEFUL AT PAKSAS' DOWNFALL THAT HE AND HIS FRIENDS WOULD SUPPORT PM KUBILIUS, ONE OF VAGNORIUS' OLD ALLIES. UNFORTUNATELY THAT SUPPORT LASTED ONLY A COUPLE OF WEEKS BEFORE VAGNORIUS STARTED BLAMING THE COUNTRY'S ECONOMIC PROBLEMS ON THE NEW GOVERNMENT -- BECAUSE HE DIDN'T APPRECIATE THEM POINTING THE FINGER AT HIM. THE CONTINUING SPLIT IN THE PARTY BETWEEN LANDSBERGIS AND VAGNORIUS SUPPORTERS IS ALSO DAMAGING THE PARTY IMAGE. AND IT SHOULD BE RECALLED THAT LANDSBERGIS IS STILL ONE OF THE MOST UNPOPULAR POLITICIANS IN LITHUANIA TODAY.)

5. (X) THE NEW PRIME MINISTER WITH HIS VERY CAPABLE NEW FINANCE AND ECONOMIC MINISTERS REPRESENT THE MOST DECISIVE CONSERVATIVE GOVERNMENT IN FOUR YEARS IN PUSHING FOR FASTER REFORM. HOWEVER, THE SPLIT WITHIN THE PARTY AND VAGNORIUS' CONTINUING STRENGTH AMONG CONSERVATIVE MP'S (AS OPPOSED TO LANDSBERGIS TIGHT GRIP ON THE PARTY APPARATUS) MEANS THAT KUBILIUS IS HAVING A HARDER TIME WITH HIS OWN PARLIAMENTARY MAJORITY THAN EXPECTED.

6. (X) PRESIDENT STILL LIMPING FROM SELF-INFLICTED WOUND

THE PRESIDENT'S PUBLIC STATEMENTS THAT HE OPPOSED THE WILLIAMS DEAL ON THE EVE OF ITS SIGNING -- AFTER MONTHS OF PUBLIC SUPPORT -- LOOKED QUITE FOOLISH TO MOST LITHUANIANS. IT APPEARED TO MOST PEOPLE AS IF HE WAS TRYING TO SWITCH SIDES AT THE LAST MOMENT BECAUSE PUBLIC OPPOSITION WAS SO STRONG THAT HE WAS AFRAID IT WOULD RUB OFF ON HIM. HOWEVER IT WAS TOO LATE TO MAKE SUCH A MOVE AND APPEAR CREDIBLE, AND THE PRESIDENT, THOUGH STILL QUITE POPULAR, TOOK A BIG HIT IN THE POPULARITY POLLS. THE PRESIDENT'S PRESS INTERVIEWS STILL FALL SHORT OF SUPPORT FOR THE WILLIAMS AGREEMENT. EMBASSY FEARS THAT HIS CRITICISM OF THE WILLIAMS DEAL IS PLAYING RIGHT INTO THE HANDS OF LEFTIST POLITICIANS WHO OPPOSE PRIVATIZATION AND ECONOMIC REFORM.

7. (X) PRESIDENT GIVES FORMER PM PAKSAS A SAFE HAVEN

THE PRESIDENT'S APPOINTMENT OF PAKSAS AS HIS SPECIAL ADVISOR FOR ENERGY PROJECTS HAS MANY PEOPLE MUSING ON WHAT HE HOPED TO ACCOMPLISH. MOST PEOPLE THINK THE PRESIDENT WAS JUST TRYING TO SHORE UP HIS POPULARITY BY ASSOCIATING HIMSELF CLOSELY WITH THE MAN WHO HAD REPLACED HIM AS THE MOST POPULAR FIGURE IN THE COUNTRY. OTHER SOURCES SAY THAT THE PRESIDENT IS WORRIED ABOUT THE POSSIBILITY OF A LEFT-WING VICTORY IN NEXT FALL'S PARLIAMENTARY ELECTIONS AND WANTED TO GIVE PAKSAS A PERCH WHERE HE CAN REMAIN IN THE PUBLIC EYE AND SUCCESSFULLY COMPETE NEXT NOVEMBER. EQUALLY CREDIBLE IS THAT THE PRESIDENT WANTS TO MAKE SURE THAT THE NEXT BIG ENERGY-SECTOR DEALS (PRIVATIZING LITHUANIA'S MAIN ELECTRICITY AND GAS SUPPLIERS, LIETUVOS ENERGIJA AND LIETUVOS DUJOS, AND THE POWER-BRIDGE PROJECT TO DELIVER THE POWER TO THE WEST) ARE ACCOMPLISHED WITHOUT THE
~~CONFIDENTIAL~~ SECTION 02 OF 02 VILNIUS 003341

DEPT FOR EUR DAS RON ASMUS AND EUR/NB

E.O. 12958: DECL: 11/23/2004

TAGS: PGOV, PREL, ECON, EINV, LH

SUBJECT: LITHUANIA'S SHIFTING POLITICAL LANDSCAPE AFTER THE WILLIAMS DEAL

MISTAKES AND RECRIMINATIONS THAT DOGGED WILLIAMS BUY-OUT OF

MAZEIKIU NAFTA.

8. (X) PAKSAS ALLIES WITH "PRO-BUSINESS" LIBERAL UNION

WHEN THE FORMER PM QUIT THE CONSERVATIVE PARTY SHORTLY AFTER HIS RESIGNATION, PAKSAS WAS WOODED BY PARTIES OF ALL POLITICAL STRIPES -- AFTER ALL HE IS STILL THE MOST POPULAR POLITICIAN IN THE COUNTRY. PAKSAS DECIDED TO ALLY HIMSELF WITH THE SMALL LIBERAL UNION PARTY LEAD BY EUGENIJUS GENTVILAS, THE MAYOR OF KLAIPEDA. THE PARTY IS SEEN AS A PRO-WESTERN AND PRO-FREE MARKET PARTY WHICH WANTS TO MAKE IT EASIER, ESPECIALLY FOR SMALL BUSINESSMEN, TO DO BUSINESS IN LITHUANIA. NABBING PAKSAS WAS QUITE A PRIZE FOR THE SMALL PARTY AND HAS ALREADY RAISED ITS PROFILE AND ITS RATINGS, THOUGH NO ONE CAN SAY HOW MANY VOTES IT WILL BE ABLE TO ATTRACT A YEAR FROM NOW.

9. ~~(C)~~ MORE PARTIES SPLIT, NEW PARTIES ANNOUNCED REGULARLY

THERE IS HARDLY A PARTY IN LITHUANIA TODAY WHICH IS NOT ON THE VERGE OF SPLINTERING OR AT LEAST HAS A DISSIDENT MEMBER CONSIDERING WHETHER OR NOT TO START HIS OWN PARTY, AND THIS CABLE WILL NOT GO THROUGH THE WHOLE LIST. MOST OF THE SPLITS, PARTICULARLY ON THE "RIGHT" SIDE OF THE POLITICAL SPECTRUM, SEEM TO BE DRIVEN MORE BY PERSONALITY RATHER THAN IDEOLOGY. OTHERS, PARTICULARLY ON THE LEFT AND MIDDLE OF THE SPECTRUM, ARE MORE IDEOLOGICAL, WITH SOME YOUNGER MORE PRO-WESTERN, "PROGRESSIVE" TYPES WANTING TO DISTANCE THEMSELVES FROM THE TRADITIONAL LEADERSHIP. STILL, IT OFTEN APPEARS THAT MANY POLITICAL PARTIES IN LITHUANIA GATHER AROUND A STRONG-WILLED PERSONALITY AND DO NOT HAVE A DISTINCT, COHERENT VIEWPOINT.

10. ~~(C)~~ RESENTMENT OF LITHUANIAN-AMERICANS SURFACES

BEFORE THE SIGNING OF THE WILLIAMS DEAL SOME OF THE ANTI-WILLIAMS RHETORIC VERGED ON ANTI-AMERICANISM. HOWEVER, THE NEAR UNIVERSAL VILIFICATION OF WILLIAMS BY THE LITHUANIAN PUBLIC AND PRESS DOES NOT SEEM TO HAVE TURNED INTO A MORE GENERALIZED ANTI-AMERICAN BACKLASH. HOWEVER, A LONG-TERM UNDERCURRENT OF RESENTMENT OF THE ROLE LITHUANIAN-AMERICANS PLAY HAS RECENTLY BECOME MORE VOCAL. THIS IS CURIOUS BECAUSE THERE IS ONLY ONE LITHUANIAN-AMERICAN ASIDE FROM THE PRESIDENT, WEALTHY BUSINESSMAN JOE KAZICKAS, WHO WAS PUBLICLY INVOLVED IN THE WILLIAMS DEAL. THE PRESIDENT, AS MUCH BECAUSE OF HIS LAST-MINUTE WAFFLE AS BECAUSE OF HIS STAUNCH SUPPORT UNTIL THAT MOMENT, HAS HAD HIS CREDIBILITY QUESTIONED. LITHUANIANS TEND TO THINK THAT LITHUANIAN-AMERICANS LECTURE THEM ON WHAT THEY SHOULD AND SHOULDN'T DO. ONE OFTEN HEARS IT SAID THAT LITHUANIAN-AMERICANS CANNOT REALLY UNDERSTAND LITHUANIA TODAY, NOR COMPREHEND WHAT THOSE WHO STAYED HERE LIVED THROUGH AND HOW IT AFFECTED EVERY ASPECT OF LITHUANIAN LIFE. JUST A FEW DAYS AGO A POPULAR LITHUANIAN-AMERICAN MP, FELIKSAS PALUBINSKAS, WAS DEFEATED IN HIS BID TO BECOME THE NEW CHRISTIAN DEMOCRATIC PARTY CHAIRMAN AT LEAST IN PART BECAUSE HE IS LITHUANIAN-AMERICAN. PALUBINSKAS IS POPULAR AND CONSIDERED PART OF THE PROGRESSIVE WING THAT COULD REJUVENATE AN OLD PARTY THAT SEEMS ON THE VERGE OF SELF-EXTINCTION. HOWEVER THE OLDER AND MORE CONSERVATIVE STALWARTS SELECTED A MORE CONSERVATIVE 75-YEAR OLD WITH CLOSER TIES TO THE CHURCH. ONE NEWSPAPER QUOTES A PARTY MEMBER AS SAYING "MAZEIKIAI TO THE AMERICANS, THE PARTY TO LITHUANIANS."

11. ~~(C)~~ THROW THE BUMS OUT?

SOME OF THE MOST POINTED QUESTIONING OF THE US EMBASSY'S ROLE IN VILNIUS APPEARED RECENTLY IN LITHUANIA'S THIRD LARGEST DAILY, "RESPUBLIKA". THE SERIES OF ARTICLES ASKED WHY THE EMBASSY IS TRYING TO "BUY OUT" ITS NEIGHBORS, WHY IT DOESN'T WANT TO USE THE "NEW RESIDENCE", AND WHY THE EMBASSY "DOESN'T TRUST" LITHUANIAN SECURITY SERVICES TO PROTECT IT. HOWEVER, SINCE MANY OF THESE ARTICLES APPEARED SIDE-BY-SIDE WITH LARGE PHOTOS ILLUSTRATING THE LOCAL "MISS BUTTOCKS" CONTEST, THE DAMAGE WAS PROBABLY LIMITED.

12. ~~(C)~~ MORE DISTRUST OF POLITICIANS AND FOREIGNERS

THE WILLIAMS DEAL IS SEEN AS SOMETHING THAT WAS DONE IN SECRET BETWEEN POLITICIANS AND FOREIGNERS WHO DID NOT HAVE THE BEST INTERESTS OF LITHUANIANS IN MIND. IT SEEMS THE PERFECT ANTITHESIS OF THE TRANSPARENCY WE HAVE URGED LITHUANIANS TO ADOPT ACROSS THE BOARD. ONE LASTING AFTER EFFECT SEEMS TO BE THAT LITHUANIANS ARE EVEN MORE SUSPICIOUS OF THEIR POLITICIANS AND MUCH LESS TRUSTING OF FOREIGNERS. SUPPORT FOR EU MEMBERSHIP HAS FALLEN SHARPLY IN RECENT MONTHS, MOSTLY BECAUSE OF CONCERN ABOUT HOW LITHUANIA WILL BE ABLE TO COPE IF IGNALINA NUCLEAR POWER PLANT IS CLOSED. HOWEVER, ONE OF THE LESSONS THAT LITHUANIANS BELIEVE THEY HAVE LEARNED IS THAT FOREIGNERS MAY NOT ALWAYS PUT LITHUANIA'S BEST INTERESTS FOREMOST. SMITH

Norland, Richard B. (EUR)

From: WHSR
Sent: Monday, November 29, 1999 11:47 AM
To: Norland, Richard B. (EUR)
Subject: LITHUANIAN HISTORICAL COMMISSION UPDATE

CLASS: UNCLASSIFIED
DTG: 291442Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 1090
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 3314
TOR: 991129103727 M4172721

UNCLAS VILNIUS 003314

DEPT FOR EUR DAS RON ASMUS, EUR/RHA, EUR/NB
DEPT FOR (EUR/OHI) J.D. BINDENAGEL
TREASURY FOR DEPUTY SECRETARY STUART EIZENSTAT

E.O. 12958: N/A
TAGS: PREL, KNAR, PHUM, LH, EUN
SUBJECT: LITHUANIAN HISTORICAL COMMISSION UPDATE

REF: A) TEL AVIV 14742; B) SECSTATE 216180; C) VILNIUS 3242

(U) CLASSIFIED BY AMBASSADOR SMITH FOR REASONS 1.5 B AND D.

SUMMARY

1. OVER THE PAST WEEK, EMBOFFS AND THE AMBASSADOR HAVE ENGAGED THE GOL EXTENSIVELY ON THE ISSUE OF THE HISTORICAL COMMISSION ON SOVIET AND NAZI CRIMES. THE COMMISSION'S CHAIRMAN, EMANUELIS ZINGERIS, AND ITS SECRETARIAT ASSURE THE EMBASSY THAT THEY ARE DOING EVERYTHING TO GET THE COMMISSION'S WORK UNDERWAY. THEY ASSERT THAT MOST OF YAD VASHEM'S ASSERTIONS ABOUT LACK OF GOL INITIATIVE ARE GROUNDLESS, BUT AGREE THAT YAD VASHEM'S COOPERATION IS NEEDED TO MAKE THE COMMISSION WORK. AFTER MONTHS OF BUREAUCRATIC SHUFFLING, THE COMMISSION'S SECRETARIAT IS FUNCTIONING. THEY ARE CONFIDENT THAT THE NEW GOVERNMENT UNDER PM KUBILIUS WILL PROVIDE MORE FUNDING AND BETTER FACILITIES FOR THE COMMISSION. THE SECRETARIAT CLAIMS THAT INDEPENDENT RESEARCH GROUPS FOR BOTH HOLOCAUST AND SOVIET OCCUPATION ISSUES ARE BEING FINALIZED AND FUNDING CONTRACTS FOR THE RESEARCH ARE BEING SETTLED. END SUMMARY.

RESEARCH GROUPS "READY" BUT FUNDING/FACILITIES LACKING

2. IN A MEETING WITH POLOFF, HEAD OF THE SECRETARIAT FOR THE COMMISSION, RONALDAS RACINSKAS, DISCUSSED THE CURRENT OPERATING SITUATION OF THE COMMISSION AS WELL AS ITS SUBSTANTIVE RESEARCH WORK. RACINSKAS SAID THAT THEY PRESENTLY HAVE A STAFF OF SIX EMPLOYEES (3 FULL TIME; 3 PART TIME). THEIR FACILITIES ARE CURRENTLY INADEQUATE (WITH ONLY A TINY ROOM IN THE GOVERNMENT MUNICIPALITY BUILDING) BUT THEY HOPE TO IMPROVE THAT WITH ADDITIONAL FUNDING AND HELP FROM THE NEW PM'S OFFICE. RACINSKAS SAID THAT THE COMMISSION HAS RECEIVED 24,000 USD FROM THE EMBASSY'S DEMOCRACY COMMISSION WHICH HAS GOTTEN THEIR WORK UNDERWAY THUS FAR. THEY HAVE ALSO RECEIVED 30,000 LITAS

- (APPROXIMATELY 7,500 USD) OF A PROMISED 150,000 LITAS FROM THE GOL THIS YEAR. RACINSKAS SAID THAT HE IS HOPEFUL THEY WILL RECEIVE THE REST OF THEIR 1999 FUNDS ALONG WITH AN ADDITIONAL 450,000 LITAS FOR THE YEAR 2000. RACINSKAS MET WITH THE NEW LITHUANIAN PRIME MINISTER ON 19 NOVEMBER, WHO PROMISED TO DO HIS BEST TO SECURE THE COMMISSION THE MONEY PROMISED TO IT FROM THE GOL.

3. RACINSKAS SAID THAT WHILE HIS FUNDING PROBLEMS ARE PARAMOUNT, THEY DO NOT IMPEDE THE WORK OF THE COMMISSION. RACINSKAS SHOWED POLOFF NUMEROUS E-MAILS AND COMMUNICATIONS HE HAS HAD IN RECENT WEEKS WITH MEMBERS OF THE TWO PLANNED "RESEARCH GROUPS" (ONE FOR HOLOCAUST CRIMES, THE OTHER FOR SOVIET ERA). RACINSKAS SAID THAT THE SECRETARIAT HAS BEEN WORKING CLOSELY WITH WESLEY FISHER FROM THE U.S. HOLOCAUST MUSEUM AND OTHER EXPERTS FROM THE COMMISSION TO FINALIZE THE LIST OF RESEARCHERS. RACINSKAS SAID THAT RESEARCH IS SET TO BEGIN AND CONTRACTS ARE READY FOR THE FIRST PERIOD OF RESEARCH, 1918-1939. EACH RESEARCH GROUP WILL INCLUDE 5-7 EXPERT RESEARCHERS. RESEARCH WILL BE COMPILED INTO AN ON-LINE ARCHIVE WHICH CAN BE ACCESSED REMOTELY BY RESEARCHERS VIA THE INTERNET. THE SECRETARIAT ALSO PLANS TO SECURE AT LEAST TWO MORE (LARGER ROOMS) IN THE GOVERNMENT BUILDING TO STORE ARCHIVES AND PROVIDE SPACE FOR THE RESEARCHERS. AT PRESENT, THE COMMISSION ONLY HAS ONE COMPUTER AND ONE PHONE/FAX, BUT THEY ARE PLANNING TO PURCHASE SEVERAL MORE FOR THEIR WORK. RACINSKAS EMPHASIZED THAT ONLY WITH THE RECEIPT OF USD FROM THE DEMOCRACY COMMISSION WAS HE EVEN ABLE TO OBTAIN WHAT THEY HAVE AT PRESENT, BUT HE PLANS TO DO MUCH MORE NOW THAT THEY HAVE SECURED THEIR FIRST FUNDING.

YAD VASHEM WELCOME AND NEEDED

4. DCM SPENT SEVERAL HOURS WITH COMMISSION CHAIRMAN EMANUELIS ZINGERIS TO DISCUSS THE COOPERATION (OR LACK THEREOF) BETWEEN THE LITHUANIAN COMMISSION AND YAD VASHEM. AFTER HIS TRIP TO ISRAEL IN SEPTEMBER, ZINGERIS BELIEVED THAT SUCH COOPERATION WAS DECIDED AND AGREED UPON. HE DISMISSED AS LUDICROUS ALLEGATIONS FROM YAD VASHEM THAT THEY WERE NEVER FORMALLY INVITED TO PARTICIPATE IN THE COMMISSION. NEVERTHELESS, ZINGERIS AND THE COMMISSION SECRETARIAT HAVE DELIVERED THE DRAFT OF A LETTER THEY INTEND TO SEND TO YAD VASHEM NEXT WEEK ASKING FOR THEIR SUPPORT. BOTH ZINGERIS AND RACINSKAS COMMENTED TO EMBOFFS THAT THEY KNOW YAD VASHEM'S SUPPORT AND PARTICIPATION IS VITAL TO THE SUCCESS OF THE COMMISSION'S WORK.

COMMISSION NGO READY FOR USG RESTITUTION FUNDING

5. RACINSKAS GAVE POLOFF A COPY OF THE FOUNDING STATUTE OF A NEW NGO TO SUPPORT THE COMMISSION'S WORK. RACINSKAS ASSURED POLOFF THAT THE MINISTRY OF JUSTICE HAS ASSURED THEM THAT THE NGO WILL BE REGISTERED BY THIS STATUTE WHEN IT IS SUBMITTED. RACINSKAS ASKED FOR ANY USG INPUT ON THE WORDING IN THE STATUTE. LOCAL AID CONTRACTOR WORKING WITH NGO'S HAS REVIEWED THE STATUTE AND OFFERED FEEDBACK. WE HAVE ALSO FAXED THIS TO DEPT FOR ANY FEEDBACK. AS ZINGERIS UNDERSTANDS IT, THIS FOUNDATION IS ELIGIBLE FOR RESTITUTION FUNDS. IF THIS IS NOT THE CASE, POST WOULD APPRECIATE A CLARIFICATION. ZINGERIS UNDERSTANDS THAT THE FOUNDATION MAY OR MAY NOT GET THE FUNDING, BUT WOULD LIKE AN EXPLANATION SINCE HE SAID HE UNDERSTOOD FROM DEPUTY TREASURY SECRETARY EIZENSTATT THAT HIS NGO (IF REGISTERED) WOULD BE ELIGIBLE.

6. COMMENT: POST CONTINUES TO ACTIVELY SUPPORT AND ADVISE THE LITHUANIAN PRESIDENT'S COMMISSION. EMBASSY VILNIUS

- WOULD LIKE TO THANK EMBASSY TEL AVIV FOR ITS HELP AND COOPERATION ON THIS DIFFICULT ISSUE. SECURING YAD VASHEM AND THE ISRAELI GOVERNMENT'S SUPPORT IN THE COMMISSION'S WORK IS A MUST. DESPITE THE CURRENT DIFFICULTIES AND CONFUSION OVER ZINGERIS'S INTERACTION WITH YAD VASHEM, THE COMMISSION REMAINS THE ONLY ORGANIZATION IN LITHUANIA THAT IS DEALING WITH THIS HIGHLY SENSITIVE ISSUE. THE NEXT FEW MONTHS WILL DEMONSTRATE WHETHER BUREAUCRATIC OBSTACLES CAN BE OVERCOME FOR THE COMMISSION'S REAL WORK TO BEGIN. FINDING THE POLITICAL RESOLVE AND FINANCIAL SUPPORT TO BACK UP THE COMMISSION'S RHETORIC WILL BE A MAJOR OBSTACLE. FOR THIS REASON, AND IN LIGHT OF THE DIRE ECONOMIC SITUATION HERE IN LITHUANIA, ANY RESTITUTION FUNDS THAT CAN BE FUNNELED THROUGH THE COMMISSION'S NEWLY FOUNDED NGO WOULD BE A TREMENDOUS HELP TO THE SECRETARIAT AND ITS RESEARCH GROUPS. SMITH

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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018. paper	re: Lithuania: New Government [partial] (2 pages)	11/19/1999	P1/b(1)
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COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Richard Norland)
OA/Box Number: 2630

FOLDER TITLE:

Lithuania [7]

2011-1038-F
kh1050

RESTRICTION CODES

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

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

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

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

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

RR. Document will be reviewed upon request.

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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]

Secret

3.5(c)

CENTRAL & EAST EUROPEAN UPDATE

19 November 1999

1.4(b), 1.4(c), 1.4(d), 3.5(c)

DECLASSIFIED IN PART
PER E. O. 13526

2016-0384-M

2

[1.82]

KBH 6/23/2023

Secret

CENTRAL & EAST EUROPEAN UPDATE

19 November 1999

1.4(b), 1.4(c), 1.4(d), 3.5(c)

Blinken, Antony J.

From: Leader, Damian R.
Sent: Friday, November 19, 1999 8:22 AM
To: Graze, Deborah E; Silski, Andrew L; Blinken, Antony J.; Smith, Keith C.; Spakauskas, Anthony X.; Murphy, Michael J (EUR); Grossman, Marc
Subject: Pres. Clinton/Pres. Adamkus Conversation

NSC for Dick Norland

Ron Asmus called from Istanbul to say Lithuanian Pres. Adamkus told him he was able to speak briefly with Pres. Clinton. He said he explained the Williams deal and the unfavorable political fallout and suggested that a brief stop by the President in Vilnius would be very helpful. According to Adamkus, the President was positive and said "let's have our staffs talk".

Ron realizes that this readout may be more optimistic than the conversation warranted, but he suggests that Embassy Vilnius and the NSC may want to follow-up.

I would guess that we will soon get a full court press from the Lithuanians on this.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
019. email	White House Situation Room to Steven Black et al. re: Department of Energy Secretary Richardson [partial] (1 page)	11/17/1999	b(7)(E)

COLLECTION:

Clinton Presidential Records
National Security Council
European Affairs (Richard Norland)
OA/Box Number: 2630

FOLDER TITLE:

Lithuania [7]

2011-1038-F
kh1050

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, November 17, 1999 12:03 PM
To: Black, Steven K. (VP); Blinken, Antony J. (EUR); Brody, Richard J. (VP); Brzezinski, Mark F. (RUE); Davidson, Leslie K. (VP); Dunn, John A. (RUE/INTERN); Elkind, Jonathan H. (RUE); Gordon, Philip H. (EUR); Harris, Cody S. (RUE/INTERN); Kass, Nicholas S. (EUR); Kaufman, Stuart J. (RUE); Norland, Richard B. (EUR); Pascual, Carlos E. (RUE); Tedstrom, John E. (RUE); vonLipsey, Roderick K. (SEE); Weiss, Andrew S. (RUE); Yee, Hoyt B. (EUR)
Subject: DOE SECRETARY RICHARDSON VISIT TO SWITZERLAND AND NORTHERN BALTICS, JANUARY- FEBRUARY 2000

CLASS: UNCLASSIFIED
DTG: 171644Z NOV 99
MSGTO: RUEHSW/AMEMBASSY BERN 5846
RUEHNY/AMEMBASSY OSLO 9192
RUEHTL/AMEMBASSY TALLINN 7240
RUEHRA/AMEMBASSY RIGA 0425
RUEHVL/AMEMBASSY VILNIUS 9466
ORIG: SECSTATE WASHDC
PREC: ROUTINE
SSN: 6493
TOR: 991117114459 M4155054

UNCLAS STATE 216493

PASS TO ECON

E.O. 12958: N/A

TAGS: ENRG, OVIP, ECON, ETRD, SZ, NO, EN, LH, LG

SUBJECT: DOE SECRETARY RICHARDSON VISIT TO SWITZERLAND AND NORTHERN BALTICS, JANUARY- FEBRUARY 2000

1. SECRETARY RICHARDSON IS INTERESTED IN VISITING SWITZERLAND, NORWAY LITHUANIA, LATVIA AND ESTONIA EARLY NEXT YEAR. POSTS' REACTION TO THE PROPOSED TIMETABLE IN PARAGRAPH 2, AND RECOMMENDATIONS ON MEETINGS AND EVENTS IS REQUESTED. COUNTRY CLEARANCE CABLE WILL FOLLOW SEPTTEL.

2. PROPOSED ITINERARY: POST FEEDBACK REQUESTED.

JANUARY 31: ARRIVE DAVOS

FEBRUARY 1: DEPART DAVOS ENROUTE OSLO

FEBRUARY 2: ATTEND SANDERSTOLEN CONFERENCE

MEET WITH GON OFFICIALS

FEBRUARY 3: DEPART OSLO ENROUTE BALTICS

FEBRUARY 4-6: ONE COUNTRY PER DAY (ORDER TBD)

FEBRUARY 6: DEPART ENROUTE US

3. POTENTIAL MEETINGS: IN SWITZERLAND, THE SECRETARY PLANS TO ATTEND THE WORLD ECONOMIC FORUM CONFERENCE IN DAVOS. IN NORWAY, HE PLANS TO ATTEND THE SANDERSTOLEN CONFERENCE AS WELL AS MEET WITH GON OFFICIALS. ASSISTANCE IS REQUESTED TO EXPLORE SCHEDULING MEETINGS WITH APPROPRIATE COUNTERPARTS

FROM THE LEADERSHIP, ENERGY SECTOR, AND U.S. COMPANY REPRESENTATIVES.

4. DELEGATION WILL LIKELY INCLUDE, IN ADDITION TO THE SECRETARY, REBECCA GAGHEN, DEPUTY CHIEF OF STAFF, USDOE; DAVID GOLDWYN, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS, DOE; AN ADDITIONAL INTERNATIONAL POLICY STAFF PERSON, A PRESS OFFICER AND (b)(7)(e) ADVANCE STAFF WILL INCLUDE ONE LOGISTICS AND (b)(7)(e) FOR EACH STOP.

[019]

5. ADMINISTRATIVE AND FISCAL DATA TO BE SENT SEPTTEL.

6. EMBASSY ASSISTANCE IS GREATLY APPRECIATED. SLUG
RESPONSE TO DOE/S:R GAGHEN OR CONTACT DIRECTLY, 202 586-
8900, FAX: 202/586-6828.
PICKERING

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, November 17, 1999 8:40 AM
To: Abercrombie-Winstanley, Gina K. (NESA); Blinken, Antony J. (EUR); Bolan, Christopher J. (VP); Camp, Donald A. (NESA); Malley, Robert (NESA); Norland, Richard B. (EUR); Pollack, Kenneth M. (NESA); Riedel, Bruce O. (NESA)
Subject: YAD VASHEM AND THE LITHUANIAN HISTORICAL COMMISSION CLASSIFIED BY A/POL/C GERALD ANDERSON, PER 1.5 (B) AND (D)

CLASS: ~~CONFIDENTIAL~~
DTG: 171206Z NOV 99
MSGTO: RUEHC/SECSTATE WASHDC IMMEDIATE 4360
ORIG: AMEMBASSY TEL AVIV
PREC: IMMEDIATE
SSN: 4742
TOR: 991117082429 M4154608

DECLASSIFIED
PER E.O. 13526
2016-0384-M (1.84)
KBN 6/23/2023

~~CONFIDENTIAL~~ SECTION 01 OF 02 TEL AVIV 014742

DEPT FOR EUR DAS ASMUS, EUR/OHI BINDENAGEL, AND EUR/RHA
JUSTICE FOR OSI ROSENBAUM AND MACQUEEN

E.O. 12958: DECL: 11/17/04
TAGS: PREL, PHUM, PGOV, EN, LG, LH, IS, KNAR
SUBJECT: YAD VASHEM AND THE LITHUANIAN HISTORICAL COMMISSION

CLASSIFIED BY A/POL/C GERALD ANDERSON, PER 1.5 (B) AND (D)

REF: (A)STATE 216180, (B)VILNIUS 3242

1. (C) SUMMARY AND COMMENT: YAD VASHEM OFFICIALS AND THE LITHUANIAN AMBASSADOR IN ISRAEL CONFIRMED TO US THIS WEEK, AS REPORTED REFTELS, THAT YAD VASHEM HAS NOT[y-yvXx] LETTER IN EARLY NOVEMBER. SHALEV EXPLAINED HIS PROBLEMS WITH THE LETTER TO LITHUANIAN AMBASSADOR MISUINAS, WHO EXPECTS SOON TO CONVEY THE MESSAGE TO ZINGERIS. SHALEV IS PREPARED IN PRINCIPLE TO NOMINATE FORMER DIRECTOR YITZHAK ARAD AS AN EX-OFFICIO YAD VASHEM REPRESENTATIVE TO THE SUBCOMMISSION ON THE HOLOCAUST. HOWEVER SHALEV WILL NOT DO SO UNLESS ZINGERIS DEMONSTRATES THAT THE HOLOCAUST SUBCOMMITTEE'S WORK WILL BE CLEARLY SEPARATE FROM THE STALINIST ERA SUBCOMMITTEE'S WORK, AND THAT IT WILL BE ADEQUATELY STRUCTURED, FUNDED, AND STAFFED TO BRING TO LIGHT MORE OF THE "PAINFUL TRUTH ABOUT THE LITHUANIAN ROLE IN THE HOLOCAUST. MISUINAS TOLD US HE INTENDS TO WORK WITH ZINGERIS TO ADDRESS SHALEV'S CONCERNS IN A REVISED LETTER. EVEN IF ZINGERIS IS ABLE TO RESOLVE THE ISSUE OF YAD VASHEM'S FORMAL RELATIONSHIP WITH THE COMMISSION, MISUINAS ACKNOWLEDGED, IT WILL BE MORE DIFFICULT TO PROVIDE THE STAFFING AND FUNDING ASSURANCES YAD VASHEM IS SEEKING. END SUMMARY AND COMMENT.

2. (C) LITHUANIAN AMBASSADOR JONAS MISUINAS TOLD US NOVEMBER 17 THAT A LETTER FROM HISTORICAL COMMISSION CHAIRMAN ZINGERIS INVITING YAD VASHEM'S PARTICIPATION IN THE COMMISSION HAD BEEN DELIVERED TO YAD VASHEM DIRECTOR AVNER SHALEV THE FIRST WEEK OF NOVEMBER. THE LETTER WAS A FOLLOW-UP TO ZINGERIS' AUGUST VISIT TO ISRAEL, WHEN YAD VASHEM DIRECTOR AVNER SHALEV HAD SUGGESTED ZINGERIS SEEK FORMER DIRECTOR ARAD'S AGREEMENT TO PARTICIPATE IN THE COMMISSION'S WORK. IN THE INTERIM, ARAD TOLD US, HE

AND ZINGERIS HAD SPOKEN SEVERAL TIMES.

3. (C) ZINGERIS' EARLY NOVEMBER LETTER WAS NOT ACCEPTABLE TO SHALEV, WHO TOLD MISUINAS THAT YAD VASHEM IS NOT PREPARED UNDER ANY CIRCUMSTANCES TO PARTICIPATE IN THE "BOARD", AN UMBRELLA BODY INCLUDING REPRESENTATIVES OF BOTH THE HOLOCAUST AND STALINIST-ERA SUBMISSIONS. SHALEV TOLD MISUINAS HE WOULD, UNDER CERTAIN CONDITIONS, BE PREPARED TO NOMINATE FORMER YAD VASHEM DIRECTOR AND HISTORIAN YITZHAK ARAD AS AN "EX-OFFICIO" PARTICIPANT IN THE SUBCOMMISSION TO BE FORMED TO ADDRESS HOLOCAUST ISSUES. ARAD CONFIRMED TO US THAT HE HAD TOLD ZINGERIS HE WOULD NOT DEAL WITH THE COMMISSION WITHOUT AN OFFICIAL BLESSING FROM YAD VASHEM, AND AN OFFICIAL LETTER OF INVITATION TO YAD VASHEM FROM ZINGERIS.

4. (C) YAD VASHEM IS INTERESTED IN WORKING WITH THE COMMISSION, ARAD TOLD US, ONLY IF IT CAN BE STRUCTURED SO AS TO FACILITATE GENUINE, SUBSTANTIVE RESEARCH ON HOLOCAUST ISSUES THAT WILL DOCUMENT NOT ONLY WHAT THE NAZI FORCES DID BUT ALSO CASES OF ACTIVE COLLABORATION BY LITHUANIANS. ARAD TOLD US THE REVISION OF THE OVERALL COMMISSION'S MISSION STATEMENT DRAFTED AT THE AUGUST SESSION OF THE COMMISSION WAS AN IMPROVEMENT OVER THE PREVIOUS DRAFT. WHILE THE NEW STATEMENT WAS STILL NOT COMPLETELY SATISFACTORY, ARAD SAID, HE WOULD NOT MAKE IT AN OBSTACLE TO PARTICIPATION IF HIS SUBSTANTIVE CONCERNS ABOUT THE WORK OF THE HOLOCAUST SUBCOMMISSION COULD BE ADDRESSED. ARAD TOLD US HE WOULD NOT ONLY REFUSE TO SIT ON THE UMBRELLA "BOARD," HE ALSO DID NOT WANT ANY PART OF A HOLOCAUST SUBCOMMISSION THAT MET "ONCE OR TWICE A YEAR TO GIVE A BLESSING" TO THE RESEARCH OF OTHERS. ARAD SAID HE SHARED THE CONCERNS OF MANY IN THE LITHUANIAN-ISRAELI COMMUNITY THAT THE GOL IS SEEKING TO USE THE COMMISSION AS A FIG-LEAF TO HIDE LITHUANIA'S REFUSAL TO COME TO TERMS WITH THE LITHUANIAN ROLE IN THE HOLOCAUST. THEREFORE, HE WOULD ONLY AGREE TO PARTICIPATE IN THE SUB-COMMISSION ON HOLOCAUST ISSUES IF IT BECAME A SERIOUS, PROFESSIONAL RESEARCH BODY WITH STAFF APPROPRIATELY TRAINED (E.G., FLUENT IN LITHUANIAN, RUSSIAN, AND GERMAN) AND SUFFICIENTLY FUNDED TO PRODUCE SERIOUS RESEARCH RESULTS.

5. (C) SHALEV TOLD US HE HAS NO INTENTION OF "LETTING THE LITHUANIANS OFF THE HOOK" BY PARTICIPATING IN AN ~~CONFIDENTIAL~~ SECTION 02 OF 02 TEL AVIV 014742

DEPT FOR EUR DAS ASMUS, EUR/OHI BINDENAGEL, AND EUR/RHA

JUSTICE FOR OSI ROSENBAUM AND MACQUEEN

E.O. 12958: DECL: 11/17/04

TAGS: PREL, PHUM, PGOV, EN, LG, LH, IS, KNAR

SUBJECT: YAD VASHEM AND THE LITHUANIAN HISTORICAL COMMISSION

ENTERPRISE INTENDED TO "COVER UP" LITHUANIAN COMPLICITY IN THE HOLOCAUST BY EQUATING "NAZI CRIMES" TO "STALINIST CRIMES." HE SAID THE LITHUANIAN INCLINATION IS TO JUSTIFY LITHUANIAN COLLABORATION WITH THE NAZIS BY PORTRAYING IT AS INTENDED TO STRENGTHEN AN INDEPENDENT LITHUANIAN STATE AGAINST THE SOVIETS. YAD VASHEM HAD A VERY DISAPPOINTING EXPERIENCE IN THE EARLY 1990'S WHEN IT SET UP A BLUE RIBBON FACT-FINDING COMMISSION ON LITHUANIA, ONLY TO DISCOVER THE LITHUANIANS WERE "ONLY INTERESTED IN A COVER-UP."

6. (C) IN RESPONDING TO THE NEW EFFORT UNDER ZINGERIS TO CREATE A HISTORICAL COMMISSION AS A MEANS OF "PROVING

LITHUANIA'S DEMOCRATIC QUALIFICATIONS FOR NATO AND THE EU," SHALEV SAID HE WILL CONTINUE TO BE TOUGH IN WITHHOLDING YAD VASHEM PARTICIPATION UNLESS THE GOL IS WILLING TO GO THROUGH THE "PAINFUL PROCESS" OF FACING THE TRUTH. "WE'RE IN THE TRUTH BUSINESS," SHALEV SAID, A PRINCIPLE YAD VASHEM CANNOT COMPROMISE. SHALEV SAID HE GAVE MISUINAS THREE CONDITIONS FOR APPROVING ARAD'S PARTICIPATION IN THE COMMISSION'S WORK:

(A) ARAD WILL PARTICIPATE AS AN OFFICIAL YAD VASHEM REPRESENTATIVE, NOT AS AN INDIVIDUAL;

(B) ZINGERIS WILL PROVIDE A CLEAR DECLARATION THAT THE WORK OF THE TWO SUBCOMMISSIONS WILL BE COMPLETELY SEPARATE, AS WELL AS A COMPLETE LIST OF THE OTHER MEMBERS AND CHAIR PERSONS OF THE TWO SUBCOMMISSIONS;

(C) ZINGERIS WILL PROVIDE A CLEAR DEFINITION OF RESEARCH METHODS AND DECISION-MAKING PROCEDURES OF THE COMMISSION, GUARANTEEING THAT THE COMMISSION'S WORK WILL BE OBJECTIVE AND THAT THE TRUTH WILL NOT BE COMPROMISED FOR POLITICAL REASONS. THE SUBCOMMISSION WOULD HAVE TO MEET A MINIMUM OF THREE TIMES A YEAR FOR A WEEK EACH TIME, AND BETWEEN MEETINGS WOULD HAVE TO

WOULD HAVE ONLY ONE OF A DOZEN OR SO VOTES) WAS A NON-STARTER.

7. (X) SHALEV TOLD US THAT WHILE HE HAS HIS SUSPICIONS THAT THE GOL IS NOT INTERESTED IN A SERIOUS INQUIRY ON THE HOLOCAUST, HE WOULD NOT RULE OUT THE POSSIBILITY IT MIGHT MAKE A SERIOUS EFFORT TO RESPOND TO HIS CONDITIONS, AND COULD MEET AT LEAST SOME OF THEM. SHALEV SAID HE SEES STARTING DOWN THE PATH OF FACING THE PAST IS AN IMPORTANT PART OF BUILDING A GENUINE LITHUANIAN DEMOCRACY.
WALKER

~~CONFIDENTIAL~~

11

INR

Lithuania: Financial Crisis (U)

The IMF mission to Lithuania has confidence in new Prime Minister Kubilius's economic policies but sees a worrisome general economic situation underscored by an expected 5% drop in real GDP growth this year, according to Embassy Vilnius. Exporters, the economy's mainstay, have yet to recover from last year's devaluations in Russia and other CIS trade partners. They are struggling to replace these markets, which took about 40% of the country's goods. This loss has caused the current account deficit to soar. (C)

Less business means tax revenues are much lower for an already tight budget. The Fund does not see an economic recovery beginning until next year. Because of stagnant living standards and rising unemployment, Kubilius is being advised to maintain strict fiscal discipline to keep the budget deficit and inflation as low as possible. Addressing the politically charged sale of the Mazheikiu refinery—accounting for 25% of tax revenues—the mission director noted the IMF only advised Vilnius to ensure it can meet its financial obligations. Though its ability to do so is now in doubt, the mission director was still optimistic that a \$150 million IMF standby agreement would be approved. (C)

■ COMMENT: The anticipated \$150 million stand-by credit will help but will not begin to solve the country's financial problems.

Lithuanian's exports remain too costly for CIS markets; Vilnius may start eyeing devaluation as an option. (C)

~~(CONFIDENTIAL)~~

DECLASSIFIED
PER E.O. 13526
2016-0384-M (1.85)
KBM 6/23/2023

~~CONFIDENTIAL~~

November 12, 1999

LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS



EMBASSY OF THE REPUBLIC OF LITHUANIA
WASHINGTON, D.C.

PRESS RELEASE

November 11, 1999

Contact: Rolandas Kacinskas

Phone: (202) 234-5860 x 21

**LITHUANIA AND NATO DISCUSS
LITHUANIAN NATO INTEGRATION PROGRAM**

The following is a Press Release of the Ministry of Foreign Affairs of the Republic of Lithuania regarding consultations between NATO and Lithuania:

On November 9, 1999, a NATO SPC(R) meeting with Lithuania took place. The meeting in the 19+1 format was chaired by Assistant Secretary General Ambassador P.Klaiber. The Lithuanian Delegation was headed by Deputy Foreign Minister Vygaudas Ušackas. The dialogue between the 19 and Lithuania focussed on the Lithuanian National NATO Integration Program presented by Lithuania earlier in September. All NATO countries' representatives commended Lithuania for a solid National Program and in view of that they provide initial feedback and had a number of important comments and questions. All NATO representatives once again reiterated that the MAP process is expected to pave the way for the best prepared countries to membership in the Alliance and Lithuania is well on this track.

Lithuania expressed full confidence that along with other NATO priorities to strengthen defense capabilities and to develop European defense component within NATO, the Alliance will continue its enlargement process. The Head of Lithuanian delegation expressed his hope that implementation of MAP, a well as consistent review of candidate countries will lead to the acceptance of new members to NATO during the 2002 NATO Summit.

—

**LITHUANIAN-AMERICAN COMMUNITY, INC.****NATIONAL EXECUTIVE COMMITTEE**

11250 Roger Bacon Drive, Suite 17C, Reston, VA 20190-5202
(703) 397-0950 • FAX (703) 397-0951 • email lacinc@erols.com

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Vice President Organizational
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Jurate Budrys
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Sr. Margaret Barioka
Chair, Religious Affairs Council

Dalia Badarys
Secretary

Ramas Pliura
Treasurer

Algis Tamosiunas
Vice President for Sports

Mike Mikolaitis
President Youth Association

Audrone Pakstys
Director
Public Affairs Office

November 11, 1999

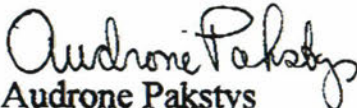
To: Richard B. Norland
Fax: 202-456-9150
From: Audrone Pakstys
Tel: 703-397-0950
RE: Meeting of November 4, 1999

Dear Mr. Norland,

It was a pleasure to meet with you last Thursday.
Thank you for giving your time and insightful comments.
Mrs. Narusis expresses her deep appreciation from the
Lithuanian-American Community for all that is being done
for the people of Lithuania.

Please let me know if I can be of assistance in the
future. Thank you again.

Sincerely,


Audrone Pakstys
Public Affairs Office, Director

Norland, Richard B. (EUR)

From: WHSR
Sent: Wednesday, November 10, 1999 9:32 AM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Gordon, Philip H. (EUR); Kass, Nicholas S. (EUR); Norland, Richard B. (EUR); vonLipsey, Roderick K. (SEE); Yee, Hoyt B. (EUR)
Subject: LITHUANIA SEEN READY FOR EU IN FIVE YEARS-FINMIN
CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991110084317 R8297625

a1254

^BC-EU-LITHUANIA-ACCESSION

^Lithuania seen ready for EU in five years-FinMin

VILNIUS, Nov 10 (Reuters) - Lithuania's incoming finance minister, expected to be confirmed by parliament later this week, said on Wednesday he hoped the country would be ready to join the European Union five years from now.

"The most optimistic people think this could happen in about 2002, but I think it will take longer. I think we need about five years to become competitive with other Western countries," Vytautas Dudenas, currently Chairman of the Foreign Affairs Committee in parliament, told Reuters.

"I think we're on the way to conforming in terms of legislation, and certain adjustments in our economy," he added.

Two years ago, Lithuania was passed over to join the fast track negotiations that include Baltic neighbour Estonia plus Poland, Hungary, the Czech Republic, Slovenia and Cyprus.

But expectations are high that the EU will issue an invitation this December, when Latvia, Slovakia, Romania, Bulgaria and Malta are also expected to be offered to start talks.

"It seems like the regatta approach is being used, which to my mind is very fair. Each country is being evaluated by its own merit," said Dudenas, 62, a former New York banker who lived in the United States for over 40 years after World War II.

The new government, led by Prime Minister Andrius Kubilius, should be given its mandate by parliament on Thursday. It has pledged to restore market confidence in government finances by slashing spending and cutting down the deficit, a key concern in the European Commission's last progress report on the country.

But it will be the third government this year, after two like-minded Conservative administrations fell earlier.

"I'm hoping that subsequent governments will have a longer period to carry out specific programmes to adapt to Western markets, Western economies, and as we prepare ourselves for European Union and competition, which I think we will do."

RB-- 11/10/99 08:41:57

EUR PRESS GUIDANCE
LITHUANIA
10/29/99

FAX TRANSMITTAL

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U.S. ENERGY INVESTMENT IN LITHUANIA AND
NEW PRIME MINISTER

(CONTEXT: THE WILLIAMS COMPANY OF TULSA AND THE GOVERNMENT OF LITHUANIA SIGNED AN AGREEMENT OCTOBER 29 GIVING WILLIAMS OPERATING CONTROL AND 33% STAKE IN LITHUANIA'S OIL SECTOR. THE SIGNING CAME DESPITE THE RESIGNATION OCTOBER 27 OF THE PRIME MINISTER, OPPOSITION FROM THE NON-GOVERNMENTAL PARTIES, AND SOME ANTI-AMERICAN SENTIMENT. THE IMF ALSO EXPRESSED CONCERNS OVER THE FINANCING OF THE DEAL, IN LIGHT OF LITHUANIA'S FISCAL PROBLEMS. BOTH PARTIES HAVE COMMITTED THEMSELVES TO WORK WITH THE IFI'S TO REDUCE THE FINANCIAL BURDEN ON LITHUANIA. EMBASSY VILNIUS ISSUED A STATEMENT WELCOMING THE AGREEMENT. NEITHER WILLIAMS NOR THE GOL HAS SHARED THE DETAILS OF THE DEAL WITH THE USG. A NEW PRIME MINISTER, ANDRIUS KUBILIUS, WAS NAMED OCTOBER 29.)

Q: DO YOU HAVE ANY COMMENT ON THE PURCHASE OF THE LITHUANIAN OIL SECTOR BY THE WILLIAMS COMPANY?

A: WE WELCOME THE AGREEMENT BETWEEN THE WILLIAMS COMPANY AND THE GOVERNMENT OF LITHUANIA ON WILLIAMS' INVESTMENT IN THE LITHUANIAN OIL SECTOR. THE

PRIVATIZATION OF THE ENERGY SECTOR IS A POSITIVE AND INEVITABLE ACTION.

-- WILLIAMS IS AN EXCELLENT U.S. COMPANY WITH A LONG AND SUCCESSFUL TRACK-RECORD IN THE ENERGY FIELD. THE USG SUPPORTED WILLIAMS AS A STRATEGIC INVESTOR IN THE LITHUANIAN ENERGY SECTOR.

-- WE BELIEVE THIS INVESTMENT WILL BE GOOD FOR LITHUANIA, GOOD FOR THE UNITED STATES, AND CONTRIBUTE TO REGIONAL PROSPERITY AND INTEGRATION. IT WILL ALSO HELP BUILD CLOSER ECONOMIC TIES BETWEEN OUR TWO COUNTRIES, FACILITATE THE TRANSFER OF THE LATEST ENERGY TECHNOLOGY TO LITHUANIA, AND STRENGTHEN LITHUANIA'S ENERGY INDEPENDENCE.

-- WE LOOK FORWARD TO CONTINUING CLOSE COOPERATION WITH THE GOVERNMENT AND PEOPLE OF LITHUANIA.

Q: ISN'T IT TRUE THE WILLIAMS INVESTMENT PUTS TOO GREAT A FINANCIAL DEMAND ON LITHUANIA?

A: THE UNITED STATES GOVERNMENT WAS NOT A PARTICIPANT IN THE NEGOTIATIONS AND HAS NOT SEEN THE FINAL AGREEMENT, SO WE CANNOT COMMENT ON HOW THE AGREEMENT WILL BE FINANCED. WE DO BELIEVE WILLIAMS WILL BRING NEEDED CAPITAL AND EXPERTISE TO THE LITHUANIAN OIL SECTOR.

-- MODERNIZING THE LITHUANIAN OIL SECTOR TO MAKE IT COMPETITIVE IS FINANCIALLY DIFFICULT FOR LITHUANIA BUT NECESSARY. WE THEREFORE WELCOME THE COMMITMENT OF BOTH PARTIES TO WORK WITH INTERNATIONAL FINANCIAL INSTITUTIONS TO LIGHTEN THE DEMANDS ON LITHUANIA'S BUDGET.

Q: WHAT IS YOUR REACTION TO THE NOMINATION OF ANDRIUS KUBILIUS AS PRIME MINISTER?

A: WE LOOK FORWARD TO WORKING CLOSELY WITH THE NEW PRIME MINISTER ON THE MANY ISSUES OF MUTUAL CONCERN BETWEEN THE UNITED STATES AND LITHUANIA.