

**Baltic Sea Region Brief:  
Advancing Baltic Sea Region Cooperation  
1998-1999**

**A Selection of Speeches, Joint Statements,  
Communiqués, and Treaties**

*Edited by David Park & Madelene Kornfehl*

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## Contents

Foreword .....	ii.
<b>I. U.S. Baltic Relations</b>	
Remarks by President Clinton at the Charter Ceremony <i>President Bill Clinton, January 16, 1998</i> .....	1.
First Anniversary of the U.S.-Baltic Charter of Partnership <i>U.S. State Department Spokesman James Rubin, January 14, 1999</i> .....	5.
Remarks at the Mucenieki Refugee Center <i>Ambassador James Howard Holmes, February 12, 1999</i> .....	6.
Joint Statement <i>Secretary of State Madeleine K. Albright, President Lennart Meri, President Guntis Ulmanis, President Valdas Adamkus, April 22, 1999</i> .....	7.
The United States and the Baltic States; A Partnership for the Next Century <i>Ambassador Lyndon L. Olson Jr. March 13, 1999</i> .....	8.
Remarks at the Dinner in Honor of the Baltic Sea Region Investment Conference <i>Ambassador Lyndon L. Olson Jr. June 8, 1999</i> .....	12.
Press Encounter with Secretary of State for European and Canadian Affairs Marc Grossman in Latvia <i>Secretary of State for European and Canadian Affairs Marc Grossman, June 21, 1999</i> .....	14.
Remarks at the Baltic Commission Ceremony <i>Deputy Secretary of State Strobe Talbott, July 16, 1999</i> .....	20.
<b>II. U.S. Russian Relations</b>	
U.S., Nordic, Baltic Defense Ministers Agree on Continued Engagement with Russia <i>Secretary William S. Cohen, Minister for Defense Jan-Erik Enestam, Minister for Defense Bjorn von Sydow, Minister for Defense Hans Haekkerup, Minister for Defense Juri Luik, Minister for Defense Girts Kristovskis, Minister for Defense Stine Nevisdal, Minister for Defense Eldbjorg Lower, July 10, 1999</i> .....	26.
Relations with Russian Federation Enhanced, U.S.-Baltic Partnership Commission Communiqué <i>Deputy Secretary of State Strobe Talbott, Minister for Foreign Affairs of Lithuania Algirdas Saudargas, Minister for Foreign Affairs of Estonia Toomas Hendrik Ilves, State Secretary for Foreign Affairs of Latvia Maris Riekstins, July 19, 1999</i> .....	33.
Joint Statement of the Co-chairmen of the U.S.-Russian Joint Commission of Economic and Technological Cooperation <i>U.S. Vice President Al Gore, Chairman of the Government of the Russian Federation Sergey Stepashin, July 27, 1999</i> .....	37.

### III. The New Transatlantic Agenda & The New Euroatlantic Relation

Remarks on U.S.-European Union Relations Association of German Chambers of Commerce and Industry <i>Under Secretary of State for Economics Business and Agricultural Affairs Stuart Eizenstat</i> <i>January 27, 1999</i> .....	40.
New Challenges for the Transatlantic Alliance: A U.S. Perspective <i>U.S. Permanent Representative on the North Atlantic Council Ambassador Alexander Vershbow, March 17, 1999</i> .....	51.
European Security and Conflict Prevention: Four Challenges for the New Millennium <i>Ambassador John C. Kornblum, April 28, 1999</i> .....	58.
Nato and the Baltic States: Implications of Enlargement Policies <i>Ambassador Alexander Vershbow, May 7, 1999</i> .....	68.
Nato and the European Security Architecture: An American View <i>Assistant Secretary of State for European Affairs Marc Grossman</i> <i>May 20, 1999</i> .....	73.
The Trans-Atlantic Alliance on the Threshold of the 21 <sup>st</sup> Century <i>Ambassador Richard Swett, May 20, 1999</i> .....	79.
Address to the OSCE Reinforced Permanent Council, Vienna <i>U.S. Deputy Assistant Secretary of State Ron Asmus, July 23, 1999</i> .....	82.

### IV. The Northern European Initiative

An American Perspective on Regional Integration <i>Deputy Secretary of State Strobe Talbott, March 5, 1999</i> .....	87.
Statement to the Senate Foreign Relations Committee <i>Ambassador Designate Barbara Griffiths, July 21, 1999</i> .....	90.

### V. Appendix

Charter of Partnership Among the United States of America and the Republic of Estonia, Republic of Latvia, and Republic of Lithuania <i>January 16, 1998</i> .....	92.
The Alliance's Strategic Concept <i>April 23 and 24, 1999</i> .....	98.
The U.S.-Russia Joint Commission <i>July 27, 1999</i> .....	116.
Baltic Action Plan <i>1999</i> .....	118.
The Northern European Initiative <i>1998</i> .....	119.

## **Foreword**

This publication chronicles the continued engagement of the United States government in the Baltic Sea region and the growing importance the region has for American national interests. The speeches, communiqués and joint statements in this publication, dated after November 1999, except for President Clinton's remarks at the Charter Ceremony of 1999, testify to this growing focus of the United States policy. Likewise, the fourth annual Stockholm Conference on Baltic Sea Security and Cooperation and its co-sponsorship by the American Embassy Stockholm is another example of the importance the United States attaches to the Baltic Sea Region.

This year's conference "The Fourth Annual Stockholm Conference on Baltic Sea Security and Cooperation", co-sponsored by the American Embassy Stockholm, the Swedish Institute for Foreign Affairs and the Stockholm International Peace Research Institute, will look at the future of regional security in this new Europe, and specifically at the challenges to advancing Baltic Sea region cooperation and integration. The focus will be on four key issues: 1) The Impact of Kosovo and the Enlargement of European Institutions; 2) Building Cooperative Security in the Baltic Sea Region; 3) Combating Crime and Corruption: Russia, the Baltics and Euro-Atlantic Cooperation; 4) Civil Security and Promoting Business Development.



## Remarks by President Clinton at the Charter Signing Ceremony

*January 16, 1998*

**T**hank you. President Meri; President Brazauskas; President Ulmanis; members of the Estonian, Lithuanian, and Latvian delegations; Secretary Albright; Mr. Berger; members of Congress, Senator Dole, Mr. Brzezinski, and all friends of the Baltic nations who are here.

The Vice President and I and our administration were honored to welcome President Meri, President Brazauskas, and President Ulmanis to Washington to reaffirm our common vision of a Europe whole and free, where Estonia, Lithuania, and Latvia play their full and rightful roles, and to sign a Charter of Partnership to build that Europe together.

To the three Presidents, let me say thank you. Thank you for the key role you have played in making this moment possible; holding to the difficult path of political and economic reform; leading Estonia, Latvia, and Lithuania back to the community of free nations where they belong.

This Charter of Partnership underscores how far your nations have come. Almost exactly seven years ago today, Baltic citizens were facing down tanks in the struggle to reclaim their independence. Today your democracies have taken root. You stand among Europe's fastest growing economies. Your nations are a source of stability within your region and beyond, through the Partnership for Peace, the Baltic Peacekeeping Battalion, and your contributions in Bosnia.

America has been proud to support this progress, through our seed assistance program, more than 500 Peace Corps volunteers, and in many other ways. We share a stake in your success. And with this charter we set out a framework to achieve our common goals. It affirms our commitment to promoting harmony and human dignity within our societies. It stresses our interest in close cooperation among the Baltic states and with all their neighbors. It launches new working groups on economic development to spur greater trade, investment, and growth, complementing the efforts of our European friends. And it furthers America's commitment to help Estonia, Lithuania, and Latvia to deepen their integration and prepare for membership in the European Union and NATO.

Of course, there can be no guarantees of admission to the Alliance. Only NATO's leaders, operating by consensus, can offer membership to an aspiring state. But America's security is tied to Europe, and Europe will never be fully secure if Baltic security is in doubt. NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Lithuania, and Latvia can one day walk through that door.

The hopes that fuel the goals of this charter must be matched by our will to achieve them. That's why we're forming a new partnership commission which Deputy

Secretary of State Strobe Talbott will chair. I'm pleased to report that the charter is making a difference already. Yesterday our nations signed treaties to eliminate double taxation, which will encourage American business to play an even greater role in Baltic prosperity. We're also expanding our common efforts to combat organized crime with better information-sharing and more joint operations.

And this year the United States, in a unique public-private partnership with the Soros Open Society Institute, will be creating a Baltic-American Partnership Fund to promote the development of civic organizations. Nothing is more crucial to democracy's success than a vibrant network of local groups committed to their communities and their nation. I want to thank George Soros for his visionary generosity.

I also want to say a special thanks to the Baltic American communities. For 50 years Lithuanian, Latvian, and Estonian Americans kept alive the dream of Baltic freedom. Now on the verge of a new century, they are working here at home and with their Baltic brothers and sisters to make sure the hard-won blessings of liberty will never be lost again.

President Meri, President Brazauskas, President Ulmanis, we recall the August day in 1989 when hundreds of thousands of people linked hands from Tallinn to Riga to Vilnius, forming a human chain as strong as the values for which it stood. Today that Baltic chain extends across the Atlantic Ocean. America's hands and hearts and hopes are joined as one with yours. Working together we can build a new Europe of democracy, prosperity, and peace, where security is the province of every nation. And the future belongs to the free.

Thank you very much. (Applause.)

**PRESIDENT ULMANIS:** Dear President, ladies and gentlemen, today is a happy day as we are signing the U.S.A.-Baltic Charter. This charter will serve as a key for the next century. It makes us allies. Our signatures provide the strategic philosophy for the next century. They mark strong Atlantic -- and also the formation of a new Europe. The Baltic region is a success story for all who shape it by their everyday work.

I call on President Clinton and his administration to get actively involved in the formation of its future. The symbolic meaning of the charter has been expressed in its first words, which speak about our common vision of the future. It has been created by people of our country in continuous work by mutual enrichment. I am proud of my people and its strengths. I am proud of my friends who I am happy to welcome here.

Thank you. (Applause.)

**PRESIDENT BRAZAUSKAS:** Dear President, ladies and gentlemen, today we are signing the particularly important document with the United States of America, with which we not only share common values, but are also linked by a number of American Lithuanians who have found home in the United States. The Charter of Partnership establishes the institutional framework that promotes the furtherance of

bilateral and multilateral cooperation, reciprocal support to the Euro-Atlantic integration and common efforts designed for the consolidation of security, prosperity, and stability within the region and Euro-Atlantic area as a whole.

The U.S.-Baltic Charter confirms repeatedly that Lithuania is a serious candidate for accession to NATO, as well as that the United States supports the Baltic states' aspirations and their efforts to become members of the Alliance.

Lithuania values the Charter first and foremost as the commitment to its further role as the promoter of stability within our region and Europe as a whole; its commitment to progress, economic reforms, and further enhancement of defense system effectiveness and interoperability with the North Atlantic Alliance. We appreciate and our supportive of President Clinton's and the U.S. role of leadership in opening up to Central European democracies the doors to history's most successful alliance. It is our hope that this openness to new members will enhance the security and stability for all the present and aspiring members, as well as other European nations.

Thank you. (Applause.)

**PRESIDENT MERI:** Mr. President, Excellencies, ladies and gentlemen, today is an historic day in the history of our four nations. With the signing of the Charter of Partnership among the United States of America and the Republic of Estonia, the Republic of Latvia, and the Republic of Lithuania, we enter a new phase of even closer United States-Baltic relations

Seventy-five years ago last summer, the United States and Estonia -- entered diplomatic relations, thus launching a special relationship based in mutual respect and trust. There is an old saying that one recognizes a true friend in times of need. With its bipartisan support for non-recognition policy, America was a true friend of the Baltics in a time of need, acting as a beacon of hope throughout the long, dark and cold years of the Soviet occupation.

You, Mr. President, were a true friend when, four years ago, you personally contributed to making sure that occupation would end and the foreign troops would withdraw. This principled behavior is one quality of United States' foreign policy that we greatly admire. The fact that morals play a major role in America's foreign policy is what defines the United States as the world's remaining superpower.

Estonia sees the United States-Baltic Charter as the latest expression of that principled approach. The Charter recognizes the Baltic States' role in the American strategy to guarantee security and stability on the European Continent, and spells out that the United States has a real, profound, and enduring interest in the security and sovereignty of the Baltic States

An important element in our security strategy is eventual full membership in NATO. We believe that NATO continues to be the sole guarantor of security and stability in Europe. Estonia applauds President Clinton for his leadership in starting the process of NATO enlargement which has already redefined the terms of security policy in Europe.

Estonia also understands that NATO enlargement through the Baltics will be the next big project of the Alliance. We believe that the question of Baltic membership in NATO will become the real test of post-Madrid security thinking -- that is, that countries shall be able to choose their security arrangement regardless of geography.

We are confident that with American leadership, this test will be met with success. Thank you. (Applause.)

**THE PRESIDENT:** I thank you all. We are now going to sign our charter. Before we do, I just want to say again how much I appreciate all of our guests coming here, all from the three nations, their American counterparts. And thank you Senator Durbin, Congresswoman Pelosi, Congressman Shimkus, Congressman Kucinich. Thank you, Senator Dole and Mr. Brzezinski.

And I'd also like to point out -- I didn't earlier -- we have a very large, unusually large, representation from the Diplomatic Corps here, which is a tribute to the importance of this moment that the rest of the world community attaches to it. And I thank all the ambassadors who are here. Thank you all very much for your presence. (Applause.)



## **First Anniversary of the U.S.-Baltic Charter of Partnership**

U.S. State Department Spokesman Stan Rubin

*January 14, 1999*

**J**anuary 16 marks the first anniversary of the U.S.-Baltic Charter of Partnership, a year that has seen remarkable progress in achieving the Charter's goal of promoting the integration of Estonia, Latvia, and Lithuania into the European and transatlantic communities. Latvia has been accepted into the World Trade Organization. Formal negotiations on European Union accession are now underway with Estonia. Latvia and Lithuania have an EU commitment for eventual membership but have not yet advanced to the formal negotiation phase. Estonia and Latvia passed citizenship and naturalization laws that comply with Organization for Security and Cooperation in Europe standards, and the last Russian military facility in the Baltic states closed as previously agreed. Our governments have worked together to attract significant new investments into the region, especially in Lithuania's energy sector. We have completed baseline military studies of all three countries which are already being used to develop efficient, modern, interoperable armed forces. Lithuania hosted an exercise in which thousands of U.S. and regional forces participated.

In the coming year we will continue to work with the Baltic countries to advance our common agenda. Working through the defense and economic bilateral working groups as well as international organizations, we will focus on increasing economic investment in the region, promoting the full integration of minorities, and building on the solid start we have jointly made on environmental, health, crime, civil society, and other issues. We will host the second annual meeting of the Baltic Partnership Commission in Washington this May, where we will be seeking new avenues of cooperation.

The Baltic Charter underscores, in President Clinton's words, that "NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Latvia and Lithuania can one day walk through that door." The United States renews its commitment to work with the NATO allies to develop for April's Washington NATO Summit new ways to assist all partners aspiring to NATO membership, including the Baltic countries, to strengthen their candidacies



**Remarks of the Ambassador of the United States  
James Howard Holmes**

At the opening of Mucenieki Refugee Center

*February 12, 1999*

**I**t is a cold morning, and I'm certain the thoughts of all of us are on a warm refuge. Today is the 190th birthday of American President Abraham Lincoln: a man born to poverty, who knew the experience of being homeless; a man who led the United States at its most turbulent and difficult time, yet did so with full compassion for all his fellow mankind. From the very beginning of America's European settlement by religious refugee Pilgrims in 1620 to the Cuban boat people in the 1980s, America has understood that providing for people in refuge is also a rich investment in a nation's future.

Nearly every American today traces his or her past to immigrant or refugee ancestors. My government is extremely pleased, therefore, to be a partner with Latvia in the Mucenieki Refugee Resettlement Center. We have been able to provide more than one million dollars in financial support for the Center's construction and a broad variety of technical advisers and training. We are proud to have been partners in this not only with Latvia but also, Sweden, Norway, Finland and the United Nations.

Latvia's readiness and ability to implement its accession to the Geneva Refugee convention is one important test of Latvia's readiness to integrate into Western institutions. With this new Mucenieki Refugee Reception Center and trained personnel in place, Latvia is now better prepared to respond to the movements and human needs of those who might seek refuge.

I congratulate everyone whose hard work has resulted in the beautiful new facility in Mucenieki that we see today. And, Mr. Minister, I pledge that my government and the American Embassy in Riga will continue to do all it can to assist the Latvian government and people in fulfilling their important refugee responsibilities.



**Joint Statement by Secretary of State Madeleine K. Albright, Estonian President Lennart Meri, Latvian President Guntis Ulmanis, and Lithuanian President Valdas Adamkus**

*April 22, 1999*

Secretary Albright, Estonian President Meri, Latvian President Ulmanis, and Lithuanian President Adamkus, meeting on the eve of the Washington NATO Summit, reiterated their strong support for the U.S. Baltic - Charter of Partnership and its shared goal of the full integration of each Baltic State into all European and transatlantic institutions, including NATO. The Secretary welcomed the progress Estonia, Latvia and Lithuania have made since the NATO Summit in Madrid to meet the criteria set out in the 1995 NATO Enlargement Study and their actions to prepare for Alliance membership. The Secretary assured the three presidents of the United States' commitment to a Washington Summit outcome that will approve additional programs to assist aspirant countries strengthen their candidacies. The three presidents welcomed these practical steps.

The Secretary noted the strong statements of support by Estonia, Latvia and Lithuania for NATO's actions in the Kosovo, thanked each for their assistance to refugees, and encouraged the Baltic governments to find additional ways to assist. The Secretary also noted other contributions to regional stability made by the three Baltic countries, including sending peacekeepers to the region, and underscored that these and other actions will be considered as the U.S. assesses the future qualifications of aspirants for NATO membership.

Presidents Meri, Ulmanis and Adamkus stated their readiness to assume the responsibilities and obligations of NATO membership, and their confidence that their memberships in NATO will serve European stability and the interests of the Alliance. They further stated their governments' intentions to increase defense expenditures for defense modernization. Secretary Albright welcomed these signs of commitment by Estonia, Latvia, and Lithuania to support Alliance goals.



## **The United States and the Baltic States; A Partnership for the Next Century**

Ambassador Lyndon L. Olson Jr., Estonia National Congress

*March 13, 1999*

I want to thank Peeter Luksep and the Estonia National Congress in Sweden for their kind invitation to come here and speak with you today about U.S.- Baltic relations and developments in the Baltic Sea Region. Founded by Estonian refugees after the Second World War and the brutal occupation of Estonia by Germany and later the Soviet Union, I am keenly aware of the central role this organization has played in promoting a better understanding of Estonian culture and society in Sweden. I should also add that your organization played a key role in strengthening Sweden's strong relationship with Estonia during the final years of the Soviet period. It is this type of citizen network in the Baltic Sea region which is helping to rebuild the old Hanseatic ties and identity which once made this region one of the most prosperous and cosmopolitan in the world. This has opened up tremendous opportunities for political cooperation and increased trade and investment. It is these developments which has awakened a growing interest in Washington in the Baltic Sea Region.

Since the regaining of independence for the Baltic states in 1991 the U.S. - Baltic relationship has become an important component of our overall strategy in Northern Europe. Washington views the political and economic developments in the Baltic states as one of the great success stories of former Soviet-dominated countries making a successful transition to democracy and a market economy. In fact, the triumph of strong pro-Western parties in last week's election in Estonia demonstrates clearly that Estonia and its two Baltic neighbors are already part of the Western family of democracies and market economies.

I would like to discuss briefly with you what the United States is doing to strengthen its presence in this part of the world through the Northern European Initiative and the Baltic Charter. These are the two fundamental pillars for our engagement in this region. Finally, I want to discuss NATO's continuing engagement with the Baltic states and how the upcoming NATO Summit in Washington will strengthen that commitment.

### **The Northern European Initiative**

In recent years the United States has tried to develop a more coherent regional policy that adapts to the changes in this region, capitalizes on these opportunities and addresses these challenges. We want to find areas where U.S. participation and engagement can strengthen cooperation.

The fullest expression of my government's commitment to this region is our Northern European Initiative. Our mantra here at Embassy Stockholm and throughout the

region is NEI. Briefly, the initiative is based on three straight-forward objectives: 1) to strengthen our ties with our Nordic partners to leverage our resources in advancing common aims; 2) to help the new market economies of the Baltic Rim to prosper and become good candidates for membership in such key institutions as NATO, the EU and the WTO; 3) to help Russia to become an integrated member of the new Europe.

The NEI works to help build an economically and socially unified region -- including Northwestern Russia -- and make the region stronger and more stable through cooperation and cross-border ties. We want to help knit together private sector groups, governmental organizations, and NGOs interested in the region. The Northern European Initiative works largely through well-functioning, existing institutions.

Our contributions of material support, expertise, and diplomatic influence bring unique "value added" to regional efforts. Just last week in Norway our Deputy Secretary of State, Strobe Talbott, announced that we will be contributing an additional \$500,000, bringing our total contribution to \$1 million, to the Murmansk Cask project to produce a storage cask for nuclear fuel in the Kola peninsula. We are working with our Nordic partners, Sweden, Finland and Norway on this important environmental project. I am convinced that this initiative along with a number of cooperative institutions in the region are laying the ground work for a Baltic renaissance that will make this region the most prosperous, dynamic and peaceful in Europe.

## **The Baltic Charter**

Let me say a few words about the "Baltic Track" of the Northern European Initiative. The Baltic Charter, signed last year by President Clinton and the three Baltic Presidents at the White House, provides our roadmap and created the Baltic Partnership Commission. On the political front, we have worked jointly and with the private sector to consolidate the transition to democracy by supporting the development of civil societies, including the integration of Russian minorities in accordance with OSCE norms. We will also be supporting the Riga graduate law school, which will be open to citizens of all three states, including their ethnic minorities.

The Charter of Partnership's economic aspect includes bilateral working groups, which met for the first time last year. We set priorities in energy, telecommunications, transportation and the environment, and we are now following up. The first Partnership meeting in Riga in July also included a private sector component that identified 12 specific recommendations for improving the business and investment climate in the three states. We now have in place an active commercial strategy to bolster investment, working both bilaterally and through regional organizations, such as the Council of Baltic Sea States. American firms are now finalizing strategic "flagship" investments in the Baltic states.

A key to our economic strategy is to support the efforts of the three Baltic states to join the World Trade Organization and the European Union. We are very pleased that Latvia will finalize its WTO membership in the coming months, and we would like Estonia and Lithuania to be ready to join sooner rather than later. We also believe that

the EU's decision to open membership negotiations with Estonia and to review the applications of Latvia and Lithuania next year provides great hope that these three countries will soon find a secure home in the European Union, a place where they deserve to be.

The Partnership's security dimension is a top priority for the United States. Earlier this year we completed a base-line study of the defense needs of each of the Baltic states. The studies identified current weaknesses, and set priorities for developing force modernization plans that will allow them to develop small, but modern and capable, militaries that are NATO-compatible. Each state is currently incorporating many of the details into their own defense planning and priorities.

We are also working through regional groups like the Baltic Security Assistance Group (BALTSEA) to coordinate donor assistance, and we are supporting the Baltic Battalion (BaltBat), the Baltic Airspace Management Regime (BaltNet), the Baltic Squadron (Baltron) and the Baltic Defense College to help these three countries make a concrete contribution to their own national defense, as well as broader European security.

In short, we are helping the Baltic states prepare themselves to become the strongest possible candidates for NATO admission. They have already shown by some actions, like the deployments to the Balkans, that they are becoming "producers" of regional security, rather than simply security "consumers."

## **The Baltics and NATO**

In Post Cold War Europe NATO has emerged as the security organization which provides diplomacy the kind of muscle it needs to create stability and achieve breakthroughs in conflict situations.

But managing European security must be done in an inclusive way if it is to succeed. I would point to the NATO-led operation in Bosnia as an excellent example of how security can best be promoted in Europe, where NATO and non-NATO states are working together to put a war-torn country on the oad to recovery. For NATO to continue to promote security and project stability its membership will have to expand over time.

"America's security is tied to Europe, and Europe will never be fully secure if Baltic security is in doubt. NATO's door is and will remain open to every partner nation, and America is determined to create the conditions under which Estonia, Lithuania and Latvia can one day walk through that door."

These words, spoken by President Clinton last year, underscore the deep commitment my country has to ensuring the integration of the Baltic states into NATO. NATO takes its enlargement process very seriously. The Alliance welcomed in three new members - Poland, the Czech Republic and Hungary-yesterday and it is determined to help other aspirant nations pass through NATO's door at some point. We intend to make good on this commitment at the NATO Summit in Washington next month by introducing the Membership Action Plan.

The Plan is intended to be a roadmap for how aspiring NATO applicant countries, such as the Baltic nations, can become members. The Membership Action Plan, however, does not contain a schedule or timetable for when aspirant countries would join the Alliance. We will, though, work with these nations to set goals and benchmarks to show progress toward the goal of membership. NATO's commitment to this process is fundamental to its credibility and vital to building an inclusive European security system. With the Membership Action Plan the Baltic states are well on their way to their goal of NATO membership.

## **Conclusion**

As we stand so near the dawn of the next century, never have the opportunities for Europe and the Baltic states been so better to bring together the Continent in peace and prosperity and wipe away the old divisions of Europe which have existed for far too long. The Baltic states are a fundamental part of this process of European integration and serve as litmus test for Trans-Atlantic efforts to unite Europe. They also are a fine success story of small, independent-minded nations making the transition to a market economy and democracy and standing courageously for principles which are at the bedrock of European civilization. The Baltic states are already part of the West with their strong democracies and fast growing market economies and it is only a matter of time before they join the great institutions of Europe - NATO and the European Union. We look forward to working with the Baltic states as partners in helping them to achieve this historic goal and to make this region of Europe a region enduring peace and prosperity.



**Ambassador Lyndon L. Olson Jr. Remarks at the  
Dinner in Honor of the Baltic Sea Region Investment  
Conference**

*June 8, 1999*

**I**t is a great pleasure for me to welcome you all here tonight for dinner. We have gathered to celebrate the very successful Baltic Sea Region Investment Conference that took place earlier today at Industrihuset in Stockholm.

Since we have all had the opportunity to benefit from the many interesting presentations today, I intend to keep my remarks brief in order to allow you time to mingle, talk with each other, and most importantly, relax, and enjoy the food and drink.

I think today's conference achieved the goal of the co-organizers: to make the case strongly that the Baltic Sea region is exactly that -- a recognizable and viable economic region. The conference speakers illustrated how the economies of the states surrounding the Baltic Sea are increasingly becoming integrated as economic reforms and revived commercial activity take place in the transitional economies on the Baltic's southern and eastern shores. They also demonstrated how the more advanced economies of the Nordic states, western Europe, and the United States, are also increasing their trade, investment and presence in this dynamic part of Europe.

In brief, there is much opportunity in the Baltic Sea region, and the outlook for the continuing economic growth of Poland and the Baltic States is excellent.

To cite but one example, the Lithuanian parliament voted just last week to approve a majority stake for an American firm, Williams International, in Lithuania's largest petroleum refinery.

The largest economy of the region, Russia, lags considerably behind the other transitional economies, so it was a particularly hopeful sign when BMW recently announced plans to build a car assembly plant in Kaliningrad on the Baltic. Such economic cooperation among Russia and its neighbors in the Baltic Sea region is crucial for the stability and prosperity of the region.

A large event, like the Baltic Sea Region Investment Conference, is a major undertaking, and it could not have taken place without the fine collaborative effort of our co-organizers and sponsors. As a former businessman, let me deal with finances first. Many thanks to the corporate and other sponsors whose financial support made this conference possible. The sponsors were: SEB, the Swedish Institute, Telia AB, White and Case LLP, United Airlines, Yahoo Sweden AB, and General Electric.

Special thanks go to TIME STOCKHOLM, the week-long series of activities initiated by the City of Stockholm's Development and Promotion office, which included the Baltic Sea Region Investment Conference as a TIME event. The acronym TIME stands for telecommunications, IT, new media, and electronics, and is meant to showcase the Stockholm area's leading role as a TIME region.

The American Embassy was privileged to be able to work with an impressive group of co-organizers, including the Swedish Foreign Ministry, the Invest in Sweden Agency, the Federation of Swedish Industries, and Ernst & Young. Sincere thanks for all the work and effort that you and your institutions put into organizing this conference. I would like to single out, in particular, Isabelle Roos and Per-Magnus Wijkman of the Federation of Swedish Industries, without whose dedication, wisdom, and humor we could not have succeeded. Sincere thanks to you and all the co-organizers.

From time to time, you have heard me talk about the U.S. Government's Northern European Initiative, which is our effort to promote cooperation and contact among private, governmental, and non-governmental organizations and individuals in the countries bordering on the Baltic Sea.

Today's conference certainly fits in well with the goals of our Northern European Initiative.

I'd like to take this opportunity to point out that two of our dinner guests this evening are hard at work on another such initiative, the "Conference on Women and Democracy at the Dawn of the New Millennium," that will be held in Reykjavik, Iceland, from the 8th through the 10th of October, this year.

Magnea Hjalmarsdottir is the Government of Iceland's organizer for this conference; Judy Mandel is the State Department's senior coordinator for women's conferences, and they are both here with us this evening.

The Reykjavik conference will bring together women leaders from government, the private sector, and NGOs from the Baltic Sea region and the United States. At the same time, it will launch a Vital Voices Initiative to support and showcase democracy at work in northern Europe, including Russia and the Baltic states.

I am sure that the conference in Reykjavik will be a success, and I encourage everyone to take advantage of the opportunity to meet with two of that conference's principal organizers.

I hope that the excellent cooperation and communication that were the hallmarks of this Baltic Sea Region Investment Conference will continue in the future as we all strive together to ensure the continued economic integration of the Baltic Sea region. I know that the success of private investors and corporations will play a vital role in enhancing regional prosperity, stability, and security.

And, now, let me close these remarks by once again thanking you all for being here, and I wish you all a most pleasant evening.

Skål!



## **Press Encounter with Secretary of State for European and Canadian Affairs Marc Grossman in Latvia**

Does not expect Kosovo conflict to have impact on NATO enlargement

*June 21, 1999*

I arrived first in Vilnius on Sunday afternoon and had the good fortune to represent the US at the Council of Baltic Sea States Monday, and on Tuesday. And our idea there was really to show our interest in what's going on in this region and certainly in that very important organization. We were officially seated as observers for the very first time, although we've participated in these meetings for some time. And we like this organization, we think this organization has got a good philosophy, which is to focus in on practical projects, projects which have an impact on people, which have to do with their people's health, the environment, women and children -- these are very important issues, and they have an impact on individuals. We'd like to participate in that. And then yesterday, in the afternoon, I had the good fortune to drive here. We had a dinner last night with some people from the Foreign Ministry and the Prime Minister's Office. And this morning I went and called on the Foreign Minister just to continue the conversations we had started in Palanga. And then after our meeting we are going to visit the Prime Minister for a few minutes. And then I've been invited to speak today at the NATO Integration Council meeting, which I think is an honor, and quite exciting for me.

Our themes here really are pretty simple, which is to say that we wanted to come and show our continuing support for Latvia's integration with western institutions, and transatlantic institutions. I wanted to come because it's the first time I've ever visited here, and to learn a little bit from our Embassy and the Latvians, and have a chance to talk about what's going on here.

Our themes are to promote the kind of security and security relationship between Latvia and the US that Latvians want. To promote the kind of economic relationship between the US and Latvia that I think Latvians want, to try and increase the amount of American investment here to support your efforts to get into the EU. In other words, to do what we can to make sure that Latvia is successful economically. And finally, as we do in all countries, to highlight the issues of democracy, social integration. I know that Ambassador Holmes has worked really hard to put these themes out -- security, prosperity and democracy. And that's what we are trying to stress here today, as well. If I were more lucky, I would stay here another evening, but this afternoon I'm off to Paris where I've been asked to join President Clinton in his bilateral meetings with the French tomorrow. So unfortunately it's a short stay, but I hope a useful one.

Now, why don't I just answer any questions you may have?

"..." **MS. BRAUNA:** I'd like to ask about the US-Northern European Initiative, how will this relate to Latvia?

**MR. GROSSMAN:** We want very much that the Northern European Initiative of ours works very closely with the Northern Dimension of the European Union. In fact in many meetings I've had with the EU, I've really tried to say "Let's not duplicate, let's make sure we each are adding value to what the other is doing." I've had some success with this. My guess is that during the Finnish presidency of the EU coming up on the 1st of July, that the Northern Dimension will have a big role to play and we're going to be in a lot of discussions with the Finns and others about the relationship between the Northern Dimension and the NEI. And as I said in Palanga yesterday, or the day before, we want very much to work with the EU on the Northern Dimension. In terms of NEI and Latvia, I think that the philosophy of our Northern European Initiative is a good one for Latvia. It's about making the Baltic states the best possible candidates for integration into the European and transatlantic institutions, first. Second, it is for increasing our relationship with all of the countries of the northern region, whether they be the Nordic or the Baltic States. Third, and very importantly -- and we've always listed this as one of the three goals of the NEI -- is to encompass northwestern Russia in all of this, and Russia, and to make the Russians part of the effort to bring democracy, prosperity and security to this part of Europe. We'd like to continue on that, so I think the philosophy of NEI is one that I believe, from what I heard from the Foreign Minister, and what I hope I hear from the Prime Minister today, is one that the Latvian government and the Latvian people support.

In terms of specifics, it runs the gamut. It runs from our support of the Faculty of Law in Riga with Fulbright professors, our support for democracy projects, for issues in the health area, tuberculosis, AIDS, to environmental projects, our EPA is working here to see what things we can learn from you and you could learn from us, in terms of the Great Lakes and pollution in the Baltic states. We're trying very hard to make sure this runs across the entire gamut, entire agenda of things that are of interest to Latvians. And as I said in my introduction, I think that this is the future of diplomacy. I mean, it's nice to get all dressed up and see this minister or that minister and make demarches, but I think what's really going to matter to people in the future is what are you doing about the environment, crime, protection of women and children. These are things which matter to people and international affairs now is carried out in the open. Look at the Internet, you've got a website, we've got a website, everybody's doing this out in the open and that's a good thing. So the people-to-people aspects are going to be very important. One of the things that the foreign minister proposed to me this morning, which I thought was an extremely good idea, was seeing if we can't hook up parliamentarians from the Baltic area with American parliamentarians to do more in this regard. That's something we'd like to support.

**VERA MAKRAMENKO, "BIZNES Y BALTIA":**

I would like to ask about the possible development of relations between the United States and its EU and NATO partners, taking into account the fact that now Europe is probably more united than ever, we have the common currency and that not so long ago it was spelled out the idea of transforming the western European Union into a kind of all-European defense ministry, but inside of NATO, using NATO facility. Do

you think it could be viewed as an attempt to little bit push out the US from involvement in European affairs? Taking into account several trade wars waged recently between EU and US, Airbus war and banana war not so long ago.

Grossman: No, I don't think that is what it's about. From our side we have supported European integration right from the beginning. We supported it with the Marshall Plan, we supported the EU, we were big supporters of the European Monetary Union. Everyone said, my goodness, the European currency is going to be a big threat to the US, but we said no, what we want to have -- if Europeans want to have the European currency, that's their business, but it has to be a real currency, a strong currency, because this is a trillion dollar trade relationship between the US and EU, so we want EMU to be successful, because our companies and European companies have to trade in this currency and that's a good thing.

I'm also not panicked or worried about increasing interest in Europe in their own security and defense identity. Again I would refer you back to the NATO summit statement where we made a very good statement about ESDI, the European Security Defense Identity. What we have said to our European friends about this defense question is this: we are interested and you should be interested as Europeans in increasing European capabilities to act. It's less interesting perhaps to have a long discussion about the architecture of the future and what organization relates to another organization. The key is capabilities. And as you can see in Kosovo, it's really important that people have the capacity to act. It's no small matter over these past few days to put over fifteen thousand troops in a place in three days. This is a huge accomplishment and that's because people have the capacity to do so. So we say to our European friends, it's good for the US and it's good for you if you have more capacity.

Again, you might want to find this, last December Secretary Albright wrote an article in the "Financial Times" about all this, and she said there are three things that we have to be careful of in terms of European defense. First, is that we don't duplicate. In other words we spend enough money on defense. And although you might want to spend a little more money on defense sort of globally what you don't want to do is duplicate what's already there. We ought to be able to figure out how to do that. Second thing is, we don't want to have European defense that decouples, that tears apart Europe and America. And third, very important, we don't want to have ESDI that discriminates against those countries that are not members of the EU because right now, of 19 members of NATO, 8 are not members of the EU. So as the EU develops its defense identity, okay with us, it shouldn't discriminate against countries like Turkey or Norway and Poland and Canada and the US. So we believe that defense capabilities are a very good thing, but these "Three D's" -- no duplication, no decoupling, no discrimination -- are the right philosophy.

**MR. KRASNITSKII:** And returning to Russia's so-called corner of Kosovo, for some moment there was a feeling that Mr. Chernomyrdin had become hostage of anti-NATO opinion in Russia. From one side, and from another side, Mr. Chernomyrdin was the only man who openly promised that we would never be under NATO's command in Kosovo. How to play down those anti-NATO and pan-Slavic solidarity feelings in Russia and what kind of compromise could we find on this respect under the umbrella of the UN Security Council or a third solution?

**MR. GROSSMAN:** Again, I don't speak for Mr. Chernomyrdin, he can answer those questions for you himself. I really don't know, other than repeat my point to you that we have to find a way to get this job done in Kosovo, we hope with Russian participation, for precisely the reason that Russian public opinion is very important. I think that coming back to the kinds of structures that we had, the PJC and the kinds of consultations we had between NATO and Russia will go a long way towards dealing with this opinion in Russia. I hope so but am not an expert of Russian public opinion. In terms of finding a compromise, I think that's what everybody is trying to do. The other day Secretary Albright spoke to Granov, the President spoke to Yeltsin, I say we have meetings here over the next couple of days. We won't compromise in a couple of areas, those are the ones that I made the point to you. We will not compromise on a separate sector where Kosovo is divided. Secretary Albright said the other day that all of Kosovo would come under NATO command in some fashion. Secondly, related, that there be some unity of command for NATO. You know the thing for us that's interesting is there is a solution out there which works so far so good, as far as we are concerned, which is in Bosnia. That is how the Russians are connected to SFOR. That was an arrangement made by Secretary Perry and Minister Grachov. I think it's working extremely well and we have offered that as a model for some time. It's too bad that's not being accepted, but they have to make their own decisions.

**MS. MAKRAMENKO:** Do you agree with the popular idea that one of the aims of the war in Kosovo was to decrease the rate of new European currency against the US dollar?

**MR. GROSSMAN:** Absolutely not. No. That sounds like some made up story from someplace. The aim in Kosovo was exactly as NATO and the G8 laid it out -- which is: Serbs out, refugees back home, NATO forces in, some kind of autonomy and democracy for Kosovo.

**AMBASSADOR HOLMES:** Serb military out.

**MR. GROSSMAN:** Right, Serb military.

**MS. MAKRAMENKO:** Do American businessmen suppose to get profits from the liquidation of the conflict in Kosovo? For example from transportation of refugees or maybe restoration of demolished cities?

**MR. GROSSMAN:** Certainly nobody -- I don't know of any American businessperson who would have said the reason to go to this conflict in Kosovo was because we could make money at the end of it. I think that would be outrageous and wrong. I can't imagine anybody would have said such a thing. What is interesting is of course the stability pact that the European Union has proposed, the Southeast Europe initiative ideas that Clinton has put out and they have a lot to do with reconstruction. It's pretty obvious that there's going to have to be some work done in areas that have been destroyed. The idea that we would have used our forces, put our men and women in our Armed Forces in harm's way so that people could rebuild bridges is wrong. We put our forces in harm's way because it was the right thing to do. The fact that there is now going to have to be some economic redevelopment in the area -- fair enough.

**MS. BRAUNA:** When will the Baltic-American partnership commission meet again?

**MR. GROSSMAN:** I hope soon. One of the things obviously we want to do is make sure that it's done at the right level. For us it's really important that Strobe Talbott share this on the American side, that's what we promised to do and what we will do. He has, as you may know from watching CNN and the news, been heavily involved in trying to make this arrangement with Russia on Kosovo. We hope that will happen soon and almost right after that we'll be able to put together a commission.

**MR. KRASNITSKII:** If we would consider the worst possible scenario: change of power in Russia, Russia moves into self-isolation or something like that, nuclear war, probably looks like the most important partner in former Soviet Union for US and NATO countries will be Ukraine. Already Ukraine is the second largest recipient of US aid, so do you think that in terms of even Kosovo development, that western countries and the US could cooperate with Ukraine much more actively to counterweight the Russian position in certain cases? Such a deployment of Slavic peacekeepers in Kosovo which was initial idea, Ukraine already proclaimed that they are ready to provide a certain contingent but there was not yet clear answer.

**MR. GROSSMAN:** First, I certainly don't want to speculate on the future of Russia. All of us are involved in trying to make sure that Russia is a prosperous and democratic society, and that's what we're going to continue to do. Second thing, again really important, is that we would not pursue a relationship with Ukraine which had Russia as its object. You pursue a relationship with Ukraine because you want Ukraine as well to be a country that is interested in prosperity, democracy and security. So I want to be clear that anything I say here about Ukraine is not to imply that we have this relationship with Ukraine to be against Russia. Not true. Lots of people want to do more with the Ukraine. The secretary of state has worked hard on this relationship, whether it's in nuclear safety issues or export of nuclear equipment, the kinds of things we're trying to do in that society. The EU has also done a tremendous amount in Ukraine and I think, you'll have to watch and see, but I think that there will be more conversation and statements about joint efforts between the US and EU about Ukraine in the near future, maybe even at the OSCE summit next week. I was also struck by the fact that all the time I was at the CVSS over the past couple of days, my partner to my right was Foreign Minister Tarzik and I think it's right that CVSS has reached out to the Ukraine. Again for all the reasons that you say it's a very important country and we need to pursue the same themes that we're pursuing all over Europe and certainly in northern Europe with the Ukrainians."..."

**MR. HERMANIS:** One more question about Turkey, because it's also a European country in your sphere of ...You already mentioned that Turkey as a member of NATO shouldn't be discriminated in some way, but Turkey has not only one weak point if we talk about human civil rights and what kind of evolution do you see in this respect in Turkey? And Ocalan's process is also some kind of proof that question of Kurds and civil rights is very serious problem.

**MR. GROSSMAN:** Let me answer your question in three ways. First, it's very important to recall what we were talking about when I talked about Turkey, and that was the European defense identity. And what I said was that it's very important for

countries like Turkey and Norway and non-EU members of NATO not be discriminated against as the Europeans produce their new security capabilities. And I think that's a fact. In terms of our relationship with Turkey, obviously it is an extremely important country. And we want to have the best possible relationship with Turkey. We have always said to Turks that it would be much better if they made progress in three important areas. First, they ought to have a better relationship with Greece. Second, we'd like to see more progress on solving the Cyprus problem, which has been going on for many, many, many years. Before 1974, in 1974, since 1974. We'd like to see more progress made on Cyprus. And certainly, we would like to see Turks continue on the path that I believe most Turks wish, which is to enhance their democracy. Turkey is a country in which freedom is very important and the more people are free, the better off people in Turkey are going to be. That's no surprise to Turks, as Turks themselves want to have more democracy. We hope that this new government that has just been voted in Turkey will make some progress. When you see their government program, it's a good one, on human rights. They have a big majority in parliament, so it's possible that some of these changes that Turkish people would want to see. You'd like to see them, we'd like to see them, Europeans would like to see them, but they're going to make these changes they have to make to please themselves, or because it is the right thing to do, not to make us happy. But we hope some of these changes will come through for Turkish people.

On Ocalan, we think it's right that Mr. Ocalan was captured. He's a terrorist, he runs a terrorist organization, he ought to face justice. What we said to the Turkish people at the beginning of that arrangement was that this was a chance to do two things if you're Turkish. One, to show that your justice system is transparent. And here I think they've actually made some progress. They have allowed people from outside of Turkey to come every day to the trial. They have twelve seats, we've had people there, European countries have had people there, the Council of Europe has sent people there to see this trial and I think that's good. And it ought to be transparent. We'll see what happens but that's a positive thing. The second thing we have said and many people in Turkey have said the same thing, is that this is an opportunity to reach out to citizens of Turkey of Kurdish origin. I mean here's Mr. Ocalan, the head of the PKK, captured, in jail, going to face justice. This has to weaken the PKK and this might be a time to reach out to people of Kurdish origin. We'll see what the Turks do but that has been our advice to them.



## **Deputy Secretary of State Strobe Talbott Remarks at Baltic Commission Ceremony**

Deputy Secretary of State says Lithuania, Latvia and Estonia "are not only eligible" for NATO membership, "they are making very real and concrete progress in that direction."

*July 16, 1999*

**G**ood morning to all of you. Let me formally welcome my three friends and colleagues: Foreign Minister Ilves, Foreign Minister Saudargas, and State Secretary Riekstins. I would like just to give all of you a little bit of background on today's meeting of the U.S.-Baltic Partnership Commission.

The work that we have been doing through the morning and that we will continue into the early afternoon grows out of the signing here in Washington in January of 1998 by our four presidents of the U.S.-Baltic Charter. That Charter, among other things, set up the Commission at the work of the foreign ministries, and we had one meeting already in the last year in Riga. We were to have the second meeting this year here in Washington last May. And that meeting had to be delayed and postponed, and there's a one-word explanation for that -- which I think is actually relevant to the work that we've been doing here this morning -- and that one word is Kosovo.

I began my own participation in the meeting this morning over breakfast by thanking my colleagues from the three Baltic states for their understanding, for their forbearance in the delay of this meeting; and also for the contribution that their states have made to the effort in the Balkans. They have all -- despite the many other demands on their resources -- taken in refugees, sent military units to the Balkans, helped in the work of putting together police and civil administration institutions, and also assisted in the overall program of humanitarian work in the wake of the conflict in the former Yugoslavia.

But there's a more general point that I want to stress here at the outset. One of the principal lessons to come out of the Kosovo experience on which I think all of us agree -- and indeed it's a lesson that we were taught by the earlier experience in Bosnia -- is that security and stability in Southern Europe are going to depend on exactly the kind of integration, institution building, and democratization that are already so far advanced in Northern Europe; and specifically in the Baltic region.

I think that the U.S.-Baltic Partnership Commission is a classic example of preventive diplomacy and preventive cooperation. In other words, this kind of effort and the work that we are doing under the aegis of the Commission will guarantee that Northern Europe avoids the kind of trouble that has proved so devastating and dangerous in Southeastern Europe. And in that connection -- following up on what Secretary Albright said when she met with my colleagues last night -- I assure them today in the strongest terms that now that the Kosovo conflict is behind us and we're into the very important and also difficult work of implementation, we, the United States -- and I think our partners in the Alliance would say the same thing -- are going

to reapply ourselves to the task of working on security and integration in Europe as a whole and especially in the region represented here.

With regard to the process of enlarging the NATO Alliance and making good on the commitment of the open-door language in various NATO communiqués, including the one signed here in Washington, I reiterated in the strongest terms long-standing US policy; namely, that the three Baltic states are not only eligible for membership in the Alliance, they are making very real and concrete progress in that direction. No country should be excluded from eligibility for the Alliance on the grounds of either geography or history. The U.S. and its allies are committed to working with our Baltic friends to help them get ready to be members of the Alliance. And in the wake of the Kosovo experience, the process of the open door is not going to slow down, nor is that process going to tilt to the south of Europe at the expense of the north.

Now, we have had a wide-ranging discussion that's touched on a number of other specific issues. I'll mention just a couple. One is the process of regional integration and cooperation and particularly the work of Council of Baltic Sea States. Lithuania has used its presidency of the CBSS to extend that cooperation and specifically to build further constructive relations with the Russian Federation. We also talked in a very focused discussion this morning about the issue of social integration and the importance of strengthening multi-ethnic democracy in all of the states -- and I stress all of the states here. I pointed out that the issue of social integration is one very familiar to us as Americans. We've been at the task for 224 years -- ever since we gained our own independence, and its social integration is still a work in progress for us.

I use this occasion to express once again how pleased the United States Government is by the brave decision of President Vike-Freiberga of Latvia to work with the Latvian Parliament to improve the Language Law and bring it into line with OSCE standards. I also use the occasion to make very clear yet again that the United States, while supporting the OSCE standards with respect to all of the member states of the OSCE, will also make sure not to permit the goal posts to be moved in some way that will be unfair or disadvantageous to a worthy democracy which aspires, as all of these states do, to full membership in all of the institutions of the Euro-Atlantic community.

Let me turn the podium over to my colleagues who will add a few words and then there will be time for a few questions before we have to go on with our program.

**FOREIGN MINISTER ILVES:** Thank you, Strobe. Before I say anything about Estonia, I wanted to -- on behalf of the three of us -- I would like to thank you for what has been a very, very productive meeting. I can say with full confidence that we are all very pleased to hear you and the United States once again restate its commitment to the strong relationship that we have and to the aspirations of all three Baltic states, so thank you.

And specifically Estonia since we -- despite rumors to the contrary -- are three independent and separate countries. I would say that from our point of view, the Partnership Charter has become a key component in our relationship with the United States and especially in light of such recent developments as NATO's Anniversary

Summit and the Kosovo crisis. I believe that the Partnership framework's value will increase even further.

For Estonia, NATO is a primary foreign policy priority. We are also fully cognizant and aware that membership depends above all on our own preparations; that is, what we do at home. On behalf of the new government I would like to assure you that Estonia is fully committed to meeting the responsibilities but more importantly the obligations of NATO membership. We understand that if we want to eventually be in NATO we must become a country who is awaited there; who is expected to be there. We want to be as good members as the Danes and the Dutch -- two other small countries.

On the second topic concerning economic cooperation, I'm pleased to note that US and Estonian trade and investment is increasing and I'm pleased with the progress made by the bilateral working group on economic issues, as I am very pleased with the work we had on the -- in the bilateral working group on military issues. And with that, I think I'll turn it over to my dear colleague Algirdas Saudargas.

**FOREIGN MINISTER SAUDARGAS:** We fully comply with that.

**FOREIGN MINISTER ILVES:** Well I guess we've melded again together and we all agree. Thank you.

**DEPUTY SECRETARY TALBOTT:** Why don't we go to your questions.

**Q:** Have you had any recent reading from the Russians whether they will in fact accept your idea of an open door in the Baltics?

**DEPUTY SECRETARY TALBOTT:** I'll let my colleagues share with you insofar as they want -- any communications they've had with our Russian partners in that regard. What I continue to hear from the Russian side is that they are against NATO enlargement -- period. They were against the first round; they strongly oppose the second round. They have, from time to time, expressed specific concerns and opposition with regard to the Baltic states. Obviously, this is an issue of very real disagreement between not just the United States and the Russian Federation, but between the Alliance as a whole and the Russian Federation.

The point that I would stress, Jim, is that despite this disagreement, we have been able to manage it and we have been able to cooperate in a number of areas; most notably and pertinently, in the Balkans where NATO and Russia joined in, first, IFOR, and then SFOR. And more recently -- despite an additional disagreement of some intensity with the Russian Federation over NATO air strikes against Yugoslavia, we have been able to agree on terms of cooperation in KFOR.

I think that the challenge for many years to come is going to be how to manage the disagreements, maintain total clarity about the guiding principles; one of which is that no state -- no sovereign state should be declared ineligible for NATO membership because of geography and history, while broadening and deepening areas of cooperation. But Tom, do you or one of the others want to say anything else on that?

**Q:** Is the Baltic's membership in NATO an inevitability?

**DEPUTY SECRETARY TALBOTT:** Well, I would stop just short of saying it's inevitable. It is desirable. I think there is considerable reason for optimism that it will occur because of the extraordinary progress that these three countries have made -- are making -- and, there's every reason to think, will continue to make.

I think one of the lessons of the trauma that we've all been through in Europe over the last several years -- not primarily in their region of Europe, but to the south of there -- is that we shouldn't throw around the concept of inevitability too much. There is -- there was nothing inevitable about the conflict which has inflamed Southern Europe. There's nothing inevitable about the kind of peace and progress and integration that's taking place in the North right now. We have to keep working on this; we have to be very attentive and conscientious and we shouldn't ever make the mistake of assuming that anything is foreordained or predestined. But I do think there is a good reason for confidence on their part, and good reason for the United States to keep working with our Baltic friends in that direction.

**Q:** Mr. Talbott, you said the U.S. is committed to the open-door policy. Is the same also true about the European members of NATO, or are there disagreements about the open-door policy?

**DEPUTY SECRETARY TALBOTT:** I would simply refer you to the communiqué --the joint statement that was issued here in Washington at the time of the summit. The language is unmistakable. The Alliance as a whole is committed to the principle of the open door. I know that there has been speculation in the press and elsewhere that Kosovo changes that in some way; I would argue quite the contrary. I think that the experience that we've had in the Balkans over the last several years affirms the importance of having a strong, new NATO that is capable of dealing with new challenges to the security of the continent. And so I would hope that as we absorb the lessons of Kosovo, we would put that in the category of additional reasons to keep the process going forward.

**Q:** It's been expressed in the communiqué that the Energy Secretary would be specifically mentioned in the context of creating the best climate in the Baltics for increasing trade and investment with the United States. Could there be seen any reference to -- what was the reason for specifically mentioning the Energy Secretary - - seen any reference to the current projects (inaudible) in the Baltics? And if I could ask you the second part of my question is - whether the language for the three -- for each of the three Baltic States - on the issue of their defense spending? Is the language different in any way? And if so, why? What's the --

**DEPUTY SECRETARY TALBOTT:** Different from?

**Q:** Different in each case. Is the language used for Lithuania different for the language used for Estonia -- (inaudible.)

**DEPUTY SECRETARY TALBOTT:** I see. I'm monopolizing the podium and I shouldn't do that. I'm going to hope that my colleagues will jump in here very quickly. With respect to the energy sector, I'll simply -- it is, of course, highlighted in the

communiqué and will be highlighted in our activities. We are, as a group, about to go into a meeting on economic issues, but my colleagues may want to anticipate a couple of subjects that will come up there.

With respect to defense spending, the goal or the standard is the same; performance, and accomplishments, and trends to date have been slightly different. And so the language is meant to accommodate both halves of that proposition. But all three states have committed themselves to not only qualify for NATO as strong, multi-ethnic democracies, but also in terms of their military capabilities, which is obviously essential. And they may want to say something further on that subject.

**FOREIGN MINISTER ILVES:** Well, Estonia, as with the other two Baltic states, has a commitment to raising defense spending to two percent of GDP. Our current commitment is to raise it to 1.6 percent next year. On energy, well there is -- energy is a concern for every country. In the Estonian case, we have a huge and, I would say, last privatization, and that is in the energy sector. And this is clearly one area where we have worked closely with the United States from our point of view.

**FOREIGN MINISTER SAUDARGAS:** On the defense budget, you know very well that the Lithuanian Parliament has committed itself to increase defense expenditures, and the present government is strongly supporting that; and we will continue to do that. There is no doubt on that. We regard this as a natural commitment because countries which are aspirants to become NATO members should take commitments on themselves as other -- at least to create and to strengthen the defense capabilities. That is not maybe directly related to figures, but in general the commitment is very strong. We would like to become allies in our behavior, earlier than we will become formally allies. So that is our position.

**STATE SECRETARY RIEKSTINS:** Perhaps a few words on Latvia. We do have a similar commitment as our Estonian and Lithuanian friends. I would like to just have this opportunity to inform everyone that a few hours ago the Latvian Parliament has approved a decision concerning the new government. You can find in the new government's declaration a very clear commitment that the government will work in order to increase defense spending until two percent by the year 2003 with annual growth of that financing. Also, I informed today our American colleagues that the new government's foreign policy objectives remain the same, and we will try to use the Washington summit declaration in order, and also those elements like membership action plan, in order to prepare Latvia or make Latvia one of the strongest candidates for next enlargement round. Thank you.

**Q:** (Inaudible) -- what (inaudible) reassurance here in Washington that the Kosovo crisis was -- (inaudible) Baltics won't get overlooked while expanding NATO?

**STATE SECRETARY RIEKSTINS:** Well -- in fact that question was rather broadly discussed in today's meeting and also in the brainstorming session. I think that we have a common view on that -- that we, in the Baltic countries -- we paid also our attention to the Kosovo crisis. We have contributed to the solving of that crisis by very concrete measures by sending our medical units to the region, by sending humanitarian aid. And while we believe -- and we received also assurances from U.S. Government officials that for the next round of enlargement, that the only basis for

decision will be a concrete country's readiness to join and also the Alliance's readiness to accept new members; not geographic or other reasons.

**Q:** Gentlemen, yesterday, last night at the Estonian embassy, you met with Madeleine Albright. Could you tell us what was discussed there -- any specific details -- any one of you? What was the message she brought to you or what was the message -- (inaudible)?

**FOREIGN MINISTER ILVES:** Well, I think I would sum it up very briefly by saying that Madame Secretary gave us the same message that Strobe just gave you here. I assume that U.S. foreign policy is coordinated between the Secretary and the Deputy Secretary. I would say the best summary was precisely what Strobe Talbott said here ten minutes ago.



## **U.S., Nordic and Baltic Defense Ministers Agree on Continued Engagement with Russia**

*July 10, 1999*

**Runar Todok, Norwegian MOD spokesman:** Welcome to all from the media and press. We're quite impressed in fact that so many journalists and people from the media could show up at this time of year in Norway, in the middle of the vacation.

First of all, my name is Runar Todok and I'm the press spokesman for Eldbjorg Lower, the Norwegian Defense Minister. We have to make an apology for yesterday, because some of you might have been at Gardermoen. We had a bit of a misunderstanding with the security police up there, so that the photo opportunities were less than we hoped for, but we hope you can forgive us for that.

We have about half an hour for the press conference, and since so many of the ministers here haven't seen you before, I will beg you to state your name and your media when you pose your questions. And with those few words I give you Norwegian Defense Minister Eldbjorg Lower, Norwegian Defense Minister.

**Norwegian Defense Minister Eldbjorg Lower:** Thank you. Summing up our meeting, we have been given a very informative and stimulating presentation by the United States, and a follow-up to the summit decisions. I believe it was particularly useful that the lessons learned from Kosovo can be so directly linked to the requirements identified in the Defense Capability Initiative. The DCI will, in my view, have a far-reaching impact on the defense planning in Alliance and Partner countries alike. The three Baltic states have provided us with highly informative updates on the progress in developing their defense structure, pointing out the continued relevance of the Kievenaar study.

A very important point in this context was, in my view, the recognition of the need for full public support as the basis for all defense efforts. Similarly, the need to give priority to the establishment of credible national defense structure is very pertinent. It is encouraging to note the considerable progress in the defense planning process in the Baltic states, and the emphasis on linking these to the guidelines and recommendations currently developed by NATO. I would also like to note the need for the Baltic states to take increasing responsibility for the ongoing cooperation programs. We also had a very good discussion on how best to re-engage Russia in the European cooperation on security and stability. There was full agreement that general security and stability throughout Europe could not be obtained without the participation of Russia, and that we must spare no efforts in trying to get Russia back to cooperating with NATO.

Thank you.

**Spokesman Todok:** Let me open up the floor for questions.

**Pam Hess, UPI:** To the three Baltic ministers: could you give us some estimate of when you think you will be ready to offer yourselves for acceptance in NATO, and could you talk a little bit more specifically about how best you will engage Russia in further cooperation.

**Girts Valdis Kristovskis, Latvian Defense Minister:** Thank you for your question. I'm Girts Kristovskis, I'm Minister of Defense of Latvia. If I understood your question exactly right, then I must answer that we must be ready for the next wave, this is our strategy in the Ministry of Defense and in our government. What does this mean that we must be ready? We must be ready to fulfill the requirements of NATO interoperability, compatibility, to have also a Western-type military structure in our planning, programming and budgeting system. This means we must be trustful and reliable partners to NATO, now that we are candidates to NATO, we really want to become a trustful reliable partner, and I think that our government will do everything we can during the next two or three years to fulfill that mission. Thank you.

**Juri Luik, Estonian Defense Minister:** I'm the Estonian Defense Minister, my name is Juri Luik. I agree with my Latvian colleague that we hope to be ready for the next round of enlargement that will most likely occur in 2002, and we will try to put up the best candidacy we can. We have received a lot of good advice from our friends in the alliance, especially I would note the study by the U.S. Defense Department of our defense forces. There are some very practical, realistic proposals in terms of planning, budgeting, command and communications, and we are in the process of doing that. This is not only because of NATO, but because this is how the modern army works.

This is useful for our Latvian Ministry of Defense, and I think in that spirit we are preparing ourselves for the Alliance.

When it comes to Russia, we are making constant efforts to improve our relationship with Russia, and both in economic terms and political terms I think we have achieved a lot. I think the Baltic-Russian relations are normal at the moment. We have had our problems but they are normal at the moment, and we haven't seen the fact that we are seeking ways to gain NATO membership in any way hampering our bilateral relations with Russia. Thank you. **Ceslovas Stankevicius, Lithuanian Defense Minister:** I am Ceslovas Stankevicius, the Lithuanian Defense Minister. I can briefly say that in our preparations, in our developments we have a plan, we are executing it, we are financing it, and we are working in accordance with the requirements and recommendations which we have in the excellent Kievenaar study and in other documents. We have already achieved essential progress and we are determined to work hard in this direction including the increasing financing for defense needs and development of the structure for personnel training and also for participation in peace operations or peace actions and advanced PfP programs.

With regard to Russia's relations, I can say that Lithuanian-Russian relations developed very smoothly, and recently on the 29th of June the Prime Minister of Lithuania visited Moscow and some new agreements were signed, including the agreement on regional cooperation with Kaliningrad, and I can firmly state that there

are no indications that our objectives to join NATO and our active support of Kosovo operations will harm our good neighboring relations. Thank you very much.

**James McIntyre, CNN:** Secretary Cohen, I'm Jamie McIntyre from CNN. I avoided asking the first question because I'm slightly off the subject, but in the area of India and Pakistan, is there any indication that India and Pakistan are preparing additional nuclear tests, and what is the United States doing if anything to try to head off that possibility.

**Secretary Cohen:** Well, I'm not in a position to comment on whether they are preparing additional tests. It is clear from recent conduct on the part of both, that they have been determined to develop a nuclear capability. One of the things that we have tried to do is to dissuade them from further development. We think that the tensions demonstrated there by the most recent events, indicate that it's important that there be a peaceful resolution to the situation in Kashmir, that great caution and prudence be exercised, and we have encouraged both sides to try to resolve the situation in a peaceful fashion.

But the development of the nuclear capability is certainly something that is a concern to all nations.

**Taubassun Zakaria of Reuters:** I'd like to ask you all, where do you see the security threat currently to this region, is it Russian, or is it coming from elsewhere? And also why is the Defense Minister from Iceland not present?

**Eldbjorg Lower:** Iceland has been represented in the meeting but had to leave, but it was the Minister, his name was... (member of the Icelandic foreign service in the audience explains particulars - inaudible)

**Bjorn von Sydow, Swedish Minister of Defense:** I am the Swedish Minister of Defense, and our view is that in the Northwest of Europe there is really no aggression or current threat to sovereignty. However in the long run of course one can never know, and that's the reason why we have to have armed forces also in this part of Europe. They are to be, I think, in more or less all countries restructured in a way that we can participate in endeavors like in Bosnia and in Kosovo, and there are areas in Europe which can implode in a way that the former Yugoslavia did, and for that reason it is an overall interest, I think, for all of us that we can use our resources in a way of promoting collective security on this continent. Thank you.

**Jim Randle, Voice of America:** My name is Jim Randle, Voice of America radio. Mr. Cohen, can you confirm a published report that some Yugoslav troops were seen headed for Montenegro, and how does the United States and NATO view what appear to be Montenegro's attempts at seeking independence from overall Yugoslavia?

**Secretary Cohen:** I cannot confirm any reports of Yugoslav forces moving into Montenegro. I have seen no such reports as of this time at least, and so as I have indicated in the past -- it would be a major mistake for [Federal Republic of Yugoslavia President Slobodan] Milosevic to consider sending troops into Montenegro for the purpose of, in any way, undermining the leadership there or starting another conflict. I think that the people in Serbia have learned that he has

brought them great destruction, death and deprivation in the past 10 years and they should have had enough of it. I think the demonstrations that are surfacing day by day in larger and larger numbers, reflect the fact that the Serbian people are starting to question what he has done to them and where he is taking the country. With respect to Montenegro, it has exercised a certain degree of autonomy in the past and it is part of Serbia and I don't see any effort on the part of the leadership to say they want independence at this point, and I would expect that they would continue to operate within the Yugoslav cell.

**John Diamond, AP:** John Diamond from AP for some of the Baltic Ministers perhaps-- in your public discussions, what are you saying in terms of the expected duration of the deployment of your troops in Kosovo?

Jan-Erik Enestam, Finnish Minister of Defense: I am Jan-Erik Enestam, the Minister of Defense in Finland. We have decided to send a tank to Kosovo and we are prepared and we are ready to be there by the end of August.

**John Diamond, AP:** How long do you intend to be there once you are there?

**Jan-Erik Enestam, Finnish Minister of Defense:** As long as it is necessary. I think they will stay longer than a half a year.

**Bjorn von Sydow, Swedish Minister of Defense:** I am Bjorn von Sydow, Minister of Defense, Sweden: From the Swedish side of the answer, we are also preparing to deploy tanks in Kosovo for the times as indicated by my Finnish colleague.

**John Diamond, AP:** I can rephrase the question. Is there a concern that the troops will be there indefinitely, that this will be years and years before some sort of civility can be achieved?

**Hans Haekkerup, Danish Minister of Defense:** I am Hans Haekkerup, Danish Minister of Defense. I think we have to be there for quite a long time and we are prepared to do that.

**Pam Hess, UPI:** To the Baltic Ministers and Secretary Cohen, could you address the fact that you all will be involved in NATO and since you were all involved in politics I assume during the Soviet era, personally what does it mean to you and do you ever wake up in the middle of the night and go "wow" - could you talk about that? And then could you speak more specifically about how you propose to engage NATO and engage Russia in talks with NATO. I know you are talking to them, but have you laid out a plan for exactly what you need to do?

**Juri Luik, Estonian Minister of Defense:** I was a student during Soviet times. I was not involved in Soviet politics...I didn't have that experience, but the fact that the Baltic states today, I believe are serious candidates to NATO and their membership application is on the political agenda in the United States and in other NATO countries is a great achievement. This is great for the Baltic nations. At the same time, as you know, we are also moving ahead with another major European organization --

that is the European Union, where for instance, Estonia hopes to be a member on the first of January, 2003. Thank you.

**Girts Kristovskis, Latvian Minister of Defense:** I just want to add that until the time we were independent, there was a policy of communist regime and therefore we couldn't get normal information about NATO. At the same time, we were strong enough and did not believe this policy or strategy of communists. Therefore we immediately, when we could, started to organize our facilities to view and have a normal democracy. That is why I think we are already open and understand NATO aims. NATO is an organization that provides security for all.

**Secretary Cohen:** Let me just add a footnote to what has been said. I can't say that it has been the so-called "The End of History," as Frances Fukuyama wrote several years ago about the spread of western capitalism across the continent, but I think what we are seeing is the end of an era and the close of the cold war. And we have seen an end to secrecy and oppression, and what this meeting represents really is a desire upon people all over Europe, throughout the world, to have personal freedom, to enjoy free markets, to have open minds, and generous hearts. That is what I think represents this meeting: exchange of ideas, exchange of ideals, expression of common interests, expression of common hopes for the future. So in that sense, we are seeing remarkable changes taking place on a daily basis. I think all of us wake up each morning with an expression of wonderment and hope for the future.

With respect to how we engage with Russia. We engage Russia by treating them with respect and by pursuing every opportunity and avenue that we can, for dialogue and communication with them. The experience that I had in Helsinki a few weeks ago was a good example of how, when people can sit down across a table and negotiate an acceptable conclusion at an impasse, bodes well for the future. My meeting with [Russian Defense Minister] Marshall Sergeyev in the beginning of August, again, is another attempt on my part to discuss issues of mutual concern and issues that transcend our individual countries with interests that promote stability and peace. So I think each of us on this platform will explore ways in which we can engage Russia in a constructive and positive fashion. Understanding that that engagement must be reciprocal in nature, and that we expect to be open to the exchange of ideas and we hope that Russia will be equally committed to such an endeavor.

**Stine Nevisdal, Norwegian Broadcasting Company:** I am with Norwegian TV. Mr. Cohen, are you satisfied with the Norwegian role in NATO?

**Secretary Cohen:** We are going to do a separate press conference with Norway. The answer is yes, we are very happy with the very important role that Norway has played in the resolution of the conflict in Kosovo, its commitments of its F-16's, its commitment of forces to KFOR, its generous contributions to help the refugees. In all of those ways, Norway has played a very important role in the resolution of the conflict in Kosovo and it is a very important member of NATO, and we look forward to establishing a closer relationship in the future. We are very happy with Norway.

**James McIntyre, CNN:** Mr. Secretary, can you please state the U.S. policy on Baltic membership in NATO and address the question that was touched on earlier of

whether pursuing Baltic membership is going to erode or damage relations with Russia. Are there contradictory relations with Russia versus Baltic membership in NATO?

**Secretary Cohen:** The United States position has been quite clear that the door to future NATO membership remains open. That there are various set requirements that are set for NATO membership and that we would expect that any country seeking membership would measure up to those responsibilities. No nation, including those in the Baltics, would be precluded either by history or geography, so it really is up to the individual countries to reform their systems and make them more compatible and to be able to be in a position to contribute to security and not just be a consumer of NATO security so there is no exclusion to the Baltic states...individual members must measure up to those responsibilities. To the extent that this is an issue of potential with Russia, obviously that is part of the reason why all of the voting countries, all of the NATO members, want to engage Russia in a constructive fashion.

**Norwegian Wire Service NTB:** This is addressed to the NATO countries. Is there a consensus now on the guidelines on the scope of the aid for Serbia with the demonstrations going on and the call from the opposition for help, and what are the guidelines for help? I mean President Clinton said they are not going to freeze to death, and starve to death, but there is no infrastructure. Is there consensus on that?

**Secretary Cohen:** I don't think there are any specific guidelines that have been set up as to what kind of aid will be granted to Serbia. President Clinton has indicated that we will not contribute to the rehabilitation of Serbia until such time as Milosevic is no longer in power. That question is more of humanitarian assistance. The United States has always been willing to help people in need of assistance, and contribute to their aid.

But we will have to draw some very clear distinctions between those kinds of contributions and assistance that would help rebuild Serbia in a fashion that would simply solidify Milosevic's position. We are unwilling to do that. I think it is clear that Serbia will not be in a position to rejoin the international community until such time as they have new leadership, and not simply the replacement of Milosevic, but a real commitment to democratic reforms, open and free elections, and a commitment to democracy. I think that is the best course for them to be fully integrated in the international community. In the meantime, there are other countries also willing to contribute to their humanitarian needs, but those will have to be defined.

**James Randall, VOA:** I would like to follow up on John's question just a little bit. As the Baltic nations, particularly, are trying to engage more thoroughly with Europe militarily and economically, and yet at the same time that has to be a concern to Russia. Besides talking to Moscow, what else are you doing to find the balance there between closer integration and not annoying a very large neighbor to the East?

**Secretary Cohen:** Well, really it is a question of the United States wishing to have a positive, constructive relationship with Russia. We have also indicated that NATO has an open door to the extent that we can get Russia to start communicating once again in working cooperatively that certainly puts the Baltic states and others in a position of acquiring or attaining NATO membership with reduced friction. I think it is too early to tell how this will unfold. We have to wait and see exactly what kind of

changes and reforms and modernization the Baltic states will undertake, whether they would qualify for NATO membership in the future. But in the meantime, I think the Baltic states, the Nordic states, all the European states and the United States are committed to having a constructive relationship with Russia, but that once again will be something that Russia sees as being in its own interest.

We believe, I think all of us here believe, that Russia's future really lies with the West in democratic reforms and committing itself to democracy because we believe that that is the best opportunity for Russia to enjoy economic prosperity. And that in turn will reinforce democratic ideals held by many, but not all, certainly, in Russia. And so the engagement policy is one that will be pursued on track for future membership in NATO.



## **U.S.-Baltic Partnership Commission Communiqué**

Relations with Russian Federation Enhanced

*July 19, 1999*

The second annual meeting of the U.S.-Baltic Partnership Commission convened in Washington, D.C., on July 16, 1999. Deputy Secretary of State Strobe Talbott as host moderated the discussions. Foreign Minister Algirdas Saudargas of Lithuania, Foreign Minister Toomas Hendrik Ilves of Estonia, and State Secretary of the Ministry of Foreign Affairs Maris Riekstins of Latvia led their countries' delegations.

The Partnership Commission was established under the Charter of Partnership among Estonia, Latvia, Lithuania, and the United States of America, which was signed by the Presidents of the four countries January 16, 1998. The Charter reflects the common vision of the Partners of a Europe whole and free, and has as its goals jointly to create conditions for the full integration of Estonia, Latvia, and Lithuania into European and transatlantic political, economic, and defense institutions, and to enhance democracy, prosperity, and security for all states in the Baltic Sea region.

The Partners reviewed progress made to advance Charter of Partnership principles since the Commission's July 8, 1998 meeting.

- The Partners welcomed the steps taken by Estonia, Latvia and Lithuania to integrate into European and international organizations, including the accession of Latvia, and the imminent accession of Estonia, to the World Trade Organization. The Partners also reaffirmed their support for Lithuania's accession as well. The partners expressed the hope that Latvia and Lithuania will soon be invited to begin accession negotiations with the European Union.
- The Foreign Ministers welcomed the results of the Washington Summit, including the recognition of the progress achieved by Estonia, Latvia and Lithuania and the reaffirmation of NATO's Open Door policy and the commitment to continual review of the enlargement process, including at the next Summit meeting to be held not later than 2002.

They especially welcomed the issuance of the Membership Action Plan (MAP) for countries desiring to join the Alliance, which include Estonia, Latvia, and Lithuania.

The Foreign Ministers expressed their determination to use the MAP to the fullest in the development and implementation of their national programs in preparation for future membership. Partners anticipate that the Alliance's feedback program will allow each to develop an individually tailored roadmap to make them the strongest possible candidates for NATO membership.

The Deputy Secretary welcomed the aspirations of each of the Baltic states and restated President Clinton's commitment that NATO's door remains open, no country will be excluded from consideration by reason of geography, and that America is

determined to create the conditions under which Estonia, Lithuania and Latvia can one day walk through that door.

He further welcomed the continuing efforts and progress of Estonia, Latvia and Lithuania in meeting the responsibilities and obligations of possible membership in the Alliance, and noted the strong political support provided by each country for NATO's actions in Kosovo and their practical contributions to stability in Southeast Europe, including by sending peacekeepers to the region. He underscored that these actions will be considered as the U.S. assesses the future qualifications of Estonia, Latvia, and Lithuania for NATO membership.

The Partners welcomed the achievements of the three Baltic States in making themselves the strongest possible candidates for future NATO membership. The Deputy Secretary commended Lithuania's demonstrated commitment of resources, since the last Partnership Commission meeting, to strengthen its security posture; Estonia's renewed commitment to a similar dedication of resources; and Latvia's commitment to increased spending on defense modernization.

- The Partners agreed on the importance of social integration and expressed their commitment to continued progress in this area. The Deputy Secretary welcomed this progress and, in particular, the passage in the past year of amendments of legislation in Latvia and Estonia on citizenship and naturalization fully in line with OSCE principles.
- The Partners underscored progress achieved in fostering cooperation in the Baltic Sea region and, in particular, Lithuania's successful efforts during its CBSS presidency to enhance relations with the Russian Federation.
- In that context, the Partners welcomed the closing of the radar facility in Skrunda, Latvia, which exemplifies continuing constructive relations with the Russian Federation.
- The Partners reviewed the progress in U.S.-Baltic relations, including in the Economic and Security Bilateral Working Groups that met over the past year, and welcomed:
- The increased bilateral and multilateral cooperation in security issues, exemplified by the opening of the Baltic Defense College in Tartu, Estonia, in February and other projects promoted by the BALTSEA institutions;
- The new cooperative programs, including with adjacent regions of neighboring Countries, in energy, the environment, and public administration; the joint Great Lakes-Baltic Sea environmental program; the increased cooperation in law enforcement and the fight against transnational crime, including through joint efforts to support the CBSS Operative Committee on Organized Crime and on issues such as illegal trafficking in women and children, drugs, and trade in nuclear materials; and the important steps taken in the area of health, including the fight against antibiotic-resistant tuberculosis and AIDS;

- The completion of Letters of Implementation to fulfill the promise of agricultural cooperation laid out by the Memoranda of Cooperation, signed at last year's Partnership Commission meeting.

The Partners recommitted themselves to the goals of the Charter of Partnership and identified particular areas of cooperation for the coming year. They:

- Agreed to work together using increased U.S. bilateral assistance and practical support to take full advantage of the MAP, as well as to strengthen bilateral and regional military cooperation.
- The Deputy Secretary underscored for each of the Baltic states the importance of raising their defense budgets to 2 percent of Gross Domestic Product.
- The Foreign Ministers committed themselves to creating the best possible climate for increased trade and investment with the United States, including in the energy sector.
- The Partners endorsed the recommendations of the Economic Bilateral Working Groups, and agreed to include a business dialogue as part of the coming year's meetings of the Economic Bilateral Working Groups.
- The Partners agreed on the importance of social integration and committed themselves to work together to implement laws, integration policies, and programs to further that goal, in conformity with OSCE standards, and to continue cooperation with the OSCE in this field.
- The Foreign Ministers underscored their desire to continue to work with neighboring countries to advance regional cooperation in as many areas as possible, including through CBSS activities. In this context, the Foreign Ministers welcomed the U.S. assuming the role of observer in the CBSS, which will increase the effectiveness of U.S. efforts under the aegis of its Northern European Initiative.
- The Partners welcomed progress in the negotiations to update the Treaty on Conventional Armed Forces in Europe (CFE). The Partners believe that completion of an adapted CFE Treaty by the Istanbul OSCE Summit will be a step toward enhanced security and military stability throughout Europe, including the Baltic region.
- Agreed to use the opportunity presented by the October 1999 Conference On Women and Democracy in Conjunction with the Vital Voices Global Initiative in Reykjavik, Iceland, to strengthen civil society, promote economic well-being, and further regional cooperation in the Northern European area. The Conference will concentrate on strategies to enhance the prospects for women's full participation in democracy building, and on practical steps to implement those strategies.

The partners agreed to convene the next U.S.-Baltic Partnership Commission in 2000.  
/signed/

Strobe Talbott	Deputy Secretary of State, United States of America
Algirdas Saudargas	Minister of Foreign Affairs Republic of Lithuania
Toomas Hendrik Ilves	Minister of Foreign Affairs Republic of Estonia
Maris Riekstins	State Secretary for Foreign Affairs Republic of Latvia

Washington, D.C., July 16, 1999



## **Joint Statement of the Co-chairmen of the U.S.-Russian Joint Commission of Economic and Technological Cooperation**

U.S. Vice President Al Gore and Chairman of the Government of the  
Russian Federation Sergey Stepashin

*July 27, 1999*

U.S. Vice President Al Gore and Chairman of the Government of the Russian Federation Sergey Stepashin held an executive session of the U.S.-Russian Joint Commission on Economic and Technological Cooperation in Washington today. The co-chairmen commended the work already accomplished since the Commission's creation in 1993 and reaffirmed its importance for ensuring the continued vitality of the U.S.-Russian relationship and encouraging practical cooperation of benefit to both countries.

Building on the results of the meeting between Presidents Bill Clinton and Boris Yeltsin in June 1999 in Cologne, the Vice President and the Chairman of the Government discussed how to advance our relations and mutual interests, deepen U.S.-Russian cooperation, and address common problems. They affirmed that it is in the interest of both the United States and Russia to reduce our nuclear arsenals, cooperate on international peace and security, enhance nonproliferation regimes, and promote trade, economic, and technological cooperation and open and competitive markets.

The co-chairmen reviewed progress in U.S.-Russian cooperation to promote investment and economic growth. They noted important reforms that have been enacted in areas such as fiscal policy, the banking sector, and exchange rate liberalization. These reforms, and the additional steps the Russian government plans to take to strengthen the investment climate, will help sustain recent positive developments, encourage Russia's private sector, and open new prospects for mutually beneficial trade.

The Vice President and the Chairman of the Government noted the recent agreement to increase the Russian quota for commercial space launches to geosynchronous orbit by 4 launches and to implement in the shortest possible time the necessary legal procedures regarding amending the existing international commercial space launch trade agreement with the establishment of a general quota of 20 commercial launches through 2000. The sides agreed to begin consultations in the fall of this year regarding questions of future cooperation in the sphere of international commercial space launch trade, including discussing new perspectives for the period after the existing agreement expires.

The Vice President and Chairman of the Government commended the U.S. and Russian civil space communities for the successful launching of the first two elements of the International Space Station. They look forward to the launch of the next element, the Russian Service Module, in late 1999.

The co-chairmen discussed the key issues of international security and arms control. They highlighted the Cologne commitments made by Presidents Clinton and Yeltsin to begin discussions on START III and the ABM Treaty later this summer while at the same time pursuing the ratification of START II. The Vice President and Chairman of the Government reviewed the preparations for these discussions and agreed that they will start in Moscow in August 1999. They also agreed to accelerate work on implementing the agreement reached by Presidents Clinton and Yeltsin in September 1998 on exchange of information on missile launches and early warning. The Vice President and Chairman of the Government reaffirmed the vital importance of joint additional efforts to prevent the transfer of sensitive materials and technology. They commended the achieved level of U.S.-Russian cooperation in the area of nonproliferation and export control and noted recent progress by the Russian government to strengthen the policy, legal, and institutional foundations of Russia's export control system. In this regard, the co-chairmen expressed their commitment to the implementation of the work plans set forth to strengthen export controls and prevent proliferation activities and pledged to continue working closely together to achieve this shared goal.

Looking toward the 21st Century and guided by agreements reached in June 1999 in Cologne by Presidents Clinton and Yeltsin, the Vice President and the Chairman of the Government directed the Commission to intensify its efforts toward furthering a number of priorities, which include:

- Facilitation of further increases in bilateral trade and investment flows by encouraging a competitive market environment, providing better access to markets, removing remaining trade barriers, acting on early warning exchanges on potential trade issues, and creating market conditions conducive to new EXIM and OPIC financing of promising projects in Russia;
- Encouragement of small enterprise development in Russia under the aegis of the Commission's new Small Business Working Group;
- Development of strategies for Russian integration into the global economy, including joint work on WTO and OECD accession, and continuation of joint efforts to complete Russia's transition to a market economy. As part of this latter process, the sides will create under the aegis of the Commission's Business Development Committee a Working Group to facilitate achievement of this shared goal. The Russian side intends to submit a legal memorandum to the U.S. Department of Commerce to initiate a review process of Russia's market economy status within the context of U.S. anti-dumping law;
- Development of conditions conducive to expanding U.S. investment in the Russian economy, including the active use of production sharing agreements;
- Expansion of cooperative law enforcement and rule of law activities under the Commission's new Law Enforcement Working Group to combat corruption, money laundering, and other aspects of organized crime and to strengthen legal sector reform and rule of law for business in Russia;

- Broadening nuclear energy cooperation under the aegis of the Commission's new Nuclear Committee;
- Increased collaboration in addressing the Y2K problem;
- Expansion of cooperative public health projects and research to combat tuberculosis, HIV/AIDS, and other infectious diseases;
- Development of cooperative strategies to improve environmental protection; and
- Continued efforts to deepen military technical cooperation.

The Vice President and the Chairman of the Government are committed to use the Commission to achieve the goals set forth by Presidents Clinton and Yeltsin to strengthen the U.S.-Russia relationship in ways that benefit both the American and Russian people. The co-chairmen will continue to adapt the Commission and its activities to meet emerging bilateral needs and reflect the increasingly interconnected nature of the international community and global economy.



## **Remarks on U.S.-European Union Relations Association of German Chambers of Commerce and**

Under Secretary of State for Economic Business and Agricultural  
Affairs Stuart Eizenstat

Thank you very much. It is a great pleasure to be here today. I appreciate the opportunity to address this Chamber of Commerce, which represents more than

Today, I want to talk briefly about the Euro-Atlantic partnership and the challenges we are facing for the future.

and the European Union may be the most important, influential and prosperous bilateral relationship of modern times.

\$2 trillion. And, half of all goods and services produced in the world are made in the United States and Europe.

flows with the European Union are larger than our trade with Japan and Canada combined. European companies are the largest foreign investors in 41 of 50 American

And, U.S. companies employ three million workers in Europe.

But, of course our relationship goes far beyond mere economics. Millions of

And, our shared values of democracy and freedom resonate across the Atlantic and help form an inextricable bond between our peoples.

nations of Western Europe and the United States together in containing the forces of communism.

together to integrate a unified Germany into Europe, bring a post-Soviet Russia into the democratic camp, enlarge NATO and finally help bring peace to the people of

The Cold War may be over, but the need for a robust partnership between America and Europe is more vital than ever.

globe can expect better days ahead.

And, on global issues from trade and the environment to crime to nuclear world is safer, prosperous and more peaceful.

In recent years, the U.S. and European Union have achieved major multilateral trade billions of dollars.

Working together, we have helped establish joint programs to attempt to halt nuclear nuclear waste in Russia, stop prostitution rings in Eastern Europe and even stamp out child pornography on the Internet.

The EU has made an essential contribution to the Middle East peace process with a \$1.9 billion aid package for the Palestinians. In addition, its contribution to Eastern

Our cooperation must continue as we deal with the unprecedented worldwide flow of private capital, ideas, technology, goods and services known as globalization, which day, well over a trillion dollars in capital flows around the world, exceeding trade flows by a 60- to-1 margin.

policy priorities of the century to come for both Europeans and Americans.

Already we are dealing with the challenges of globalization as we deal with the global

Indeed, we are the two pillars of economic strength on which a fragile world economy relies. Today, Europe and the United States have a special responsibility to sustain our and work to ensure that the forces of protectionism at home and abroad do not overwhelm the need for continued liberalization.

which politics and economics converge. As the crisis gathered steam, it spread through Asia, sweeping from power leaders in Thailand, Japan, Indonesia and later

What's worse, the crisis is exacerbating fears about globalization in developing countries and could fuel a backlash against the very principles of open markets, increased economic opportunities world-wide.

Indeed, the optimistic notion only two years ago that the world was adopting economic liberalization as a model for development is under challenge.

middle classes serve as the backbone for democratic movements and economic reforms.

and destabilizing impacts on the global economy of the 21st century - an economy on which all Americans and Europeans rely.

the failure of Fast Track legislation in 1997 and the difficulties in passing funding for the International Monetary Fund last year in part reflect uneasiness about America's exposure to external economic forces.

In addition, efforts to negotiate a Multilateral Agreement on Investment have stalled in the OECD over unfounded fears -- particularly, but not only in France -- that such an agreement will compromise labor and environmental standards.

In the coming year, the difficult conditions in many developing economies will only serve to heighten concerns about globalization.

The world must neither resort to protectionist measures in a fruitless attempt to stop globalization nor should we ignore its undeniable challenges. Working with our economic partners, the Clinton administration seeks a middle ground -- namely one that supports economic openness and liberalization, while working to prepare our citizens so that its harshest elements can be minimized.

To achieve these goals, both Europeans and Americans must work together. If the history of the 20th century has taught us anything, it is that when both sides of the Atlantic join together in support of the greater good, there is little we cannot accomplish.

## **Best Practices**

As we deal with the current crisis, the developing world will look to America and Europe for guidance on how to not only work their way out of the crisis but also lay the foundation for future growth.

Examples of "best practices" from both America and Europe are illustrative. Over the past several years, the American economy has enjoyed sparkling growth. Nearly 18 million new jobs have been created in the past 6 years alone and unemployment stands at a nearly 30 year low.

America's economic performance is not an accident. Our workers are well-trained and adaptable; our labor markets are flexible; our corporations are highly competitive and have a world-wide influence; our innovation and entrepreneurial spirit is unmatched and the United States remains at the forefront of today's global economy.

In my view, these accomplishments provide important examples for not only the dislocation as well.

The world, including America, can learn important lessons from Europe as well. The national health insurance, worker training and social cohesion, while simultaneously maintaining a free market democracy, is an example to developing markets.

growth for the global economy we should not be afraid to cast our eye across the Atlantic for inspiration.

Our effectiveness in confronting the challenges of the 21st century is made significantly easier by the historic changes taking place in Europe.

for European integration. Events of the past few years are bringing us closer to achieving that goal.

and our growing partnerships with Russia and Ukraine are promoting greater stability and unity among all the nations of Europe -- a goal that has remained heartbreakingly

The process of integration will foster a prosperous and democratic continent that is united not by the force of arms but by the possibilities of peace and prosperity.

can make conflict in the eastern half of the continent as inconceivable as it has become in the West.

historic step in the process of integration.

An EMU undergirded by sound macroeconomic and structural policies as well as remains a critical engine of growth for the world economy.

## **Challenges to U.S.-EU Relationship**

prepare to enter a new millennium, there are four fundamental challenges to the Euro-Atlantic partnership.

These challenges were enumerated at the U.S.-EU Summit in Madrid in December 1995, which shepherded in a new framework for strengthening the U.S.-EU relationship -- the New Transatlantic Agenda, or the NTA.

The four goals of the NTA are clear:

- Contribute to expansion of world trade and closer economic relations.
- Respond together to global challenges.
- Promote peace, stability, democracy and development around the world.
- Build stronger bridges across the Atlantic

How we meet each of these individual goals will go a long way toward ensuring that the next century is one of greater freedom and prosperity for millions of people on both sides of the Atlantic.

## **Expansion of World Trade and Closer Economic Relations**

The United States and the European Union are the twin pillars of prosperity for the world. To be sure, Germany plays a critical role in that process serving as a powerful engine of growth for not only Europe, but also the world.

Twenty-five percent of the European Union's GDP comes from Germany, which had a GDP of over \$2 trillion in 1997.

As our economies go, so goes the world. This places upon both America and Europe a unique responsibility and obligation to help spur the global economy, particularly at this time of financial turbulence and uncertainty.

The financial crisis and popular backlash against globalization threatens the enormous economic and political gains made in recent years. That's why it is so important that the U.S. and the European Union continue the process of openness and liberalization that has characterized our economic relations for the past half-century.

Under the new Transatlantic Economic Partnership, or TEP, launched at the 1998 U.S.-EU Summit, a framework exists for us to further reduce bilateral and multilateral barriers to international trade and investment and spur increased economic growth.

The TEP establishes a framework for both Americans and Europeans to enhance cooperation in our most sensitive trade areas. It includes cutting edge sectors of importance to U.S. business and consumers and finally it seeks common approaches to trade-related environment and labor issues.

Since last May, U.S. and EU negotiators have completed a joint action plan that establishes specific initiatives we will undertake under the Partnership.

These include the identification of new sectors for mutual recognition of standards, biotechnology approval processes.

We are also examining the possibility of mutual recognition agreements in the further reduce barriers in this important area.

And of course, we will continue to pursue policies that foster economic growth and World Trade Organization (WTO) negotiations.

In fact, it is imperative that Europe and America act together in the World Trade Clinton made a recent call at his State of the Union address for "the world to join the United States in a new round of global trade negotiations to expand exports of

At a time of great economic peril, we who have gained so much from free trade and economic liberalization must continue to fully embrace economic openness and products from countries in economic distress.

Our resolve will serve as an important example to developing nations -- whom we are and Europe remain intent on staying the course of economic liberalization and serving as pillars of stability in the global economy.

our own trade differences. In an economic relationship as diverse and extensive as ours, problems occasionally will arise. Such has been the case in our recent trade must not be allowed to overshadow the many positive aspects of our partnership.

We must consider the long-term implications of trade disputes. For example, on the failure of the EU to implement a regime consistent with the latest WTO rulings, risks undermining the very effectiveness and integrity of the WTO's dispute resolution

The contentious path we have traveled on bananas must not be repeated on the issue of beef produced from cattle raised with hormones.

hormones and yet we still do not know how the EU intends to implement the WTO finding. To prevent this dispute from escalating, we need to begin discussions now on

If we share the belief that the WTO has a critical role to play in ensuring future prosperity through open markets and reduced trade barriers then it deserves our full and unconditional support.

## **Encouraging Peace, Stability, Democracy and Development**

Of course, our strong economic cooperation will mean little if we fail to make the U.S.-EU political partnership more effective.

Too many times in the post-Cold War era we have been too slow to respond to humanitarian, political and financial crises both in Europe and around the globe. No longer can we afford to wait for blood to be shed or instability to spread before we act.

And, on a number of issues I am pleased to see improvement. From the Balkans and North Korea to the Middle East and the former Soviet Union we are more effectively working together to preserve peace and prevent the outbreak of war.

Through the efforts of NATO and the OSCE we have taken substantial steps toward bringing peace to Bosnia.

While we still confront serious challenges to peace and the rule of law in the Balkans, it is abundantly clear that European security rests on the bedrock of strong and committed U.S.-EU cooperation.

It is my hope that the next century will usher in a new, more equal partnership between Europe and America so that we can act together around the world in preventing regional crises from becoming humanitarian disasters and threats to international security.

Where we have disagreements on how to address situations in particular countries we need to continue the search for common ground. For example, in the case of Cuba we have emphasized our common goals regarding human rights and a transition to democracy, and negotiated an understanding to help resolve differences over U.S. sanctions legislation. We took a similar approach regarding Iran by focusing on our opposition to terrorism, the development of weapons of mass destruction, and devising an arrangement to overcome differences on sanctions. The Transatlantic Partnership for Political Cooperation (TPPC), which we established last year, provides a mechanism for consulting on regional political issues prior to imposition of unilateral sanctions to try to avoid differences on these issues in the future.

Of course, as pillars of international stability, the U.S. and European Union have global responsibilities that go well beyond the Atlantic.

and pornography are emerging we must do more to confront these problems together, not just for our own citizens, but for all people.

thousands of women from Eastern Europe and the former Soviet Union.

And, once Europe's new crime-fighting institutions are up and running we can more agreed to a special summit on this topic in 1999, this must be a priority issue that needs to be addressed over the next few years to achieve more practical and fruitful

On the environment, the U.S. and EU share a common goal, but sometimes differ as to how it can best be protected.

movements of genetically modified products. The U.S. and Europe share the negotiations' objectives of protecting global biodiversity. We believe, however, that for current draft provisions to cause potentially massive negative economic consequences without increasing environmental benefits.

goals. I am pleased to note that at Buenos Aires, we came up with a practical approach to implement so-called "flexibility mechanisms" as called for in the Kyoto healthier world for the next generation.

The greatest challenge we face at present is dealing with the current financial crisis. the U.S. to push forward with new initiatives that will allow us to stabilize the global economy, while spurring growth.

architecture, including the International Monetary Fund -- in order to help prevent recurrence of what President Clinton called the "boom or bust" cycle.

term implications of the crisis. It will be critical, however, that as we develop these international reforms we engage developing nations including through the G-22

This spring G-7 Finance Ministers and Central Bank Governors will consult with a wide range of countries to develop proposals on financial architecture for the G-8 Summit, expanding the process of bringing more voices to the debate.

In addition, working together we must support the continuing efforts of developing nations to invest in their peoples, so that they can more broadly share the fruits of that growth and maintain open and accountable political systems.

We should not discount the difficulties faced by young democracies and markets. To continue supporting economic liberalization, citizens must have some confidence that a social safety net is in place to help them weather the economic disruptions caused by global change, and seize its opportunities.

Promoting universal primary education, broader public access to information about global markets, cost-effective public transportation and utilities sectors, high labor and environmental standards, and a robust engagement in policy-making by all sectors of society are just some of the steps that must be taken.

In particular, we welcome the support of the World Bank and the IMF to help countries better integrate social safety net and financial stabilization programs so that crises are less likely and their pain less severe.

Initiatives to accelerate the pace of corporate and financial restructuring, improve development assistance through both bilateral and multilateral institutions, and increase trade and investment opportunities for developing nations are also of critical importance and must be at the top of the international community's agenda.

I welcome the proposals put forth by the German government, who are hosting the next G-8 summit.

In particular, we welcome Germany's recent debt initiative as a constructive proposal within the current debt framework. The U.S. has long advocated many of the key elements in the German initiative, including providing deeper debt reduction and forgiveness of concessional debt in the Paris Club and increasing the flexibility of Highly Indebted Poor Countries. We look forward to seeing the details.

In addition, we must help developing countries with the technical assistance needed to cope with the rapid influx and outflows of capital that contributed to the current crisis.

Many of the countries most gravely affected by the crisis lacked well-developed financial systems, with the legal and regulatory frameworks needed to ensure that capital flowed to its most productive user.

Excessive private short-term borrowing of foreign currencies increased the economies' vulnerability to shifts in sentiment. Cronyism, corruption, and a lack of financial transparency contributed to a series of bad investments and weakened banks. The crisis exposed weaknesses and changed perceptions of future growth prospects and fed investors' uncertainty and panic, leading to financial instability and eventually recession.

nations is to improve the prudential regulation and supervision of financial institutions, to increase transparency and disclosure, and to improve corporate

If implemented appropriately these programs can go a long way toward building confidence among international investors while helping nations weather the enormous economy.

In addition, we must launch a global campaign for compliance with internationally

Thanks to U.S. leadership, the recently ratified OECD anti-bribery convention has established important, new, enforceable standards for criminalizing bribes paid in

It is also critical that efforts be made to address the "demand side", particularly in developing nations.

to combat fraud and corruption in Latin America and is an important model for the developing world.

Finally, the U.S.-EU partnership must move beyond the realm of government and enter more directly into the lives of individual Europeans and Americans. That's why environment and consumer issues.

One such dialogue is the Transatlantic Business Dialogue, which brings members of recommendations for governmental action leading to a barrier-free transatlantic marketplace. It has brought the best of European and American businessmen into the recommendations help shape the transatlantic trade and investment agenda. In particular, Germany's own, Jurgen Shrempp the CEO of Daimler-Benz-Chrysler has

This partnership is already bearing fruit. Over the past year, we've seen a U.S.-EU Mutual Recognition Agreement that will cover six sectors and save an estimated \$1

Agreements in the WTO on financial services, telecommunications and international technology have been reached And, we've also achieved postponement of European relationship.

The United States also recognizes that there are many other 'stakeholders' in the Trans-Atlantic relationship. For that reason we have sought to foster contacts and obtain input from members of the consumer, labor and environmental movements under the terms of the NTA.

I was pleased to participate in the launch of the Transatlantic Consumer Dialogue (TACD) in September, and I look forward to a formal inauguration of the Transatlantic Environment Dialogue (TAED) here in Germany this spring. Together with the Transatlantic Labor Dialogue (TALD) these new additions to the NTA family are already working to give U.S. and EU decision-makers input on important issues that affect the lives of ordinary citizens on both sides of the Atlantic. These groups are helping us honor the President's Geneva commitment to ensure that "spirited economic competition among nations never becomes a race to the bottom in environmental protection, consumer protection, and labor standards."

## **Conclusion**

For fifty years, the peoples of Europe and America joined hands in a historic partnership. Together, we helped ensure that this continent would enjoy an enduring future of freedom, democracy and economic opportunity. The success of our endeavors is clear.

Today, we confront an entirely new series of challenges. And once again we are faced with the awesome responsibility to serve as pillars of stability for the peoples of the world. This is no time for America and Europe to rest on our laurels or shirk the challenges that lay ahead.

We can and must ensure that the Euro-Atlantic partnership remains the bedrock of the global movement toward greater freedom and increased economic opportunity. Working together in cooperation, as we have in the past, I have no doubt that this goal will become a stirring reality for the century to come.

Thank you very much.



## **New Challenges for the Transatlantic Alliance: A U.S. Perspective**

U.S. Permanent Representative on the North Atlantic Council  
Ambassador Alexander Vershbow

*March 17, 1999*

**I**t is an honor to be here today. Let me especially thank Jacqueline Grapin for the invitation to speak here, and for bringing this group together. And let me thank the Spanish Ambassador, Antonio Oyarzabal, for his kind introduction.

Probably the most important thing the European Institute does in Washington is put Americans and Europeans in a room together and force them to talk to each other outside of their normal venues and routines. It is always good to be reminded of how much we agree on, given that most of our day-to-day work is focused on dealing with disagreements.

While the United States clearly has global interests that go well beyond Europe, the relationship that we have with Europe -- nations that share our values and vision for democracy, peace, and prosperity -- is truly unique.

Jacqueline asked me to give an American perspective on "New Challenges for the Transatlantic Alliance." In approaching this subject, I am reminded of an exchange that took place in the NATO committee that is working to revise NATO's Strategic Concept for next month's Summit.

At a place in the document discussing how the new risks differ from the old military threat of the Cold War, one Ally suggested using the phrase "threats that are mostly unpredictable in nature." Heads nodded, and everyone around the table dutifully took note of this sage advice until another Ally, an inveterate optimist, spoke up, saying, "Mr. Chairman, I don't object to the insert, but I would prefer to say 'threats that are mostly predictable' in order to be more accurate."

This exchange not only shows what passes for humor inside NATO committees, but it neatly sums up where we are within the Alliance in trying to think about the new challenges that face us.

We know that the simple, old, East-West divide is gone, and with it the kinds of clear military threats that we spent 40 years deterring. We know that there are new challenges and risks, and we can say in general terms what they are -- regional instability, often related to ethnic conflict, proliferation of weapons of mass destruction, and terrorism, to name a few. But by their very nature, these new risks are harder to pin down and address than a conventional military threat to an Ally's territory.

Nonetheless, we know that it is NATO's job to deal with these risks and challenges, and so we are working hard to make sure that NATO has the right stuff for the next 50 years, just as it did for the past 50 years.

This is the number one U.S. objective for the Alliance -- getting NATO ready for the next century. It is an objective fully shared by our Allies. And it is an objective that we believe the Washington Summit will go a long way toward achieving, recognizing that no one can fully anticipate the challenges NATO will be called upon to address in the coming years.

In terms of explaining NATO's role, Allied leaders will issue a brief declaration at the Summit that reaffirms their 50-year-old commitment to common values and common defense, and lays out their vision of how NATO will deal with the new challenges of a new century. This "vision statement" will be important for Allied publics -- and especially the U.S. public beyond the Beltway. Its purpose is to make clear that America's connection to Europe through NATO will not just wither away in the absence of Cold War. It will reflect both NATO's success in achieving its original mission and its extraordinary transformation over the past decade in promoting peace and security across a newly undivided continent.

At the more practical level, the Summit will make decisions and statements on a wide range of issues. These will define in practice how NATO is not just reacting to, but actually shaping the new strategic environment.

Given the ceremony in Independence, Missouri, last Friday, and the flag-raising ceremony that took place in Brussels just a few hours ago, the specific step that is foremost on everyone's mind is NATO enlargement.

At the Summit, the participation of the three new allies -- and the commitment of all 19 allies to continuing the enlargement process in the future -- will send a clear message: that Stalin's division of Europe is truly over. Moreover, the Summit will make equally clear that continued enlargement is a key part of NATO's strategy for creating a democratic, prosperous and secure Europe in the next century. The first round of enlargement will not be the last. For the United States, enlargement remains a strategic imperative.

NATO enlargement does not merely extend security to the new members. It also promotes the adoption of democratic norms and peaceful relations with countries throughout the Euro-Atlantic area and brings additional strength to the Alliance in carrying out its missions, new and old.

To help pave the way for future enlargement, we expect that Summit leaders will approve a package of measures -- which he have proposed calling the "Membership Action Plan" -- in which NATO will commit to helping aspiring members become the strongest possible candidates for joining the Alliance.

Of course, the issuance of an actual membership invitation will depend upon a political decision by the Allies that a nation's membership in NATO will contribute to our overall security. But by giving aspiring members more feedback and guidance on their defense reform and their modernization efforts, the Membership Action Plan will demonstrate that NATO fully expects to admit additional countries in the not too distant future.

Enlargement, however, is far from the whole story. Perhaps most important in addressing the new challenges of the 21st century will be the Summit's approval of NATO's revised Strategic Concept -- NATO's over-arching roadmap for ensuring stability and security in the Euro-Atlantic area. This document will lay out in some detail the nature of the Alliance, the challenges of the new security landscape, and NATO's approach to security and defense.

Unbeknownst to many, however, is the fact that the Strategic Concept's most important function is to instruct Alliance military authorities how to configure NATO defense forces so that they are equipped for the full range of Alliance missions, from collective defense to peacekeeping.

The U.S. has long believed that one of the most important, new elements of the revised Strategic Concept must be a recognition that one of the fundamental tasks of the Alliance is to carry out so-called "non-Article 5" missions -- operations in response to crises that go beyond defense of Allied territory.

This is not to say that collective defense is no longer NATO's job one or, on the other hand, that NATO is going to turn into some form of "globo-cop," set to intervene in every crisis both in Europe and out. Rather, it is merely a recognition that many of the threats to the security of the Allies emanate from outside NATO territory -- whether through weapons of mass destruction or regional conflict -- and NATO must be prepared to deal with these kinds of threats whenever there is an Alliance consensus to do so.

We have sought to sum up this approach as the "defense of common interests" -- a seemingly straightforward concept that has aroused a surprising degree of controversy and fears of a U.S. agenda for a "global NATO." When we speak of defending our "common interests," we do want our European allies to take account of the wider landscape. But we also recognize that our common interests are not pre-ordained, but rather will be defined day-to-day in the consultations that are the bread and butter of our work at NATO.

In practical terms, NATO has already taken on these kinds of missions through the Bosnia and Kosovo operations. By raising the profile of this type of action in the Strategic Concept, we will be giving guidance to NATO's defense planners to prepare the mobile, sustainable, and survivable forces necessary to carry out these types of missions in the future, whether they be high-intensity or low.

A further step to be taken at the Summit will be to articulate new and closer operational ties between NATO and Partner countries in responding to crises in Europe. As we have seen in Bosnia and in Kosovo, when NATO acts to deal with instability outside its borders, it will usually seek the participation of non-Allies as contributors to a NATO-led operation.

To facilitate this, NATO has developed together with Partners a document that explains how Partners will be involved -- not only by their putting troops on the ground -- but in the operational planning, political direction and military command arrangements of future NATO-led crisis response operations.

This document -- which has been given the catchy title of the "Political-Military Framework" -- will be the centerpiece of "Day Two" at the Summit, when leaders from 44 countries will participate in the largest ever summit meeting in Washington, the Summit of the Euro-Atlantic Partnership Council. A further document, with the even catchier title of "Operational Capabilities Concept," will lay out how NATO plans to help improve the interoperability and military effectiveness of Partner contributions to NATO-led operations.

Thus the Summit will make clear that NATO is not merely the Alliance of 19 members. It is, to quote Secretary of Defense Cohen, the core of a larger "cooperative security network" that links all of Europe's democracies in tackling the security problems of the entire continent.

Lest there be any misperception, let me stress that this new operational focus within the Partnership for Peace is not replacing the old Partnership for Peace. For the past five years, PfP has successfully promoted democratic and military reform in partner nations, encouraged cooperation among countries whose historical suspicions might otherwise run unchecked, and helped promote and extend stability well beyond NATO's borders. At the Summit, leaders will celebrate PfP's amazing success, as well as marking the implementation of enhancements to PfP made since their last meeting in Madrid (in the areas of defense planning, political consultation through the EAPC, and partner involvement in the day-to-day work of NATO's political and military staffs and committees). And they will give direction to new work in areas such as education, training, and exercise simulation.

Within NATO's partnership agenda, building a cooperative NATO-Russia relationship is one of the most important and exciting challenges we face. Without giving Russia a veto over NATO action, the Alliance is committed to working with Russia as much as possible in specific areas of cooperation -- for example, in discussing peacekeeping operations, proliferation of weapons of mass destruction, science and the environment, and even the Y2K problem.

Even on the difficult and contentious issue of Kosovo, the NATO-Russia Permanent Joint Council proved itself as a valuable forum for consultation. Allies and Russia were able to exchange views candidly, and this indeed helped to manage differences and focus attention on our common goal of reaching a peaceful settlement.

We hope that President Yeltsin or Prime Minister Primakov will decide to attend the Washington Summit, in which case there will be a Summit meeting of the NATO-Russia Permanent Joint Council.

The Washington Summit will in any event include the first-ever Summit meeting of the NATO-Ukraine Commission, symbolizing the importance of this distinctive relationship and providing a vehicle for defining further joint NATO-Ukrainian cooperation aimed at bringing that strategically important country into the Central European mainstream.

On the intra-Alliance side, a key U.S. goal for the NATO Summit is agreement on a defense capabilities initiative. The aim is to match capabilities to the new strategic

requirements by agreeing on a common concept of operations that prepares all the Allies for the 21st century battlefield.

Our goal here is to enhance capabilities, not to get the European Allies to "buy American" (at least not exclusively!). Most, though not all, Allied nations do not need to spend more -- but they do need to spend more wisely. They must move away from overly large, standing forces and toward more emphasis on deployability and sustainability. They must ensure that the communications and weapons systems they will rely on for the next decade and beyond are modern and capable enough to operate effectively with those of the United States.

We see a strong connection between the Defense Capabilities Initiative and the development of the European Security and Defense Identity, or "ESDI" as it is usually called.

In Washington, Allied leaders will mark the completion of arrangements agreed at the 1996 Berlin Ministerial on developing the ESDI within NATO -- including arrangements that will permit the Western European Union to take the lead in some operations, drawing on NATO assets and other support.

Completing the Berlin package will help lay the foundation for the further work on ESDI, which the UK and France have taken the lead in developing since their summit at St. Malo. The Clinton Administration has consistently supported ESDI. It would be in the U.S. interest for the European Allies to develop their defense capabilities, strengthen their collective political will, and make a greater contribution to security and defense in Europe.

In the past, discussions about ESDI focused almost exclusively on institutional arrangements. Such arrangements are indeed important. But a discussion about ESDI that is not based on real capabilities will be just a paper exercise. These points were very much the center of UK Prime Minister Blair's calls for a renewed European dialogue on ESDI, and we welcome this focus on capabilities.

At present, the U.S. provides the lion's share of the strategic lift, logistical support and intelligence assets needed to sustain military operations beyond NATO territory. If ESDI is to mean something in practice, it must address these questions of capability. If it does, it will be a genuine "win-win" for both Europe and NATO. We would like to see the European Allies adopt the NATO Defense Capabilities Initiative as one of the tools that will help give real substance to ESDI.

On the institutional side, the new debate after St. Malo is pointing toward an increased EU role in security and defense under the Amsterdam Treaty -- perhaps even a friendly takeover of the WEU by the EU. This "EU-ization" of ESDI can be done in a way that builds on the Berlin foundation. As this process unfolds, the chief U.S. concern is to preserve NATO as the over-arching framework and avoid the waste and political divisiveness that could come from efforts to establish separate European capabilities and structures.

We also need to preserve the kind of genuine, open consultations we now have within NATO, as well as the full participation of the six European Allies that are not

members of the European Union. A European operation will have the greatest chance of success if it has the political and practical support of the U.S. and other non-EU Allies -- not least of all Turkey.

To summarize the U.S. view, a stronger ESDI backed by real capabilities can contribute directly to greater burden-sharing and responsibility-sharing that will strengthen European security overall. Continued U.S. engagement, and cooperation with a stronger Europe, will be the key to dealing successfully with challenges that still face us, long after the Cold War has ended.

Having covered in great detail the work being done for the NATO Summit, I know I have set myself up for the question, "Is NATO fiddling while Kosovo burns?"

I think just the opposite is true. At the same time that we have been addressing NATO's role in the next century, the Alliance has been actively engaged in trying to convince the parties in Kosovo to accept a peaceful settlement. And NATO will stay involved -- whether backing up diplomacy, implementing a settlement, or bringing force to bear against Serbian repression.

To be sure, there is a grave risk that Kosovo will again be aflame when NATO leaders meet in Washington. If the new talks that got underway yesterday do not lead quickly to FRY acceptance of the whole Rambouillet package -- including a military implementation force led by NATO -- the Alliance is ready to carry out its previous threat of airstrikes to avert a wider war and a humanitarian catastrophe. We know that our publics and parliaments will evaluate the Washington Summit decisions about NATO's role in managing future crises on the basis of how well we manage this one.

Let me equally be clear, however, that the future is not just about addressing regional crises, although that is certainly important. The future is about building a secure, undivided and democratic Euro-Atlantic community.

Indeed, one can say that NATO's Partnership for Peace and the relationships with Russia and Ukraine are also "out-of-area" missions of a more positive kind. In helping to shape the future security environment, NATO can ensure that there are fewer crises that it may be called upon to manage in the coming years. This effort will be reinforced by the work of the OSCE, the European Union, and the U.S.-EU relationship in preventing conflict and promoting stability and integration.

This brings me to one final point. I have discussed the specific challenges facing NATO in the new strategic environment and what NATO is doing to address those challenges. But the biggest challenge we all face is maintaining the transatlantic commitment to our common values and common cause. Here I am addressing both the United States and Europe -- and forgive me if I sound a bit too much like a high priest of Atlanticism, but that is part of my job description.

On the U.S. side, we have to remind ourselves that security in Europe is linked directly to our own security. Not because a small place like Kosovo or Bosnia has a direct effect on the most vital U.S. interests, but because problems like these have an enormous effect -- both tangibly and intangibly -- on our strategic objective of

building a Europe that is democratic, prosperous, secure and a key partner of the United States.

The United States cannot expect to be a leader, or to reap the benefits of a strong transatlantic partnership, if it tries to deal with European security problems on the cheap and a la carte. U.S. leadership and commitment is still essential -- for U.S. interests as well as for Europe's.

As for Europe, there can be no real transatlantic bargain, nor any meaningful ESDI, nor any prospect of banishing the ghosts of violent nationalism, unless European Allies develop the military capabilities and political will to deal with crises that occur well beyond their own territory. And in developing these capabilities, Europe must have the confidence not to draw dividing lines among European states, or shape institutions in ways that inhibit cooperation with the United States.

On both sides of the Atlantic, to ignore these challenges would be to ignore the shared values that give us common purpose --the values that make NATO different from all previous military alliances, and that also underpin the success of the European Union. Beyond the many concrete initiatives for the Washington Summit, it will be a success if it reaffirms our common belief that the United States and Europe must work together. Thank you.



## **European Security and Conflict Prevention: Four Challenges for the New Millennium**

Ambassador John C. Kornblum

*April 28, 1999*

**T**hank you for the warm welcome. It is a pleasure to be back in Vienna. And it is a special pleasure to participate in this discussion at the Bruno Kreisky Forum. Bruno Kreisky was a visionary and this is a time for vision. We are experiencing near revolutionary change which is redefining the goals and meaning of the Euro-Atlantic community. It is also an important time for reflection in Austria, a nation whose role in the Atlantic world remains unique. I hope this evening to describe several challenges which face our peoples in the face of this rapid change.

Right now, our democracies are reacting courageously to a tragic violation of our basic principles. We are facing the most severe challenge to peace in Europe since 1945. There is a passionate debate because the efforts of NATO and the EU touch the core questions of relations between nations and peoples. In the post Cold War era, the answers are not always clear-cut. Our choices are sometimes between the lesser of two evils. But not responding is not an option.

A new paradigm defines the interests and responsibilities of democracies in the post-Cold War world. The clear definition between East and West has been replaced by a mosaic of contacts, opportunities and challenges.

Rather than defining our world through the confrontation of blocs - or the lack thereof - our benchmark is now the values and the goals of modern societies. Whether social or economic or military, answers to the great questions of our time will be found in how we apply our values to the search for solutions to these difficult challenges. Under such circumstances, no one can remain neutral.

The framework for such efforts will be variable formations of democratic communities. The task will be to build new sorts of structures which empower peoples and nations to act in their own positive self interest.

Nowhere is this new paradigm more evident than in the resolve shown by NATO members and partners -- 44 nations -- at last week's summit. The crisis in Kosovo demonstrates very clearly that one of the greatest challenges to Europe's stability comes from beyond NATO's territory. As the security arm of the Euro-Atlantic community, it is up to NATO to meet these challenges.

The summit produced important commitments concerning the situation in Kosovo. We clearly affirmed NATO's objectives -- the withdrawal of Serb forces from Kosovo, the establishment of an international peace force and the return of all refugees. We sent Belgrade a signal that military, economic and political pressure will increase. And we made a commitment to both immediate and long-term efforts to assist and rebuild southeastern Europe.

The conflict in Kosovo is dramatic proof of the difficulty of the challenges facing the Atlantic world in this revolutionary post-Cold War period. Political and military instability is occurring against a background of sustained, rapid change. Our societies, our industry, our technology are often evolving faster than our ability to cope. New patterns of relationships are making old concepts of diplomacy obsolete.

This year we celebrate the 10th anniversary of the revolutions of 1989 and we look forward to the start of a new millennium. Our Western societies are safe, free and prosperous. But we cannot stand still. Just as NATO has restructured radically to meet new challenges, so must we examine carefully the steps necessary for success in other areas. Change can be our friend. But it can also be confusing and destabilizing. Our job today is to maintain our underlying values and partnerships as a solid foundation for positive change.

Kosovo also demonstrates the important leadership role of the Western democracies in this era of change. Both our ideals and our self-interest dictate the need for initiative to establish democracy throughout Europe., . Our task now is to define and fulfill our agenda. If we succeed, the result can be impressive. We are seeking nothing less than a new synthesis of relations. This means focusing on concrete action and capabilities. Above all our task is to expand even further our dialogue so that we can understand more clearly where we are going and how. As the world integrates ever more rapidly, every democratic nation must play a role in this process. No nation can escape the responsibility of dealing with change. Above all, it is up to all members of the transatlantic community to contribute to democratic solutions to the world's problems.

In other words, it is now time to get down to work. Our values are clear. Our goals have been set. Our institutions are being tailored to the tasks. What remains is the important task of defining the issues facing us. In a period such as this, asking the right question is often as important as thinking of the answer. Once the question is asked, we can focus on the details. As my contribution to this process, I would like to pose four challenges. These challenges define the work necessary to ensure continued success of our way of life.

## **FOUR CHALLENGES FOR THE NEW MILLENNIUM**

### **Safeguarding our Security**

Even though our nations are no longer threatened directly, the challenge to our security has never been more complex. In the past, our goals focussed on defending against a well-defined threat. In the new post-Cold War world, defense must focus on an active effort to build security.

Above all this means building democracy. Lasting peace can be achieved only through expanding the community of democratic nations in Europe and the world. Building democratic societies, maintaining strong and free economies and stimulating a sense of community among free peoples are the most basic forms of defense.

But there are also more direct challenges facing us. Confrontation of the Cold War has been replaced by a myriad of threats. Most are not a question of military conflict. Others, such as Kosovo, can disintegrate into armed warfare if they are not handled with firmness and skill.

Relieving the world from the threat of nuclear annihilation released many new pressures, both good and bad. The pressure for change in Central and Eastern Europe and the former Soviet Union has brought economic development and democratic government. But it has also made possible new forms of criminal activity, it has unleashed ethnic and religious conflicts and it has led to new forms of competition long thought to have been overcome.

The conflict in Bosnia taught us that no country, including the United States, is immune from these challenges. Frustrations in Bosnia taught Europeans that their unity could not yet stand the test of external conflicts. All of us learned that our security is indivisible. Lasting, democratic peace in Europe can be achieved only within an Atlantic framework. This is the lesson we are applying in Kosovo as well.

Coping with the threat of the proliferation of weapons of mass destruction is another security challenge. Within ten years every southern European capital may well be within range of ballistic missiles that could be launched from nearby regions. And by 2020 all of Europe could be as well.

As became so tragically clear with the bombings of U.S. embassies in Kenya and Tanzania, the will exists among some groups to attack with the intention of the greatest possible destruction. Weapons of mass destruction in the hands of such groups is a danger to be taken seriously.

There are a number of conclusions to be drawn from this situation. Our security is not guaranteed, regardless of the reduction in overt confrontation. We must work even harder to define the challenges - to ask the right questions, as I suggested earlier. Our institutions must be refined.

Above all, we must better understand our goals and means. To use the language of the new generation, we have built the hardware to accomplish our task. What is missing is the software, i.e. the ideas and concepts which can add substance to this work.

This task was put best by U.N. Secretary General Annan about the situation in Kosovo. As he put it: "We will not, we cannot accept a situation where people are brutalized behind national boundaries. For at the end of the 20th century, one thing is clear: a United Nations that does not stand up for human rights is a United Nations that cannot stand up for itself."

NATO nations are standing up for the human rights of the people in Kosovo by attempting to stop the slaughter and the ethnic cleansing and make it possible to build a stable, united, prosperous Europe that includes the Balkans and its neighbors. In doing so, we are taking on grave responsibility. But we are also building a foundation for democratic change in the Balkans. Without freedom in the Balkans, there can be no stable peace in Europe.

## **Building Prosperity**

History has demonstrated that democracy and prosperity are closely linked. True economic well-being is possible only in a democratic, free-market system. But freedom cannot flourish under conditions of economic weakness. Increasingly, we are learning also that no country is an island. Just as security is indivisible, so is economic well-being. Cooperation among Atlantic nations in particular is essential to maintain the sort of stable and open world financial and trading system which is important to our own economic health.

Such sentiments may sound obvious, but their implementation is often difficult. As in the case of security, we know where we want to go, we must now work hard to define the exact way of getting there. The challenges are many. Concurrent with the restructuring of our security interests, our societies are living through a veritable economic, social and technological revolution. Our economies are increasingly becoming integrated, not through the exchange of goods, but through the merging of our ideas, our companies and our very cultures.

Such rapid change can be unsettling. So many new challenges can cause our parliaments, our press and our peoples to withdraw into old certainties. We certainly face such pressures in the United States. An influential Senator told me recently that he had not seen such strong protectionist pressures in the Congress for nearly thirty years.

Similar tendencies can be observed in Europe. Disputes over bananas, hormones in meat or aircraft engines are signs of the pressures of a new age. Debates over climate change, genetically-modified organisms or regulation of the internet demonstrate the complexity of the challenges facing us. In many cases there is no one right or wrong answer. More important is to accept a joint responsibility for dealing cooperatively with new problems.

Increasingly in recent years, the world's leading trading nations have agreed to international rules to help regulate change. There are important new agreements which regulate internet commerce, to accept each other's regulatory standards and to govern trade disputes. The World Trade Organization represents a major step towards an international charter for trade.

The past 18 months have seen financial disruption move rapidly from Asia to Russia to Latin America. The worst now seems to be over, but as World Bank President Wolfensohn said recently, the largest cause for concern right now, is that so few persons seem concerned about this ongoing crisis.

President Clinton last year announced proposals to help soften the effects of change on emerging economies. These steps are included in a plan announced by the IMF this week to help support economies which come under pressure.

These crises have shown that while the benefits of the global capital market are great, we need to find ways of making the inevitable problems much less disruptive. Strengthening the capacity of international financial institutions to respond appropriately to crises in both their financial and social dimensions is critical. We

must also be sure that financial infrastructures are transparent and subject to sound supervisory practices.

The problems presented by increasingly open markets must not be addressed by backtracking, retrenching and restricting. Rather, the answer is to ensure that the system we have worked so hard to create is actually functioning the way we envisioned and, if not, to make the necessary changes. Above all, we should not blame the system for poor economic management. When problems arise, the countries themselves must change, not the system.

The WTO plays an important role in that system. It is worth recalling that the creation of the WTO was an important departure from the way trade had been conducted. We moved away from a system in which trade disputes could be ignored, not permitted to be discussed and allowed to persist. By signing the WTO treaty, member countries agreed to one set of enforceable rules, procedures and standards.

The United States has worked carefully to implement WTO decisions, even those which have gone against us. We have lost four cases and in each case have consulted with the winning party to settle the dispute.

In addition to the specific trade issues involved, the question of building the credibility of the WTO is at the heart of the disputes between the United States and the E.U. on bananas and hormone-treated beef. Will the E.U. live up to its obligations or not? Many in the United States are watching with a critical eye as the organization works to reduce global trade barriers even further.

These questions are particularly relevant now, in the months leading up to the WTO Ministerial later this year in Seattle. This will be the third time that the world's trade ministers will gather since creation of the WTO in 1995. The United States is preparing an ambitious and foresighted agenda for this meeting -- a meeting that holds the potential to set the global trade agenda for the first decade of the new millennium. As President Clinton said last year at the WTO, we seek no less than "a new vision of trade to build a modern WTO ready for the 21st century." But before we can move forward, we must make sure that we are living according to the rules of the current system right, and that means abiding by WTO decisions.

## **Strengthening our Institutions**

The WTO is an excellent example of the third challenge facing us in the new era: strengthening our institutions. One of the most important reasons for our success has been the network of international institutions which grew up after World War II. Beginning with the Bretton Woods conference in 1944 and the first meeting of the United Nations in 1945, the world's democracies have constructed an impressive array of tools for cooperative management of their mutual interests.

One of the most encouraging aspects of the post-Cold War era has been the manner in which these institutions have been able to adjust to the new challenges facing our societies.

You will remember the dark predictions which followed the collapse of communism in 1989. It was argued that the world system would change fundamentally and that a total overhaul was needed. NATO, the IMF and even the European Community were consigned by some to the dustbin of history.

This could have been the case if these institutions had not adapted to the new situation. The fact is they did. Beginning with NATO in 1990, we have either totally revamped our cooperation or established new organizations, such as the WTO, to take care of new business.

The story of NATO is particularly impressive. In 1990, NATO was an organization of 16 nations which maintained a military structure designed to counter a Soviet attack. Today it has nineteen members and its Euro-Atlantic Partnership Council brings together 44 countries. There are special arrangements with Russia and Ukraine.

At NATO's fiftieth anniversary summit in Washington last week, NATO leaders further redefined their Alliance. NATO has rapidly become a security organization encompassing all of Europe. In addition to its central task of defense, the Alliance has devised a number of means to project security to the rest of Europe. NATO's new strategic concept charts a bold course for the new millennium.

But it is important to stress that the future of our Atlantic community is based on an interlocking structure of institutions. NATO is much in the news these days because of its efforts to defend the freedom of Kosovo. As I said earlier, the health of our societies depends on a comprehensive approach to our cooperation. In the security field, the United States has argued from the beginning that a new European security architecture must be built on the foundation of several institutions.

Underlying our work are the principles of the United Nations. The UN remains the constitutional body for international security cooperation. It is important to note that both NATO and the Organization for Security and Cooperation in Europe (OSCE) are recognized as regional organizations within the context of the UN Charter.

The United States has contributed significantly to development of the OSCE as the foundation for democracy, conflict prevention and crisis management in Europe. I was privileged to serve as the first American Ambassador to the revamped OSCE in Vienna in 1992. I believe strongly in its potential.

But we should not expect the OSCE to be more than it is. It is not NATO and can certainly not become a sort of European United Nations, as some have suggested. Above all, the OSCE is a flexible, democratic framework for dealing with the challenges of change. Its comprehensive membership defines both its strength and its limitations. Rather than organizing military or legal action, the OSCE harmonizes interests, encourages democratic evolution and brings conflicting parties together.

During the 1970's and 1980's, the OSCE achieved a major conceptual breakthrough by establishing human rights as a legitimate focus of international security policy. Today, the OSCE is pioneering new methods of conflict prevention and crisis management. In recent years, its successes in Chechnya, Bosnia and Kosovo have been real. At the Istanbul OSCE summit in November of this year, we will have an

opportunity to strengthen even more the OSCE's potential for empowering peoples to participate in building their own security. We should not miss that chance.

Equally important from the American point of view is the European Union. The United States stimulated the founding of the future EU more than forty years ago. We encourage its growth as a European structure for economic, political and social integration. We support strongly both the deepening and widening of the European Union. But we also agree with UN Secretary General Kofi Annan, who in Berlin this week encouraged the EU to look outward as it defines its responsibilities.

The task of building European integration is difficult. As we have seen at the recent Berlin Summit, major issues often consume much of the energy and political skill of its leaders. But at times, we fear that the structures of the European Union limit rather than encourage the contributions of Europe to our common interests.

What do I mean by that statement? My point is that our European partners often seem so focussed on building their institution that they neglect the substance of the questions. The trade issues are a good case in point. Agricultural policy is another. Over the past five years, the United States has supported the goal of a stronger EU in a number of ways:

Agreement on the new Transatlantic Agenda at the Madrid Summit in 1995 was an important step forward. America's direct relationship with the EU was transformed from a declaratory to a concrete foundation. During the past four years, we have been successful in identifying numerous areas for concrete cooperation. As a result, the United States now deals directly with the European Union rather than with member states on many critical issues. We wish to expand this type of cooperation even further. The June US-EU summit should agree on a more far-reaching foundation for cooperation.

Approval of the Berlin Decision of NATO Ministers in 1996. One of our chronic problems is achieving a more equal distribution of both the burdens and responsibilities of defense between the United States and Europe. The Berlin decision agreed that NATO resources could be put at the disposal of the Western European Union to undertake missions of a purely European character. Implementation of this decision was agreed at the Washington summit. This initiative fits closely with the renewed Alliance commitment to support development of a European Security and Defense Identity, as set forth in the Washington Declaration. Equally important however, is the NATO Defense Capabilities Initiative, which stresses the importance of maintaining forces necessary to meet NATO's needs. Europe's foreign and security policy will in the end depend more on capabilities than on declarations of intent.

Cooperation in trade, technology and the environment. Our mutual efforts are growing in the many fields of importance to modern society, but much more can be done. I have already mentioned trade and the WTO as important centers of action. Also critical are areas such as climate change, international crime and terrorism, refugees and migration and the entire range of humanitarian problems facing our globe.

In other words, the United States takes the EU very seriously. Its strength is our strength. But we will also treat the EU as a serious partner which should be responsible for the substance as well as the vision of its policies. It is no longer sufficient to tell us that unacceptable policies, such as the banana importation regime, are necessary to maintain harmony within the EU. We find it hard to understand why the nations of Central and Eastern Europe should be left waiting because of disputes within the EU. Debates over genetically modified organisms cannot be left unsolved while the EU sorts out its internal procedures.

The world has caught up with the EU in a number of ways. There is no longer an American bubble over a peaceful and prosperous Western Europe. The new slogan must be: responsibility and capability -- responsibility with the United States for the problems of the world and capability to do something about them. These are the keys to the future of the Euro-Atlantic community.

## **Maintaining Openness**

There is one other important new aspect of the post-Cold War world. Challenges facing us are complex. The world is changing fast. Management of our interests can no longer be only the responsibility of politicians and diplomats. Security policy cannot be determined by generals alone. Our economic interests touch every single citizen.

Our fourth challenge is to maintain openness of our minds and our societies to these new problems. Here I am speaking of openness and flexibility in their broadest terms. I am speaking of worldview, the framework for viewing problems and our ability to eliminate old mindsets.

Openness and flexibility have been and will continue to be the keys to the success of the transatlantic community. They connect our societies and help us to address common problems together. In the last two years as the U.S. Ambassador to Germany, I have participated in numerous conferences about issues that are not the traditional work of ambassadors, such as pension reform, coping with reductions in state spending, and agricultural policy, among others.

These themes enrich our transatlantic discourse. They demonstrate how interconnected our societies have become. They also show how open our societies are willing to be even in discussing issues that are being debated domestically in each of our countries.

This is the nature of democracy. In the broadest terms, our democratic societies can thrive only when they expose themselves to these kinds of exchanges and a free flow of ideas. Like any good businessman knows, openness and flexibility are the keys to success.

By stimulating such openness we give our citizens the feeling that they can make a difference. Without building this sense of participation, our cooperation cannot flourish. In the United States, we call this "empowerment." Empowerment means self-help, individual initiative, and tapping the energy of our democratic societies. Private

initiative is now the motor of relations among peoples. It is the glue of the Atlantic community. That means the free flow of people and ideas. It also means a mixture of governmental and private initiatives. It is a new synthesis offering the only opportunity to cope with the developments of the future.

There are dozens of private and semi-private foundations in the United States and in Europe providing support for solving problems all over the world. Some of these efforts study the sources of conflict. Others examine how to make communities stronger. All are based on a simple principle: Non-governmental organizations can make a difference.

This is, in fact, more and more the case. It is also evident in the business world. Business is making valuable contributions in terms of solving regulatory and standardization questions.

### **THE IMPORTANCE OF VISION**

I have tried this evening to present some thoughts on Euro-Atlantic cooperation based on my experience as a professional diplomat. But diplomats are the mechanics of international trade and politics. It is our job to make things run. If we time and again have a new idea, this is useful, but vision is not our department. Vision comes from societies and from ideas. Vision is not a grand plan for reorganizing the world. Rather it is a magic combination of facts and fantasy which brings together that which is sometimes obvious.

For the past fifty years, the Euro-Atlantic world has lived from the vision of great leaders who emerged from the most terrible wars of recent history. They adopted simple principles of right and wrong. They drew on the traditions of Western society and on the deep ties between the peoples of Europe and their offspring in the United States.

A clear sense of humanity and justice is Europe's most lasting contribution to the world. A belief in oneself and a determination to succeed was the hallmark of European civilization for many centuries. The twentieth century has brought Europe to new lows and new highs. But as the century and the millennium draw to a close, the European world, and with it our Euro-Atlantic world, has the opportunity to surpass even our grandest dreams.

Some may ask how a small country such as Austria can contribute to such a vision. The most important point I have sought to make today is that the substance of the new challenges has come to transcend national borders and political elites. Opening the future to our societies carries with it the goal of encouraging citizen participation in the definition of our common future. There is no monopoly of ideas or intelligence in large countries. The American concept of empowerment focuses on the essential inclusiveness of the new era. But those who wish to participate must give something in return. They must develop a sense of responsibility. They must be willing to make sacrifices. Above all, they must define themselves into a process, rather than staying outside.

To succeed requires vision - a common vision. We need a mutual commitment to the greatest achievements of our common heritage. If the past ten years have taught us anything, it is that the future is impossible to predict. The challenges are great. But if we hark back to the values and principles of Western civilization, I am sure that we will succeed.



## **NATO and the Baltic States: Implications of Enlargement Policies**

Ambassador Alexander Vershbow

*May 7, 1999*

**W**ith the Washington Summit now two weeks behind us, we not only have a lot of new grist for the conference mill, but we also have had a chance to get one or two night's sleep and to think through what we have just accomplished and where we go from here.

Before I get into the details of the Washington decisions and what they mean, let me stress the continuity of the Alliance's enlargement policy. For the past five years, the gradual enlargement of NATO has been a strategic priority for the United States and for the Alliance as a whole.

The reason is simple: Nearly all the countries of the Euro-Atlantic area now share with the West the common values of freedom, democracy, free markets, the rule of law, and the belief in peace and security for all. It is only natural that the key institutions which embody these values, and which have ensured security, prosperity, and democracy in the West for the past 50 years -- particularly NATO and the EU -- be opened up to welcome all of the democracies of Europe that share our values and can contribute to the common good.

I'll let my colleagues on the panel address the issue of EU enlargement and focus my remarks on NATO --particularly the Washington decisions and how they relate to enlargement and NATO's future relationship with the Baltic States.

In short, this relationship will be one of greater engagement, greater feedback and greater practical cooperation --all with a view toward helping Estonia, Latvia, and Lithuania become real partners for NATO, real contributors to Euro-Atlantic security, and thus realistic candidates for NATO membership when the Alliance is again ready to enlarge.

Concerning the Washington decisions, first, let me stress that the Washington Summit gave a very strong endorsement to the further enlargement of NATO. The participation of the three new allies -- and the commitment of all 19 allies to continuing the enlargement process -- delivered a clear message: Stalin's division of Europe is truly over. Continued enlargement is a key part of NATO's strategy for creating a democratic, prosperous and secure Europe in the next century.

The Washington Summit Communiqué also referred to Estonia, Latvia, and Lithuania by name and committed that, regardless of "geographic location," each and every candidate for NATO membership will be "considered on its own merits." I think that the governments of the three Baltic States should take particular satisfaction in these statements of Alliance policy. I should add that "considered on its own merits" has another implication: none of the three, Baltic states can count on gaining admission on

the others' coat-tails: each country must undertake the serious work of military reform and defense modernization to qualify as a credible candidate.

Summit leaders stated that they will review the process of enlargement at their next meeting, which they agreed will be held not later than 2002. This date was not meant to be read as a guarantee that new invitations will be issued to any particular candidate at that time. But it does show the Alliance is committed to maintaining the momentum of the enlargement process. I should point out that, while it may have attracted less notice, for the first time, enlargement is mentioned in the new Strategic Concept as an element of the Alliance's overall approach to security for the 21st century.

Second, to put meat on the bones of their commitment to further enlargement Summit leaders agreed on a new "Membership Action Plan," or "MAP," in which NATO has commits to help aspiring members become the strongest possible candidates for joining the Alliance. The MAP builds on existing tools within Alliance-Partner relations, but puts them together in a more tailored and proactive framework to help those countries that seek to join NATO.

- Aspiring members will submit individual, national programs covering the political, economic, defense, resource, security, and legal aspects of their preparations for future membership. These will be far broader than the "Individual Partnership Program" (IPP) submissions currently provided to the Alliance.
- The Intensified Dialogue process, which until now had consisted mainly of high-level, set-piece statements, is being replaced with a focused and candid feedback mechanism, including both political and technical advice. Annual 19+1 meetings will provide an overall assessment -- across the full range of relevant issues -- of how a nation is doing in its efforts to meet the requirements of NATO membership.
- The Planning and Review Process (PARP) -- the PfP counterpart to NATO's defense planning process -- will be adapted for aspiring members to develop agreed planning targets for their force structures and capabilities that bear directly on requirements for potential membership. This will, in many respects, be similar to the work that Poland, Hungary and the Czech Republic undertook after they received their membership invitations at the Madrid summit.
- The assistance clearinghouses will be adapted for aspiring members to help coordinate defense and military assistance by NATO and by individual Allies with the goal of supporting the aspiring member's own preparations for membership.

Of course, the issuance of an actual membership invitation will depend upon a political decision by the Allies that a nation's membership in NATO Will contribute to our overall security. But by giving aspiring members more feedback and guidance on their defense reforms and their modernization efforts, the MAP will help them present the strongest possible candidacies in the shortest possible time.

I would add that these new NATO decisions build on the U.S.-Baltic cooperation set out in the Baltic Charter of January 1998. The United States remains committed to

working together with the Baltic States -- bilaterally, multilaterally, and through NATO Alliance, As stated by Secretary Albright and Presidents Meri, Ulmanis, and Adamkus on the margins of the Washington Summit, our shared goal is "the full integration of each Baltic State into all European and transatlantic institutions, including NATO."

Third, of direct relevance for the Baltic states and all Partner countries, Allied leaders agreed in Washington on a number of initiatives to strengthen the Partnership for Peace and further develop its operational aspects.

As we have seen in Bosnia and in a number of aspects of the Kosovo crisis, when NATO acts to deal with instability outside its borders, it will usually seek the participation of non-Allies as contributors to NATO-led efforts. To facilitate this, Allied and Partner leaders endorsed a new "Political-Military Framework for Partner Involvement in NATO-led PfP Operations." Despite, its tongue-twisting title, the Pol-Mil Framework will be key to involving Partners more closely in future non-Article 5 missions. This will include engagement early in the planning stage, as well as participation in the command structure and political direction of a given operation.

A further initiative, with the equally catchy title of "The Operational Capabilities concept," will be developed in detail over the next six months and set out day-to-day working relationships between NATO and Partner military form, By seeking to improve the interoperability and military effectiveness of Partner contributions to NATO-led Operations, the OCC will make it easier for Allies and Partners to take joint action when required.

Together, these two initiatives -- the Pol-Mil Framework and the OCC -- can bring those Partners interested in membership much closer to Alliance processes and help them become net contributors to security even in advance of a formal invitation for membership.

As with enlargement, these new elements -- substantially greater focus on crisis management and on working with partners -- are included in the new Strategic Concept, thus putting these new steps into the long-term, strategic perspective of how the 21st-century Alliance will work to enhance the overall security and stability of the Euro-Atlantic area. The emphasis on crisis management is particularly important for Partner countries because it means that instability in Europe outside NATO territory -- instability that affects Partners at least as much if not more than Allies -- will be a subject of NATO consultations, decision and action -- possibly even joint action together with Partners.

In short, one of the results of the Washington Summit is that the NATO of the future is not merely the Alliance of 19 members, but rather -- to quote Secretary of Defense Cohen -- the core of a larger "cooperative security network" that links all of Europe's democracies in tackling the security problems of the entire continent.

Fourth, the Washington Summit's strong reaffirmation of NATO's commitment to building a cooperative relationship with Russia is extremely important for all Partners, and perhaps most of all for the Baltic states.

While Russia has no legitimate reason to be concerned over NATO's relations with the Baltic states -- and has no right of veto over any NATO decisions, membership or otherwise -- Russia remains a major factor in the strategic environment. Therefore, cooperative relations between NATO and Russia are very much in the interest of the Baltic states, and NATO-Russia friction -- never good for anyone -- is also not good for the Baltics.

Summit leaders, looking beyond the current impasse over Kosovo, reaffirmed NATO's commitment to working with Russia as much as possible. In this regard, we hope that Russia's decision to suspend its participation in the NATO-Russia Joint Council will be reconsidered soon. The PJC made considerable progress in its first two years in developing concrete cooperation on a wide range of issues, from weapons of mass destruction to the Y2K problem. The PJC has been a valuable forum for consultation on the most sensitive issues, including Kosovo. We need the PJC even more when we have differences than when we agree, and we should use it to work together in achieving and implementing a just settlement in Kosovo. Renewing cooperation with Russia will be important for NATO, important for Russia, and important for the Baltic states as well.

Fifth, and finally, the Summit showed NATO's remarkable resolve and solidarity in ending the humanitarian catastrophe in Kosovo and embarking on a long-term path toward bringing the Southeast European region into the European mainstream. This commitment is important not only for Southeast Europe, but for all the states of the Euro-Atlantic area -- because through it, NATO is demonstrating that it has the means and the will to act in defense of its common values when necessary.

Indeed, Kosovo is a metaphor for many aspects of the 21st century Alliance launched at the Washington Summit. Kosovo highlights: the vital role of the Alliance in managing crises in Europe and on its periphery; the need to equip NATO forces with the military capabilities to project power and deal decisively with any adversary; the importance of partnership and cooperation with other European democracies to prevent the spread of instability and to facilitate joint action in crisis management; and the value of NATO's commitment to enlargement as an incentive for good behavior and cooperation with the Alliance. As Secretary Albright has said many times, Kosovo shows that, if we didn't have NATO to deal with major crises like Kosovo, we would have had to invent it.

Thus the Summit decisions on Kosovo should be a signal to all that when NATO talks of strengthening security, prosperity, and democracy throughout the Euro-Atlantic region, these are not just empty words, but a real commitment backed up by real action. NATO has always stood for its shared values -- values shared by the Baltic states as well -- and its actions in Kosovo make clear that it will continue to do so.

I should add that the steps taken by the Baltic states themselves to support Euro-Atlantic stability and security --whether by assisting refugees from Kosovo or sending peacekeepers to Bosnia -- have not gone unnoticed. Quite the opposite.

The efforts made by these three small states are evidence of their commitment to the shared values of our Alliance and to the solidarity of effort that is essential within NATO. They are proof positive for anyone who might question whether the Baltic