

TRIP REPORT:A VISIT TO THE COMMONWEALTH OF INDEPENDENT STATESBY

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I. INTRODUCTION

Our bipartisan delegation of four United States Senators traveled to Russia and Ukraine from March 6-10, 1992. A planned visit to Belarus had to be canceled due to bad weather at the Minsk Airport.

Our delegation consisted of:

- Senator Sam Nunn (D-GA), Chairman of the Armed Services Committee;
- Senator Richard Lugar (R-IND), Member and former Chairman of the Foreign Relations Committee;
- Senator John Warner (R-VA), Ranking Republican Member, Armed Services Committee; and
- Senator Jeff Bingaman (D-N.M.), Chairman, Subcommittee on Defense Industry and Technology, Armed Services Committee.

The focus of the delegation was three-fold:

- (1) Strengthening political and economic relations between the United States and Russia, Ukraine and Belarus, and offering our support for the dramatic process of democratization that is occurring in those countries;
- (2) Discussing the conversion of former defense industries to commercial, non-military production; and
- (3) Promoting the acceleration of the disabling, transport, dismantlement and eventual elimination of tens of thousands of nuclear and chemical weapons of the Commonwealth of Independent States (CIS).

In Moscow, the delegation met with senior executive and parliamentary officials, including First Deputy Prime Minister Gaidar, CIS Armed Forces Chief of Staff Samsonov, Presidential Advisor for Defense Conversion Maley, Head of the Russian

Scientific Industrial Union Volskiy, Vice President of the Russian Academy of Scientists Velikov, and Chairman of the Russian Supreme Soviet Committees on Foreign Affairs and Defense Abmartsumov and Stepashin.

During our stay in Russia, the delegation also toured the CIS Nuclear Risk Reduction Center, met with a number of American businessmen involved in joint ventures with Russian partners, and visited Russian defense industrialists and research institute directors in the Moscow suburb of Podol'sk.

In Kiev, the delegation met with President Kravchuk, Defense Minister Morozov, Minister for Defense Conversion Antonov, and numerous members of parliament. The delegation also toured a defense plant undergoing conversion.

During the trip, the delegation was ably assisted by three distinguished experts from outside of government who had particular expertise in the areas of principal interest to the group:

-- Dr. William Perry, former Under Secretary of Defense for Research, Development, Test and Evaluation in the Carter Administration and currently a Professor specializing in defense conversion at Stanford University;

-- Dr. Ashton Carter, Director of the Center for Science and International Affairs at the JFK School of Government, Harvard University, who has worked extensively on issues related to controlling and dismantling the nuclear arsenal of the former Soviet Union (FSU); and

-- Dr. David Hamburg, President of the Carnegie Corporation, and an eminent physician in his own right, who has extensive contacts with scientists and foundations in the CIS.

The delegation was also assisted by the following professional staff members of the Armed Services and Foreign Relations Committees and personal staff assistants to the members: Robert Bell (SASC), Dick Combs (SASC), Brian Dailey (SASC), Rose Johnson (Nunn), Ed McGaffigan (Bingaman), Ken Myers (SFRC), Pat Tucker (SASC).

II. GENERAL OBSERVATIONS AND RECOMMENDATIONS ON POLITICAL AND ECONOMIC ISSUES

A. General Observations

The delegation returned from the trip convinced that there is an urgent need for assistance from the United States and other democratic countries to the newly independent states of the FSU in each of the three areas outlined above. The success of these countries in moving from totalitarianism to democracy is squarely in our national interests, as is their success in demilitarizing the large portion of the military-industrial complex that is excessive to their legitimate defense requirements. Moreover, unless these countries make rapid progress with defense conversion, as military procurement decreases they will be tempted to export arms for hard currency rather than slow or shut down totally their military production lines.

We also came away convinced that our government is not yet as adequately organized and energized as it should be to meet this need.

While the states of the FSU must bear the main burden of political and economic development, the United States and its allies can and should do more on a priority basis. The United States spent trillions of dollars during the Cold War years to deter the Soviet military threat. This enormous expense benefitted our allies as well as ourselves. Our policy toward the sovereign states that have emerged from the FSU can in the next several years help to shape their policies for decades ahead. The United States should contribute its fair share of the essential costs; our allies should do the same.

B. Specific Recommendations

-- In all its actions, the U.S. should treat each new nation that has emerged from the FSU as fully sovereign.

-- Our diplomatic missions in each of these countries should be staffed to ensure full, informed consultation and cooperation with host-country officials, opinion leaders and private groups. Congress and the Executive Branch should give priority to providing the funds needed to accomplish this.

-- We should continue to assign high priority to our humanitarian assistance program for these countries, with planes, people and assistance on the ground and ships off-loading in their ports. The Department of

Defense should conduct a prompt, thorough inventory of existing stockpiles of excess medical supplies and other forms of humanitarian aid and to the extent feasible make such supplies available to these as well as other countries.

-- A thorough inventory should be conducted without delay of all federal agencies' existing authorities and programs suitable for assisting the political and economic development of these states.

-- Exchange programs should be expanded where they currently exist, and instituted where they do not, with each country. These programs should include university to university exchanges and people to people programs as well as programs that link professional groups such as military officers, lawyers, and scientists.

-- Immediate consideration should be given to eliminating or suspending legislative prohibitions, enacted during the Cold War, on aid to these newly independent countries. This includes the Jackson-Vanik amendment, the Stevenson and Byrd amendments restricting EXIM Bank credits, the Johnson amendment regarding activities in the securities and bond market, the Church amendment restricting the financing of oil and gas ventures, as well as current ceilings on Overseas Private Investment Corporation (OPIC) coverage for Russia.

-- The key to bilateral economic assistance is the active involvement of the U.S. private sector. In addition to reviewing outmoded legislative restrictions, private sector involvement should be facilitated by streamlining export licensing procedures, updating the list of prohibited technologies, facilitating visa issuance for business visitors from these countries, and working with each country to improve operating conditions for U.S. businessmen there.

-- Macroeconomic assistance, such as stabilization funds or debt management, should be addressed through existing international organizations. In this regard, the United States should provide its fair share of additional IMF special drawing rights and encourage vigorous IMF and World Bank involvement in the economic development of these countries, including both commercial and investment banking.

Discussion of tensions between Russia and Ukraine, plus the tragic violence that occurred in Nagorno-Karabakh during our

visit, brought home the danger of growing inter-ethnic conflict and the importance of conflict resolution within and among the new countries of the region. With nearly 65 million people living in states other than their original "homelands," often under conditions of severe economic hardship, potential ethnic flash-points number in the hundreds. We believe U.S. interests require a special effort to comprehend ethnic antagonisms in these states, improve communications among the parties and develop options for mutual accommodation.

In this area, we recommend that:

-- The relevant Congressional committees hold immediate hearings on ethnic tensions and conflict resolution in the region, with emphasis on techniques for assisting the region's countries to defuse ethnic conflict well before it erupts into violence.

-- The newly formed NATO Cooperation Council, in parallel with the ongoing activities of the CSCE and the United Nations, undertake to place these issues high on its agenda. The Council's inquiries might include new fora for improved bilateral contacts, technical assistance to existing institutions and mechanisms in the FSU that demonstrate potential for effective conflict resolution.

III. DEFENSE CONVERSION IN THE FORMER SOVIET UNION

A. Introduction--the Strategic Importance of Defense Conversion.

In most of the states of the FSU the creation of new democratic institutions is underway. Sustaining these democratic institutions -- that is, not reverting to an authoritarian government -- ultimately depends on the success of the economic restructuring which is simultaneously being undertaken. This success is clearly in the national security interest of the United States. We have spent trillions of dollars during the Cold War arming ourselves because of the threat posed by the authoritarian government of the Soviet Union. If we can assist these newly-formed states to succeed, we will also be helping our security and reducing the need to maintain our defense spending at current levels in coming years.

The economic restructuring being attempted by these states is unprecedented, and obviously will be very difficult. A necessary (but not sufficient) condition for its success in Russia, Ukraine, Belarus, and Kazakhstan will be the conversion of a major part of the extensive defense industry located in these countries. The defense industry in these countries employs

over 10 million workers, including their best trained technical personnel and managers, working in their best equipped facilities. Indeed the military-industrial complex provided the livelihood of about one-fourth of the population of the Soviet Union. In light of this, the newly-independent states do not have the option of simply letting their defense industry fade away.

One option is to convert defense resources from the making of weapons to the making of products that are desperately needed. This has been recognized since the early days of perestroika, and Gorbachev, in 1988, declared that defense conversion was a priority objective for the Soviet Union. But, prior to the dissolution of the USSR, neither the central government nor the republics made any significant progress towards this objective. As a consequence, the newly-formed states have been considering other options.

Key officials of the Russian government told the delegation that they intend to generate funds for the later conversion of their defense industry by first promoting sales of arms to other countries. This strategy is doubly flawed. First, it is unlikely to succeed economically (Russia's need for sales is too great, considering the size and competitiveness of the market, and key production or final assembly facilities for many weapon systems are located on the territory of states other than Russia). Second, even an unsuccessful attempt will stimulate worldwide competition in arms sales, flooding third world countries with a new generation of weapons, with the greatest sales going to the regions of greatest instabilities. These arms sales could have the effect of increasing the military threat to the United States from regional powers, while delaying the conversion of the Russian defense complex.

Defense conversion is a far preferable alternative from the point of view of U.S. national security, and indeed, international security and stability. Defense conversion in these states, while difficult, can be successfully carried out. The conversion programs currently underway are failing because their strategy, directing this activity by decrees from central authorities to the defense design bureaus and plants, is basically flawed, and because they do not provide the legal and financial infrastructure necessary to do business in a market economy.

The defense enterprises, motivated to act but lacking both the infrastructure and the know-how, have pursued conversion projects without notable success. And the role of western governments has been at best laissez faire and at worst negative (through COCOM restrictions). Success in the future will depend on a significant change in strategy by the governments of these states, a change in tactics by the defense enterprises, and a

change in policy by the western governments, especially the U.S. government.

B. A Strategy for Defense Conversion

Defense conversion in the FSU will be very difficult at best. To achieve an acceptable degree of success, conversion must stem from a strategy with the following components:

1. Conversion projects should be separated ("spun out") from the defense plants and government bureaus where the people and facilities now reside. This separation should be accomplished by creating new stock enterprises or other business entities to develop, manufacture and market the new commercial products. The conversion projects would transfer appropriate personnel and would use certain of the facilities (since new buildings are very hard to get) from the defense company, so it would be a "conversion" in that sense.

2. These new entities should seek to form partnerships with western companies in order to get immediate access to the capital and the marketing and management know-how necessary for success in a market economy.

3. Conversion projects should focus primarily on building infrastructure products, such as telecommunications, transportation systems, food processing systems, energy systems, environmental cleanup, and housing. These products would be directed initially at the internal market. This is not only because these products are badly needed to build up the infrastructure necessary for companies in the republics to compete in world markets, but also because personnel from defense companies are likely to be much better suited to designing, building and marketing these infrastructure products than consumer products.

C. Role of Western Companies in Defense Conversion

We believe that the timely success on a large scale of newly formed business entities pursuing defense conversion depends on the formation of business partnerships with western companies. These partnerships are necessary not only to provide the capital needed to start these new enterprises, but also the marketing and management know-how necessary for success in selling products in a market economy.

The delegation met with managers of some U.S. business ventures that have been substantially successful, so it is clear that there is a remarkable opportunity for American companies to

begin the development of this potentially huge new market. However, the delegation was also briefed on the business activities of European and Asian companies which have been more aggressive than American companies in Russia and Ukraine.

American companies have been holding back partly because of their concern over political instability, partly because of the lack of financial and legal infrastructure, and partly because of the difficulties they have in dealing with government bureaus that are in a state of flux. The first problem has been somewhat ameliorated in the wake of the failed August 1991 coup. It is also becoming clear that the new countries are working to try to improve their respective infrastructures.

As a consequence, there has been a significant increase in the number of American companies wanting to establish meaningful businesses in the CIS. It is still mostly talk, which suggests that the risk/reward calculations are positive but still not compelling. We believe that this talk would get converted very quickly to significant actions if the these governments would take the actions recommended to improve the business environment in their countries, and the U.S. government took a few modest steps to moderate somewhat the risk and uncertainty of American companies that became business partners with enterprises of the FSU engaged in defense conversion projects.

It is in the interest of the U.S. government to take these actions both because a stable conversion of the FSU's defense industry is an obvious benefit to our national security, and because the successful global expansion of American companies is an obvious benefit to our economy.

D. Recommendations

The delegation recommends that the Executive Branch take the following actions, which would be small in size and cost, but could have a large influence on our future safety and security:

-- The President should make a clear statement to the U.S. business community that conversion of the defense industry in the states of the FSU is in U.S. national security interests. The President should also encourage the governments of Russia, Ukraine, Belarus, and Kazakhstan to accelerate their progress in privatization, and in the creation of the legal and financial infrastructures necessary to do business in a market economy.

-- The State Department should encourage COCOM to establish a fast-track waiver procedure for technology transfers whenever that transfer is an integral part of a business partnership whose objective is to produce

commercial products, and whenever the western business partner plays a key role in the management and marketing of the product (this should give maximum visibility on the "end use" of the technology).

-- Over the longer term, the State Department should take the leadership in promoting a full-scale review designed to shift COCOM from inhibiting the flow of technology to the now non-existent Soviet bloc, to controlling the technology flow that could lead to the proliferation of weapons of mass destruction. In this revised objective for COCOM, it is important that Russia, Ukraine, Belarus, and Kazakhstan, because of their capability in advanced military technology, be participants.

-- In addition to the overall recommendation with regard to the OPIC discussed above, OPIC should as a matter of priority extend its coverage to Ukraine, Belarus, and Kazakhstan. This would have the effect of reducing the risk for American companies that invested in business ventures in these countries. Importantly, it would only deal with the special risk associated with the political instability in these countries. It would not relieve the American business executive of the ordinary economic risk associated with a new business venture.

-- The Commerce Department should augment their Commercial Office in Moscow by establishing a business assistance agency to help U.S. companies trying to form business partnerships with enterprises in Russia, Ukraine, Belarus, and Kazakhstan.

- This agency would establish offices (possibly in Washington, D.C., Moscow, St. Petersburg, Kiev, Minsk, and Alma-Ata) staffed with people who understand how western businesses operate (it would make good sense to staff these offices with retired business executives).

- These offices would assemble a data base on the capabilities of Russian, Ukrainian, Belarus, and Kazakh institutes and companies, and become expert on the problems of doing business in the country in which they were based.

- They would serve as a particularly valuable asset to American small and medium-sized businesses wanting to establish partnerships

for their business ventures in the countries of the FSU, and could play a key role in helping any American company globalize by expanding its business to this important emerging market.

-- The Commerce Department and other United States Government (USG) agencies should take a variety of actions to facilitate the access of U.S. companies to the remarkable technology base in many of the countries of the region, particularly in Russia and Ukraine. Examples of such actions include:

(1) The Commerce Department should sponsor technology fairs which create a showcase for technology of defense-sector companies and institutes of these countries for the benefit of U.S. non-defense companies and USG technical agencies.

(2) USG agencies should, where appropriate, establish exchange agreements with institutes and centers in the military-industrial enterprises of these countries to work on technologies where the USG agencies can serve as a bridge to the American non-defense private sector. (Possible examples are the Sandia Specialty Metals Consortium and the Argonne Electric Battery Consortium.)

(3) The State Department, using Nunn-Lugar funding, should establish an international science and technology center in Kiev (and other countries of the FSU as appropriate) to engage key Ukrainian (and other) scientists and engineers now working on advanced military technology in non-defense activities. This Kiev center should have the same mission as the center announced by Secretary Baker and President Yeltsin for establishment in Moscow under Nunn-Lugar funding.

(4) The Department of Energy should continue to encourage appropriate exchanges between its weapons laboratories and their counterparts in Russia and in other newly-formed states in a limited number of carefully chosen areas, such as fusion energy, environmental cleanup technologies, nuclear reactor safety, and arms control monitoring and verification technologies.

(5) USG technical agencies should give higher priority to providing funds in their grants and contracts with U.S. institutions for collaboration with scientists and engineers from FSU research laboratories, including military research laboratories, to facilitate cooperation on non-defense basic and applied research.

These contacts will undoubtedly lead to numerous opportunities for the purchase of technology and products from the converted defense industries of the new countries. The Senate Armed Services Committee plans early hearings to stimulate the establishment of a clear and rational USG policy on such acquisitions.

E. Suggestions to the Countries of the FSU

We also offer suggestions to the governments of Russia, Ukraine, Belarus, and Kazakhstan. These suggestions are offered in the spirit that the suggested changes would facilitate increased cooperation between these countries and the United States to achieve mutually desirable objectives. Specifically, we suggest that Russia, Ukraine, Belarus, and Kazakhstan:

-- Accelerate the privatization of enterprises organized to pursue defense conversion by transferring those state assets needed for conversion projects to newly formed stock enterprises.

- One possible way of doing this expeditiously is to follow the example already used for several enterprises: namely, giving, say, 30% of the stock in the new enterprise to the former state workers who were transferred to it, and selling the rest of the stock to the enterprise under a long-term note with low interest rates. (This is comparable to the "leveraged management buy out" approach by which some large U.S. companies have sold one of their divisions to the management team of that division.)

- This approach could be executed quickly and on a large scale, and would have three advantages: it would allow the state to receive real value (if the enterprise succeeded) for assets which otherwise might be difficult to sell; it would create maximum incentive for the employees of the new enterprise to make it succeed; and it would

provide a corporate mechanism which lent itself to the efficient conduct of business in a market economy, including the formation of business partnerships and joint ventures with western companies.

-- Accelerate the formation of the legal and financial infrastructure necessary for companies doing business in a market economy and forming business partnerships with western companies.

- While each of these countries will likely establish laws with unique national characteristics, they should be modeled after western laws to the maximum extent possible, both because western companies have a set of laws already available and proven in practice, and because compatibility with western laws will accelerate the integration of these states' economies with western economies, to the advantage of both.

- The U.S. Department of Commerce, working with the U.S. business and legal communities, can and should be of assistance to these countries in formulating appropriate legal and financial infrastructure to facilitate business development.

- They should do this by developing detailed descriptions of perceived deficiencies in the current infrastructure and recommended solutions to present to the concerned governments.

IV. NUCLEAR/CHEMICAL DISMANTLEMENT RECOMMENDATIONS

A. Background

The "Nunn-Lugar amendment" (formally known as the Soviet Nuclear Threat Reduction Act of 1991) was approved by the Senate by a vote of 86-8 on November 25, 1991 and signed into law by the President on December 12. This legislation reflected Congress' concern that the United States act promptly and decisively to assist the countries of the FSU in expeditiously dismantling the thousands of Soviet tactical nuclear missiles removed from nuclear stockpiles as a result of last fall's Bush/Gorbachev initiatives. The amendment was also intended to spur early elimination of chemical, biological and other sophisticated weapons left over from the Cold War.

The Nunn-Lugar amendment has a three-fold purpose: (1) to assist these countries in destroying nuclear, chemical, biological, and other sophisticated weapons; (2) to assist them in transporting, storing, disabling, and safeguarding such weapons in connection with their destruction; and (3) to establish verifiable safeguards against the proliferation of these weapons. The legislation also envisioned that portions of this fund would be used to finance cooperative U.S./Soviet projects that could employ scientists from the FSU, who formerly made nuclear or chemical weapons, in cleaning up and destroying the nuclear and chemical residue of the Cold War.

The provision authorizes the use of up to \$400 million in defense funds for these purposes. An additional \$100 million in defense funds was authorized and appropriated to transport, by military or commercial means, food, medical supplies, and other types of humanitarian assistance to these states.

B. Chronology of Negotiations

In October, Administration officials went to Moscow to explain the Bush initiative of September 27th on destruction of U.S. tactical nuclear weapons and to discuss with Soviet officials President Gorbachev's October 6 response. As a result of that meeting, the United States invited a team of Soviet officials and scientific experts to come to Washington for further discussions on nuclear dismantlement issues. During these talks the U.S. side presented detailed briefings on the U.S. approach to and methods for disabling and dismantling nuclear weapons.

These initial discussions proved inconclusive, as the response by senior Soviet military and political officials was apparently "not enthusiastic." According to Under Secretary of State Bartholomew's testimony before the Senate Armed Services Committee:

"There was agreement that as a technical matter, weapons could be rapidly disabled, but they made no commitment to do so. There was a general reluctance to engage with us across-the-board, or to describe their systems and procedures in the detail that we described ours."

A U.S. team led by Bartholomew visited the CIS in January for follow-on discussions. The topics explored in these talks included: command and control of nuclear weapons; safety, security, and disabling of tactical nuclear weapons; accelerated destruction of tactical nuclear weapons; accelerated deactivation of strategic forces; START, CFE and NPT agreements; and export controls, including arms transfers.

At a February 5 Senate Armed Services Committee hearing, Secretary Bartholomew briefed the Committee on these discussions. Bartholomew testified that a "range of possibilities for U.S. assistance to enhance the safety and security of the former Soviet nuclear weapons and to accelerate their dismantling" was discussed and stated that the Administration planned "to move out rapidly on concrete proposals" -- which he indicated would be ready "in a matter of days."

In mid-February Secretary Baker traveled to Moscow for high-level discussions on this and other topics. Secretary Baker carried with him seven separate proposals for U.S. assistance dealing with nuclear disabling, transportation, dismantlement, and storage. Specifically, the seven U.S. proposals addressed:

- nuclear accident response planning;
- warhead storage containers;
- storage containers for extracted fissile material;
- rail cars;
- kevlar blankets for warhead protection during transit;
- accounting system for inventory management; and
- technical information on civil use of fissile material.

Each proposal carried with it an estimate of the accompanying Nunn-Lugar funding and an offer by the United States to send expert teams within a week or two to reach agreement on specific details. In addition, Secretary Baker engaged in extensive discussions on the "brain drain" problem and the long-term nuclear storage issue, particularly the Russian idea of constructing a facility for storing the fissile material extracted from the warheads.

On February 17, Secretary Baker and President Yeltsin announced that the U.S. had undertaken to join with Russia and Germany in setting up an international center for reemploying weapons experts in non-weapons scientific work. The Administration intends to use \$25 million of the \$400 million authorized under the Nunn-Lugar amendment for the international science center. The leaders also announced that the two sides would jointly explore possible projects in a number of areas, including those related to weapons transportation, weapons protection in transit, and long-term storage. On February 28, Russia invited the United States to send its expert teams in each of these areas to Moscow for further discussions, and those teams departed on March 3.

C. Current Situation

To date, the President has not certified to Congress that Russia or other states of the FSU have met the conditions set forth in the provision, and no Nunn-Lugar funds have yet been expended. It is clear, however, that the Nunn-Lugar amendment has played a critical role in catalyzing action and in focusing attention -- not only in our government, but more importantly in the governments of Russia, Ukraine, Belarus and Kazakhstan -- on accelerating the removal, dismantlement and eventual elimination of CIS nuclear weapons.

Although negotiations on implementation of the Nunn-Lugar amendment got off to a slow start, in recent months the Administration and CIS officials have made important progress in furthering the goals of the legislation. In particular, CIS military authorities had, until Ukrainian President Kravchuk's March 12 announcement, made substantial progress in removing tactical nuclear weapons to secure central storage in Russia and preparing them for destruction. On March 12, the Ukrainian President announced that, while not changing the overall policy that Ukraine is seeking to become nuclear-free, he was halting further shipments of these warheads to Russia and that Ukraine intended to eliminate the warheads on its own soil, near Chernobyl, with foreign assistance.

Tactical nuclear weapons are the most widely dispersed, easily moved, and least securely controlled of the former Soviet Union's nuclear weapons. Their complete removal from deployment sites to a much smaller number of storage sites, leading to their eventual destruction, would remove a critical source of potential nuclear danger. Importantly, the complete removal of the tactical nuclear weapons to Russia would then lead directly into the process of eliminating the remaining strategic nuclear weapons from former Soviet republics that have indicated that they want to be nuclear weapons-free states. Avoiding the creation of new nuclear states has been a long-standing priority objective of U.S. foreign policy.

During the delegation visit to Kiev, the delegation received strong hints that Ukraine might assert a claim to the strategic nuclear missiles and warheads remaining on its soil. Upon our return to Washington, the delegation reported this development to senior State and Defense Department officials, noting it as a major concern. While it is possible that President Kravchuk's announcement is meant to provide Ukraine with additional bargaining leverage at the upcoming March 20 CIS Summit in Kiev, it would, unless reversed, entail profound implications for U.S. policy with regard to the Non-Proliferation Treaty and possibly for the integrity of the START Treaty.

While much has been accomplished to date in eliminating CIS nuclear weapons, this latest unfortunate development underscores that much remains to be accomplished. The United States still has important security objectives with respect to:

- ensuring the resumption and early completion of the removal of tactical nuclear weapons to Russia that is now underway;

- ensuring that the declared goals of Ukraine, Belarus, and Kazakhstan to remove and destroy those strategic nuclear weapons now deployed on their territory is facilitated as quickly as possible;

- ensuring that the early destruction of nuclear, chemical, and other weapons of the FSU is accomplished with maximum safety, security and concern for the environment;

- ensuring that safe and environmentally-sound solutions to the problem of the ultimate disposition of plutonium and highly enriched uranium extracted from nuclear warheads are identified;

- ensuring that these weapons, the technologies associated with these weapons, and the scientific knowledge required to build these weapons do not proliferate to hostile or unstable nations;

- ensuring that the weapons complexes of the former Soviet Union are greatly reduced in number and that they reorient themselves to peaceful, domestic production.

We believe that the Nunn-Lugar amendment represents a critical mechanism for promoting the achievement of these goals, which are all squarely in the national security interests of our nation. We thus strongly urge that this legislation be used to its fullest potential. In this regard, the delegation makes the following recommendations:

C. Recommendations

- To date, expert-level discussions on the safety, security and dismantlement of CIS nuclear weapons (the "SSD" talks) have been conducted exclusively between the United States and Russia. These discussions have made good progress and agreements should be rapidly concluded in a number of areas. Specifically, U.S. assistance under the Nunn-Lugar amendment, to include the maximum possible utilization of U.S. industry,

should be put in motion as soon as possible in the following areas:

- (1) rail cars;
- (2) storage containers for warheads and fissile material;
- (3) kevlar blankets for small-arms protection; and
- (4) accident response procedures.

-- Russia has assured the U.S. that it has a complete accounting of its nuclear weapons and not indicated a need for U.S. assistance in this area. In view of the availability of mature U.S. technologies for inventory management and our concerns about proliferation risks, however, we believe the United States should continue to urge the Russians to consider U.S. methods of ensuring a complete and accurate inventory of their nuclear weapons.

-- A major unresolved issue in the SSD talks concerns storage of fissile material. Russia has indicated that the absence of a dedicated facility for long-term storage of fissile material is the principal bottleneck in the nuclear weapons dismantlement process. However, the U.S. government has concerns about the necessity for and cost of the facility the Russians have proposed to build with U.S. assistance under the Nunn-Lugar amendment. The U.S./Russia experts' teams should continue to explore alternatives for solving this problem. In addition, since decisions on the design of any storage facility are related to the question of how long material must be stored there, one of the first tasks assigned to the international scientists center should be the issue of the ultimate disposition of plutonium and highly enriched uranium.

-- It is President Bush's responsibility under the Nunn-Lugar amendment to certify that prospective recipients of U.S. assistance have met the conditions specified in sec. 1 (b) (P.L. 102-228, section 211 (b)). It is our view that the President can and should submit this certification to the Congress as soon as possible.

-- We are concerned that U.S. policy towards the newly independent countries of the former Soviet Union has been focused on Russia. We urge the Administration to adopt a balanced approach towards these countries consistent with their status as sovereign and

independent states. The administration should quickly find a way to involve them in the Nunn-Lugar program. Since they will not be transporting or destroying nuclear or chemical weapons, this can best be accomplished by involving scientists from these countries in scientific initiatives and in the destruction of other weapons and delivery systems. The United States should immediately initiate expert level discussions with these countries on such topics.

-- The CIS has agreed to remove all strategic nuclear weapons from Ukraine, Belarus and Kazakhstan as part of the START reduction process, and Ukraine has pledged to eliminate strategic nuclear weapons from its territory by the end of 1994. The United States should explore whether the CIS needs any assistance in accelerating the timetable for the removal and destruction of nuclear warheads from these strategic weapons.

-- We urge that the United States place higher priority on bringing the destruction of CIS chemical weapons under the Nunn-Lugar umbrella. A joint experts' team on chemical destruction should be established immediately, as proposed by President Yeltsin on February 20. In addition, the Administration should extend the mandate of its SSD negotiating team to include chemical weapons destruction and offer to assist the CIS in establishing a complete inventory of its chemical stockpile.

-- The United States and the CIS should discuss additional roles for the Nuclear Risk Reduction Centers to help build mutual confidence and improve crisis stability. Among other things, consideration should be given to using the NRRC's for discussions and planning for possible nuclear terrorism incidents and nuclear accident response.

-- During our discussions in Kiev, Ukrainian officials reiterated their intention to eliminate all strategic nuclear weapons located on Ukrainian soil by the end of 1994, if not sooner. This proposed action would go beyond the requirements of the START Treaty and result in Ukraine being a nuclear weapons-free state. We commend this unprecedented act of statesmanship by this newly independent nation. In the case of the strategic nuclear warheads now mounted on the 176 SS-19s and SS-24s deployed there, Ukraine had been proposing to ship the strategic warheads to Russia for dismantlement. It is unclear whether President Kravchuk's March 12 announcement halting transfer of tactical nuclear warheads affects this proposal. After removal of the

strategic warheads, Ukraine is proposing to destroy the ICBMs on Ukrainian territory and is seeking U.S. financial and technical assistance for this purpose. This proposal, which has not been accepted by Russia, raises questions under the START Treaty. We recommend the Administration seek clarification from the CIS on this question and that it urge the CIS to resolve this question in a manner consistent with Ukraine's commitment to comply with relevant arms control agreements.

-- To date, the four countries with strategic nuclear weapons deployed on their territory have been unable to reach agreement on how they would implement the START Treaty. These countries will try to resolve the impasse at the March 20 CIS summit in Kiev. We recommend that the United States Senate take account of the results of the CIS summit as it considers commencement of formal ratification hearings on the START Treaty.

-- The United States should offer the CIS assistance in establishing a regime acceptable to all concerned parties for joint verification of the destruction in Russia of CIS nuclear weapons, as provided for under the terms of the December Alma-Ata Declaration on nuclear arms.

V. CONCLUSION

The members of this delegation make these recommendations in the belief that they are constructive and positive steps toward the formulation and implementation of United States policies and programs regarding the newly-formed states of the former Soviet Union. Implementation of these recommendations by the Executive Branch and Congress, working together, will greatly assist the newly-independent states in adopting democratic and free market institutions that could result in enhanced military and economic security for the American people for years to come.