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Federal News Service

NOVEMBER 25, 1992, WEDNESDAY

SECTION: MAJOR LEADER SPECIAL TRANSCRIPT

LENGTH: 8252 words

HEADLINE: PRESS CONFERENCE WITH:
SENATOR SAM NUNN (D-GA)
AND SENATOR RICHARD LUGAR (R-IN)
SUBJECT: REPORT FROM THEIR TOUR OF RUSSIAN REPUBLICS
SENATE RADIO AND TV GALLERY
THE CAPITOL

BODY:

SEN. NUNN: Good morning. Senator Lugar and I have brief statements. We hope they'll be brief. But we have just returned from a trip to the four Republics that still have **nuclear** weapons -- Russia, Kazakhstan, Ukraine, Belarus. And we also went to Kirgizstan. So we've had a very busy eight-day period.

I started right before I left a trip in California. So if I look at all the time zones I've been through, I've been through 14 time zones in the last 10 days. So ask the questions slowly and expect very slow answers. (Laughter.)

We want to thank our staff, Bob Bell and Dick Combs, and Ken Meyer, and also Colonel Frank Norton, who helped coordinate the trip, but they did a splendid job, and that was the only way we were able to accomplish what we did accomplish.

I'm going to lay sort of a broad foundation of things that we observed, and then Senator Lugar is going to get into some specific recommendations. We are speaking jointly here, and I think our recommendations will be joint and our observations will be joint. So, really, he's speaking for me, and I'm also speaking for him. When we get to the question and answer session, there may be some nuances at that point. But, at this point, we will have all this in writing in a good bit more in detail in a report sometime hopefully early next week.

We believe this is a period of remarkable opportunity for the United States and for the free world, and for the emerging democracies in the former Soviet, Eastern Europe, and other places. These countries we visited are striving to build democracies. They are struggling to write new constitutions. And they're very anxious to get information from our own scholars and experts, and the recommendations for constitutions, dealing with such important subjects as a bill of rights and protection of minorities.

They are struggling to create market economies. They have expressed, each of the countries, a willingness to rid themselves of the weapons of mass destruction, which for years have been pointed at the United States. And that's the case in terms of getting rid of them completely in the case of Kazakhstan, Belarus, and Ukraine. In the case of Russia, they have expressed over again their willingness to work with the United States to reduce weapons and to handle the **nuclear** weapons and the **nuclear** materials in a very safe way. So that is encouraging. And they are attempting to create new military establishments with the important extra ingredient, which is really encouraging to us, of civilian control over the military. They have a long way to go in that respect, but they are anxious to get from us advice in that sphere.

This is also a period of high risk. The economies of these countries, particularly Russia, are under

tremendous strain, with high inflation that some predict will go into hyperinflation. The military conversion process, with such a huge percent of their economies having been involved for years in military. Their jobs depend on the military orders; those military orders are cut off. So, so many thousands of their people are really essentially being paid to do nothing. But the military conversion process, getting those people in productive enterprises, is slow in some cases and non-existent in other cases. That's an area of considerable risk.

Ethnic conflicts surround the **nuclear** countries, and that is of considerable risk and danger of spreading. Tension exists between Russia and the Baltics. Senator Lugar went to the Baltics for two days before I arrived, and he'll get into more detail on that at some point. But there's no doubt about the fact that there is tension there and that tension poses considerable risk.

There's mistrust between Russia and some of the other **nuclear** countries. The mistrust, in some cases, borders on very profound mistrust, and the United States finds itself in an unusual position of trying to work with both parties, in some cases, that have in the past been allies and who have been our adversaries, and we're now trying to keep them from becoming adversaries with the **nuclear** weapons and **nuclear** risk that entails.

The threat of a massive **nuclear** attack against the United States is probably at an all-time low since **nuclear** weapons were brought into the world. But the risk of some type accidental launch or some type unauthorized launch, that risk, if anything, has increased and continues to increase as instability increases in this region.

Now, why should the United States and the American people be interested and be involved when we have so many challenges and questions here at home? And that's a very important question. Let me just cite a few ideas I have on that, and I feel very strongly about it.

I think we have to be involved and we have to be concerned, and we have to try to help where we can. And, in many cases, it's on the margin, but, nevertheless, the margin can actually determine the fate of some of these countries. Number one, **nuclear** dangers. There are still thousands of weapons pointed at the United States. The fact that people have signed agreements and expressed oral commitments does not change the situation on the ground; it changes the intent, we believe, but it does not change the physical situation. So we have a tremendous challenge there and a tremendous stake there.

There's danger of proliferation of weapons of mass destruction and high technology weapons. There's a danger that the weapons themselves could be transferred to other countries. There's a danger about **nuclear** materials being transferred. And we ran into some specific cases of that which need to be further explored, but which are alarming.

Also, the question of the transfer of missile technology, the ability to make missiles. That is a very high risk area because, for the first time that I know of in the history of the world, we have the combination of scientists who know how to make weapons of mass destruction and know how to make missiles, who also have a very difficult time taking care of their own families. That's a potent combination. And we have military officers who don't know where they're going to live next month, who have in their possession very sophisticated weapons, including anti-aircraft weapons that could shoot down passenger liners if in the hands of terrorist groups. So this is the kind of very potent combination we've got, and we're going to continue to have that for several years to come.

We also have the danger of the proliferation of know-how, the know-how that could make these weapons, and that's important.

We also have a stake in America and the free world because of the threat of refugees pouring across borders after ethnic conflicts. We see that danger every day on our television, and it could threaten the countries that we have defended successfully against invasion with arms, but they may be invaded with refugees, which could be extremely destabilizing to a number of countries in Western Europe.

We have the danger of cross-border wars which could spill over from one ethnic conflict into other regions, and we also have a stake in the United States because we have countries that we've spent literally trillions of dollars -- trillions, not billions -- trillions of dollars to defend against that now are trying to incorporate and, in many cases, imitate United States values and United States overall system

of democracy and accord of human rights. So there's a tremendous stake there.

And finally, though it will be slow and high risk, there's tremendous economic opportunity, tremendous economic opportunity for America in the next 20 years. It will not be short term, but it can be one of the greatest growth markets for our companies and for our workers of anyplace in the world.

One observation on President **Yeltsin**. We met with him. I would summarize it very briefly by saying that he is absolutely committed to reform. He is not planning on backing up on that. He made that very clear and very emphatic. He may change his tactics, but he's not going to change his overall strategy. He expects a big fight, and we should watch for that because it's probably coming in the next couple of weeks, but if I was a betting man, I would bet on President **Yeltsin** making it, but it's not a matter of getting by this one and having a four or five-year period of comfort; it's a matter of getting by this crisis and perhaps waiting for another one down the road.

Senator Lugar's going to cover the main recommendations. Let me just cover three. Number one, President Bush has been through a tremendous political campaign that's put a strain on him and his family, and all of us feel great sympathy with him and his family by the passing of his mother. I would say, though, that he has a rare and unique opportunity and, I think, responsibility to complete a number of important transactions and a number of important negotiations in the next 60 days. We do not have the luxury, with the clock ticking in this part of the world -- our country and the Western world does not have the luxury of declaring a recess while we change administrations for 60 days and while we wait perhaps another 60 to 90 days for the Clinton administration to have their own people in place at the second and third levels down from the Cabinet.

So there is no time for a recess here. We have to move on. There is a unique responsibility here on the part of the outgoing administration and the incoming administration to work together and to make sure that we do not let anything slip in terms of accomplishing and completing these all-important agreements that relate to our national security and to our future. I think that's enormously important, and Senator Lugar will cover some of those details. So, no time for a recess.

The next recommendation is that we need a single high-level coordinator. There is no doubt about that. We need someone who has no other responsibilities except the former Soviet Union to try to make sure that we keep a focus on this. We not only need one coordinator reporting to the Secretary of State and the President; we need a coordinator, a single coordinator for every department dealing with this situation. We've got some people who are doing a good job ad hoc, but everything is ad hoc. There is no overall coordination in our government, and I think that is an absolute essential for this administration to do now and for the next administration to also do when they get in.

And finally, I don't think we have a strategy. We are doing everything ad hoc. The United States has got to have a strategy in dealing with the former Soviet Union. It's got to interrelate. It's got to interrelate economic policy, it's got to interrelate political policy, and also national security and arms control policy. So the creation of a coordinator and a strategy that can relate these matters which are related and intertwined is absolutely essential.

Senator Lugar is a splendid person to work with in every respect. It's been my great pleasure to work with him. And he's going to give you some of our fundamental recommendations. Senator Lugar.

SEN. LUGAR: As Senator Nunn has stressed, and I agree, this is a high-risk period. In many ways, the Nunn-Lugar amendments can be looked at as, in a sense, risk management, risk capital to try to diminish that risk. In many ways, Senator Nunn and I, he as a supporter of Governor Clinton, I as one who has championed President Bush, are elements of continuity in our persons, and we simply espouse the idea that that continuity is extremely important, for the reasons Senator Nunn mentioned, in the next 60 days. Let there be no doubt that the top priority for our government, for the President, for incoming President Clinton and for Senator Nunn and for myself, should be the safe, prompt dismantlement and destruction of all strategic **nuclear** weapons that we can lay our hands upon. We have no enemies among the new countries, and we will underline that. The fact is that awesome **nuclear** weapons remain in Russia, the Ukraine, Belarus and Kazakhstan. They are still in place, they are still on some element of **alert**, and they are still targeted against the United States.

And that's a very basic element the American people and our colleagues in the Congress have to

understand.

Now, we believe that the START I treaty could enter into force before the Bush administration leaves office on January 20th. The critical next step, if that goal is to be realized, is ratification by the Ukrainian parliament of the START I treaty and the non-proliferation treaty. That consideration, we were assured, might occur as early as December the 14th, with the possibility that both treaties might be considered as a package or at least in some reasonable sequence.

To facilitate a favorable vote in that parliament, and that's something that cannot be taken for chance, given a recent rejection of the defense doctrine by that parliament, we believe several actions are important:

One, cooperation with Russia in working with the United States to extend reasonable assurances concerning the sovereignty and security of Ukraine. We discussed that face to face with President **Yeltsin**, with Foreign Minister Kozyrev of Russia, and with our charge, and we know that text is underway to try to bring about those assurances, which were especially important to President Kravchuk of Ukraine.

Secondly, it focussed negotiations by Russia, Ukraine, Belarus, and Kazakhstan are required with flexibility on all sides for an appropriate revenue sharing agreement to share the proceeds from the United States purchase of highly enriched uranium from all the warheads that would be withdrawn to Russia. The United States, we affirmed again and again, will not pay any money to any state until a revenue sharing agreement is arrived at by all four. That is the continuity of revenue which at least the other states feel is their due and just compensation and likewise potentially a contract of great value as collateral to all four states in facing the economic emergencies they now have, conceivably the most important asset that they will have during this period of time.

Thirdly, we should intensify our discussions with Ukraine -- that is, United States discussions -- on establishing a specific level of Nunn-Lugar funding directed toward dismantling and destroying ICBM missiles and silos now on Ukrainian territory. Senator Nunn and I engaged with President Kravchuk in the room in which we had our meeting in a joint press conference beamed to all the people of Ukraine in which we affirmed specifically that Nunn-Lugar funds could be utilized if the idea was the one that we had presented -- total demolition, demolishing, dismantlement -- comprehensive -- of every strategic silo, weapon, warhead they have. And President Kravchuk used that word "comprehensive", understood that, also mentioned the sum of \$150 million very specifically as a sum beamed to the people as Nunn-Lugar funds that might be utilized, but not one penny until START I and the nonproliferation treaty are, in fact, affirmed by Ukraine and the other states.

Well, finally, when START it ratified by all signatories and entered into force, we should push to accelerate the pace at which **nuclear** warheads on missiles covered under the START I treaty are removed from the missiles. There is no reason why we should continue to aim thousands of warheads at each other for a seven-year period of time as set forth in START I. Specifically, in Belarus it was thought that in two years of time it was conceivable that all of the strategic weapons might be destroyed. It is conceivable that with Nunn-Lugar funds in Ukraine this entire, comprehensive dismantling and demolition could occur in much less than seven years. And we stress that is critical. Time may or may not be on our side, but this is risk management in a very bold manner.

Finally, we believe that the United States and Russia have a reasonable chance of finalizing a START II treaty so-called framework agreement, and seeing it signed before the Bush administration leaves office. That would be a fitting capstone for the Bush administration's substantial accomplishments in that area, and it would set the stage for further arms negotiations in the Clinton administration, working from a much reduced level, then, of strategic weapons in both of our countries. We were pleased to see that President **Yeltsin** shares our view that START II as well as START I can be completed promptly. We call on both governments -- the United States and Russia -- to give that high priority. Then I would point out that President **Yeltsin** stressed the fact that the next 60 days must be active days, and specifically in complimenting Senator Nunn on the victory of Governor Clinton, he pointed out that a hundred other days must not pass before we get on with these situations, thus emphasizing the continuity. We have other problems that I'll just touch on lightly, but they are very important.

Obviously, we must assist in the economic stabilization reform throughout the former Soviet Union, and we had many conversations about that with officials in seven countries. Our report will highlight that we saw the head of state in all seven countries -- Senator Nunn in the five that we visited jointly; I saw heads of state in Estonia and Latvia -- as well as the foreign ministers and all the other appropriate people. They were vitally interested in what we had to say and in seeing at least the sincerity we had as literally friends of the family. We can provide much technical assistance. We have many opportunities to promote American business and the vital breakthrough that must occur there, a legion of opportunities.

We should urge the IMF to beef up its presence in the key countries. We have visited with IMF wherever that was relevant, but that is a major focus of the Freedom Support Act the our country passed and the multi-national financing that is involved with that.

Finally, a high priority should be the continuing building of democracy and responsible internal procedures. In most of the countries we visited, constitutions are being written, American expertise is being sought. We had a very long conversation of an hour and a half with the President of Kyrgyzstan on specifically the checks and balances between the executive and legislative and how the legislature of the United States works and what elements should be drawn from that -- an intense focus by people who are building their country literally from scratch before they have elections and before they attempt to exercise democratic principles. There are remarkable opportunities in this particular time in our history to make a difference with friendly countries who will share our idealism and even our institutions if we are bold enough as to get there in time and to be intense in our efforts.

I would finally say that we should do our best to diminish ethnic tensions that plague the region. Specifically in Latvia and Estonia, there is great tension over the so-called citizenship law, over naturalization law, the elements that would make it possible for someone to vote in a national election, and, furthermore, the need for Russian troops to leave. These are all intermingled, to say the least. I pointed out to the press on several occasions one of the worst situations would be that Russian troops would leave in a very disorderly process. They are leaving. In Estonia, there are only 9,000 left, I was surprised to find, a predominant number of them officers. But there are also three **nuclear** reactors that have been used for submarine training. There are all sorts of miscellaneous environmental hazards that are involved. Without orderly retreat and agreements, the situation could be very difficult not only for them, but as we've often commented, in a worldwide environmental and ecological situation, for us too. So, for these reasons, once again, as friends of the family, we're welcome to try to think through how these ethnic situations could be diminished.

Senator Nunn has pointed out the continuity of the current situation. And, as footnotes, both of us would agree that Ambassador Armitage has done an excellent job coordinating humanitarian and technical assistance. We believe he should be kept in place until the new administration is fully prepared to take on these functions so there is no hiatus in the vigor of those operations.

Equally, we would commend General William Burns, who has done a remarkable job in coordinating State, Defense, and the Department of Energy. General Burns will be returning to Geneva, Switzerland in December to try to finalize once again this agreement in which the Department of Energy would purchase the highly enriched uranium and in which the whole revenue-sharing mechanism I have described earlier might be triggered. Those negotiations are important. We are hopeful that the Clinton administration would retain General Burns until that administration was fully prepared to undertake the very complex negotiations in which he has been involved.

Thank you, and we would be pleased to respond to your questions.

Q Senator Nunn, your comment that the country can't afford the luxury of declaring a recess for 60 days is tantamount to criticism of the President and the administration, if I can just finish. And then, President **Yeltsin** talking about "we can't wait a hundred days." Did he verbalize to you a concern that this administration is not engaged at this point?

SEN. NUNN: I think that the best way to categorize what President **Yeltsin** expressed was that the clock's ticking and the next 60 days in his country may be crucial. And the next 120 days, in all

likelihood, will be crucial in many respects. He made that very clear.

I'm not criticizing anyone. We are in an awkward period. We're in a very awkward period because both the President-elect and the President bend over backward not to intrude on each other's territory and turf. President Bush doesn't want to do things that would commit the Clinton administration to something they may not want to do because then he will be accused, as we've seen in past history, of trying to play politics with foreign policy in the sense of committing a new administration beyond where it wants to go. President-elect Clinton has said many times, and he's right on this, that we can have only one president at the time. And he doesn't want to try to be president when he's not sworn in yet. So, it's awkward for both of them.

But this is a rare situation. Both of them need to get together, and Senator Lugar and I will be conveying this, either jointly or separately to both President Bush and to President-elect Clinton, they need to get together and say, "This is a unique period of time. We've got to have a different kind of transition effort here." President Bush has, I think, a real opportunity to complete a number of crucial agreements and to supervise and preside over some accomplishments which Senator Lugar has already outlined in the next 60 days. And he needs to, I think, understand that, and I think President-elect Clinton needs to say to President Bush, if he has not already, may have, I don't know, that he wants him to go ahead with these matters and that he will back him on these matters. And there needs to be some transition kind of coordination so that the Clinton people understand what's going on. They will not be making the decision, the Bush administration will, but they need to be kept informed. So, it's unique, and the clock's ticking.

Q Senator, can I follow on that? You said that Clinton needs to tell that to Bush. Does Clinton need to make any kind of public statement or perhaps some statement to the Russians and the other former Soviets to send them the clear signal that he will not consider undercutting or consider revising any agreements that President Bush reaches in the next 60 days?

SEN. NUNN: Well, I think I've gone about as far as I can go. I can't orchestrate it. I just want to give you the general concept, and then they'll have to get together and discuss it. I think that has to be discussed between them. These will be our recommendations.

And I think there are people in this part of the world that really want to know who to deal with and how to deal and how far they should go in the next 60 days. They want to know whether to put their bottom line positions on the record, or whether to wait until there's a new administration.

If it was just 60 days, it would be one thing. That's crucial enough. But we all know that the confirmation process and getting the people in place at the second and third levels that are critical positions, that's going to take until April or May. So, we're talking about a long time here that is absolutely critical in this situation.

Q Senator Nunn, you talked about the policy being ad hoc and the need for greater integration of economic and national security --

SEN. NUNN: Political arms control.

Q Wasn't that what the FREEDOM Support Act was supposed to do?

SEN. NUNN: Well, the FREEDOM Support Act is the legislative background, but it doesn't put the people in place. It doesn't say how it's supposed to be administered and run. And what we need is one person who has no other responsibility. Larry Eagleburger is a wonderful public servant. I don't know of anybody I'd rather have in the position now than Larry Eagleburger. He is dedicated, and he is sacrificing tremendously. But he can't handle everything in the world, and we need someone who has no other responsibility but this.

We've spent, what, \$10 trillion since World War II -- \$10 trillion -- and now we have the opportunity to make -- lay the foundation for our children and grandchildren of a more peaceful world. It's an opportunity that may not pass our way again.

Q Senator Nunn, you alluded to some alarm over reports of trades for **nuclear** materials. Can you elaborate on that?

SEN. NUNN: Well, we don't have any documented cases, but we did talk to some high officials in Belarus, and they told us that there had been several cases of Uranium being smuggled that they have

known about, that was smuggled across their own borders. They are worried about the security of their own borders, and they want our help in helping secure their borders. This is another area where the Nunn-Lugar amendment can zero in and help protect us and help protect them.

I think these countries want to do --

Q (Off mike.)

SEN. NUNN: I don't know the details of it. We went into as much details as they knew right now, but there have been smuggling efforts, and there have been shipments that have been interrupted, and if there have been shipments interrupted, that leads to the question of whether there have been shipments that have gotten through -- of uranium, and highly enriched uranium which could be used in weapons. That's something that is of concern to all of us, and again, the clock is ticking. We have to deal with these things, we're not going to be perfect, we're not going to stop everything from being transported out, but if we don't give it an all-out effort, then we will pay the price in years to come.

Q If I could follow up on that, what is your alarm about that?

Q Which borders are they --

SEN. NUNN: The story we heard about was Belarus-Poland border.

Q What is your alarm about this?

SEN. NUNN: Well, the alarm is that you would have this -- these shipments go to countries that might produce weapons of mass destruction. We do not want to proliferate weapons of mass destruction around the world, and Senator Lugar correctly emphasized the great importance of getting people signed up to the Non-Proliferation Treaty. That's enormously important, and is a part of this whole control mechanism.

Q What was the reaction to buying the enriched uranium that Senator Lugar talked about before he left, about this revenue-sharing thing run by Russia that they basically buy the fissionable material?

SEN. LUGAR: Each of the countries thinks it's an excellent idea. Just to outline the proposition, which you probably all understand, if you can think of all the tactical **nuclear** weapons heading toward Russia, and ultimately warheads from the strategic weapons, some storage facility which houses these weapons, and tediously, day by day, month after month, year by year, somebody dismantling them, taking the fissionable material -- highly enriched uranium -- and putting it into a large vat, container, or whatever else -- under Nunn-Lugar funds, \$15 million has been allocated to design what the storage of this is to be -- and then the United States, in a contract with Russia, buying the highly enriched uranium over a 20-year period of time, it flows out, so the literally it's all contained. All of the dangers that have been involved in these weapons are contained, come out to us -- Department of Energy contracts with American firms, or under its own auspices, denatures the material and sells it then to **nuclear** facilities in the United States for peaceful purposes, gets its money back. This is not \$5.5 billion in foreign aid, this is a direct, commercial, but security-laden purchase which recycles in this way in different form. Now to the extent we get things into those channels, then our problems, of course, are diminished. All four of the countries we visited with find this to be an excellent idea. They are close, as far as we can tell, to knowing about what their fair shares ought to be. But we emphasize they've got to come to that agreement before a penny goes out to anyone, before the first purchase is made. They understand that -- the urgency of obtaining the money, I would stress to you is a very strong reason why they want to move swiftly, as I would if I were in their shoes.

Q How much money are we talking about?

SEN. LUGAR: It could be as much as \$5.5 billion over 20 years of time for 500 tons of highly enriched uranium. Now no one knows whether 500 exactly captures it all, and the Department of Energy and General Burns, in particular, will be negotiating that contract again in Geneva in December. So these are ballpark estimates that come from General Burns.

SEN. NUNN: Also, Senator Lugar has already mentioned this, but it ought to be emphasized. Once this agreement is signed, you've got something that they can take to the bank for collateral. It can give them some immediate relief on some of their critical financial problems; at the same time, it's a sound business deal for us. And so it's a -- it's one of those items that has to be dealt with now. You can't wait 60, 90 days on this. The mood of all the parties can change tremendously in the next 60 days because

they are at odds with each other in many cases. They are not -- it's not a smooth operation over there. Q Will they sell us that material without having signed additional agreements? They are selling us the weapons-grade material, then their weapons are useless, right?

SEN. NUNN: Well, it's the material coming from the weapons they've already agreed to dismantle, so we're not talking about getting rid of every weapon in Russia now, we're talking about the weapons that have been agreed to be dismantled, in the case of Russia, under START I and hopefully under START II, if that agreement is completed -- when it's completed and if it's completed -- and the weapons that are coming out of these other countries, because they are going to be non-**nuclear** countries. They pledged that in the Lisbon Protocol. And we emphasized over and over again, particularly to Ukraine, "You have made a commitment, you have said you're going to be a non-**nuclear** state. This is the most important commitment you can make to the United States, you've made that commitment, and all of our relationship depends on you keeping this commitment." We said that to all three of the states, but very specifically to the Ukraine, and I think they understand that.

Q Senator Nunn, you said that risk of an accidental launch could be higher now than it has ever been. How should we respond to that?

SEN. NUNN: Exactly what we've outlined here today.

Q Is there anything more --

SEN. NUNN: The START Treaty, the Non-Proliferation Treaty, the Nunn- Lugar funds, export controls, border controls, working with them on technical assistance, and helping them as far as we can with their economy.

We also are addressing that issue very specifically with the Nunn- Lugar Fund for joint science centers. There is already one -- (audio break) -- negotiated with the Ukraine. We are recommending there be one negotiated, a Joint Science and Technology Center, with Belarus. This can help employ constructively people who would otherwise be tempted to either sell material or who might be tempted to go to work for third world countries because they have expertise. These people have marketable commodities. This is not -- we're not dealing with third world countries that don't have anything to sell here. We're dealing with sophisticated, smart, scientific engineers and technicians who understand how to make chemical and **nuclear** weapons, and also understand how to have missile technology. This is not a normal situation.

Q What do you both make of the story -- I thought it was a very alarming story -- in the Post this morning about the opposition within Russia to doing any further dismantling the **nuclear** system. You've got tremendous political opposition. Do we need to do more to boost Yeltsin's strength, his hand, with the people who are opposing any more cutbacks?

SEN. NUNN: Well, as I read that story, and again, with a little sleep and a lot of travel, I read the story to have two thrusts. One is that the START II treaty has got some opposition within the Russian military. There's no doubt about that. But we talked to them at length about the START II treaty. They are submitting their own draft of START II probably this week. There are going to be differences, and this has got to be negotiated. And this is another one of those items that the Bush administration should try to negotiate while they're in office, if possible.

The START II objections will be to the SS-18 silos. But it's important to understand, at least the way we understand their objection is, it's primarily economic. They want to use those silos and don't want to spend the money to build new silos for a single-warhead missile. But we emphasized to them that the SS-18 silos being destroyed and not being used again was a critical understanding we have and was very important to us. So this is an area that's going to have to be dealt with. But it's not conceptual. They aren't saying they want to go back to MIRVed missiles. What they're saying is they do not want to spend the money to build new silos. They want to use those same silos, and they'll let us come in and inspect them, and so forth. But it's very important and it has to be worked out, and I think they understand that. The other dimension of the story was puzzling to me because the headlines would indicate there's been some great change and now Russia is not going to eliminate all their **nuclear** weapons. I never knew they were. I mean that's -- we've never agreed to eliminate all **nuclear** weapons. They've never agreed to eliminate all **nuclear** weapons. So I was puzzled by that part of the story. Frankly, I didn't think it was

either news, nor did I think it was accurate. We're not dealing with the total elimination of all **nuclear** weapons. So I didn't understand that part of the story. Maybe when I read it again I will.

Q Senator Nunn, do you think that Bill Clinton is ready now to pick up where Bush left off in terms of the arms control relations between the US and Russia?

And I know you don't like getting this question repeatedly, but it's inevitable --

SEN. NUNN: Well, just don't ask it then! (Laughter.)

Q Can you comment on the continued speculation about whether or not you're in line for a Cabinet position and whether or not you'd be interested?

SEN. NUNN: What was the first question? (Laughter.)

Q The first question was, do you think Bill Clinton is ready to focus on arms control with Russia? He said that he really wants to focus on the economy. Do you think he's ready in this field as well?

SEN. NUNN: Well, it's going to take some time. He's got to get his top people in place. You don't come off of a year and a half campaign effort and walk out and start negotiating START II. This is something -- he'll have his advisers, he'll have his transition team, he'll have, I'm sure, an excellent Cabinet, people in place -- Secretary of Defense, Secretary of State, and others. He'll have second and third level people who will know these matters in great detail. But all of that's going to take time. That won't happen until April or May.

I'd like to see START II completed by the end of the Bush administration. I'd like to see, if it's not completed by the end of the Bush administration, to keep a coordinated effort between the people in the Bush administration who are negotiating that and the Clinton people who are coming in so we don't have to change players right in the middle of a negotiation. That's what I'm talking about about coordination, and that's got to be done.

In terms of Cabinet position, I've had no discussion with the President-elect at all about me being in the Cabinet. That subject has never come up between us, and I'm happy in the United States Senate.

Q Is it the sort of thing that you would take, if appointed, to Secretary of State or -- (inaudible) --

SEN. NUNN: If he offered me the assistant secretary to the deputy secretary of Agriculture for the peanut program, I would probably accept it because Senator Lugar is trying to kill it. (Laughter.)

Q Can I ask a question about our economy? Consumer confidence was way up yesterday. The GDP is up 3.9 percent -- the biggest its been in the entire Bush administration. Existing home sales have taken their biggest jump in over six years. Is this an aberration we're seeing, or are we finally seeing real signs of improvement?

SEN. LUGAR: I think we're seeing signs of improvement. The economy is recovering. I would just say simply, as one who campaigned on this subject for awhile, some of us indicated the economy was recovering, the economy would recover. And I think 1993 will be a great year. And obviously that will benefit the American people; it will not benefit George Bush. Too late, I suspect, for that. But we're on the road to recovery.

The problems that we're talking about today, however, are interrelated to that. For example, if START I doesn't occur, if non-proliferation doesn't occur, if there is apparent breakdown in our ability to control **nuclear** material, if in fact things don't go well for President **Yeltsin**, over in this meeting now, or subsequently, and Ukraine takes off in a different direction, and a whole raft of things occur, the impact upon our economy is likely to be profound. These are not two separate subjects. And I think Senator Nunn and I have tried to stress that throughout.

The security of our country, which underlies this potential increase of plus-2, plus-3, plus-4, we hope, of growth next year comes from the security arrangements which have to move along. So, in that sense, I would stress that prosperity may be coming around, but it could be dashed very rapidly if our foreign policy situation doesn't work out.

Q Senator Lugar, you expressed great opportunities for Americans in the former Soviet Union and the former republics. Would failure to get START, or some of these other things, quickly, would that have some kind of effect on overall trade or business opportunities, joint ventures --

SEN. LUGAR: Well, to underline Senator Nunn's point, which we made in the Ukraine, they've made pledges in Ukraine, in Belarus, Kazakhstan, to sign START I, to sign non-proliferation treaty, to get on

with the general destruction of **nuclear** weapons.

Obviously, if for some reason these nations do not keep their word and these arrangements do not work out, the effects upon American commercial interests or American diplomatic interests are likely to be profound. They understand that. They have pledged to us on the affirmative side, that they are going to move.

Our purpose in visiting with them was to try to make sure timetables are set up, that the urgency occurred, that people don't backslide in Kazakhstan saying they're not doing it in Ukraine; that we keep circulating around. They could see us on Russian television every night, entering these negotiations, talking about it, all of them watching the same programs, the same progress. I think we're on track. But this is a job for President Bush, a job for incoming-President Clinton. As Senator Nunn alluded, we can only do so much. As intermediaries, we have tried to at least get the process going.

Q Senator Nunn, your colleague, your colleague Wyche Fowler, just lost his Senate seat. And President-elect Clinton went down in a last-minute campaign --

SEN. NUNN: Why don't we get through with the subject on this, and then we'll come -- I'll come back. I'll answer that question. But I don't -- I'd rather get through this subject and then go to that.

Q For either Senator. Right now we have no ambassador in Moscow. We have an Acting Secretary of State whose term as acting Secretary of State runs out in about another 30 days. We have, you know, a White House that has seemed to be disengaged on most issues since the election, that you both referred to. In fact, is the administration in any shape to be able to pursue these goals that you outlined? Do they have the personnel, the decision-makers, and the initiative to be able to really push these issues to a conclusion?

SEN. NUNN: You've identified the problem rather accurately, and I think it's alarming. I think that we really have to have a strong recommendation here, and that's what we're trying to do, that this course not proceed in this direction.

You've also got a lot of assets here. You've got people who would be willing to take on a coordinating job for 60 days. You've got people in the government that could do that. You've got people that are close friends of President Bush that could do that. You've got people who are friends of President Bush and President Clinton who could do that. You've even got former ambassadors back here from Moscow who could do that. There are people available. It's just going to take the President, the incoming- President and the outgoing-President, saying, okay, there's too much at stake here for us to be bending over backwards to accommodate each other and, at the same time, have that being done at the expense of our own national security.

Q Senator Lugar, when do you expect to see -- do you expect to see President Bush to discuss this? And if so, when? Have you talked to him? Do you have any time set? Has he expressed --

SEN. LUGAR: No, there's not a time set. I hope that that will be possible for us to visit with the President and with Secretary of State Eagleburger. And I would hope we might be able to see the President-elect, Mr. Clinton. I think all three of these would be helpful. But we just arrived back hours ago, and these times have not been set. I think all three of the individuals know of our interest and, likewise, of our trip, and perhaps are curious as to what occurred.

Q Do you think it would be a good idea if Clinton and Bush met once again and just talked -- and focused on what you're proposing?

SEN. NUNN: Well, it would be up to them. And we were gone when they met, so they may have already covered some of these subjects. We just don't know. And we'll catch up on that. But we will be making these recommendations, and probably some others, of a confidential nature, that would go to both individuals. I think that's very important.

Let me give you just two examples of why this is so much in America's economic interest. Oil and gas. The oil and gas resources in that part of the world are vast, and they desperately need American equipment. This is an area where the government can come in and not get in the way of private enterprise but help facilitate that through the appropriate guarantees, not against economic risk, but against political risk. Beefing up OPIC is a tremendous opportunity now.

Another example, and this gets into the economic and security. In the Baltics, one of the main reasons

the Russians are slow in getting out of the Baltics, I believe, is because they don't have housing for the troops when they get back. Germany was wise enough to undertake a housing program for the Russians getting out of Germany. And I think the international community ought to be wise enough to help prevent perhaps even a conflict in the Baltics between Russians and the Baltic states, by helping them in this unique period of getting their troops with adequate housing for their families. It's a unique opportunity. I'd like to see American businesses get involved in that. And I'd like to see perhaps us at least look at government facilitation in that respect. That's got to be studied carefully. Somebody's going to build tens of thousands, hundreds of thousands, perhaps even millions of houses in that part of the world over the next 20 years. I'd like for it to be Americans. I'd like for it to be American materials. I'd like for it to be American workers. I'd like for it to be American businesses. That's a tremendous growth market.

Again, these are educated people. They had a different system, a rotten system that didn't work, but they are talented, educated people, and I think we need to understand that in terms of looking at the market there.

Q Senator, Russia this week was suspended from the CCC program, the agricultural credit program. They missed a payment. Did you pick up any indication whether or not they intend to again get on schedule and meet the back payments? And number two, if not, should the US cut them some slack and allow some of those credits to go forward? They were key to the FREEDOM Support Act.

SEN. LUGAR: Well, our position is they ought to be current. There has been a default of a portion of one interest payment by a day. My understanding is that they will make that good. They understand the urgency of doing that. And I think we ought to continue on that track.

Obviously, they have a problem, and this shows how finely cut are those reserves at this point. But they understand that they have to be forthcoming with those payments if they anticipate greater credits for agriculture, and I'm confident they will do so.

SEN. NUNN: I think debt restructuring overall is taking place in terms of negotiations between the various governments involved, and debt restructuring has to be helped by IMF and the World Bank. That is being done now, and I think it has to be done.

Q Senator Nunn, you mentioned that there's a tremendous growth market over there. And one thing you mentioned was the possibility of Americans building houses over there for troops coming home. Where are some of the other growth --

SEN. NUNN: Well, in the whole energy area. I ran into -- not this visit, a previous visit, I ran into a small businessman from Georgia, a young fellow, and he'd just put in something like 15 drugstores in Moscow. And I don't think he took a lawyer and an accountant along with him, I think he just made a deal and went out there and started doing it. And he's doing extremely well and plans to expand. They need medicines in a critical way. Part of this is humanitarian and part of it is business opportunity. Pharmaceutical companies, if I had any ownership in one, I'd be over there looking right now about making some kind of joint venture deals there.

critical of the Bush administration. What we are outlining is a unique situation. The problem now is both the President and the President-elect are bending over backward not to intrude on each other's turf. And it's simply not one of those times that we can afford that.

SEN. LUGAR: Let me just -- may I just add a quick answer to that? It's in the best interests of these countries to do something. You know, leaving aside leadership in our country, which I agree with Senator Nunn is imperative, the fact is that for each of those four countries, signing the START I treaty, signing Non-Proliferation, gives them some possibility of triggering the Nunn-Lugar funds to demolish the things they want to get rid of in order to have some safety and security in their own lands. In the case of Ukraine, where they've had already Chernobyl, they are eager to get done with the problem. And likewise with Belarus. So, of course, it will be helpful if President Bush and President-elect Clinton are offering leadership, but there are impelling reasons that we pointed out and that I think are demonstrable to all of them why they ought to act in any event.

Q Thank you very much.

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