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Folder Title:

Lithuania [8]

Staff Office-Individual:

European Affairs-Norland, Richard

Original OA/ID Number:

2630

Row:

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Section:

5

Shelf:

10

Position:

1

Stack:

V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	re: Lithuania: Government (1 page)	10/28/1999	P1/b(1) KBH 11/20/2023
002. email	White House Situation Room to Antony Blinken and Richard Norland re: Williams Deal (2 pages)	10/07/1999	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 [8]

2011-1038-F

kh1051

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]

Norland, Richard B. (EUR)

From: Scott-Perez, Marilyn L. (NSA)
Sent: Monday, October 18, 1999 4:41 PM
To: Norland, Richard B. (EUR); Crocker, Bathsheba N. (NSA); Steinberg, James
Cc: @EUROPE - European Affairs; Sapiro, Miriam E. (SEE); Holtzapple, Richard A.; Pascual, Carlos E. (RUE); Weiss, Andrew S. (RUE)
Subject: RE: Appointment Requests [UNCLASSIFIED]

Dick -- Jim has read your e-mail and has responded:

OK to Item 1: Please offer 10:30 to Gerry Adams for the phone call and the number to use would be 456-9491. *Rita Confirms* **OK**

OK to Item 2: Please offer Jan Eliasson November 3 at 3:30. We will need a list of proposed participants and of course a paper prepared. **OK**

On Item 3 -- Jim wrote let's see. So we should stand down on this and may want to readdress as we get closer to the date. Thanks!

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

From: Norland, Richard B. (EUR)
Sent: Monday, October 18, 1999 12:32 PM
To: Crocker, Bathsheba N. (NSA); Steinberg, James
Cc: @EUROPE - European Affairs; Sapiro, Miriam E. (SEE); Holtzapple, Richard A.; Pascual, Carlos E. (RUE); Weiss, Andrew S. (RUE)
Subject: Appointment Requests [UNCLASSIFIED]

1. Rita O'Hare called to see if Jim could take a call from **Gerry Adams** this Thursday morning, October 21, at 10 or 11 a.m. Adams will be in New York for a Sinn Fein fundraiser, but must return to the talks in London so will not be coming to Washington this trip. Please advise what phone number Adams should call in on if this works out.

2. Swedish Embassy is asking whether Jim would meet with **Swedish State Secretary for Foreign Affairs Jan Eliasson** on Wed., November 3 from 3 pm on, or anytime on Nov. 4. Eliasson wants to discuss the Balkans, Russia and the Baltics. He chairs Working Table III of the Stability Pact, so a high-level reception here might bolster our message with the EU on Stability Pact implementation. He will also be meeting with State on western hemisphere affairs.

3. **Lithuanian Deputy Foreign Minister Vygaudas Asackas** would like to meet with Jim on November 2 if possible. He is considered a rising star in Lithuania and would have good insights into Baltic-Russia relations, particularly with respect to Kaliningrad and Belarus. He is also trying to see Leon Fuerth as well as folks at State.

→ Landsbergis - Nov. 4/5?



LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS

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

October 15, 1999

Mr. Richard B. Norland
Director, European Affairs
National Security Council
Old Executive Building
Washington, D.C. 20504

Fax: (202) 456-9150

Dear Mr. Norland:

referring to our yesterday's conversation, I avail of the opportunity to request for meetings at the NSC for Lithuanian Deputy Foreign Minister Mr. Vygaudas Ušackas who is coming to Washington on a working visit from November 1-3, 1999.

Mr. Vygaudas Ušackas, 34, has been one of the leading figures of the foreign policy of Lithuania serving as Political Director of the Foreign Ministry for the last three years and recently promoted as Vice Minister. His knowledge, energy, and dedication helped Lithuania to acquire its currently active role in the Baltic Sea region and considerable progress in Euro-Atlantic integration.

Mr. Ušackas would be more than willing to share recent developments in Lithuania and its foreign policy. As you are very well aware relations with Russia, various projects with its Kaliningrad region, relations with Belarus, North European initiative and other issues of regional cooperation constitute important part in Lithuanian active regional diplomacy. I believe that exchange of ideas on these and other issues of foreign policy will be interesting and beneficial for both sides.

I would relay on your kind assistance in setting up meetings, if possible, on November 2nd in the morning, with Mr. Leon Fuerth, National Security adviser to the Vice-President, Mr. James Steinberg, Deputy National Security Adviser, Mr. Antony Blinken, Special Assistant to the President and Senior Director for European Affairs and also yourself.

Enclosed please find the CV of Minister Ušackas. I look forward to pleasure of a positive reply.

Sincerely,

Stasys Sakalauskas
Stasys Sakalauskas
Ambassador

⇒ Dick:

① Agree we should run this by Jim. Good to do if he can. Up and come.

② Also, you should recommend Leon see him

③ I'll see him. (Nov. 2)

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, October 28, 1999 4:31 PM
To: Norland, Richard B. (EUR)
Subject: LITHUANIA:LithuanianActi

CLASS: INTERNATIONAL
ORIG: FBIS
PREC: RUSH
TOR: 991028162234 F818af35

F8262
FBIS 262OCT28 UNCLAS 3V
LITHUANIA: Lithuanian Acting PM Defends Oil Privatization Deal
LD2810200299 Vilinius Lithuanian Television First Program Network in
Lithuanian 1825 GMT 28 Oct 99

[Address to the nation by Irena Degutiene, Lithuanian Acting
Prime Minister, on 28 October -- live]

[FBIS Translated Text]

Good evening, my dear people of Lithuania.

Our country is facing a complicated period. At times like
this, not everyone is strong enough to assume responsibility for decisions
on which the future of all Lithuanian people will depend. Therefore,
the easiest decision is to step aside.

Today we have to reduce the negative implications of instability
upon Lithuania. In this situation, no one should remain indifferent.

Yesterday, I was presented with a decree by His Excellency
the President of Lithuania [Valdas Adamkus], instructing me to become
the acting prime minister.

Therefore, today I, the Acting Prime Minister, address you,
the citizens of Lithuania, asking for your support in forming a new,
strong government which will be able to overcome this crisis.

Today, the stability of our state depends on everyone. The
country needs courageous and carefully planned decisions, which are
not always popular.

We must understand that we cannot afford to forget the other
problems of the country and indulge only in discussions on the privatization
of Mazeikiu Nafta [Mazeikiai Oil, Lithuania's state-owned oil company,
which is to be privatized by Williams International, US energy group].

This is by no means the only important issue. It should not interfere
with our ongoing work in the areas of agriculture, industry, education,
science, health, and other important areas.

The negotiations with Williams International have been going
on for a long time, and people have not been clearly told why this strategic
investor is the most beneficial for Lithuania. Although not only the
existing government is taking part in the negotiations, we assume the
responsibility for the fact that politicians failed to explain the importance
of investment into the Lithuanian economy.

The negotiators managed to agree that the amount which Lithuania
will have to guarantee [as loans to cover the working capital deficit
at Mazeikiu Nafta] will be spread over a long period of time. I can
assure you that this expenditure will not be made at the expense of
pensioners, schoolchildren, college students, or any other people.

I am certain that investment is beneficial to Lithuania and
that in the future we all will benefit from this.

Citizens, not politicians, constitute the primary pillar of
any democratic state. Therefore, we hope for people's support to our
work. We hope that people will trust the competence of

government ministers and will not yield to those wish to further destabilize
the situation in the country.

Today, we have a very strong and hard-working cabinet of ministers. Therefore, I once again ask everybody to calmly carry on with their work, because this is the only way to overcome the problems that are troubling the country.

The firm stance and support of President Valdas Adamkus provide us firm resolve and strength. I wish everybody success in their work and unity.

Thank you for your attention. Good evening.

BBCCMM

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(ENDALL) 28 OCT 2016z FBIS

NNNN

FBIS 10/28/99 16:16:53

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, October 28, 1999 7:47 PM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Norland, Richard B. (EUR); Sigler, Ralph H. (WHSR)
Subject: FOCUS-LITHUANIA OKAYS UNPOPULAR OIL DEAL

CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991028190802 R818d6cf

a4493

^BC-LITHUANIA-POLITICS-PROTEST 2NDLD

^FOCUS-Lithuania okays unpopular oil deal

(releads with deal approved, writes thru)

By Jonathan Leff

VILNIUS, Oct 28 (Reuters) - Lithuania's government gave its final approval on Thursday to a highly unpopular oil industry selloff despite an opposition referendum campaign and a public outcry against the deal, almost two years in the making.

The approval means that U.S. energy group Williams will be able to end over 18 months of negotiations with its purchase of a 33 percent stake and operating control in state-owned oil company Mazheikiu Nafta on Friday.

The cabinet of acting Prime Minister Irena Degutiene, appointed earlier in the week after popular Rolandas Paksas stepped down in protest against the deal, approved the final documents and authorised deputies to sign.

"The government in essence approved the initialised agreements and authorised the transport minister and myself to sign the agreements and other necessary documents to close the deal," said Sigitas Kaktys, the state's chief negotiator.

Earlier on Thursday the chairman of the Social Democrats, Vytenis Andriukaitis, said his party had collected the 48 signatures by parliamentary deputies needed to force a vote on whether the state should relinquish control of the firm, which contributes some 10 percent of gross domestic product.

"We have notified Williams (of the referendum)... If they (the agreements) are signed against the people's will, we will consider them void from the moment of signing," he said.

However, sources close to the deal said the conservative majority in parliament -- which has firmly backed the sale -- was not likely to let it be so easily derailed.

THOUSANDS PROTEST AGAINST DEAL

Several thousand Lithuanians protested around the parliament building against the sale to Williams, which is widely unpopular as it requires heavy state lending and was conducted without an open, public tender.

Many had come hundreds of miles from the town of Mazheikiai, where the firm's refinery is based, in a convoy called "Caravan of Hope -- No to Williams," to show their opposition.

Although Kaktys said the state had been in a bind in the final hours to reduce the overall debt burden, the government will still have to roll over or issue new loans totalling almost \$350 million, a heavy load for the recession-bitten Baltic state.

Degutiene, seen a possible candidate to take the premier's post full-time, urged the nation in a television address to support the new government despite much-needed but unpopular decisions.

"Today I, as acting prime minister, ask you, the people of Lithuania, to support us in forming a new, strong government capable of overcoming the current crisis," she said. "The country needs decisive, well thought-out -- but maybe not popular -- decisions."

She defended the Williams investment. "I am sure that investment is useful to Lithuania and we all will feel the benefits in the future,"

• Degutienė said.

President Valdas Adamkus has cautioned that early elections are a possible, although extreme, option if the ruling Homeland Union is not able to pull together a strong cabinet.

The Conservatives are expected to offer their preferred prime ministerial candidate -- likely to be Degutienė or Deputy Parliamentary Chairman Andrius Kubilius -- early on Friday, and the president's formal nomination may come later the same day.

RB-- 10/28/99 19:05:51

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, October 28, 1999 6:27 PM
To: Norland, Richard B. (EUR)
Subject: LITHUANIAN PARTY SAYS FORCES REFERENDUM ON OIL DEAL

CLASS: INTERNATIONAL
ORIG: Reuters
PREC: RUSH
TOR: 991028180142 R818c5c2

a4119

^BC-LITHUANIA-POLITICS-PROTEST 1STLD

^Lithuanian party says forces referendum on oil deal
(adds Social Democrats' call for referendum)

VILNIUS, Oct 28 (Reuters) - Lithuania's opposition Social Democrats said on Thursday they had collected enough signatures to force a referendum on the Baltic state's controversial selloff of its Mazheikiu Nafta (MAZE.VL) oil concern.

Vytenis Andriukaitis, chairman of the Social Democrats, said in a statement the party had collected the signatures of 48 parliamentary deputies needed to force the vote.

"We request the government and the president not to sign the deal with Williams until the people's will is expressed," he said in the statement.

U.S. energy group Williams (WMB.N) is in the final stages of an over 18-month bid to buy a 33 percent stake and operating control in majority state-owned Mazheikiu for \$150 million. The cabinet is expected to meet later on Thursday to approve the agreements, with a final closing expected on Friday.

The plebiscite asks citizens to decide whether or not to relinquish decision-making control in Mazheikiu Nafta, which contributes some 10 percent of gross domestic product (GDP).

"We have notified Williams (of the referendum)... If they (the agreements) are signed against the people's will, we will consider them void from the moment of signing," he added.

However, sources close to the deal indicated that the conservative majority in parliament -- which has firmly backed the sale -- was not likely to let it be so easily derailed.

In addition, the referendum cannot be retroactive.

Andriukaitis said the date would be set by parliament, which cannot overrule the vote, and may take place December 12.

Former Prime Minister Rolandas Paksas, who resigned over his opposition to the deal with Williams on Wednesday, said earlier in the week that he was against the referendum and supported "transparent, competition-based" privatisation.

On Thursday, several thousand Lithuanians protested around the parliament building against the sale to Williams, which is widely unpopular as it requires heavy state lending to the concern and was conducted with an open, public tender.

RB-- 10/28/99 17:53:06

LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS



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

PRESS RELEASE
November 1, 1999

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

**DEPUTY FOREIGN MINISTER VYGAUDAS USACKAS
RECALLS LITHUANIAN ASPIRATIONS TO NATO IN WASHINGTON**

WASHINGTON, D.C., November 1 - Lithuania's Deputy Foreign Minister Vygaudas Usackas began meetings in Washington, D.C. with representatives from the U.S. administration and influential politicians with whom he compared notes on the U.S.-Lithuanian relations and Lithuania's preparation for the membership in NATO.

More than 50 meetings are planned for a week-long visit, including with advisors on foreign affairs to the Democratic and Republican presidential candidates.

Mr. Usackas began the visit to Washington, D.C. on Sunday, meeting with Deputy Assistant Secretary of State Ronald Asmus, who in the name of the U.S. administration praised the signing of an agreement between the Lithuanian Government and US company "Williams International" on investments in the Lithuanian oil industry. "This is good for Lithuania, good for the US, good for the entire region," Mr. Asmus said. He also stressed that the contract will contribute "to the promotion of regional integration" and "strengthening of political ties between two countries and nations, as well as the expansion of cooperation."

On Monday, Mr. Usackas met with advisors to the members of Senate Foreign Affairs Committee and influential members of the Senate and the House of Representatives. During a "round-table" discussion NATO expansion scenarios were considered, as was Lithuania's preparedness for entering the alliance.

While in Washington, Deputy Foreign Minister is scheduled to meet with senior Clinton Administration officials such as Marc Grossman, Assistant Secretary of State, Leon S. Fuerth, National Security Advisor to the Vice President Al Gore, Antony Blinken, Special Assistant to the President and Senior Director for European Affairs, Lisa Bronson, Deputy Assistant Secretary of Defense for European and NATO policy.

Meetings are also planned with experts from the influential 'Think-Tanks' involved in the formation of U.S. foreign and security policy. On November 3-5, Deputy Foreign Minister V. Usackas will participate at the Atlantic Partnership Program on the U.S.-Europe's foreign policy interaction, organized by the Council on Foreign Relations.

~~CONFIDENTIAL~~

⇒ Dick

13

INR

Lithuania: Government Stumbles (U)

President Adamkus yesterday accepted Prime Minister Paksas's resignation and appointed Labor Minister Degutiene as acting head of government, according to press reports. Paksas resigned to protest the sale of a state-owned oil complex to the US-based Williams International, saying it would jeopardize the economy. Parliament deputies on October 26 began collecting signatures to hold a referendum to call for the preservation of Lithuania's control of its oil industry. The initiators plan to get the required 48 signatures by today and hope the government will end the talks with Williams and cancel tomorrow's deal signing. (U)

- **COMMENT:** The new government, with Adamkus's backing, could still sign the Williams deal by tomorrow's deadline. But the legislature's call for a referendum and an IMF warning that the deal would cause a financial crisis are likely to become insurmountable roadblocks. The secrecy under which this deal was negotiated makes it suspect. Only a few people have seen the actual contract and three of them, the finance and economics ministers and Paksas, have resigned. (e)

~~(CONFIDENTIAL)~~

**DECLASSIFIED
PER E.O. 13526**

2016-0384-M (1.86)
KBH 6/23/2023

~~CONFIDENTIAL~~

October 28, 1999

Norland, Richard B. (EUR)

From: WHSR
Sent: Tuesday, October 19, 1999 12:20 PM
To: Blinken, Antony J. (EUR); Davidson, Leslie K. (VP); Norland, Richard B. (EUR)
Subject: TRANSLATION OF PRIME MINISTER PAKSAS'S SPEECH

CLASS: UNCLASSIFIED
DTG: 191455Z OCT 99
MSGTO: SECSTATE WASHDC 0962
ORIG: AMEMBASSY VILNIUS
PREC: ROUTINE
SSN: 2943
TOR: 991019121306 M4105242

UNCLAS SECTION 01 OF 02 VILNIUS 002943

E.O. 12958: N/A
TAGS: EPET, PREL, ENRG, EINV, LH
SUBJECT: TRANSLATION OF PRIME MINISTER PAKSAS'S SPEECH

REF: VILNIUS 2937

TRANSLATION FOLLOWS OF SPEECH GIVEN BY PRIME MINISTER ROLANDAS PAKSAS ON LITHUANIAN TELEVISION, 18 OCTOBER.

BEGIN QUOTE: DEAR PEOPLE OF LITHUANIA, IN THE LIFE OF EVERY PERSON, FAMILY, CITY OR STATE THERE ARE HAPPIER AS WELL AS MORE COMPLICATED PERIODS. WHEN WE GO THROUGH HARDSHIPS, THE MOST IMPORTANT FEELING THAT WE EXPERIENCE IS, I BELIEVE, RESPONSIBILITY. LARGER WORRIES MEAN LARGER RESPONSIBILITY. AN ESPECIALLY LARGE BURDEN (OF RESPONSIBILITY) FALLS UPON THOSE WHO MAKE DECISIONS AND ARE RESPONSIBLE FOR THE COUNTRY'S, THAT IS, ALL OF ITS CITIZENS', FUTURE.

THIS EXACT TYPE OF RESPONSIBILITY INDUCED ME-- AFTER LITHUANIA'S LONG NEGOTIATIONS WITH WILLIAMS INTERNATIONAL COMPANY, A STRATEGIC INVESTOR IN MAZEIKIAI NAFTA-- TO ANNOUNCE TO YOU TODAY, AS THE LEADER OF THE LITHUANIAN GOVERNMENT, MY DECISION.

EVERYONE KNOWS THAT IT WAS NOT EASY FOR THIS GOVERNMENT TO NEGOTIATE WITH WILLIAMS, SOLELY BECAUSE WE (THE GOVERNMENT) BECAME INVOLVED IN THE MIDDLE OF THE WORK WHEN A LOT HAD ALREADY BEEN AGREED UPON, AND FUTURE COMMITMENTS OF THE LITHUANIAN STATE TO THE STRATEGIC INVESTOR HAD ALREADY BEEN DISCUSSED.

DURING THE NEGOTIATIONS, WE TRIED TO REACH THE MOST USEFUL TERMS FOR LITHUANIA. WE SUCCEEDED IN AGREEING THAT IT WAS NOT NECESSARY TO CHANGE MANY LITHUANIAN LAWS. MORE THAN ONE POINT WAS MODIFIED FOR THE BENEFIT OF OUR COUNTRY. HOWEVER, IT WAS ALREADY TOO LATE TO RECALL MANY OF LITHUANIA'S COMMITMENTS TO THE AMERICAN COMPANY.

WE NEGOTIATED FURIOUSLY, TRYING TO MAXIMALLY EXHAUST THE SMALLEST OF OPPORTUNITIES THAT WERE FAVORABLE TO US. WE NEGOTIATED TO THE LAST BLINK OF AN EYE, TO THE END, ONE MAY SAY, UP UNTIL THIS EVENING.

WE AGREED TO CONCEDE ON CERTAIN POINTS OF THE AGREEMENT THAT WERE NOT ABSOLUTELY FAVORABLE-- FOR THIS IS QUITE A LARGE AND IMPORTANT INVESTMENT. WE TRIED TO VIEW A

Damien:
→ *lit. cabinet voted in favor of*
sign. *Min. Econ.* *FIN MIN* *PM* *refused*
sign.

→ *Starys: USG should weigh in*
at Williams on financing.
Karl Smith: OK.

EUR/NB:
- *pol. damaging?*
- *don't know what what deal.*

EU & close Ignatius
side of 2 Ignatius
reactions
2004.
Electoral

Starys:
difficult sit. -
2 mins disagreement of leadership.
financially concerned.
leadership is behind deal.
landslips.
PM not rising - but
agrees.

LOT OF THINGS MORE LENIENTLY-- FOR THIS IS A SECURITY GUARANTEE. WE EVEN ACCEPTED THE COST THAT THE INVESTORS WERE OFFERING-- SMALL FOR THEM, LARGE FOR US, FOR WE ARE SPEAKING ABOUT A FUTURE PROSPECT.

HOWEVER, THERE IS ONE FIGURE THAT EVERY LITHUANIAN CITIZEN SHOULD HEAR AND UNDERSTAND TODAY BECAUSE THIS FIGURE TOUCHES EACH ONE OF THEM. BY SIGNING A CONTRACT WITH WILLIAMS, LITHUANIA WOULD HAVE TO HAND OVER 1.4 BILLION LITAS TO MAZEIKIAI NAFTA. THE LAST HOPE OF OUR NEGOTIATORS WAS THE POSSIBILITY OF SPREADING THIS SUM OUT OVER A COUPLE OF YEARS, OR INSTEAD OF MONEY, GRANTING THE AMERICANS OUR SOVEREIGN GUARANTEE. UNFORTUNATELY, WE DID NOT SUCCEED IN REACHING SUCH A COMPROMISE. IT REALLY IS DIFFICULT TO BARGAIN WHEN THE PARTNER KNOWS THAT HE HAS NO COMPETITORS AND THAT HE DICTATES THE CONDITIONS.

*refining,
pre-exist' co. -
own pipeline.*

LITHUANIA HAS AS MUCH MONEY AS WILLIAMS REQUIRES, BUT ONLY THAT MUCH. IF WE ALLOCATED ALL OF IT (THE SUM) TO MAZEIKIAI NAFTA, THERE WOULD REMAIN UNPAID DEBTS ON ALREADY-COMPLETED JOBS, DEBTS TO COMPANIES AND PEOPLE WOULD GROW. THERE ARE OBLIGATIONS EXISTING BETWEEN COUNTRIES. THE STATE ALREADY OWES HOSPITALS, NURSERY SCHOOLS AND SCHOOLS. WE WOULD ALL CARRY OUR MONEY DOWN TO ONE SACRIFICIAL ALTAR-- PERHAPS EVEN AT THE EXPENSE OF OUR CHILDREN'S EDUCATION, PARENT'S HEALTH, OUR OWN DAILY BREAD. BY SIGNING THE CONTRACT PROPOSED BY THE WILLIAMS COMPANY, THE LITHUANIAN FISCAL DEFICIT WOULD REACH 9.8% OF GDP. THE DEFICIT OF THE CURRENT ACCOUNT WOULD GROW CONSIDERABLY. THE FINANCIAL SITUATION OF THE COUNTRY COULD BECOME DANGEROUS, MAYBE EVEN UNCONTROLLABLE. THE INDEBTED STATE COULD BE DRAWN INTO THE LIST OF INSOLVENT COUNTRIES. AND IT IS TOO EARLY TO EXPECT RESULTS FROM THE STEPS TAKEN BY THE GOVERNMENT ON REVIVAL OF THE ECONOMY-- POSITIVE CHANGES FOR THE BETTER WILL OCCUR MUCH LATER.

I DO NOT WANT TO BE MISUNDERSTOOD. I AM FOR INVESTMENTS. ONE OF THE MOST IMPORTANT STEPS OF THE CURRENT GOVERNMENT IS TO EASE THE CONDITIONS FOR INVESTING, TO DO AWAY WITH BUREAUCRATIC AND ADMINISTRATIVE BARRIERS THAT DISRUPT THE ENTRY OF CAPITAL INTO LITHUANIA.

I AM FOR PRIVATIZATION. I AM FOR LARGER SECURITY GUARANTEES THAT, WITHOUT A DOUBT, ESTABLISHED CAPITAL FROM THE WEST WOULD BRING TO LITHUANIA.

I RESPECT AMERICA AS THE CRADLE OF DEMOCRACY. HOWEVER, I LOOK AT THE PRIVATIZATION PROJECT OF MAZEIKIAI NAFTA
UNCLAS SECTION 02 OF 02 VILNIUS 002943

E.O. 12958: N/A
TAGS: EPET, PREL, ENRG, EINV, LH
SUBJECT: TRANSLATION OF PRIME MINISTER PAKSAS'S SPEECH

FIRST, NOT AS A HISTORICAL DUEL BETWEEN THE EAST AND WEST, BUT AS A BUSINESS CONTRACT.

SOME SAY THAT SUCH A LARGE COST IS THE COST OF INDEPENDENCE. HOWEVER, IT MUST, NEVERTHELESS, BE BEARABLE BY THE PERSON, NATION, STATE. NONE, NOT EVEN THE MOST HONORABLE BURDEN SHOULD RAISE THE DANGER FOR THE POSSIBILITY OF SURVIVAL. I ALSO KNOW THAT INDEPENDENCE MAY BE WON AND MAINTAINED BY PROUD PEOPLE, BY THOSE WHO KNOW HOW TO DEFEND THEIR OWN RIGHTS. INDEPENDENCE WILL NEVER BE A SYNONYM FOR OVER-SUBMISSIVENESS.

I UNDERSTAND THOSE WHO SACREDLY BELIEVE IN THE IMPORTANCE OF WILLIAMS FOR LITHUANIA. I ALSO KNOW THAT MANY PEOPLE BELIEVE IN THE BENEFITS OF THE PROPOSED AGREEMENT, WITHOUT EVEN DELVING MORE DEEPLY INTO WHAT IS ACTUALLY BEING OFFERED. I RESPECT THE CONSISTENT POSITION OF THE CHAIRMAN OF THE PARLIAMENT AND THE PRESIDENT OF THE REPUBLIC OF LITHUANIA. THE GOVERNMENT DID EVERYTHING SO THAT THE CONTRACTS WITH THE WILLIAMS COMPANY WOULD BE READY FOR SIGNING. THIS COULD ALREADY BE DONE THIS MONTH. NO OBSTACLES OR HINDRANCES ARE LEFT.

I, HOWEVER, AS THE LEADER OF THE GOVERNMENT, RESPONSIBLE NOT ONLY FOR THIS PROJECT, BUT ALSO FOR THE ENTIRE LITHUANIAN ECONOMIC AND FINANCIAL SITUATION, TODAY FIRMLY STATE, THAT TO SIGN A DOCUMENT THAT PROPOSES TERMS THAT, IN MY MIND, ARE UNACCEPTABLE FOR LITHUANIA- I CANNOT. I CANNOT BECAUSE I BELIEVE THAT THESE CONDITIONS MAY BE FATAL FOR LITHUANIA'S ECONOMY AND ITS PEOPLE. ONLY TIME WILL TELL WHETHER I TODAY AM MISTAKEN IN PREDICTING SUCH RESULTS. HOWEVER, NOW I ACT AS MY CONSCIENCE DICTATES.

FIVE MONTHS AGO CIVIC RESPONSIBILITY LED ME TO THE HELM OF THE GOVERNMENT. THIS SAME RESPONSIBILITY WITHHOLDS MY HAND TODAY. I BELIEVE IN LITHUANIA, IN ITS FUTURE. I BELIEVE IN YOU, DEAR PEOPLE OF LITHUANIA. I ALSO BELIEVE THAT WE WILL CONTINUE TO MOVE FURTHER ALONG OUR OWN CHOSEN ROAD, IN WHICH WE WILL BE LED BY COURAGE, WISDOM AND RESPONSIBILITY. LET US GO ALONG THIS ROAD WITH OPEN EYES AND A CLEAN CONSCIENCE. THE REST IS IN GOD'S HANDS. END QUOTE.
SMITH

Norland, Richard B. (EUR)

From: WHSR
Sent: Thursday, October 07, 1999 11:30 AM
To: Blinken, Antony J. (EUR); Norland, Richard B. (EUR)
Subject: WILLIAMS DEAL: ADDITIONAL INFORMATION ON REQUEST FOR MEETINGS WITH IMF

CLASS: ~~CONFIDENTIAL~~
DTG: 070724Z OCT 99
MSGTO: SECSTATE WASHDC IMMEDIATE 0915
ORIG: AMEMBASSY VILNIUS
PREC: IMMEDIATE
SSN: 2838
TOR: 991007112228 M4086133

**DECLASSIFIED
PER E.O. 13526**
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KBH 6/23/2023

~~CONFIDENTIAL~~ VILNIUS 002838

DEPT FOR EB ASST SEC MKIMBLE, EUR DAS RON ASMUS, EB/IFD/ODF, AND EUR/NB

E.O. 12958: DECL: 10/05/2009

TAGS: EPET, PREL, ENRG, EINV, RS, LH

SUBJECT: WILLIAMS DEAL: ADDITIONAL INFORMATION ON REQUEST FOR MEETINGS WITH IMF

REF: VILNIUS 2836

CLASSIFIED BY: CHARGE D'AFFAIRES ANTHONY SPAKAUSKAS, REASONS 1.5 B AND D

1. (C) AS REPORTED REFTEL, THE GOL AND WILLIAMS HAVE REACHED AGREEMENT ON ALL CONTRACTUAL ISSUES REGARDING THE PRIVATIZATION OF MAZEIKIU NAFTA. REFTEL REQUESTED USG ASSISTANCE IN ARRANGING MEETINGS WITH THE IMF TO DISCUSS THE FINANCING OF THE DEAL. AFTER INTENSE NEGOTIATIONS ON 6 OCTOBER, SIGNIFICANT PROGRESS WAS MADE ON THE FINANCING ISSUE, CLARIFYING THE PURPOSE OF THE IMF MEETINGS AND THE SCOPE OF REQUESTED USG ASSISTANCE.

2. (C) IN ORDER TO RESOLVE THE IMPASSE CREATED BY THE GOL'S INABILITY TO MEET THEIR FINANCIAL OBLIGATIONS AT CLOSING UNDER THE MOU, THE GOL IS NOW PROPOSING TO PROVIDE GUARANTEES FOR LOANS FOR THE SHORTFALL. IT IS OUR UNDERSTANDING, FROM INFORMATION PROVIDED BY THE GOL AND WILLIAMS, THAT EBRD AND COMMERCIAL BANKS ARE WILLING TO PROVIDE THE ACTUAL FINANCING. HOWEVER, THE GUARANTEES OFFERED BY THE GOL MAY MEET RESISTANCE FROM THE IMF, WHICH MAY CONSIDER SUCH GUARANTEES AN OVEREXTENSION ON THE PART OF LITHUANIA.

3. (C) THE GOL AND WILLIAMS THEREFORE REQUEST USG SUPPORT OF THE GUARANTEES WITH THE IMF. BOTH PARTIES HAVE INDICATED THAT THEY WILL BE PROVIDING INFORMATION TO THE IMF SUPPORTING THEIR POSITION (GUARANTEES), AND FORECASTS INDICATING THAT THE GOL WILL NOT ONLY BE ABLE TO SERVICE ALL DEBTS, BUT EVEN BEGIN TO PAY SOME OFF EARLY WITH THE REVENUE PROJECTED FROM MAZEIKIU NAFTA. THE PROPOSED MEETINGS ARE PLANNED FOR LATE NEXT WEEK, AND THE LITHUANIAN EMBASSY AND WILLIAMS WILL CONTACT DEPARTMENT IF ASSISTANCE IS NEEDED IN ARRANGING THE DATES.

4. (C) EMBASSY REITERATES ITS FULL SUPPORT FOR THIS REQUEST. WITH CONTRACTUAL AGREEMENT, AND NOW SIGNIFICANT PROGRESS ON THE FINANCIAL SIDE, IT APPEARS LIKELY THAT THE GOL AND WILLIAMS CAN MEET THEIR PROPOSED CLOSING DATE OF 29 OCTOBER. WE HAVE CONSISTENTLY SUPPORTED THIS DEAL AS BEING IN THE BEST INTERESTS

? pol.? w econ.?

OF THE USG AND LITHUANIA, AND SUPPORT FOR THE LITHUANIAN LOAN
GUARANTEES WITH THE IMF WOULD CERTAINLY ADVANCE U.S. NATIONAL
INTERESTS IN THE REGION.
SPAKAUSKAS



Republic of Lithuania
Minister of Foreign Affairs

August 23, 1999
Vilnius

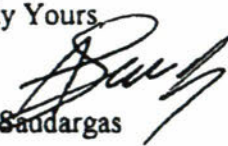
Dear Mr. Berger,

I was sincerely pleased to see you at the U.S. - Baltic Partnership Commission event in Washington D.C. few weeks ago. We all very much value your interest, time and attention you devote to the strategic U.S. - Lithuanian partnership.

Being committed to integration into Euroatlantic structures, Lithuania strongly appreciates active co-operation with the United States of America. I would like to underline that striving consistently for the attainment of membership in the North Atlantic Alliance, Lithuania maintains friendly and stable relations with all its neighbours.

Dear Mr. Berger, hoping that we will meet more than once in future, I remain,

Sincerely Yours,


Algirdas Saudargas

Mr. Samuel Berger
National Security Adviser to the
President of United States of America

LIETUVOS RESPUBLIKOS AMBASADA
VAŠINGTONAS



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

PRESS RELEASE

October 13, 1999

Contact: Rolandas Kacinskas

Phone: (202) 234-5860 x 21

**THE EUROPEAN COMMISSION RECOMMENDS
LITHUANIA TO MEMBERSHIP TALKS**

The following is a Press Release of the Ministry of Foreign Affairs of the Republic of Lithuania regarding the European Commission's Regular Report:

On October 13, 1999 the European Commission in Brussels released its Regular Report on EU candidate countries, including Lithuania.

For Lithuania, this was a long-awaited document of political importance as it contains recommendations to the Helsinki European Council regarding the extension of accession negotiations. The Commission recognized Lithuania's significant progress and recommended to start accession negotiations with Lithuania. Recommended for negotiations also were Malta, Latvia, Slovakia and, with certain qualifications, Bulgaria and Romania.

The recognition of Lithuania's endeavors of the recent years is encouraging and favorable for mobilizing national pre-accession preparations. Although national reforms were adversely effected by the Russian economic crisis, European integration has been influencing and shaping Lithuanian developments increasingly, and maintaining momentum for reforms in every relevant field.

Lithuania's stable foreign policy, including good neighborly relations, also is an important prerequisite for successful participation in the process of European integration. Lithuania's moving towards the EU already is and will be beneficial to all its neighbors.

The Commission recognized that Lithuania maintains faultless democratic practices, strengthens the foundations of market economy and its functioning, and its ability to cope with the competitive pressures of the EU Single Market. Moreover, Lithuania further progresses in adopting the EU *acquis* as well as develops administrative capacities for its enforcement. The decision regarding the Ignalina Nuclear Power Plant is rated as an important precedent in Central and Eastern Europe, and the Commission reaffirmed its readiness to provide financial and technical assistance to decommissioning.

The Lithuanian Government will take into account issues requiring further attention identified in the Progress Report when updating and elaborating the National EU Accession Program.

Close co-operation between the Commission, EU member states institutions and Lithuanian ministries, as well as mutual trust increased considerably. Positive changes and quality have been noticed in increased domestic co-ordination.

It is somewhat symbolic that the first decision of the new European Commission, under the guidance of Prof. Romano Prodi, is devoted to the enlargement of the EU. The process of accession will evolve gradually and every Central and Eastern European candidate country that wished so should participate in it on an equal basis. The pace of negotiations and the accession date will depend upon every candidate country's individual merit and preparations. Lithuania's progress and accession preparations, as well as the experience gained in the current negotiations should make more rapid pace of accession negotiations possible.

The Commission's decisions and recommendations create solid grounds for the Helsinki European Council that will take place this December. We expect the heads of the EU member states to take into account the Commission's recommendations and to take necessary steps in moving forward EU enlargement process.



UNCLASSIFIED

Andrea Prosek

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PAGE 1 of 36 (including cover sheet)

DATE: July 1, 1999

TO: Steve Flanagan

FAX: (202) 456-9150

FROM: Andrea Prosek, EUR/NB

SUBJECT: Lithuania MPP

Attached is a copy of the new Mission Program Plan (MPP) for Lithuania. Please review the pertinent sections for your Bureau or Department and provide me your clearance/comments NLT COB Friday, July 23. Thanks for your review!

MISSION PERFORMANCE PLAN (MPP)

FY 1999 - 2001

Lithuania, Vilnius

Strategic Goal Resource Table (in US Dollars, Thousands)

Strategic Goal	FY1999	FY2000	FY2001
RS - Regional Stability	3,726	5,523	29
WD - Weapons of Mass Destruction	84	198	6
OM - Open Markets	16	17	17
ED - Economic Development	1,642	40	40
AC - American Citizens	21	23	23
TM - Travel and Immigration	68	74	75
IC - International Crime	157	-	-
DE - Democracy	145	46	46
DA - Diplomatic Activities	335	-	-
PD - Public Diplomacy	37	40	40
HR - Human Resources	47	427	422
IR - Information Resources	94	103	104
IO - Infrastructure and Operations	131	143	144
Total	6,503	6,633	946

RS Regional Stability

Mission Goal

Promote regional stability by helping Lithuania enhance its own security and enabling it to contribute to regional and transatlantic security structures.

National Interest

NS National Security

The integration of Lithuania into regional security structures and the development of civilian-controlled, NATO-compatible defense forces in Lithuania promotes regional stability and contributes directly to the United States national interest. The goal of Lithuanian national security policy is to create favorable conditions for the free democratic development of the country. Lithuania seeks to enhance its national security by developing its Armed Forces into a credible deterrent force. Lithuania is making progress in developing its Armed Forces consistent with United States and NATO standards, but much work remains to be done. United States support for the development of NATO-compatible defense forces in Lithuania serves our national interest by increasing regional stability and promoting military cooperation and mutual support among Lithuania, the United States, and our European allies.

Mission Strategy

Diplomatic efforts will continue to stress regional integration, stability, and cooperation in military-political and security affairs among Lithuania's neighbors, including Russia. The mission will also stress NATO engagement, enhanced links with NATO, and participation in Partnership for Peace activities and exercises. A wide range of Department of Defense activities and programs seek to increase military professionalism, defense capabilities, and NATO interoperability. Security assistance programs will focus on providing appropriate equipment and training to develop capable defense-oriented forces under democratic civilian control, having a high degree of interoperability with U.S. and NATO forces. The goal of military-to-military engagement activities, such as the Joint Contact Team Program, will be to influence the development of the Lithuanian Armed Forces consistent with a democratic society and compatible with U.S. military methods, systems and values.

Mission Objectives

- Promote regional integration. Through diplomatic efforts, encourage the development of mutually beneficial practical cooperation between Lithuania and its neighbors. Encourage the maintenance of friendly relations and the development of security and confidence building measures between Lithuania and Russia. Lithuania will accelerate further implementation of BALTBAT, BALTRON, BALTNET, BALTDEFCOL, LITPOLBAT, and BALTSEA. Lithuania will develop MOUs to finalize the appropriate legal frameworks, funding agreements, and implementation plans. (POL/DAO FY99). Lithuania and its neighbors, including Russia, enhance transparency and mutual confidence through the establishment of bilateral confidence and security building measures in the framework of OSCE, EAPC and CFE. (POL/DAO FY00).
- Promote maximum participation in NATO Partnership for Peace exercises and activities. Lithuania maintains active representation in NATO structures and continues participation in NATO Partnership for Peace activities and exercises. The Lithuanian Armed Forces participate in 10 or more PFP exercises per year. (DAO FY 99/00).
- Promote quality of life improvements throughout the Armed Forces. Soldier quality of life improves. Barracks are renovated. The defense budget includes meaningful allocations for construction and soldier support. (POL/DAO FY 99/00).
- Continue to emphasize leadership training and education. Promote attendance by Lithuanian officers at U.S. higher-level military service schools. (SAO FY99/00). Continue engagement

activities with the Non-Commissioned Officer Academy designed to exchange information on the systematic development of soldier and NCO training and evaluation standards. (MLT FY 99/00).

- Increase English language proficiency by supporting the development of a centrally managed English language training program within the Lithuanian Ministry of Defense. Coordinate U.S. activities with other donor nations to increase efficiency. Increasing domestic English instruction capability will reduce the English language training portion of the IMET Program. (SAO FY 99/00).
- Improve the curriculum at the Lithuanian Military Academy consistent with the curricula of corresponding NATO military academies through Security Assistance activities and the engagement activities of the Joint Contact Team Program. (SAO/MLT FY 99/00).
- Train officers and NCO's through the IMET Program in the core combat, combat support, and combat service support proficiencies of a lightly-equipped infantry fighting force. Schedule between three and five combined Lithuania-U.S. field exercises through the Joint and Combined Exchange Training (JCET) Program. (DAO/SAO FY 99/00).
- Facilitate progress in the implementation of the Regional Airspace Initiative. The Regional Airspace Initiative is funded by Foreign Military Financing. The Airspace Control Center will be operational by 9/99. (SAO).
- Coordinate and execute a schedule of Joint Contact Team Program (JCTP) events that provide the Lithuanian Armed Forces with exposure to U.S. military methods and techniques in a broad range of topics. (MLT FY 99/00).
- Promote Lithuanian participation in Marshall Center activities which provide a forum for the exchange of ideas on the functions and responsibilities of national security institutions in a democratic society. (DAO/SAO/MLT FY 99/00).
- Provide targeted information outreach to key government officials, members of Parliament and other opinion and policy leaders regarding U.S. foreign and defense policies, U.S. legislative actions and public opinion concerning NATO enlargement, Partnership for Peace initiatives, and other transatlantic security issues. (USIS FY 99/00).
- Identify key government officials, members of Parliament and other policy makers to participate in appropriate professional exchange programs in the U.S. and Europe designed to enhance understanding of U.S. foreign, defense and security policies, including the International Visitor Program and NATO tours. (USIS FY 99/00).
- Provide public affairs and media support, as required, for official USG visitors. Work with DAO, SAO and other Mission elements to inform Lithuanian publics through the media about Mission programs, financial and technical assistance and other activities which support Lithuania's participation in military and peacekeeping exercises as well as Lithuania's aspirations for integration into western security structures. (USIS FY 99/00).

External Factors and Assumptions

Program funding will remain constant or increase incrementally.

Performance Indicators

- Lithuanian defense budget allocations approaching two percent of GDP.
- Active participation level in NATO PFP structures, activities, conferences and exercises.
- Active participation in the IMET Program.
- Budget allocation for quality of life improvements, barracks construction and renovation, recreational facilities, etc.
- Implementation of confidence and security building measures.
- Implementation of regional military cooperation agreements.

Performance Report

Lithuanian defense budget increased to \$181 million in 1999 from \$156 million. Percent GDP for 1999 is estimated at 1.51 percent. Parliament passed a law pledging a defense budget of 2 percent GDP by 2001.

Lithuanian remains active in PFP exercises. Lithuania was the only Baltic state to participate in a NATO PFP exercise in 1998 in Albania. Lithuania has offered to provide one infantry platoon to participate in a NATO peacekeeping force for Kosovo.

The MND continues active participation in IMET program. 40 students are programmed for FY 1999.

19.5 percent of the defense budget (approx. \$35 million) is allocated for construction and barracks renovation in 1999 budget. The MND relates another \$17 million of the budget to quality of life improvements.

There has been no progress in the development of CSBMs between Lithuania and Russia.

Regional military cooperation agreements among the Baltic States (BALTRON, BALTNET, BALTDEFCOL, BALTBAT) and Poland (LITPOLBAT) continue to develop and mature positively.

RS (Regional Stability) Resource

Function 150 Country Program	FY1999	FY2000	FY2001
FMF-G; Foreign Military Financing - Grant	3,700	5,500	-

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	26	23	29

WD Weapons of Mass Destruction**Mission Goal**

Prevent weapons of mass destruction (WMD) transit through Lithuania through strengthened national non-proliferation regimes.

National Interest**NS National Security**

Lithuania occupies a strategic location as a potential transit point for arms or strategic materials that could be used to produce WMD from the former Soviet Union (FSU). With strong control of its borders, Lithuania will be able to interdict flows of arms or strategic materials originating in the FSU and destined for the regions of instability.

Mission Strategy

The U.S. will provide training and equipment for the GOL to enable it to strengthen its export control and border enforcement systems.

Mission Objectives

Work with the GOL export licensing and border enforcement officials to strengthen their system to control the export and transit of arms and strategic materials that could be used to produce WMD.

Improve Lithuania's export control system through installation of an automated export licensing system (tracker).

External Factors and Assumptions

The GOL shares our interest in blocking the flow of WMD and conventional weapons and cooperates in preventing the illegal export or transit of such material.

Performance Indicators

GOL "adheres" to the standards of the international nonproliferation regimes (the Wassenaar Arrangement, the MTCR, the Australia Group, etc.). Report of illegal exports are stopped at the border.

WD (Weapons of Mass Destruction) Resource

Function 150 Country Program	FY1999	FY2000	FY2001
NADR - Export Control Assistance	79	192	-

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	5	6	6

OM Open Markets

Mission Goal

Open the Lithuanian market to the greater flow of U.S. goods, services and capital.

National Interest

EP Economic Prosperity

U.S. and Western investment in Lithuania reinforces the country's sovereignty, strengthens its linkages

to Western institutions and provides U.S. business with a base in the emerging markets of the region.

Mission Strategy

Mission will support closing gaps in the country's development with regard to harmonizing its trade regime with international practices and focusing on market-friendly regulations and systems. In particular:

- USAID, ECON, and CEEBIC will support increased business linkages between Lithuanian and American companies.
- Enlist the Secretary of Commerce in support of regional commercial initiatives through the NEI, with a specific focus on Lithuania.
- An additional FCS officer in Stockholm, dedicated to the Baltic countries, will support Embassy's commercial outreach and help organize a U.S. trade mission to Lithuania.
- USAID and ECON will support streamlined business creation processes as well as stronger regulation of banking and capital markets sectors, development of business management training videos, strengthening the Panevezys Management Training Center, and ensuring the continuation of a new local consulting company, the International Business Network (IBN).
- USAID will seek to continue to expand investment capital for small and medium sized businesses through the Baltic American Enterprise Fund and working with the commercial banks to expand the use of the U.S. loan credit guarantee.
- USIS and ECON will support efforts of the GOL to meet requirements for WTO accession through encouraging necessary legal and administrative action to harmonize intellectual property laws and to develop an adequate and effective regime for enforcement of copyrights in accordance with WTO TRIPS.
- ECON will support efforts of USTR to have the GOL reduce agricultural export subsidies and tariffs in conjunction with WTO accession.
- USIS will continue its public affairs program, working through media representatives, to inform the Lithuanian public about international standards of intellectual property protection, and the importance to Lithuania of respecting intellectual property rights and ending piracy of products protected by copyright, trademark and patent rights.
- USIS will continue to support Mission elements through providing targeted information outreach regarding U.S. policies and practices with respect to international trade, the development of open markets, and economic and financial reform to key government officials, members of Parliament and other policy makers.

- In cooperation with CEEBIC, USIS will continue to work with private Lithuanian entrepreneurs through providing information and training regarding business resources to promote the establishment of U.S.-Lithuanian business partnerships and the development of mutually beneficial commercial relations between U.S. and Lithuanian businesses.
- USIS will work with academic and NGO management training centers to provide WorldNet and other educational video series as well as publications on business management, business English, public relations and related subjects.
- USIS will work with Mission elements to inform the Lithuanian public through the media about Mission programs, financial and technical assistance in support of Lithuania's development of open markets, and increased U.S.-Lithuanian commercial ties.
- USIS will continue to work with Mission elements to identify key government officials, policy makers, academics in the fields of business management, economics and public administration, and business association representatives to participate in academic and professional exchange programs, including the Fulbright, Muskie and International Visitors Programs, as well as the USDA-sponsored Cochran Fellowship.
- USIS will work with Lithuanian universities to exchange scholars under the Fulbright and Muskie programs in the areas of business management, public administration, economics, law and related fields to assist in the development of university-level degree programs in economics, business management, public administration and international trade and commercial disciplines.

Mission Objectives

- Print WTO requirements in Lithuanian (05/99); and see Lithuania become a WTO member (12/99) (USAID/Econ).
- Complete training and consultations with appropriate members of Parliament, customs and police officials, prosecutors and judges on implementation and enforcement of adequate and effective laws and regulations on intellectual property rights in compliance with WTO TRIPS requirements through programs funded by the Citizens Exchanges Grant. (USIS/Econ) (6/00)
- An FCS officer will spend one week a month in Lithuania. (FCS FY 99/00/01)
- Cooperate with representatives from software, music, film and pharmaceutical industries to provide training and other assistance to customs and police officials, prosecutors and judges on implementation and enforcement of adequate and effective laws and regulations on intellectual property rights in compliance with WTO TRIPS standards. (USIS/Econ FY 99/00).
- Business development streamlined through removal of barriers for investors (03/00) and strong network in place for Lithuanian and American business exchanges (06/99) (USAID/Econ).

- Provide orientation and training to private entrepreneurs and business associations in Internet and other electronic databases and familiarization with U.S. commercial reference sources. (USIS/CEEBIC FY 99/00).
- Regulations for banking and brokerage activities will improve (12/98) and further strengthening and consolidation of the financial market will occur (09/99) (USAID, Econ).
- The Management Training Center will become a self-sustaining institution of business education and business development. (06/00) (USAID, Econ).
- The Baltic American Enterprise Fund (Panevezys) will begin equity investments (03/99) and fully disburse its credit line (12/00) (USAID, Econ).
- Kaunas Technical University will institute a PhD program in public administration. (9/01) (USIS).

External Factors and Assumptions

- The Government of Lithuania will finalize requirements needed for WTO accession.
- Anticipated doubling or more of the volume of U.S. investment.
- The political will to implement reforms to encourage businesses will continue to exist and grow stronger at all levels of government.
- Financial regulatory bodies will be given the freedom to apply laws and regulations.
- The Government of Lithuania will ratify the bilateral Agreement between the U.S. and Lithuania on Trade Relations and Intellectual Property Rights Protection.
- The Lithuanian Seimas will pass amendments to the Criminal Code and the Customs Code providing criminal penalties for copyright infringement, and adequate customs procedures to allow seizure of infringing goods.
- U.S. owners of copyrights for video and audio recordings and software will continue to grant licenses in Lithuania, and will initiate legal proceedings in cases of infringement of intellectual property rights.
- Associations of private businesses and entrepreneurs will represent their interests effectively in working with the Parliament and government in adopting legislation and regulations favorable to

foreign investment and trade.

Performance Indicators

Goal Indicators:

- Status of economic reform as reported by EBRD, USAID annual economic analysis, and Government of Lithuania official statistics.

Objective Indicators:

Legislative/Regulatory Reform:

- Lithuania is a member of the World Trade Organization (WTO).
- New laws or regulations passed by government on capital markets activities, banks, and non-bank financial services.
- Increased numbers of copyright infringement cases will be brought before Lithuanian courts and decided in accordance with intellectual property laws, which meet international standards.

Business Development:

- New business start-ups and expansions due to improved skills, streamlined government regulations, and increased access to loans.
- Increased investor activity in the banking and capital markets sectors due to improved safety and soundness.
- The level of piracy in the areas of videos, CD ROMs and software will decline.
- The level of U.S. investment and the number of U.S.-Lithuanian joint ventures and business partnerships will increase.

Performance Report

Lithuania has made further progress towards becoming a member of the WTO during the last year as the Government adopts and improves its negotiating position in Geneva and builds better contacts with USTR. U.S. investment, particularly in the energy sector, is rapidly increasing. And while intellectual property rights protection legislation is still weak, the issue is gaining a higher profile with confiscation

and destruction of illegal CDs and videos becoming a more frequent occurrence.

OM (Open Markets) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	16	17	17

ED Economic Development

Mission Goal

Institutionalize economic restructuring processes to ensure self-sustainability of economic reforms and sustainable long-term economic growth.

National Interest

EP Economic Prosperity

Economic growth will ensure that economic and democratic reforms in Lithuania provide benefits for all its citizens. It will also increase business opportunities for U.S. investors and exporters.

Mission Strategy

The United States will provide support to crucial areas of the economic restructuring portfolio for the next 1.5 years to address remaining barriers for self-sustaining economic development. Activities in support of broad-based growth will be carried out by all country team elements with USAID taking the lead under the Ambassador's guidance. Areas of focus will include monetary policy, energy pricing policy, nuclear safety, budget policy, fiscal and tax policy, and capital markets. Interaction will focus on cooperation with the Prime Minister, Parliament, Central Bank, Ministry of Finance and other key institutions. In particular:

- Under the Baltic Charter, the Political/Economic section and USAID will use their contacts and analyses to identify policy barriers to private business growth and a) promote reform directly with the Prime Minister and other key officials and b) introduce major issues as policy topics under the Baltic Charter economic working group chaired by Under Secretary of State for Economic Affairs.

- USAID will support a broad-based, transparent tax system that reduces the size of the gray economy and ensures sufficient revenues for social and economic development.
- USAID and the US Department of Treasury (Treasury) will facilitate the State Tax Inspectorate efforts to improve professional tax administration and decrease the level of delinquent taxes.
- USAID and Treasury will assist the Ministry of Finance to improve public debt management.
- USAID and Treasury will assist the Ministry of Finance to consolidate all treasury subsystems into a unified treasury and transfer oversight to the Central Bank.
- USAID and Treasury will facilitate the Ministry of Finance's and the Parliament's efforts to introduce and apply performance based budget planning and linking revenues to expenditures.
- USAID will assist the Central policy systems in developing monetary policy instruments and to ensure an orderly move to link its currency to the Euro.
- USAID will help to increase confidence in the banking sector through improved bank supervision and bank policies.
- USAID will strengthen the Energy Pricing Commission as a full regulatory body with the capability to set tariff rates and ensure energy prices are sufficient for full cost recovery and privatization of the energy sector.
- Working with the US Nuclear Regulatory Commission, the Department of Energy, and the Department of State, the Political/Economic Section and USAID will foster improved nuclear safety and cost accountability at the Ignalina Nuclear Power Plant. Key areas of focus are the ongoing relicensing process of Ignalina Unit-I, and development of a realistic, least-cost national energy strategy that complies with Lithuania's commitments to the nuclear safety account of the EBRD.
- Under the Northeast European Initiative and in support of the Baltic Charter, the US will foster cooperation among the Baltic states, Russia, the Nordic countries and Poland. Key areas of likely focus are regional energy cooperation, nuclear safety, environmental policy and management, criminal justice, HIV/AIDS and business and public administration training.
- USAID will provide training to key government officials, members of Parliament, policy makers, business people and NGOs in such areas as economics, energy and environmental policy and management, banking and monetary policy, tax policy and civil society development.
- USIS will provide public affairs and media support, as required, for official USG visitors, and will work with Mission elements to inform the Lithuanian public through the media about Mission programs, financial and technical assistance and activities in support of Lithuania's economic restructuring and self-sustaining economic development.

- USIS will work with other Mission elements to identify key government officials, members of Parliament and policy makers to participate in appropriate academic and professional exchange programs, including the International Visitors Program.
- Working with OSI/ACTR, the Student Advising Center, and Lithuanian universities, USIS will identify qualified candidates to participate in Fulbright and Muskie academic exchanges in economics, business administration, banking and finance, tax policy, and related areas.
- The USIS IRC will provide targeted information outreach to key government officials, members of Parliament and policy makers regarding U.S. policies and practices in such areas as economics, energy and environmental policy and management, banking and monetary policy, tax policy and related subjects.

Mission Objectives

- Improved tax policy framework and tax collections (12/99). US advisors will provide training and technical assistance to build self sustaining domestic training and policy making capacity at the Ministry of Finance by 12/00 (USAID/Econ).
- Tax policy reforms and administration are implemented, resulting in gray market activity falling to 29% of GDP (12/99) and improved professional tax administration by 12/00 (USAID and Treasury).
- Capacity in fiscal sector will be developed to support the long-term sustainability of fiscal reforms. (USAID 7/00).
- Performance based budgeting introduced and system implemented linking budgets to actual expenditures self sustaining by 06/99 (USAID and Treasury).
- Bank of Lithuania (Central Bank) will make a smooth transfer to a new currency peg by 06/00 (USAID and Treasury).
- Bank supervision at the Central Bank is fully operational and effective by 06/99 (USAID).
- Modern continuous trading introduced by 12/99 and improved and more transparent capital markets system in place by 3/00 (USAID).
- Energy prices will fully reflect costs of production by 12/00 (USAID).
- Decision to relicense Ignalina NPP made in accordance with safety guidelines by 12/99 (USAID, US Department of Energy, Nuclear Regulatory Commission, POL/ECON).

- Enhanced Baltic and Russian energy cooperation for a regional energy network started by 1999 (USAID).
- Criminal law training/organized crime prevention/joint border smuggling reduction cooperation started between Russia, the Baltics, and Poland by 1998 (POL, CONS).

External Factors and Assumptions

- Substantial increase in the level of U.S. investment in strategic assets.
- Political interference in monetary policy reforms will remain minimized.
- Use of privatization funds for savings restitution will not re-ignite inflation or cause other macro-economic problems.
- The current-account deficit (13% of GOP) will begin to be reduced in 1999.
- The re-licensing decision of the Ignalina Nuclear Power Plant will be made in accordance with international principles. European Union and EBRD G-7 nuclear safety team will continue to press for the closing of the INPP.

Performance Indicators

Goal Indicators:

- Status of economic reform as reported by EBRD, USAID annual economic analysis, and Government of Lithuania official statistics.

Objective Indicators:

- Tax revenue as a percentage of official GDP.
- Tax rates by income categories for private citizens and companies.
- Gray market activity as a percentage of official GDP.

- International credit ratings (Standard and Poor).
- Unified treasury established with number of Ministries linking budgets to actual expenditures.
- Performance based budgets prepared by number of Government Ministries.
- Level of bank deposits.
- Currency exchange rates.
- Annual turnover of equity market and shares.
- Number of blue chip firms listed on the stock exchange.
- Current energy costs as a percentage of the costs of production.
- EBRD and Department of State review of Lithuania's relicensing of INPP.
- Energy prices for heat, gas and electricity.
- New license for INPP.

Performance Report

FINANCIAL:

Over the past year, USAID has continued targeted assistance in the banking and capital markets sectors. Confidence has continued to increase in the banking sector, with deposits reaching an all-time high and the Central Bank strengthening its bank supervision and continuing a stable approach to monetary policy. Work in capital markets is preparing the stock exchange for an improved trading system and improving market regulation to safeguard investor interests and improve the stability of market intermediaries. Trading volume increased slightly over the past year. The progress made has built upon past successes and is moving the assistance program in the financial sector to intermittent assistance only to complete the work begun.

FISCAL:

The primary focus of assistance was to the ministry of Finance in tax and fiscal policy, tax administration, budget reform and macro-forecasting. Even with the Russia crisis, tax revenue as a percentage of GDP remained stable while gray market activity decreased. The country's debt rating remained stable at BBB- (S&P) and all ministries adopted performance-based budgeting. The tax burden

remained relatively steady, with a decrease in the corporate profits tax, increases in the excise taxes and the introduction of a capital gains tax. macro-forecasting assistance and an intense training program are ensuring that Ministry staff have the skills to continue the needed reforms beyond the USAID assistance program.

ENERGY AND ENVIRONMENT:

Over the past year, USAID has continued to provide a well-rounded assistance program in the energy sector, focusing on nuclear regulation, nuclear safety, energy policy and pricing and energy efficiency. USAID continued its support to the development of a sound legal and regulatory framework necessary for badly needed investment in the energy sector. Working with the NCC (National Control Commission for Energy Prices and Activities), USAID has focused its assistance in the area of energy pricing, as well as providing advice on numerous policy issues. The USAID assistance has helped the NCC to provide input to the Government on key energy regulatory and pricing matters and on the development of the new energy strategy.

Through the Interagency Agreement with the U.S. Nuclear Regulatory Commission (NRC), USAID has also continued its support of VATESI, the nuclear regulatory body responsible for re-licensing and monitoring the operation of Ignalina. With support from the NRC, VATESI was able to make an independent analysis of Unit 1 and in May 1999 made the critical decision not to relicense Unit 1 until all safety upgrades are implemented.

ED (Economic Development) Resource

Function 150 Country Program	FY1999	FY2000	FY2001
SEED - Support for Eastern Europe and Democracy	1,605	-	-

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	37	40	40

AC American Citizens

Mission Goal

Protect American citizens traveling and living in Lithuania.

National Interest

AC American Citizens and Borders

Protecting American citizens traveling and living in Lithuania will contribute to our interest in ensuring the safety of American citizens living overseas in order to increase American trade, investment and tourism.

Mission Strategy

The Consular Section and the Post Security Office will create and enlarge existing outreach programs to ensure the personal security of the fast-growing number of American citizens living and doing business in Lithuania. We will maintain close contacts with local authorities to ensure that the Embassy is notified when American citizens are in distress or are detained. In conjunction with other sections and agencies in the Embassy, the Consular Section will urge Lithuanian ratification of bilateral and multilateral agreements that benefit the American community. The workload per Amcit is the highest in the region and will continue to expand with the increasing U.S. business presence.

Mission Objectives

- Establish an Overseas Security Awareness Council (OSAC) composed of Americans living and doing business in Lithuania in order to get them involved in the security process. The OSAC has been extremely successful throughout the world in utilizing representatives of the business community to work with the host government to ensure personal security of Americans overseas.
- Expand and/or adapt the Post Security Officer's PowerPoint presentation (now used strictly in-house to brief new USG employees and official visitors) for use in outreach programs to heighten security awareness in the American expatriate community.
- Continue to refine and update post's Emergency Action Plan in preparation for any broad scale emergency which may arise involving both Embassy and expatriate American citizens.
- Deepen contacts with Lithuanian law enforcement authorities to insure their continued cooperation in informing the Embassy when an American citizen is in distress or is arrested.
- Update post's warden system, enlist wardens and run semi-annual tests.
- Obtain Lithuanian ratification and/or implementation of bilateral and multilateral agreements important to the U.S. community, including the Hague Convention on Child Abduction and an extradition treaty.

External Factors and Assumptions

- The number of American citizens visiting Lithuania for tourism and business will continue to

increase as will the number of American citizens relocating to Lithuania.

- The resulting demand on the Consular Section to provide passport and other services to the American resident and nonresident community will increase; passport services alone will increase 30% per year.
- The Lithuanian government and people will continue to regard Americans favorably.
- Lithuania will take further measures to integrate with Western institutions and norms.

Performance Indicators

Objective Indicators

- Lithuania signs the Hague Convention on Child Abduction.
- Lithuania and the U.S. negotiate an extradition treaty.
- Semi-annual tests of the warden system are held, in light of the increasing numbers of American citizens living and working in country.
- Overseas Security Awareness Council is created.

Performance Report

The U.S. obtained authority to negotiate a new extradition treaty with Lithuania, and the process has been initiated. A Mutual Legal Assistance Treaty with Lithuania was concluded in January 1999.

A warden test was run in connection with a worldwide announcement regarding the safety of American citizens abroad. Registration cards and contact points were updated as a result of this test.

AC (American Citizens) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	21	23	23

TM Travel and Immigration

Mission Goal

Facilitate legitimate travel to the U.S. for tourism, business and other nonimmigrant purposes. Maintain and strengthen safeguards against issuing visas to ineligible applicants, and deepen anti-fraud efforts to stem illegal immigration to the U.S.

National Interest

AC American Citizens and Borders

Legitimate travel to the U.S. will strengthen business and tourist ties with Lithuania, which will help the Lithuanian economy to grow. At present, nearly half of NIV applicants are intending to work or stay illegally in the U.S. For the foreseeable future, the economy will not be strong enough to counteract this trend. The Consular Section must maintain the integrity of the visa process, balancing the need to encourage legitimate travel with the mandate to protect U.S. borders.

Mission Strategy

The Consular Section will focus on customer service to ensure that visa applicants get prompt and courteous service, and will intensify outreach efforts to educate the public about U.S. visa requirements. We hope to reduce the number of applicants who need personal interviews by establishing guidelines for interview-free visa issuance. At the same time, we will enhance cooperation with law enforcement authorities to stem the flow of fraudulent documents and to prevent criminals from obtaining visas to travel to the U.S.

Mission Objectives

- Institute an appointment system for visa applicants during peak processing seasons to eliminate the need for applicants to stand in queues for long hours.
- Set up a drop-box program to get clearly qualified applicants out of the visa line; work with various institutions to establish guidelines for acceptance into the drop-box program.

- Expand the Consular Section to accommodate larger numbers of applicants in the waiting room, and to provide more space for the staff to process visas.
- Meet regularly with the press and interested groups to explain U.S. visa law and the visa process.
- Work with local police and Interpol to open criminal investigations against document vendors and alien smugglers.

External Factors and Assumptions

- The number of Lithuanians applying for visas will grow five percent per year.
- The fraud rate will increase in the short term in light of economic pressures to seek illegal work in the U.S.

Performance Indicators

Objective Indicators

- Ten percent of visa applicants will be processed without personal interviews.
- Appointment system regularly activated in May of each year for the summer peak.

Performance Report

The consular section expanded its drop-box program, to include large Lithuanian companies and seamen. Slightly more than ten percent of applications are now handled without interview. The appointment system was activated for the summer peak processing period.

Although work space is still a problem, new furniture has eased the crowding.

TM (Travel and Immigration) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	68	74	75

DE Democracy

Mission Goal

Strengthen Lithuania's democratic institutions and the rule of law.

National Interest

DM Democracy

Although democracy is well established, as Lithuania continues to emerge from 50 years of Soviet occupation it needs to fully comprehend its responsibilities towards ethnic minorities and the rule of law as well as towards maintaining democratic structures. The U.S.-Baltic Charter, signed by President Clinton and the three Baltic presidents at the White House in January 1998, defines respect for human rights and the rule of law as our countries' mutual goals. Given domestic problems with organized crime, and external political tensions and instabilities (in Belarus, Russia and Latvia), it is particularly important that Lithuania remain on a firm democratic track.

Mission Strategy

- Building on the principles of the U.S.-Baltic Charter and the Baltic-American Partnership Fund (BAPF), activities in support of democracy will be carried out by all country team elements at the direction of the Ambassador. The Mission will continue to provide direct support and improve the quality of participation by civil society in political and economic decision-making among Lithuanian NGOs. BAPF will allow this strategic objective to be pursued even after the termination of USAID's official presence in September 2000.
- The Political/Economic and Consular Sections, USIS and USAID will continue to work closely with Members of Parliament, political parties and individual parties' members, and legal institutions to encourage the broadest possible understanding of democratic goals and principles through the rule of law.
- USAID and USIS will support management and public advocacy capacity-building through a) the Embassy Democracy Commission; b) regional Baltic Democracy Networks; c) USAID NGO strengthening grants; and d) the Baltic-American Partnership Fund, an endowment jointly founded by USAID and the Soros Open Society Institute, as an American legacy to the region.

- The Political/Economic Section, will work with members of ethnic groups to determine their concerns and level of enfranchisement.
- The Political/Economic Section will closely monitor Lithuania's relations with its neighbors and conditions affecting ethnic groups to anticipate problems and devise possible approaches in response. Strengthening the legal framework and public image for NGOs, and project activities which strengthen civil society or promote human/minority rights.
- DAO will lead mission efforts relevant to the Ministry of National Defense to monitor and ensure that career military personnel understand the importance and value of democratic command-and-control.
- Where possible, USIS, USAID and LEGATT will work with the judiciary and law enforcement officials to enhance understanding of fundamental legal principles and the rule of law.
- POL will work to improve the ability of Lithuanian authorities to combat organized crime.
- Through small grants issued by the Democracy Commission, the Mission will support a) the development and sustainability of NGOs, particularly in the regions of Lithuania beyond the capital; b) NGO projects which promote tolerance for ethnic diversity and improve inter-ethnic relations; and c) training, assistance and public education to improve the political, social and economic status of women in Lithuanian society. Special attention will be given to support the development of civil society in Visaginas.
- USIS will work with the Ministry of Education and NGOs involved in civic education to provide training and introduce newly developed textbooks, to incorporate civic education into the secondary school curriculum.
- USIS will work with journalism training institutions and media organizations to improve the standards of professionalism and ethics among the media.
- USIS will work with members of Parliament, the government and the judiciary, NGOs and social service organizations to support passage of legislation, judicial training and enforcement of laws that protect civil liberties and human rights, with a particular focus on enforcement of equal opportunity laws, laws against employment discrimination, and prevention or intervention in cases of domestic violence.
- USIS will continue to work with NGO representatives and educators to provide information and training on effective use of the Internet and other electronic information resource technologies to enhance NGO and community activities.
- USIS will work with other Mission elements to identify appropriate candidates to participate in professional and academic exchanges in subjects related to civic education, development of a democratic society, journalism ethics, rule of law, and related subjects through the Fulbright and Muskie exchanges, Summer Institute programs, and the International Visitor and Voluntary Visitor Programs.

- USIS will provide public affairs and media support, as required, and will work with Mission elements to inform the Lithuanian public through the media about Mission programs, financial and technical assistance and activities in support of the development and sustainability of the NGO sector, and other initiatives in support of the establishment of democratic attitudes and practices in Lithuanian society.
- USIS will work with Open Society Fund's Publishing program to translate into Lithuanian and publish texts on political science, history, the philosophy of democracy, and related subjects.

Mission Objectives

- The Mission will work closely with the Office of the Prosecutor General and the judiciary to ensure that all alleged war criminals, accused of acts of genocide during the Holocaust, are brought to trial and will facilitate property restitution to U.S. claimants, including victims of the Holocaust. (POL/CONS FY 99/00).
- The Mission will assist the GOL in making an accurate historical account of the victims of World War II and the post-war era. (USAID/POL/USIS FY 99/00). In particular, this includes institutional and technical support to the recently formed commission for the investigation of crimes committed during the Nazi and Soviet occupations of Lithuania.
- The Baltic-American Partnership Fund will work to: a) reform and rationalize non-profit laws on the status and taxation of NGOs; b) enhance NGO capacity in areas such as management, organizational/financial sustainability and public advocacy; c) significantly expand corporate and community philanthropy to diversify financing of the NGO sector; and d) improve the public image of NGOs. (USAID/POL/USIS FY 99, POL/USIS FY 00).
- The Democracy Commission will continue to issue small grants in a total amount of \$100,000, to support development and strengthening of regional NGOs, to promote interethnic tolerance and mutual understanding, ethnic and gender equality and to encourage citizen participation in civic society. (USIS/USAID/POL/DAO FY 99, USIS/POL/DAO FY 00).
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- The Democracy Commission will continue to issue \$100,000 per year, in small grants, to support grass-roots democracy and social understanding in a wide range of community NGOs. (PAO/USAID/POL/DAO FY 99, PAO/POL/DAO FY 00).
- USAID supported judicial reform and computer training through a grant to the Lithuanian Judicial Training Center. (USAID, FY 99).
- Six to eight specialized training courses (in the areas of counter-narcotics, organized crime/money laundering, and post-blast investigation) will be provided to Lithuanian law enforcement officials. (POL, FY 99/00).
- To support database development relevant to nuclear proliferation, narcotics and organized crime activities, provide computer equipment to the Special Investigative Service (STT) and Organized Crime Investigative Service (ONTT). (FY 99 POL).
- The Ministry of Education will support teacher training and publication of civic education textbooks. (USIS FY 99)
- The Ministry of Labor and Social Security will successfully implement the recently passed legislation on equal employment opportunities. (USIS/POL FY99).
- The GOL will establish legal mechanisms to ensure rapid and effective police and social assistance in cases of rape, domestic violence and child abuse. (USIS/POL FY00).
- The media and NGOs will undertake public education programs to inform women of their legal rights, and to encourage greater participation in civil society among ethnic minorities. (USIS FY99).
- The GOL will establish a more efficient and transparent system for regulating Public Benefit NGOs in order to provide suitable encouragement for philanthropy. (USAID FY 99/000)

Continue support for efforts of the Lithuanian Seimas to open the legislative process, building upon the successful program in December 1998. (USAID FY99/00)

External Factors and Assumptions

- USAID will depart Lithuania in September 2000 (FY 99).
- The Government of Lithuania will continue to simplify complex and redundant laws on taxation NGOs operating in the public interest, including charitable contributions.
- Fledgling indigenous organizations will continue to develop the capacity to train NGOs.

- Improved public attitudes towards NGOs and confidence in the value of their work, combined with a growing economy, will pave the way to increased corporate and personal philanthropy.
- Availability and level of public access to the Internet and information technology will continue to increase, expanding the use of this technology as a medium of information dissemination for NGOs, governmental and educational institutions and society at large.
- Some extreme political elements will continue to seek to damage positive relations and tolerance between ethnic groups, and economic growth will not be so profound as to remove all political support for radical elements.
- General political stability will continue, with parliamentary elections occurring in the fall of 2000.
- The judiciary will maintain its current independence.
- Russia will remain concerned about the status of "Russian-speakers" in the Baltic states and will also remain concerned about its access to the Kaliningrad Region, an enclave separated from the rest of Russia/Belarus by Lithuanian and Polish territory.
- Lithuanian authorities remain committed to combating organized crime.
- INL, ATF and DS/ATA funding will continue to be available.
- The GOL and Ministry of Education will maintain and implement the policy of introducing civic education as a mandatory subject in the secondary schools.
- There will continue to be governmental and public concern for and attention to negative social indicators, including high mortality, divorce and suicide rates, low birthrates, and related statistics demonstrating inequalities among social groups in economic opportunities, access to social services and participation in the political process.
- There will be continued public acceptance of practices of age and gender discrimination and harassment in the workplace, calling for increased media efforts to raise public consciousness and to improve the legal framework to provide effective remedies.
- Declining governmental financial support for cultural and arts organizations will require such institutions to develop partnerships with the private sector and the community.

Performance Indicators

Goal Indicators

- Increased status of civil society in Freedom House "Comparative Survey of Freedom" and the USAID "NGO Sustainability Index".

Objective Indicators

Public Policy:

- Prosecution of alleged war criminals increases.
- Decrease in number of ethnic "hate crimes".
- Increased number of prosecutions of organized crime figures and interdiction of illegal materials.
- Implementation of training programs in civics for secondary school teachers, completion of civic education text books, and incorporation of civic education courses into the secondary school curriculum.
- Increased discussion in the media about gender inequality, domestic violence, and tolerance of ethnic diversity.
- Level of income among women continues to rise to nearer equality with men's income

Legislative/Regulatory Reform:

- Non-profit laws allow NGOs to obtain public benefit status, entitling them to reasonable tax exemptions for donations and on economic activities, and do not stand in the way of voluntary activity.
- Judiciary demonstrates increased knowledge of commercial and civil law.
- Government establishes procedures and mechanisms for enforcing equal employment laws and legal remedies for discrimination on the basis of age, gender and ethnicity.
- Increased number of cases filed for employment discrimination and harassment.

Professionalism/Financial Sustainability:

- Increasing number of NGOs with full-time paid staff.
- Increased government grants/contracts for NGO-provided services, particularly at the municipal level.

- Increased donations to NGOs from corporate and community sources.
- Larger number of NGOs posting home pages on the Internet.
-

Performance Report

Civil society continues to progress, as reflected in the Freedom house Comparative Survey (a rating of 2.0 out of 7) and the USAID NGO sustainability index (up from 3.8 in 1997 to 3.0 in 1998, out of 7).

Expertise on the part of the judiciary concerning commercial and civil law is definitely increasing, in part due to the activities of the Judicial Training Center, which conducted 46 seminars and provided 1429 participant-days of training, much of it by senior judges.

Non-profit laws do not present any major obstacles to the registration of NGOs, and there are certain tax benefits for donations, but the legal framework for distinguishing between Public Benefit Organizations and Mutual Benefit Organizations is not fully in place, and economic activity is rendered difficult by the requirement of setting up a separate subsidiary.

Although statistics are not kept, it appears that the major NGOs are able to attract a more full-time staff, that municipal and local governments are now able to contract with NGOs to provide services under recently passed legislation, and that the internet is used more frequently by NGOs.

Equal Opportunities

In early 1999, the Lithuanian Seimas passed equal opportunity legislation, and established a Special Ombudsman to deal with gender discrimination and sexual harassment in the work place. through the Democracy Commission and USIS and USIA grants, speaker and exchange programs, the Mission has assisted both the Lithuanian government and women's NGOs in developing legal and administrative procedures for ensuring equal rights, publishing information to inform women of their rights in cases of sexual harassment, employment discrimination or domestic violence, assisting the establishment of women's NGOs in rural areas and training NGO leaders on issues related to political, social and legal rights for women.

Civic Education

The Ministry of Education has adopted the requirement that civic education courses be introduced as mandatory subjects in the secondary schools, beginning with 7th grade in academic year 1998-99, 8th grade in academic year 1999-00 and 10th grade in academic year 2000-01. Through civic education programs supported by USIA, as well as Democracy Commission, SEED and NED grants and USIS speaker, book translation and exchange programs, the Mission has supported the Ministry and specialized NGOs both conducting in-service teacher training programs in civic education and the development of civic education text books based on U.S. materials. the first texts began to be used during the 1998-99 academic year and a second text will be introduced during the 1999-2000 academic year, following training of secondary school teachers.

DE (Democracy) Resource

Function 150 Country Program	FY1999	FY2000	FY2001
SEED - Support for Eastern Europe and Democracy	103	-	-

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	42	46	46

PD Public Diplomacy

Mission Goal

Build support for U.S. policies and understanding of U.S. society.

National Interest

DI Diplomacy

An important component of Lithuania's successful transition to a democratic society and free market economy, with closer ties to the U.S. is the development of a deeper understanding of U.S. society and values. As a country whose contact with the West was purposefully restricted in Soviet times, there remain lingering stereotypes and misconceptions about the United States which can hinder effective communications and the development of governmental, business, academic, cultural and human contacts founded on mutual trust.

Mission Strategy

The Mission will promote understanding of U.S. society and values and American Studies through USIS-sponsored academic and professional exchanges, participation by American specialists in American studies conferences, consultations on development of American Studies curricula and EFL/ESP programs. USIS will also promote contacts between American and Lithuanian artists and cultural figures.

- USIS will promote academic and professional exchanges under the Fulbright, Muskie and Humphrey scholarship programs, International and Voluntary Visitor programs, Summer Institutes and similar programs, focusing on subject areas related to American politics, history, society, literature, the arts and culture.
- USIS will invite American academic specialists and Fulbright scholars to work with selected Lithuanian universities to continue development of American Studies curricula and degree programs.

- USIS will place an English Teaching Fellow at a Lithuanian university to teach English and English teaching methodology to Lithuanian pedagogical students and secondary level teachers of EFL.
- USIS will work with the Lithuanian Ministry of Education to develop textbooks for teaching English as a Foreign Language to first-time learners of English in Lithuanian secondary schools.
- USIS will continue to promote recycling and dissemination in Lithuania of E-Bureau produced EFL teaching materials.
- USIS will continue to work with the Public Service Language Center, the Distance Learning Center and Kaunas Technological University to design course materials and conduct courses in English for Special Purposes for key professional audiences with special business, legal, governmental and technical language needs through distance education techniques.
- In cooperation with the Ministry of Culture and related arts institutions, USIS will invite American cultural specialists to conduct seminars and consultations on issues related to arts management, financing and fundraising, development of educational and public relations programs for Lithuanian performing and visual arts organizations and other cultural institutions.
- USIS will promote appearances by American performing artists in international music festivals held in Lithuania by encouraging support through the Festivals Fund.
- USIS will provide targeted information outreach regarding current issues in American education, arts, culture and society to members of the academic, cultural and arts communities, as well as to key government officials, members of Parliament and other policy makers concerned with the development and enhancement of U.S.-Lithuanian bilateral relations. (USIS FY99/00).

Mission Objectives

- Promote development of courses and degree programs in American Studies at Lithuanian universities, through academic exchanges that enable U.S. scholars to conduct courses in Lithuania, and under which Lithuanian scholars may conduct research or studies at American Universities. (USIS FY99/00).
- Promote teaching of English as a Foreign Language through cooperation with the Ministry of Education to design and publish textbooks for teaching EFL to first-time learners of English in Lithuanian secondary schools; through teaching EFL methodology to pedagogical students and EFL teachers; and through dissemination of E-Bureau produced EFL teaching materials. (USIS FY99/00).
- Promote development of on-line and distance education course materials for teaching English for Special Purposes, including business, legal, governmental, technical and related language needs among professional level learners of English. (USIS FY99/00).

- Promote understanding of U.S. arts and culture through programs conducted by American cultural specialists in areas related to U.S. experience and practices in arts management, financing of arts institutions, fundraising and sponsorship, marketing and audience development, and educational programs in the arts and culture. (USIS FY99/00).
- Promote appearances before Lithuanian audiences of American artists, and exchanges between U.S. and Lithuanian artists and cultural representatives and institutions. (USIS FY99/00).

External Factors and Assumptions

- The study of English for both academic and professional purposes will continue to be a national priority.
- Lithuanians will continue to be interested in all aspects of American society, including its political institutions, educational system, arts, culture and social values.
- Prevailing attitudes about and understanding of Americans and American society are still influenced by perceptions, misperceptions and stereotypes planted during the Soviet era.
- The intention in several Lithuanian universities to establish formal degree programs in American Studies is still hindered by a shortage of qualified Lithuanian American Studies specialists.
- The tradition of specialized studies in narrowly specialized faculties at Lithuanian universities will continue to hamper the development of multi-disciplinary American Studies programs.
- Gradually increasing telecommunications capabilities and access to Internet and e-mail at universities will increase both the accessibility of American Studies materials available electronically, and create a positive environment for development of on-line distance learning courses in EFL/ESP and other subjects.
- Declining governmental financial support for cultural and arts organizations will require such institutions to develop partnerships with the private sector and within the community.

Performance Indicators

Objective Indicators

- Development of undergraduate degree courses in American Studies at Klaipeda University and

Vytautas Magnus University.

- Establishment of Baltic Region American Studies Association.
- Development of on-line distance education courses in English for Special Purposes.
- Use of newly published EFL textbook for first-year learners of English in Lithuanian secondary schools.
- Appearances by American artists at Lithuanian international music festivals.
- Increased private sponsorship of cultural events.
- Development of educational and public relations programs by museums, arts and cultural institutions.

PD (Public Diplomacy) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	37	40	40

HR Human Resources

Mission Goal

American Embassy Vilnius is continuously staffed with well trained, dedicated Americans and Lithuanians.

Mission Strategy

Post must have a second cleared American Office Management Specialist (OMS) position in order to avoid the hardship caused by absences of the **one** cleared OMS currently at post.

Post continues to face a difficult situation in maintaining local employees' salaries at a level to be competitive with those offered by business and diplomatic organizations in the same labor market. This is especially true at the high end of the wage scale. While continuing to press for higher wages, the mission is at the same time offering a considerable amount of training, the latest in office technology, flex-time, awards and other intangible employee benefits in order to make the Embassy a good place in which to work. PER/OE authorized a 16% wage increase effective March 1999, but post continues its efforts to keep at least on a par with private business.

Mission Objectives

- *Add one economic/consular office management specialist.* Since the OMS also serves as back-up communicator, coordination of leave times has become a real problem. After the arrival of two additional American reporting officers, post will have one OMS as support for the ambassador, deputy chief of mission, political officer, economic officer and rotational junior officer, in addition to her duties as back-up commo. This is just too much work to expect from one person and will result in work overload and burn-out.
- *Maintain competitive salary levels.*
- *Increase training for backup responsibilities.* Training of both FSN and American staff has high priority at AmEmbassy Vilnius in order to maintain a high level of professionalism in our workforce. We intend to continue this training policy through the coming fiscal years since it post believes it is a good, long-term invest in our most valuable resource, our people.

Performance Indicators

Competitive local salaries should result in a low turnover rate for local personnel.

Addition of a second OMS position should result in a more efficient method of guaranteeing back-up coverage for both the communicator and the ambassador's OMS.

HR (Human Resources) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	47	427	422

IR Information Resources

Mission Goal

Ensure that post personnel have access to the latest information technology by providing the best training, hardware and software available in the marketplace. Ensure that post is Year 2000 (Y2K) compliant in all its information systems.

Mission Strategy

The Information Program Unit is intent on ensuring that the mission is completely Y2K compliant. To that end, it has ordered and is in the process of installing sufficient new computers that meet Department standards. We have also upgraded our telephone billing system so that it too is Y2K compliant.

Mission Objectives

- Complete installation of ALMA to become Y2K compliant.
- Provide training for end-users of new computer hardware and software.

External Factors and Assumptions

- The IM and EUR Bureaus will fund investment in ALMA.
- Post will fund training costs.

IR (Information Resources) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	94	103	104

IO Infrastructure and Operations

Mission Goal

Optimize Mission operations and effectiveness through workable facilities and operations

Mission Strategy

Renovate, expand and reconfigure chancery office space to create workable areas for consular, administrative and executive sections, while at the same time accommodating an incoming Marine Security Guard attachment.

Mission Objectives

- Expand consular working space and waiting area.
- Provide space for Marine detachment and for staff displaced for them.
- Provide workspace for regional officers.
- Reconfigure the CAA to include space for new economic officer.
- Continue to upgrade short-term leased (STL) housing.

External Factors and Assumptions

FBO will fund investment in the infrastructure upgrades.

IO (Infrastructure and Operations) Resource

Function 150 Operating Expense	FY1999	FY2000	FY2001
D&CP - Diplomatic and Consular Programs	131	143	144

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LITHUANIAN NATIONAL DEFENCE SYSTEM

