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DEPARTMENT OF STATE
WASHINGTON

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June 1, 1996

MEMORANDUM FOR: Secretary Perry
FROM: Acting Secretary Tarnoff
SUBJECT: Your Bilateral Visits to Ukraine and Portugal

Your visit to Ukraine will serve not only to highlight the last transfer of nuclear warheads to Russia under the Trilateral Statement, but also as an opportunity to reassure the Kuchma administration that we remain committed to Ukraine's security beyond full implementation of the statement.

President Kuchma's government is grappling with a wide range of security issues while at the same time battling leftist forces in the Rada to win approval of a new constitution, watching the Russian elections anxiously, and adjusting to new leadership with Pavlo Lazarenko replacing the dismissed Prime Minister Marchuk. On the Trilateral Statement, two compensation issues are still open. First, Ukraine and Russia have not yet signed an agreement on compensation for the tactical nuclear warheads that were transferred in 1994, apparently because of technical issues regarding payment of \$450 million in compensation. Second, Russia has been slow in delivering the nuclear fuel rods that are compensation for the strategic warheads.

As the Government adjusts to non-nuclear status, its diplomats are focussed on ensuring Ukraine's security as NATO enlargement unfolds. One key vehicle will be continuing strong participation in Partnership for Peace and development of an enhanced relationship with NATO. We are enthusiastic on both fronts, yet you should be prepared for the Ukrainians to push hard for a formal document codifying the NATO-Ukraine relationship. In addition, both NSC Secretary Horbulyn and Minister of Defense Shmarov recently requested a NATO information office in Kiev. We support sending a resident NATO staffer to Kiev to run an information center in the lead (Dutch) NATO embassy, as we have in Moscow, while postponing the decision on a separate office. On CFE, Ukraine appears to be willing to accept the new language we agreed to with the Russians. On the Warsaw Initiative, the Department of State's allocation for Ukraine, about \$2.5 million, is still held up pending a commitment from Ukraine to cease arms-related transfers to Iran and other countries of concern. This commitment would pave the way for Ukraine's membership in the Wassenaar export control arrangement and the removal of current U.S. prohibitions on munitions exports.

(17 June 96)

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