

THE WHITE HOUSE

WASHINGTON
February 4, 1993PRESIDENTIAL REVIEW DIRECTIVE/NSC-3

MEMORANDUM FOR THE VICE PRESIDENT

THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
DIRECTOR OF CENTRAL INTELLIGENCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: U.S. Policy Toward Russia and Ukraine (S)

The survival of democracy and reform governments in Russia and Ukraine is one of the most critical foreign policy issues facing the U.S. and the world. The success of these and other reform governments in the former Soviet Union will enhance our long-term national security and global stability. The President believes, and argued during his campaign for the Presidency, that the U.S. must devote considerable energy, resources and creativity to assist in the promotion of the spread of democracy and of market economic reforms in the former Soviet Union. (S)

The immediate challenge for the Administration is to build upon steps taken by the Bush Administration to strengthen partnerships with Russia and Ukraine, to secure Russian (and where necessary Ukrainian) cooperation on important foreign policy issues such as Bosnia, Iraq and the Middle East peace process, and to secure important security objectives such as the ratification of START I and the Non-Proliferation Treaty (by Ukraine, Kazakhstan and Belarus) and the ratification of START II. (S)

The objective of this Policy Review Directive is to launch a speedy, but thorough examination of political and economic conditions in Russia and Ukraine and to examine U.S. policy options to advance our interests regarding relations with these countries during the next six months as we set new agendas with both and engage their leaders in a series of important meetings on bilateral and global issues. (S)

A separate policy review directive is being initiated on non-proliferation and next steps in strategic arms control. (S)

Subsequent Policy Review Directives will examine U.S. relations with the other states of the former Soviet Union, including the three Caucasus states and the five Moslem states of Central Asia. We may also initiate separate Policy Review Directives on the Baltic States and on functional issues that cut across national boundaries in the former Soviet Union such as denuclearization

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and the provision of effective economic assistance programs to all of the new states. (C)

This Directive is intended to support and energize policy coordination in advance of early meetings with the Russian and Ukrainian leaderships. The President has spoken to Presidents Yeltsin and Kravchuk during his first week in office and has made clear to both his strong interest in forging close working relations. We are seeking early meetings between the Secretary of State and Foreign Ministers Kozyrev and Zlenko, and an early summit meeting with President Yeltsin. (S)

In order to prepare a new agenda for discussion with Russia and Ukraine, we will convene a high-level interagency policy group, chaired by Ambassador-at-Large-Designate and Special Adviser to the Secretary on the New Independent States Strobe Talbott, and by NSC Senior Director for Russia, Ukraine and Eurasian States Toby Gati (vice-chair) to prepare for these meetings and for a longer-range examination of our policy options. Agency papers will facilitate the work of this group and lay the basis for an eventual NSC meeting before the President's meeting with Yeltsin. (S)

To prepare for these meetings and to assist the Interagency policy group, agencies should submit the following papers by the close of business on February 12. (S)

PART I: ASSESSMENT OF THE SITUATION IN RUSSIA AND UKRAINE

1. What is the impact of the December Congress of People's Deputies in Russia on the political balance of power between the executive and legislative branches of government? What is the status of and prospects for the April 11th referendum and the following Congress, including the writing of a new Constitution and the possibility of new legislative elections? (CIA) (S)
2. What is the strength of Yeltsin's opponents -- the center and the Red-Browns -- and who are they? Assess the strength and unity of the democratic reformers. What are the tactics of the democrats and the opposition likely to be leading up to the referendum and the Congress? Has Yeltsin's new political party gotten off the ground? (CIA) (S)
3. What is the assessment of Russian economic performance in 1992? What is the current economic situation in Russia? What are likely major economic developments in Russia and Ukraine during the next six months? What are the prospects for sustained hyperinflation in Russia and for unemployment? (CIA) (S)
4. Analyze the struggle for economic power among Chernomyrdin, Federov and Geraschenko, particularly the prospects for continued division on the issue of monetary policy. (CIA, Treasury) (S)

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5. What are the cultural and ethnic problems Yeltsin faces within the Russian Federation? What are the consequences of continued decentralization of political and economic power in Russia? Is there a realistic possibility of a splintering of the Russian Federation in 1993? (CIA, State) (S)
6. What are the prospects for a successful implementation of Prime Minister Kuchma's economic reforms in Ukraine? (CIA, State) (S)
7. What are the major issues in Ukrainian-Russian relations? Will Kravchuk and Yeltsin be able to contain the many disagreements between Ukraine and Russia on the division of military and economic assets of the former USSR? (CIA) (S)
8. As the breakup of the old Soviet army proceeds, what are the critical problems that are emerging -- beyond the division of military assets -- in the formation of Russian and Ukrainian armed forces? (CIA) (S)
9. What are the major directions in defense policy and doctrine formulation in Russia and Ukraine? How is each country currently assessing the main threats to its security? (CIA) (S)
10. What is the division of labor in the formulation of Russian foreign policy -- particularly between the Ministry of Foreign Affairs and the President's Security Council? What are the future prospects for U.S.-Russian cooperation on major foreign policy issues such as Iraq, Bosnia, and the Middle East Peace Process? (CIA, State) (S)
11. What are the prospects for early, pre-summit ratification of START I and the NPT by Ukraine, Kazakhstan and Belarus? (CIA, State) (S)
12. What were the accomplishments of Yeltsin's recent visits to China and India? (CIA) (S)
13. What is the current status of the CIS? What intra-CIS arrangements have emerged? Will coordination and cooperation accelerate in the wake of the agreements reached at and after the January 1993 Minsk summit? (CIA) (S)

PART II POLICY OPTIONS FOR U.S. RELATIONS WITH RUSSIA AND UKRAINE

1. Please recommend the best U.S. policy approach, with advantages and disadvantages, on the following critical and related economic issues with Russia and with Ukraine in order to support their reform efforts and advance our interests:

--Rescheduling of Paris Club Debt through the Paris Club (Treasury)

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- Reinvigoration of Russia and Ukraine's negotiations for Stand-by agreements with the IMF (Treasury)
 - Resolution of Russia's default to us on Commodity Credit Corporation (CCC) grain debt (Agriculture)
 - Expansion of American trade and investment with Russia and Ukraine, particularly in the energy sector (Commerce)
 - Provision of effective humanitarian, technical economic, and environmental clean-up assistance to Russia and Ukraine during the next few months (State)
 - The privatization process (Treasury) (C)
2. How can the U.S. sustain Russia's cooperation on foreign policy issues critical to us during the next six months and how important is that cooperation to U.S. interests?
- Bosnia (State, OSD)
 - Iraq (State, OSD)
 - Somalia (State, OSD)
 - Middle East Peace Process (State)
 - Baltic Troop Withdrawals (State)
 - Conflicts along Russia's periphery--including Moldova, Nagorno-Karabakh, Georgia and Tajikistan. (State) (S)
3. What progress can be achieved on the most important U.S. security objectives in the run-up to the projected meeting between Presidents Clinton and Yeltsin?
- START I and NPT ratification by Ukraine, Belarus and Kazakhstan (State, OSD, ACDA)
 - START II ratification by Russia (State, OSD, ACDA)
 - SSD and related denuclearization activities (State, OSD, ACDA)
 - Completion of the HEU deal with Russia (State, OSD)
 - Improved military-to-military ties with Russia and Ukraine (State, OSD)
 - Arms sales (State, ACDA) (S)
4. What strategies should be developed for pursuing U.S. security objectives with regard to Russia and Ukraine in the longer term?
- Implementation of existing arms control agreements (State, ACDA)

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- Military-to-military contacts (OSD, State)
- Defense cooperation (OSD, State)
- Conflict resolution means and methods (State)
- Cooperative peacekeeping (State, OSD) ~~(S)~~

PART III TASKING

1. NSC should convene a high-level policy group by February 8 to begin preparation for the Secretary of State's meetings with Russian and Ukrainian leaders, and the President's meeting with President Yeltsin. ~~(C)~~
2. NSC should convene a denuclearization working group to examine the actions required for early, pre-summit progress on START I ratification and implementation, SSD, and related denuclearization activities. ~~(S)~~



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