1. -- ENTIRE TEXT

2. THE INFORMATION BELOW IS PROVIDED IN RESPONSE TO EMBASSY KIEV'S REQUEST FOR BACKGROUND ON THE EVOLUTION OF U.S. NUNN-LUGAR POLICY TOWARD UKRAINE.

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BACKGROUND
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4. IN JANUARY, 1993 THE BUSH ADMINISTRATION RECERTIFIED UKRAINE AS BEING ELIGIBLE FOR NUNN-LUGAR ASSISTANCE. ONE OF THE CRITERIA FOR CERTIFICATION IS THAT RECIPIENT STATES ARE COMMITTED TO COMPLYING WITH ALL RELEVANT ARMS CONTROL AGREEMENTS. ALTHOUGH UKRAINE HAD NOT RATIFIED START OR ACCEDED TO THE NPT AS A NON-NUCLEAR WEAPON STATE, THE BUSH ADMINISTRATION RECERTIFIED UKRAINE ON THE BASIS OF CONTINUED STATEMENTS FROM OFFICIALS AT THE HIGHEST LEVELS IN THE UKRAINIAN GOVERNMENT REAFFIRMING THEIR INTENTION TO FULFILL THE COMMITMENTS MADE IN THE LISBON PROTOCOL AND RELATED DOCUMENTS. THE CERTIFICATION REPORT TO THE CONGRESS STATED THAT THE USG WOULD CONTINUE TO WATCH CLOSTLY UKRAINE'S PERFORMANCE REGARDING COMPLIANCE WITH ARMS CONTROL AGREEMENTS. IT ALSO NOTED THAT CERTIFICATION

5. PRESIDENT CLINTON'S REVIEW OF U.S. POLICY RESULTED IN PRESIDENTIAL DECISION DIRECTIVE 3 WHICH DIRECTED THE USG TO CONTINUE TO FOLLOW A STRATEGY OF "POSITIVE INCENTIVES" TOWARD UKRAINE. SPECIFICALLY, PDD-3 CALLED FOR THE RAPID IMPLEMENTATION OF PENDING NUNN-LUGAR AGREEMENTS, WHILE EMPHASIZING THAT U.S. ASSISTANCE FOR DISMANTLING STRATEGIC SYSTEMS COULD ONLY FLOW AFTER UKRAINE HAS RATIFIED START AND THE NPT.


7. AS PART OF OUR PROPOSAL FOR THE EARLY DEACTIVATION OF STRATEGIC SYSTEMS, BROACHED BY SECRETARY ASPIN WITH UKRAINIAN MOD MOROZOV IN KIEV ON JUNE 7, WE HAVE STATED THAT, IF UKRAINE IS WILLING TO BEGIN THE PROCESS OF DEACTIVATION OF ALL TYPES OF STRATEGIC SYSTEMS ON THE TERRITORY OF UKRAINE, THE U.S. WOULD BE WILLING TO BEGIN THE FLOW OF NUNN-LUGAR ASSISTANCE DIRECTLY RELATED TO THE DISMANTLEMENT EFFORT WITHOUT WAITING FOR UKRAINE TO RATIFY START AND ACCEDE TO THE NPT. THIS REPRESENTS A CHANGE IN U.S. POLICY REGARDING THE PROVISION OF SUCH ASSISTANCE. U.S. AID COULD, HOWEVER, ONLY BE PROVIDED UPON THE COMPLETION OF THE NUNN-LUGAR UMBRELLA AGREEMENT AND AN APPROPRIATE IMPLEMENTING AGREEMENT FOR ASSISTANCE TO THE DISMANTLEMENT OF STRATEGIC SYSTEMS.

8. THE TECHNICAL TEAM VISIT SCHEDULED FOR THE WEEK OF AUGUST 16 WOULD DEVELOP SPECIFIC PROJECTS THAT COULD BE INCLUDED IN AN IMPLEMENTING AGREEMENT. THE SSD DELEGATION VISIT THE WEEK OF AUGUST 30 WOULD HAVE THE OBJECTIVE OF CONCLUDING THE UMBRELLA AND IMPLEMENTING AGREEMENTS NECESSARY TO LET US USE SOME NUNN-LUGAR FUNDS TO HELP WITH EARLY DEACTIVATION OF ICBMS. THIS AID WOULD FLOW IN PROPORTION TO AND AS LONG AS THE EARLY DEACTIVATION EFFORT CONTINUES.

9. EARLY DEACTIVATION IS NOT A SUBSTITUTE FOR FULL COMPLIANCE BY UKRAINE WITH THEIR LISBON COMMITMENTS. IT IS A FIRST STEP TOWARD DEPERSONALIZATION. THE CHANGE IN U.S. POLICY REFLECTS THE VIEW THAT THE U.S. SHOULD USE NUNN-LUGAR ASSISTANCE TO SUPPORT THE PROCESS OF ACTUAL DEACTIVATION AND DEPERSONALIZATION. WE ALSO BELIEVE SUCH A STEP WILL ENCOURAGE THOSE IN UKRAINE WHO WANT TO MOVE FORWARD ON START RATIFICATION AND HELP OTHERS TO SUPPORT THIS ACTION. SUCH A STEP WILL ALSO PROVIDE TANGIBLE PROOF OF U.S. WILLINGNESS TO PROVIDE ASSISTANCE TO UKRAINE TO HELP IT IN MEETING THE FINANCIAL COSTS OF ITS START OBLIGATIONS. ONCE THE PROCESS OF EARLY DEACTIVATION HAS BEGUN AND U.S. ASSISTANCE HAS BEGIN TO FLOW, WE BELIEVE MOMENTUM FOR START RATIFICATION WILL GROW, AS WILL
Department of State

10. THE CLINTON ADMINISTRATION HAS REAFFIRMED THE COMMITMENT OF AT LEAST DOLLARS 175 MILLION IN NUNN-LUGAR FUNDS FOR UKRAINE. WASHINGTON CURRENTLY FORESEES THE FOLLOWING ALLOCATION OF NUNN-LUGAR FUNDS FOR UKRAINE UP TO THE INDICATED DOLLAR LEVELS:

- Emergency Response Equipment - Dollars Five Million;
- Government-to-Government Communications Link - Dollars 24 Million;
- Export Control Assistance - Dollars 26.26 Million;
- Material Control and Accountability Assistance for Civilian Nuclear Material - Dollars 7.5 Million;
- Science Center - Dollars 10 Million;
- Military-to-Military Contacts - Dollars 3.85 Million;
- SNM Dismantlement - Up to Dollars 136 Million;
- Reactor Safety - Dollars 11 Million in NUNN-LUGAR Funds will also be used to provide Reactor Safety Assistance in Ukraine.

11. THESE FUNDS COULD BE LOST IF NOT COMMITTED PRIOR TO THE END OF THE FISCAL YEAR. WE ARE SEEKING THE AUTHORITY TO CARRY OVER THESE FUNDS INTO THE NEXT FISCAL YEAR, BUT CONGRESSIONAL APPROVAL IS NOT ASSURED. WE ARE ALSO SEEKING AN ADDITIONAL DOLLARS 488 MILLION IN NUNN-LUGAR ASSISTANCE AS PART OF THE DOD'S FY'94 BUDGET REQUEST. NO DECISIONS HAVE BEEN MADE ON THE ALLOCATION OF THESE FUNDS. WE WOULD BE PREPARED TO CONSIDER ADDITIONAL UKRAINIAN PROPOSALS FOR NUNN-LUGAR ASSISTANCE SHOULD THE CONGRESS APPROVE ADDITIONAL FUNDS AND ASSUMING CONTINUED UKRAINIAN CERTIFICATION UNDER THE NUNN-LUGAR LEGISLATION. CHRISTOPHER