
Clinton Presidential Records Mandatory Declassification Review

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Documents from this Mandatory Declassification Review were released in full or released in part.

Those documents released with redactions have been restricted under Section 1.4 (d) of E.O. 13526 or (b)(6) of the FOIA.

Cable

PREC: ROUTINE
CLASS: UNCLASSIFIED
LINE1: RAAUZYUW RUEHKVA1127 0361548-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH
LINE3: R 051548Z FEB 99
LINE4: FM AMEMBASSY KIEV
OSRI: RUEHKV
DTG: 051548Z FEB 99
ORIG: AMEMBASSY KIEV
TO: RUEHC/SECSTATE WASHDC 8556
RUCPDO/USDOC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
INFO: RUEHMO/AMEMBASSY MOSCOW 6002
RUEHGV/USMISSION GENEVA 0152
SUBJ: CTI STANDARDS AND CERTIFICATION SESSION

THIS DOCUMENT IS SENSITIVE BUT UNCLASSIFIED. PLEASE
PROTECT ACCORDINGLY. NOT FOR INTERNET PUBLICATION.

TEXT:

UNCLAS SECTION 01 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

THIS DOCUMENT IS SENSITIVE BUT UNCLASSIFIED. PLEASE
PROTECT ACCORDINGLY. NOT FOR INTERNET PUBLICATION.

CLINTON LIBRARY PHOTOCOPY

[2014-0966-M 1.06]

SUMMARY

1. (SBU) ON JANUARY 21, USDOC/NIST CHIEF OF GLOBAL STANDARDS WARY SAUNDERS AND A U.S. DELEGATION MET WITH YURII RUBAN, FIRST DEPUTY CHAIRMAN OF THE UKRAINIAN STATE COMMITTEE FOR STANDARDIZATIONS METROLOGY, AND CERTIFICATION, AND OTHER UKRAINIAN GOVERNMENT OFFICIALS, TO REVIEW STANDARDS AND CERTIFICATION IN THE CONTEXT OF THE COMMITTEE ON TRADE AND INVESTMENT UNDER THE GORE-KUCHMA COMMISSION. THEY DISCUSSED THE GOU ACTION PLAN FOR STANDARDS AND CERTIFICATION, TELECOM, PHARMACEUTICALS, OIL AND GAS, AND MEDICAL EQUIPMENT (SIGNING A STATEMENT OF INTENT). SAUNDERS STRESSED THE NEED TO STREAMLINE REGULATIONS AS KEY TO MARKET ACCESS AND ENTRY INTO WTO. RUBAN UNDERLINED UKRAINE'S EFFORTS TO HARMONIZE EXISTING LEGISLATION WITH EU AND WTO STANDARDS. THEY LISTED A NUMBER OF FOLLOW-UP ACTIONS TO TAKE IN THE NEXT FEW MONTHS. END SUMMARY.

STREAMLINING OF REGULATIONS NEEDED

2. (SBU) ON JANUARY 21, USDOC/NIST CHIEF OF GLOBAL STANDARDS WARY SAUNDERS, ACCOMPANIED BY DOG SENIOR POLICY ADVISOR CHRISTINE LYCYK, DOG MEDICAL INSTRUMENTS OFFICE DIRECTOR JEFF GREN, DOG TELECOM SPECIALIST JASON LEUCK, DOG ENERGY SPECIALIST RACHEL HALPERN, AMCHAM BUSINESS REPRESENTATIVES, AND EMBOFFS MET WITH DERZHSTANDART FIRST DEPUTY CHAIRMAN YURII RUBAN, DERZHSTANDART SYSTEM ANALYSIS HEAD LEONID VITKIN, DERZHSTANDART INFORMATION TECHNOLOGY HEAD TETYANA MASHOVETS, DEPUTY MINISTER OF HEALTH ANATOLIY KARTISH, STATE COMMUNICATIONS COMMITTEE SCIENTIFIC DEPARTMENT HEAD VIKTOR VOZNIUK, AND QUALITY ASSURANCE AND CERTIFICATION CENTER DEPUTY DIRECTOR YURII BONDARENKO TO REVIEW STANDARDS AND CERTIFICATION IN THE CONTEXT OF THE GORE-KUCHMA COMMITTEE ON TRADE AND INVESTMENT.

3. (SBU) SAUNDERS SAID THIS WAS A GOOD OPPORTUNITY TO MAKE CONCRETE PROGRESS ON THE ISSUE OF STANDARDS AND CERTIFICATION, WHICH WOULD BE BENEFICIAL TO BOTH SIDES. STANDARDS AND CERTIFICATION:

- CONSTITUTED THE BACKBONE OF TRADE;
- WERE MAJOR CONTRIBUTORS TO THE COST OF DOING BUSINESS; AND
- WERE KEY TO DETERMINING CONSUMER ACCESS TO A BROAD RANGE OF PRODUCTS.

4. (SBU) SAUNDERS SAID THAT MANDATORY PRODUCT STANDARDS AND CERTIFICATION REQUIREMENTS IN UKRAINE SHOULD BE STREAMLINED - RESULTING IN FEWER, MORE

EFFICIENT REGULATIONS. SHE CONCLUDED THAT STREAMLINING AND DEREGULATION WOULD FACILITATE ACCESS FOR IMPORTED PRODUCTS TO THE UKRAINIAN MARKET, AND STRESSED THAT IT HAS CRUCIAL TO IMPROVED ACCESS FOR UKRAINIAN PRODUCTS TO FOREIGN MARKETS AND UKRAINE'S ACCESSION TO THE WTO. THE USG HAS COMMITTED TO HELPING UKRAINE IN THE ACCESSION PROCESS, BUT HAS VERY SERIOUS ABOUT UPHOLDING THE WTO'S TECHNICAL BARRIERS TO TRADE (TBT) AGREEMENT AS WELL. MOREOVER, THE DEGREE OF OPENNESS, PREDICTABILITY, AND TRANSPARENCY IN UKRAINE'S STANDARDS AND CERTIFICATION PROCESS WERE UNCLAS SECTION 02 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

ALSO FACTORS IN DETERMINING EFFECTIVE MARKET ACCESS IN THE CONTEXT OF UKRAINE'S WTO ACCESSION.

CONFORMITY COMPLIANCE ASSESSMENT

5. (SBU) RUBAN SAID UKRAINE'S APPROACH TO STANDARDS AND CERTIFICATION HAS CLOSER TO THE EUROPEAN THAN TO THE U.S. MODEL. HE SAID DERZHSTANDART - WORKING WITH THE MINISTRY OF HEALTH, MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE AND OTHERS - HAD PREPARED A DRAFT ACTION PLAN. THE GOU HAD RECEIVED TECHNICAL ASSISTANCE FROM THE EU IN DRAFTING THE PLAN, AND RUBAN ASKED THE USG FOR ASSISTANCE IN IMPLEMENTATION. HE ALSO REQUESTED A USG-GOU BILATERAL AGREEMENT ON CONFORMITY COMPLIANCE, SAID THAT SUCH AN AGREEMENT COULD COME ABOUT AS THE RESULT OF A POLITICAL DECISION BEYOND THE FRAMEWORK OF THE CTI, AND ASKED IF USG

CLINTON LIBRARY PHOTOCOPY

OFFICIALS WERE CONSIDERING SUCH AN AGREEMENT.

6. (SBU) SAUNDERS SAID THERE WERE NO DISCUSSIONS IN WASHINGTON AT THE POLITICAL LEVEL ABOUT SUCH AN AGREEMENT, AND THE USTR WOULD BE THE DECIDING AUTHORITY. USG POLICY REMAINED THE SAME, WHICH WAS TO ASSIST THE GOU TO ACCEDE TO THE WTO AS A FIRST PRIORITY. THE USG WOULD CONSIDER REGIONAL AGREEMENTS ON BILATERAL RECOGNITION OF CERTIFICATE APPROVAL IN PARTICULAR SECTORS WITH OTHER WTO MEMBERS, BUT THE BASIC WTO CONDITIONS WOULD ALREADY HAVE TO BE SATISFIED BEFOREHAND.

CHANGES IN THE REGULATORY ENVIRONMENT

7. (SBU) RUBAN SAID HARMONIZATION OF UKRAINE'S STANDARDS WITH THE EU WAS "THE ROAD TO PROGRESS." HE MENTIONED THE NEW DRAFT LAW ON THE RESPONSIBILITY OF MANUFACTURERS AND SUPPLIERS FOR DANGEROUS PRODUCTS. THIS DRAFT LAW, SUBMITTED TO THE CABMIN AND, SOON, TO PARLIAMENT, WOULD BE IN FULL COMPLIANCE WITH EU LAW. UNDER THIS NEW LAW, THE SUPPLIER WOULD BE RESPONSIBLE FOR THOSE PRODUCTS WHICH HE/SHE WOULD BRING INTO CIRCULATION.

THE ACTION PLAN

8. (SBU) THE GOU PLAN OF ACTION, DESIGNED TO OVERCOME TECHNICAL BARRIERS TO TRADE, CONTAINED SIX SECTIONS:

- HARMONIZE LEGISLATION WITH EU AND WTO TBT AGREEMENT REQUIREMENTS, BASED ON CABMIN RESOLUTION 244 (MARCH 1997);
- HARMONIZE AND IMPROVE UKRAINE'S NATIONAL SYSTEM OF STANDARDS AND CERTIFICATION, TO INCLUDE THE DIRECT ADOPTION OF EU AND INTERNATIONAL STANDARDS, ON THE BASIS OF TRANSLATING ONLY THE COVER SHEETS OF THESE STANDARDS;
- BRING ALL CURRENT NATIONAL LAWS INTO COMPLIANCE WITH THE WTO SPS AGREEMENT (WITH THE HELP OF THE MINISTRIES OF HEALTH AND ENVIRONMENTAL PROTECTION);
- IMPROVE LEGISLATION IN THE TECHNICAL REGULATIONS SPHERE, SPECIFICALLY IN THE AREAS OF: STANDARDS AND CERTIFICATION; ACCREDITATION; MILK AND DAIRY PRODUCTS; FISH PRODUCTS; INDUSTRIAL PRODUCT SAFETY; ELECTRONIC PRODUCTS AND ELECTRICAL PRODUCT SAFETY;

UNCLAS SECTION 03 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST

CLINTON LIBRARY PHOTOCOPY

STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A

TAGS: ETRD, EINV, EFIN, RAID, UP

SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

- IMPROVE THE INFORMATION CENTER (INQUIRY POINT), WHICH WOULD NEED FURTHER EQUIPMENT, SOFTWARE AND STAFF TRAINING; AND
- PASS THE DRAFT LAW ON THE RESPONSIBILITY OF MANUFACTURERS AND SUPPLIERS FOR DANGEROUS PRODUCTS, WHICH WOULD SERVE AS THE BASIS FOR SUBSEQUENT REGULATION AND WOULD CONTAIN A LIST OF GOODS SUBJECT TO MANDATORY CERTIFICATION.

9. (SBU) RUBAN LISTED THE WOES UKRAINE FACED FROM IMPORTED PRODUCTS AS A RESULT OF ITS DIRE ECONOMIC SITUATION:

- LOW BUYING CAPACITY, MAKING UKRAINE ATTRACTIVE TO IMPORTERS OF LOW QUALITY PRODUCTS; AND
- FIFTEEN PERCENT OF ALL IMPORTED GOODS DID NOT PASS CERTIFICATION, INCLUDING PRODUCTS FROM THE U.S.

RUBAN NOTED THAT UKRAINE WOULD HAVE TO CREATE A MARKET ECONOMY FIRST AND THEN IT WOULD BE ABLE TO CONSIDER WAIVING PRE-MARKET CERTIFICATION.

10. (SBU) SAUNDERS ASKED IF THE ACTION PLAN ADDRESSED A GENERAL LAW ON TBT, OR IF THERE WOULD BE A GENERAL LAW ESTABLISHING ADMINISTRATIVE PROCEDURES TO COMPLY WITH TBT, NOTING THE GENERAL TBT AGREEMENT PRINCIPLES OF OPENNESS, TRANSPARENCY, AND PUBLICATION OF DRAFT REGULATIONS FOR PUBLIC COMMENT.

11. (SBU) RUBAN INSISTED THAT EXISTING LAW PROVIDED OR MAKING DRAFT LAWS PUBLIC (PUBLICATION IN DERZHSTANDART'S MAGAZINE), INFORMING THE PUBLIC, AND IN TRANSPARENCY (INTERAGENCY COOPERATION). DIFFERENT

AGENCIES HAD APPROVED THE CURRENT DRAFT ACTION PLAN, AND TACIS EXPERTS HAD REVIEWED IT AND DETERMINED THAT IT WOULD BRING UKRAINE'S LAWS CLOSER INTO COMPLIANCE WITH EU STANDARDS. UNDER FURTHER QUESTIONING, HE INSISTED THAT THE PUBLIC DID HAVE ACCESS TO DRAFT STANDARDS AND REGULATIONS, WHICH WERE PUBLISHED IN DERZHSTANDART'S MAGAZINE, THAT ALL PARTIES COULD READ IT AND PROVIDE THEIR COMMENTS, AND THEREBY UKRAINE COMPLIED WITH THAT WTO REQUIREMENT.

12. (SBU) RUBAN ACKNOWLEDGED THAT THE PROCESS COULD BE MORE TRANSPARENT, AND SAID THAT A MORE FULLY FUNCTIONING INQUIRY POINT, SERVING AS A CENTRAL HUB WITH LINKS TO OTHER INFORMATION CENTERS AND ABLE TO RECEIVE INFORMATION FROM ANY MINISTRY, WOULD PROVIDE GREATER TRANSPARENCY. HE NOTED UKRAINE'S LONG-STANDING REQUEST FOR TECHNICAL ASSISTANCE FROM THE USG ON THIS MATTER, AND ADDED THAT UKRAINE STILL HAD NOT RECEIVED AN ANSWER. (NOTE: IT IS NOT VERY EASY TO FIND THIS MAGAZINE. MOST BUSINESSES DO NOT KNOW ABOUT IT OR DO NOT HAVE IT. THEREFORE, IN PRINCIPLE ONE COULD FIND OUT ABOUT DRAFT STANDARDS AND REGULATIONS, BUT IN PRACTICE BUSINESSES FIND THIS ALMOST IMPOSSIBLE, BECAUSE THE DRAFTS ARE NEVER PUBLISHED IN EASILY ACCESSIBLE JOURNALS AND NEWSPAPERS. END NOTE.)

13. (SBU) SAUNDERS RECALLED A GOU REQUEST FIVE YEARS AGO FOR AID ASSISTANCE WITH THE INQUIRY POINT, BUT NOTED THAT PROPOSAL NEVER REACHED WASHINGTON. SHE RECOMMENDED THAT RUBAN SUBMIT HIS REQUEST EITHER TO KIEV'S AID MISSION OR TO IGOR KAVASS, THE USG ADVISOR TO THE GOU ON WTO ACCESSION.

14. (SBU) SAUNDERS ASKED IF THE TEN DRAFT LAWS CONTAINED ONLY ESSENTIAL LEGAL REQUIREMENTS, AND WHETHER THEY REFERENCED VOLUNTARY STANDARDS, AS WAS UNCLAS SECTION 04 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

CLINTON LIBRARY PHOTOCOPY

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A

TAGS: ETRD, EINV, EFIN, RAID, UP

SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

THE PRACTICE IN EU'S NEW LEGISLATIVE APPROACH. RUBAN RESPONDED THAT SOME OF THE DRAFT LAWS, SUCH AS THOSE ON FOOD PRODUCTS, FOLLOWED THE EU'S OLD APPROACH, WHERE MANDATORY STANDARDS WERE INCORPORATED DIRECTLY INTO LEGISLATION. OTHERS, SUCH AS THOSE DEALING WITH INDUSTRIAL PRODUCTS AND ELECTRICAL SAFETY, DID REFER TO VOLUNTARY STANDARDS, ALTHOUGH CERTAIN PROCEDURES WOULD REMAIN OBLIGATORY. HE ADDED THAT UKRAINE'S GENERAL LAW ON STANDARDS AND CERTIFICATION WAS BASED ON THE WTO AGREEMENT ON TBT.

15. (SBU) A REPRESENTATIVE OF THE RJ REYNOLDS COMPANY ASKED IF A U.S. IMPORTER COULD EXPECT THAT MILK APPROVED FOR SALE IN THE EU WOULD ALSO BE ACCEPTED IN UKRAINE WITHOUT ADDITIONAL APPROVALS. RUBAN DID NOT RESPOND DIRECTLY, BUT REPEATED THAT UKRAINE'S MAJOR GOAL OF HARMONIZATION WAS TO BRING ITS REGULATIONS INTO COMPLIANCE WITH EU STANDARDS. FOR EXAMPLE, A PRODUCT SOLD AS BUTTER SHOULD NOT CONTAIN LESS THAN 80 PERCENT FAT. HE INDICATED THAT HARMONIZATION PRESENTED A NUMBER OF DIFFICULTIES FOR UKRAINE, PRINCIPALLY WITH RESPECT TO TESTING AND CONTROL. EU LAWS ON FOOD PRODUCTS, FOR EXAMPLE, INCLUDED DETAILED LISTS OF ALLOWABLE FOOD ADDITIVES, SOMETHING NOT CURRENTLY ENVISIONED IN UKRAINE'S LAW, SINCE UKRAINE LACKED THE ABILITY TO TEST FOR SUCH ADDITIVES. ONCE UKRAINE IMPROVED ITS LABORATORY PROCEDURES, IT WOULD THEN BE ABLE TO BRING ITS STANDARDS INTO FULL COMPLIANCE, THUS ALLOWING MORE EU PRODUCTS TO BE SOLD IN UKRAINE AND UKRAINIAN PRODUCTS TO BE SOLD IN THE EU. HE NOTED THAT THIS QUESTION WAS CLOSELY CONNECTED TO THE ISSUE OF QUOTAS.

16. (SBU) RUBAN SAID HE WOULD KEEP THE EMBASSY INFORMED ON DEVELOPMENTS IN THE DRAFT ACTION PLAN, AND BOTH SIDES COULD EXCHANGE THOUGHTS ON THE POSSIBILITY OF FUTURE BILATERAL COOPERATION.

MEDICAL DEVICES, PHARMACEUTICALS, AND THE HEALTH INDUSTRY

17. (SBU) GREN DISCUSSED THE PROPOSED MEDICAL STATEMENT OF INTENT AND OUTLINED HOW IT WOULD WORK TO IMPROVE UKRAINE'S REGULATIONS FOR PHARMACEUTICALS AND MEDICAL DEVICES. HE EXPLAINED THAT, BASED ON HIS EARLIER CONVERSATION WITH DEPUTY MINISTER OF HEALTH KARTISH, THE AGREEMENT COULD BE SIGNED WITH ONE CHANGE, TAKING OUT THE REFERENCE TO PRODUCT CERTIFICATION, SO THAT THE AGREEMENT WOULD COVER ONLY REGISTRATION. SINCE DERZHSTANDART WAS RESPONSIBLE FOR CERTIFICATION, THE MINISTRY OF HEALTH COULD ONLY AGREE

TO A STATEMENT OF INTENT WHICH COVERED REGISTRATION. GREN ALSO EXPLAINED THAT DERZHSTANDART HAD AGREED TO A SIMILAR CONSULTATION PROCESS IN THE AREA OF CERTIFICATION.

18. (SBU) KARTISH AGREED THAT HIS MINISTRY WOULD SIGN THE STATEMENT OF INTENT. HE ADDED THAT MORE UKRAINIAN CITIZENS COULD NOW BUY PHARMACEUTICAL PRODUCTS BECAUSE UKRAINE HAD DECENTRALIZED ITS DISTRIBUTION, AND MORE INDEPENDENT AGENTS COULD BUY AND SELL. THREE YEARS AGO UKRAINE PASSED A LAW ON THE QUALITY OF MEDICAL PREPARATIONS, WITH FDA ASSISTANCE. IT ALSO CREATED A CENTRAL INSPECTORATE WITH 27 REGIONAL INSPECTORATES DEALING WITH THE CONTROL OF PHARMACEUTICAL PRODUCTS. ACCORDING TO KARTISH, UKRAINE HAD A USD ONE BILLION PHARMACEUTICAL MARKET, WITH PRODUCTS FROM OVER 50 DIFFERENT COUNTRIES. USD 10 MILLION IN PHARMACEUTICAL PRODUCTS WERE IMPORTED INTO UKRAINE LAST YEAR. THERE WERE MORE THAN 7,500 DIFFERENT PHARMACEUTICAL PRODUCTS REGISTERED IN UNCLAS SECTION 05 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USDOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

UKRAINE TODAY, WITH OVER 1628 FOREIGN AND 1500 DOMESTIC PRODUCTS LICENSED LAST YEAR ALONE. TODAY, MORE THAN 20 PERCENT OF PHARMACIES WERE PRIVATIZED.

19. (SBU) GREN SAID THAT HE WAS PLANNING A TRIP TO UKRAINE IN APRIL WITH DOC STAFF TO BEGIN WORK ON DOCUMENTING REGISTRATION PROCEDURES UNDER THE STATEMENT OF INTENT. HE WOULD MEET WITH REPRESENTATIVES FROM BOTH THE MINISTRY OF HEALTH AND DERZHSTANDART DURING THE APRIL TRIP. KARTISH WELCOMED

CLINTON LIBRARY PHOTOCOPY

A MID-APRIL VISIT BY DOC AND ASKED TO BE NOTIFIED OF THE EXACT DATES AS SOON AS POSSIBLE.

20. (SBU) GREN INVITED A MINISTRY OF HEALTH DELEGATION TO VISIT THE U.S. TO TOUR MEDICAL FIRMS AND RECEIVE TRAINING FROM THE FDA. HE OFFERED POSSIBLE ASSISTANCE WITH TRAVEL COSTS THROUGH AID AND/OR PRIVATE SECTOR FUNDING. HE ALSO MENTIONED THAT DOC HAS PLANNING A MEDICAL TRADE MISSION TO UKRAINE IN THE SPRING OF 2000.

21. (SBU) KARTISH WANTED TO BE PRAGMATIC: ALTHOUGH IT HAS GOOD TO GO TO THE U.S., THE BEST USE OF USG TECHNICAL ASSISTANCE WOULD BE FOR FDA OFFICIALS TO TRAVEL TO KIEV TO HELP UKRAINE IMPROVE THE QUALITY OF ITS LABORATORIES SO IT COULD BEGIN THE PROCESS OF HARMONIZATION. THE MINISTRY OF HEALTH ALSO WANTED TO RENEW ITS CONTACTS WITH THE FDA, "THE WORLD'S PREMIERE MEDICAL PRODUCTS AGENCY." UKRAINE DID NOT GET AN AGREEMENT WITH THE USG ON REGISTRATION PROCEDURES OR ON THE POSSIBILITY OF UKRAINIAN PHARMACEUTICAL PRODUCTS IN THE U.S. MARKET. RUBAN ADDED THAT DERZHSTANDART DID NOT ENVISION ANY CERTIFICATION PROBLEMS, BUT IT WOULD LIKE TO SEE THE LIST OF MEDICAL EQUIPMENT TO BE IMPORTED AND THEIR "ASSESSMENT OF COMPLIANCE" BEFORE THEY WERE ACTUALLY IMPORTED.

22. (SBU) GREN WAS CERTAIN THAT FDA WOULD BE WILLING TO PROVIDE TRAINING IN THE U.S. FOR UKRAINE MINISTRY OF HEALTH OFFICIALS, BUT HE DID NOT THINK THAT FDA REPRESENTATIVES WOULD BE ABLE TO TRAVEL TO KIEV TO PROVIDE TRAINING. KARTISH PREFERRED TO HAVE FDA COME TO KIEV SO THAT MORE HEALTH OFFICIALS COULD BE TRAINED. GREN AGREED TO ASK FDA STAFF TO COME TO KIEV FOR THIS TRAINING AND TO LET KARTISH KNOW IF THIS COULD BE ARRANGED.

23. (SBU) PFIZER REPRESENTATIVE PETER GUIDA EXPRESSED APPRECIATION FOR THE SIMPLIFIED REGISTRATION PROCEDURE UKRAINE IMPLEMENTED, BUT HE ADDED THAT THERE HAS STILL ROOM FOR IMPROVEMENT. REGISTRATION CONTINUED TO BE TOO COMPLEX AND INVOLVED TOO MANY AGENCIES. IDEALLY, UKRAINE SHOULD INCORPORATE A CENTRALIZED PROCEDURE, LIKE THE EU, WHEREBY ONE AGENCY HANDLED THE REGISTRATION PROCESS FROM START TO FINISH. HE NOTED THAT THE FINANCIAL CRISIS HAD MADE IT MORE DIFFICULT FOR ORDINARY CITIZENS TO HAVE ACCESS TO MEDICINE, AND THAT IT HAS NOW MORE DIFFICULT FOR IMPORTERS TO IMPORT PHARMACEUTICALS INTO UKRAINE. HE URGED THE GOU TO INCLUDE PHARMACEUTICAL PRODUCTS ON THE "CRITICAL LIST."

24. (SBU) KARTISH ACKNOWLEDGED THAT THE REGISTRATION SYSTEM WAS COMPLEX, BUT HE ASKED THE U.S. SIDE NOT TO FORGET THAT UKRAINE WAS THE FIRST CIS COUNTRY TO WORK OUT ITS OWN SYSTEM, STARTING FROM SCRATCH. CONCERNING IMPORTED MEDICINE, HE SAID 70 PERCENT OF ALL MEDICINE IN UKRAINE WAS IMPORTED (IMPLYING THERE WERE NO MARKET

ACCESS PROBLEMS). HE THOUGHT THAT PHARMACEUTICALS
 COULD BE PLACED ON THE CRITICAL LIST, IN WHICH CASE
 THERE WOULD BE NO VAT APPLIED TO THOSE PRODUCTS THAT
 WERE EXCLUSIVELY MEDICAL.

UNCLAS SECTION 06 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
 STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
 USDOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
 USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
 USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
 USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
 USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
 USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
 STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
 STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
 TAGS: ETRD, EINV, EFIN, RAID, UP
 SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

25. (SBU) GREN NOTED THAT UKRAINE HAS CONSIDERING
 ACCEPTING EU CERTIFICATION FOR ACCEPTANCE INTO THE
 UKRAINIAN MARKET, AND HE ASKED WHETHER UKRAINE WOULD
 CONSIDER ACCEPTING FDA APPROVAL FOR IMPORTED U.S.
 PRODUCTS. KARTISH SAID THAT UKRAINE HAS NOT YET PART
 OF THE EU, WHICH MEANT IT HAS NOT YET AT THE POINT
 WHERE IT COULD ACCEPT EU STANOAROS. AS FAR AS
 UKRAINE ACCEPTING FDA APPROVAL, HE ASKED FOR FDA
 ASSISTANCE IN THIS MATTER "AS THE MOST AUTHORITATIVE
 BODY IN THE WORLD." GREN SAID HE WOULD INQUIRE.

 TELECOMMUNICATIONS

26. (SBU) LEUCK WANTED TO HAVE A STRUCTURE FOR AN
 ONGOING DIALOG WITH UKRAINE ON ISSUES OF
 STANDARDIZATION AND CERTIFICATION. HE NOTED THAT
 ROBERT LAYTON WOULD BE THE USG CONTACT POINT. HE
 SUGGESTED A JOINT TASK FORCE, WHICH COULD:

- EXCHANGE REGULATORY INFORMATION ON CERTIFICATION PROCEDURES;
- ANALYZE THE EU SYSTEM AND COMPARE IT WITH THE UKRAINIAN AND U.S. SYSTEMS IN ORDER TO ELIMINATE DUPLICATIVE PROCESSES;

CLINTON LIBRARY PHOTOCOPY

- CONDUCT A SEMINAR ON THE CERTIFICATION PROCESS; AND
- INVITE PRIVATE SECTOR INPUT (UKRAINIAN AND U.S.) INTO THE TASK FORCE'S FUTURE AGENDA.

27. (SBU) VOZNIUK SAID USG-GOU COOPERATION IN TELECOMMUNICATIONS TOOK PLACE ON THE BASIS OF A 1995 MOU. THERE WERE CURRENTLY 20 TELECOMMUNICATIONS ENTERPRISES IN UKRAINE WITH U.S. SHAREHOLDERS. UKRAINE SENT THREE EXPERTS TO THE U.S. IN JANUARY-MARCH 1997 FOR SABIT TRAINING AT MIST, BUT SINCE THEN, THERE HAD BEEN NO COOPERATION AND THE USG HAD NOT PAID MUCH ATTENTION TO TELECOMMUNICATIONS IN UKRAINE. HE ASKED THE U.S. SIDE TO WORK MORE ACTIVELY IN, AND WITH, UKRAINE IN TELECOMMUNICATIONS. HE NOTED THAT U.S. COMPANIES, WORKING FROM THEIR EU OR EASTERN EUROPE OFFICES, WERE VERY ACTIVE IN "PUSHING THEIR DEVICES" INTO THE UKRAINIAN MARKET BUT WERE RELUCTANT TO OPEN OFFICES IN UKRAINE. HE POINTED OUT THAT U.S. COMPANIES IGNORED A FALL TELECOM EXHIBIT IN UKRAINE LAST YEAR, MAKING IT MORE DIFFICULT FOR UKRAINIAN EXPERTS TO LEARN ABOUT U.S. EQUIPMENT.

28. (SBU) VOZNIUK SAID NO U.S. COMPANY HAD HAD A CERTIFICATE REQUEST TURNED DOWN. DERZHSTANDART'S APPROACH WAS FLEXIBLE, AND HE OFFERED ITS SERVICE "TO UPGRADE U.S. EQUIPMENT TO CERTAIN STANDARDS." HE SAID UKRAINE'S TELECOM SYSTEM HAD OBSOLETE EQUIPMENT, WHICH HAD TO BE TAKEN INTO CONSIDERATION WHEN DEALING WITH CERTIFICATION. FOR THE MOMENT, UKRAINE HAD TO TRY TO ADJUST HIGH-TECH EQUIPMENT TO ITS SYSTEM; ONCE IT HAD NEWER EQUIPMENT, IT COULD THEN MORE READILY CERTIFY HIGH-TECH PRODUCTS. VOZNIUK SAID UKRAINE PUBLISHED AND DISTRIBUTED INFORMATION ON ITS CERTIFICATION REQUIREMENTS. ITS MANUAL, PREPARED WITH FCC HELP, HAS AVAILABLE ON THE INTERNET. UKRAINE'S CERTIFICATION PROCEDURE HAS CLOSER TO THE EU'S THAN THOSE OF OTHER CIS COUNTRIES.

29. (SBU) VOZNIUK SAID MOTOROLA CONSIDERED THE CERTIFICATION PROCEDURE A HIGH PRIORITY, AND HAD WANTED LARGE COMPANIES TO BE GIVEN A PREFERENCE. HOWEVER, THERE WAS A NEED FOR CERTIFICATION FOR SMALL COMPANIES (ACCORDING TO MOTOROLA), SINCE THEY COULD UNCLAS SECTION 07 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA

CLINTON LIBRARY PHOTOCOPY

USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

NOT MAINTAIN THEIR EQUIPMENT AS WELL AS LARGE COMPANIES AND WOULD EVENTUALLY LEAVE THE MARKET BECAUSE THEY WOULD NOT BE ABLE TO COMPETE WITH LARGE COMPANIES. (NOTE: VOZNIUK HAS TRYING TO MAKE A CASE FOR CERTIFICATION AND MAY SIMPLY HAVE DROPPED MOTOROLA'S NAME - EMBASSY HAS NEVER HEARD MOTOROLA AKE THIS ARGUMENT. END NOTE.)

30. (SBU) LEUCK SAID THE USG PROPOSAL FOR A TASK FORCE WOULD NOT REPLACE, BUT COMPLEMENT, THE 1995 MOU. DOG HAS FLEXIBLE WITH THE WORK PLAN AND COULD HELP THE GOU CONTACT U.S. COMPANIES, EITHER CONCERNING FUTURE EXHIBITS OR FOR REQUESTS FOR TECHNICAL ASSISTANCE. ITA'S OFFICE OF TELECOMMUNICATIONS SENT NEWSLETTERS TO HUNDREDS OF TELECOMMUNICATIONS COMPANIES AND HAS OPEN TO THE GOU'S SUGGESTIONS. HE ADDED THAT THE CERTIFICATION PROCESS WAS "A COMPLICATED EXPERIENCE" AND THE USG WANTED TO STREAMLINE AND CLARIFY THAT PROCESS. FOR EXAMPLE, COULD A COMPANY WHICH HAD A PRODUCT THAT MET ISO 9000 STANDARDS ELIMINATE FACTORY INSPECTIONS? HE AGREED THAT UKRAINE'S TELECOM NETWORK HAS "UNIQUE," BUT THAT DID NOT MEAN IT HAS NOT COMPATIBLE WITH EU OR U.S. STANDARDS AND CERTIFICATION PROCEDURES. LEUCK ALSO CLARIFIED THAT THE USG HAS NOT ADVOCATING FOR QUALITY INSPECTIONS. HOWEVER, IF U.S. COMPANIES HAD ALREADY UNDERGONE QUALITY ASSESSMENTS TO MEET EUROPEAN REQUIREMENTS, THESE ASSESSMENTS NEED NOT BE REPEATED IN UKRAINE.

31. (SBU) RUBAN SAID HE WOULD LIKE TO ESTABLISH CONTACTS WITH THOSE ORGANIZATIONS THAT REGISTERED FACILITIES TO THE ISO 9000 STANDARDS IN ORDER TO ATTAIN A MUTUAL RECOGNITION OF AUDITS AND TO ESTABLISH "COMPLIANCE ASSESSMENT." HE HOPED THAT, EVENTUALLY, UKRAINE WOULD RECOGNIZE EU CERTIFICATES AND EU UKRAINIAN CERTIFICATES. THIS IMPLIED A MUTUAL RECOGNITION OF EACH OTHER'S CERTIFICATION SYSTEM AS ONE WAY TO AVOID INSPECTION. HE OBSERVED THAT UKRAINE'S REGULATIONS ALLOWED FOR CERTIFICATION WITHOUT AN ON-SITE INSPECTION, DEPENDING ON THE RESULTS OF PREVIOUS VISITS, PREVIOUS TEST RESULTS, AND WHETHER THE PRODUCT WAS UNCHANGED. HOWEVER, IT WAS IMPOSSIBLE TO CERTIFY A NEW OR CHANGED PRODUCT WITHOUT

A VISIT TO THE MANUFACTURING FACILITY. HE SAID THAT U.S. EXPERTS ROUTINELY VISITED UKRAINIAN PIPE PRODUCERS TO SEE THAT THEIR PRODUCTION MET INTERNATIONAL STANDARDS. (NOTE: WHAT RUBAN DID NOT SAY WAS THAT U.S. COMPANIES HAVE TO PAY FOR UKRAINIAN INSPECTORS TO VISIT A NUMBER OF THEIR FACILITIES, SHELLING OUT SEVERAL TENS OF THOUSANDS OF DOLLARS FOR EACH INSPECTION. UKRAINIAN COMPANIES THAT PARTICIPATE IN THE AMERICAN PETROLEUM INSTITUTE'S (API) MONOGRAM PROGRAM PAY AN ANNUAL FEE OF LESS THAN USD 3000, AND MUST ALSO PAY FOR AN ON-SITE AUDIT EVERY THREE YEARS. PARTICIPATION IN THIS COMMERCIAL PROGRAM IS VOLUNTARY; IT IS NOT REQUIRED FOR EXPORT TO THE UNITED STATES. END NOTE.)

32. (SBU) RUBAN CLARIFIED THAT UKRAINE PLANNED TO SIMPLIFY THE CERTIFICATION PROCESS BY ALLOWING A SUPPLIER'S DECLARATION OF PRODUCT COMPLIANCE FOR HOUSEHOLD GOODS (EXCEPT FOR SOME SPECIFIC PRODUCTS). HOWEVER, HE SAID THAT THOSE PRODUCTS WITH A POTENTIAL HEALTH RISK WOULD REMAIN SUBJECT TO MANDATORY THIRD PARTY CERTIFICATION. HE ALSO NOTED THAT ALL RADIO COMMUNICATIONS EQUIPMENT THAT OPERATED ON A SPECIFIC FREQUENCY OR WITHIN A CERTAIN FREQUENCY RANGE REQUIRED AN IMPORT PERMIT PRIOR TO IMPORTATION. HOWEVER, HE SAID IT MIGHT BE POSSIBLE TO TAKE AN EU APPROVAL INTO ACCOUNT AND ISSUE A NATIONAL CERTIFICATE BASED ON RECOGNIZED TEST RESULTS. NEVERTHELESS, SUCH AN APPROACH COULD NOT BE ONE-SIDED - THIS HAD TO BE UNCLAS SECTION 08 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

RESOLVED ON A BILATERAL BASIS AND UKRAINIAN

CLINTON LIBRARY PHOTOCOPY

LABORATORIES SHOULD HAVE THEIR TEST RESULTS RECOGNIZED ALSO.

33. (SBU) THE MOTOROLA REPRESENTATIVE ASKED IF UKRAINE AND RUSSIA WERE INTENDING TO RECOGNIZE EACH OTHER'S CERTIFICATES. RUBAN SAID THAT UKRAINE DID NOT TRUST CERTAIN RUSSIAN INSTITUTES WHICH ISSUED CERTIFICATES. IT WAS HARD TO TELL FROM THE DOCUMENTS WHICH INSTITUTE ACTUALLY ISSUED THE CERTIFICATE, BUT BOTH COUNTRIES CONTINUED TO DISCUSS THE POSSIBILITY OF MUTUAL RECOGNITION.

34. (SBU) RUBAN PROPOSED EXPANDING ON THE US PROPOSAL FOR A CERTIFICATION SEMINAR, SUGGESTING MAY 1999. POSSIBLE SUBJECTS COULD BE: THE CERTIFICATION PROCESS IN UKRAINE; A COMPARISON OF US, EU AND UKRAINIAN CERTIFICATION PROCESSES WITH THE POSSIBILITY OF ELIMINATING DUPLICATIVE PROCEDURES IN THE FUTURE; A DISCUSSION OF HOW TO DEVELOP TECHNICAL STANDARDS; AND STEPS TO BRING THE UKRAINIAN SYSTEM CLOSER TO INTERNATIONAL NORMS. LEUCK SAID HE WOULD TAKE THIS PROPOSAL BACK TO WASHINGTON AND DISCUSS IT WITH THE APPROPRIATE AGENCIES.

35. (SBU) THE GOLDEN TELEPHONE REPRESENTATIVE ALSO EXPRESSED A DESIRE FOR A SIMPLER CERTIFICATION PROCESS. INSTEAD OF BILATERAL MUTUAL RECOGNITION, HE NOTED THAT UKRAINIAN COMPANIES COULD GO TO INTERNATIONAL TEST LABORATORIES IN ORDER TO BE CERTIFIED FOR EU AND U.S. MARKETS. THIS WOULD SOLVE THEIR MARKET ACCESS PROBLEM. HE ALSO POINTED OUT THAT IRIDIUM WAS ABLE TO PROVIDE WORLDWIDE SATELLITE COMMUNICATION SERVICE TO EVERY COUNTRY IN THE WORLD EXCEPT UKRAINE. RUBAN SEEMED SURPRISED AND WANTED TO KNOW WHY ONLY UKRAINE WAS EXCLUDED. MASHOVETS IMMEDIATELY INTERJECTED AND SAID IF IRIDIUM HAD PRESENTED ITS DOCUMENTS EARLIER, IT WOULD NOT HAVE HAD TO WAIT. CERTIFICATION WAS HELD UP UNTIL IRIDIUM CLARIFIED ITS LEGAL STATUS.

36. (SBU) SAUNDERS APPLAUDED THE PROPOSAL FOR BOTH SIDES TO MEET MORE OFTEN TO DISCUSS REGULATORY APPROACHES IN A RAPIDLY CHANGING TECHNOLOGICAL ENVIRONMENT.

OIL AND GAS

37. (SBU) VITKIN ASKED, AS A FOLLOW-UP TO THE JULY 1998 CTI MEETING, IF THERE WERE ANY FURTHER NEWS ON CERTIFICATION REQUIREMENTS FOR UKRAINIAN PIPE PRODUCTS EXPORTED TO THE U.S. SAUNDERS SAID THERE WERE NO MANDATORY GOVERNMENT REQUIREMENTS FOR CERTIFYING PIPELINE INSTALLATION OR EQUIPMENT, BUT THAT THERE WERE PRIVATE ENTITIES PROVIDING CERTIFICATION SERVICES. THE PURCHASER MAY DEMAND CERTIFICATION, BUT ONLY AS PART OF A COMMERCIAL CONTRACT. THE AMERICAN

PETROLEUM INSTITUTE (API), ONE OF THOSE PRIVATE ORGANIZATIONS INVOLVED IN CERTIFICATION PROGRAMS, HAD TWO PROGRAMS: CERTIFICATION OF FACILITIES MANUFACTURING OIL AND GAS SERVICES EQUIPMENT, INCLUDING PIPES; AND CERTIFICATION OF PETROLEUM PRODUCTS.

38. (SBU) RUBAN SAID UKRAINIAN COMPANIES WERE VERY INTERESTED IN U.S. INDUSTRY CONTACTS, INCLUDING API. HE SAID THE GOU ALSO DID NOT REQUIRE MANDATORY CERTIFICATION OF IMPORTED OIL AND GAS EQUIPMENT (EXCEPT FOR PIPE PRODUCTS), HAS INTERESTED IN WORKING OUT A METHOD OF VOLUNTARY CERTIFICATION IN COOPERATION UNCLAS SECTION 09 OF 10 KIEV 001127

SENSITIVE

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A
TAGS: ETRD, EINV, EFIN, RAID, UP
SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

WITH U.S. INSTITUTES, AND WOULD LIKE TO HAVE AN EXCHANGE OF INFORMATION.

39. (SBU) VITKIN SAID THAT THE RECEIVED OPINION HAS THAT THE INVESTMENT CLIMATE IN UKRAINE HAS NOT VERY GOOD. HE PROPOSED THAT CERTAIN TESTS PERFORMED BY INDEPENDENT LABS COULD BE DONE MORE CHEAPLY IN UKRAINE AND COULD BE CONSTRUED AS A KIND OF MUTUAL RECOGNITION OF LABORATORIES - THIS COULD SAVE UKRAINIAN COMPANIES LOTS OF MONEY AND COULD HELP IMPROVE THE INVESTMENT CLIMATE AS WELL.

40. (SBU) HALPERN SAID THAT THE API DID NOT ACCREDIT TEST LABS, BUT IT WOULD BE INTERESTED IN DISCUSSIONS OF ITS OTHER PROGRAMS. SHE PROVIDED VITKIN WITH DETAILED INFORMATION FROM API AND A CONTACT PERSON. SAUNDERS CONFIRMED THAT THE USG WOULD FACILITATE THIS

CLINTON LIBRARY PHOTOCOPY

COOPERATION. SHE URGED THE GOU TO LOOK AT API'S RANGE OF SERVICES AND TO PROCEED FROM THAT.

ACTION ITEMS FOR BOTH SIDES

41. (SBU) BOTH SIDES THEN SUMMARIZED THE AGREED-UPON ACTION ITEMS:

A. OIL AND GAS EQUIPMENT

UKRAINIAN GOVERNMENT OFFICIALS TO REVIEW DETAILED INFORMATION ON API'S PROGRAMS ON CERTIFICATION AND OTHER SERVICES, PROVIDED BY RACHEL HALPERN, AND FOLLOW UP WITH SPECIFIC QUESTIONS OR REQUESTS FOR MEETINGS. DOG TO FACILITATE MEETINGS IN UKRAINE OR THE U.S.

B. TELECOM

HOLD A SEMINAR IN MAY 1999 WHICH WOULD:

- LOOK AT THE UKRAINIAN CERTIFICATION PROCESS AND HOW IT AFFECTED COMPANIES;
- COMPARE THE US, EC AND UKRAINIAN TELECOM EQUIPMENT APPROVAL PROCESSES, WITH A VIEW TO ELIMINATING DUPLICATIVE PROCEDURES IN THE FUTURE, PARTICULARLY QUALITY SYSTEM INSPECTIONS;
- DETERMINE STEPS TO BRING THE UKRAINIAN SYSTEM CLOSER TO INTERNATIONAL NORMS; AND
- DISCUSS COOPERATION AMONG US AND UKRAINIAN EXPERTS WORKING ON TECHNICAL COMMITTEES AND COMPANIES WORKING ON SPECIFIC ISSUES.

C. HEALTH

- SIGNED THE STATEMENT OF INTENT BETWEEN THE DOG AND THE MINISTRY OF HEALTH WHICH WOULD BEGIN THE PROCESS OF DOCUMENTATION REVIEW AND IMPROVEMENT CONCERNING THE REGISTRATION OF IMPORTED MEDICAL AND PHARMACEUTICAL PRODUCTS;
- DOC AND DERZHSTANDART WOULD WORK TOWARD SIMILAR COOPERATION WITH RESPECT TO CERTIFICATION OF PHARMACEUTICAL PRODUCTS;
- HOLD A MID-APRIL MEETING WITH DOG, THE MINISTRY OF HEALTH, AND DERZHSTANDART TO DISCUSS PROCEDURES FOR MEDICAL PRODUCT REGISTRATION;
- WORK WITH FDA TO TRAIN MINISTRY OF HEALTH EXPERTS IN MEDICAL PRODUCT REGISTRATION; AND

UNCLAS SECTION 10 OF 10 KIEV 001127

SENSITIVE

CLINTON LIBRARY PHOTOCOPY

STATE FOR S/NIS, S/NIS/C, EUR/WST
STATE FOR EB/CBA, EB/CIP, EB/OIA, EB/TPP/MTA,

EB/TPP/BTA/ODC

USDOC FOR COUNSELOR KALICKI
USOOC FOR 4231/ITA/MAC/OEERIS/LUCYK/LOTARSKI
USDOC FOR 6000/ITA/TD/AS/AC/CHUNG/CERENZIA
USDOC FOR 3133/USFCS/OIO/EUR/CPOZA
USDOC FOR 3150/USFCS/OIO/EUR/NIS/SMITH
USDOC FOR 4201/ITA/MAC/BISNIS/SLEVSEN/AGREY
USDOC FOR ITA/TD/WILSON/BURROUGHS

STATE PASS TO NSC - PASCUAL, SEGAL
STATE PASS TO AID - ENI/DAA/PRESSLEY/INGRAM/GROSSMAN
STATE PASS TO USTR - DWOSKIN, KLEIN

GENEVA FOR USTR - RICHARD SELF

E.O. 12958: N/A

TAGS: ETRD, EINV, EFIN, RAID, UP

SUBJECT: CTI STANDARDS AND CERTIFICATION SESSION

- ORGANIZE U.S. MEDICAL TRADE MISSION TO UKRAINE IN SPRING 2000.

D. GENERAL BILATERAL COOPERATION

- TAKE UNDER CONSIDERATION UKRAINE'S REQUEST FOR FUNDING ASSISTANCE TO DEVELOP THE INQUIRY POINT DATABASE AND INTERAGENCY AND INTERNET ACCESS (TO BE FUNNELED THROUGH AID OR WTO ADVISOR IGOR KAVASS);
- PROVIDE TECHNICAL ASSISTANCE AT VARIOUS LEVELS OF THE GOU IN DRAFTING LEGISLATION OR IN WRITING TECHNICAL REGULATIONS;
- GOU: PROVIDE A COPY OF ITS PLAN TO HARMONIZE ITS LEGISLATION IN THE AREA OF STANDARDS AND CONFORMITY ASSESSMENT PRACTICES WITH THE EU AND WTO; AND
- USG: PROVIDE COMMENTS TO THE GOU AND CONSIDER POSSIBLE ASSISTANCE TO THE GOU TO DEVELOP AND IMPLEMENT ITS PLAN TO BRING ITS SYSTEM INTO COMPLIANCE WITH THE WTO AGREEMENTS ON TBT AND SPS.

PIFER

SECT: SECTION: 01 OF 10

<^SECT>SECTION: 02 OF 10
<^SECT>SECTION: 03 OF 10
<^SECT>SECTION: 04 OF 10
<^SECT>SECTION: 05 OF 10
<^SECT>SECTION: 06 OF 10
<^SECT>SECTION: 07 OF 10
<^SECT>SECTION: 08 OF 10
<^SECT>SECTION: 09 OF 10

CLINTON LIBRARY PHOTOCOPY

<^SECT>SECTION: 10 OF 10

SSN: 1127

<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127
<^SSN>1127

TOR: 990205123554 M3680639

<^TOR>990205124002 M3680644
<^TOR>990205124048 M3680645
<^TOR>990205124125 M3680647
<^TOR>990205124253 M3680652
<^TOR>990205124343 M3680653
<^TOR>990205125315 M3680672
<^TOR>990205125405 M3680673
<^TOR>990205125448 M3680674
<^TOR>990205125449 M3680675

DIST:

SIT: NSC

Cable

PREC: ROUTINE

CLASS: ~~CONFIDENTIAL~~

LINE1: RAACZYUW RUEHPUA1074 1092109-CCCC--RHEHNSC.

LINE2: ZNY CCCCC ZZH

LINE3: R 192109Z APR 99

LINE4: FM AMEMBASSY PORT AU PRINCE

OSRI: RUEHPU

DTG: 192109Z APR 99

ORIG: AMEMBASSY PORT AU PRINCE

TO: RUEHC/SECSTATE WASHDC 0210

INFO: RHEHNSC/NSC WASHDC

RUEHDG/AMEMBASSY SANTO DOMINGO 4042

RUCNDT/USMISSION USUN NEW YORK 3622

RUEKJCS/SECDEF WASHDC

RUEKJCS/CJCS WASHDC

RUEKDIA/DIA WASHDC

RUCTFOA/CCGDSEVEN MIAMI FL

RUMIAAA/USCINCSO MIAMI FL

SUBJ: NEW JUSTICE MINISTER'S PRIORITIES

CLASSIFIED BY TIMOTHY CARNEY, AMBASSADOR. REASON

TEXT:

~~CONFIDENTIAL~~ SECTION 01 OF 02 PORT AU PRINCE 001074

E.O. 12958: DECL: 04/19/07

TAGS: PGOV, PHUM, PINR, HA

SUBJECT: NEW JUSTICE MINISTER'S PRIORITIES

CLASSIFIED BY TIMOTHY CARNEY, AMBASSADOR. REASON
1.5(B) AND (D).

1. ~~(S)~~ SUMMARY AND COMMENT. ON 19 APRIL NEW JUSTICE MINISTER CAMILLE LE BLANC LISTED TO ME THREE PRIORITIES: MAKING JUSTICE MORE ACCESSIBLE; BETTER MINISTERIAL CONTROL OVER PROVINCIAL JUSTICE; AND ENFORCEMENT OF JUDICIAL DECISIONS IN A SOCIAL CONTEXT. THESE ARE THE JUSTICE INPUTS TO THE NEW GOVERNMENT ACTION PLAN TO SHOW THE PEOPLE A GOVERNMENT THAT DELIVERS. HE RECOGNIZED POLITICAL PARTIES MAY BE CONCERNED AT POTENTIALLY PARTISAN DECISIONS BY JUDGES OF THE PEACE DURING THE ELECTIONS, AND SAID HE WILL BE PUBLICLY CALLING FOR PARTIES TO PRESENT SPECIFIC COMPLAINTS TO HIM. HE PLANS TO MAKE THE NEXT HIGHER LEVEL OF THE JUDICIAL SYSTEM RESPONSIBLE FOR MONITORING THIS MATTER. I REAFFIRMED U.S. PRIORITY ON PROFESSIONALIZING THE POLICE, COURTS AND PROSECUTORS, NOTABLY THROUGH TARGETING THE CHAIN OF JUSTICE FOR OUR EFFORTS AT TRAINING AND UPGRADING. LE BLANC KNOWS HE HAS A TOUGH JOB, BUT SEEMS WILLING TO BRING SERVICES TO THE PEOPLE AND TO TAKE ON EVEN WELL-CONNECTED LAND POACHERS TO CONVINCING PEOPLE THAT GOVERNMENT IS SERIOUS

DECLASSIFIED
PER E.O. 13526
2014-0966-M (1.23)
2/27/2017 KBH

AND END POPULAR APATHY TO IT. SOME OF HIS PLANS WILL COST TOO MUCH TO DO IN THE TIME AVAILABLE WITHOUT MAJOR DONOR MONEYS. END SUMMARY AND COMMENT.

2. (C) ON 19 APRIL I CALLED ON MINISTER OF JUSTICE CAMILLE LE BLANC, AS THE FIRST OF CALLS ON NEW MINISTERS, HAVING SEEN THE PROVISIONAL ELECTORAL COUNCIL AND NEW PRIME MINISTER LAST WEEK. WE SPENT 45 MINUTES IN CANDID DISCUSSION ON JUSTICE PRIORITIES AND DIFFICULTIES. HE ELABORATED ON THE THREE CHIEF PRIORITIES WHICH THE MINISTRY WILL FOCUS ON AS PART OF THE PM'S PLAN OF ACTION TO DEMONSTRATE A GOVERNMENT RESPONSIVE TO THE PEOPLE. HIS FIRST EFFORT, TO BEGIN IN EARLY MAY, IS TO MAKE JUSTICE MORE ACCESSIBLE BY, FIRST OF ALL, GIVING JUGE DE PAIX MOTORCYCLES TO ENABLE THEM TO TRAVEL INTO THEIR DISTRICTS AND RENDER MORE IMMEDIATE SERVICE. HE WILL ALSO SEEK TO MAKE THE NEXT LEVEL UP, THE 15 COMMISSAIRES DU GOUVERNEMENT MORE MOBILE AS WELL. HE OBSERVED THAT THAT HALF A DOZEN OF THE COMMISSAIRES DO NOT/HAVE CARS, AS IN HINCHE, FOR EXAMPLE.

3. (C) HIS SECOND PRIORITY IS TO IMPROVE THE FLOW OF INFORMATION FROM THE JURISDICTIONS TO THE MINISTRY AND TRY TO MAKE MINISTERIAL CONTROL EFFECTIVE IN REAL TIME. THIS WILL REQUIRE, IN MINISTER LE BLANC'S VIEW, SATELLITE TELEPHONE SYSTEMS. I EXPLAINED BRIEFLY THE IRIDIUM NETWORK, NOTING HIGH COST, BUT RELATIVE EASE OF MAINTENANCE, CONCLUDING THAT THE MINISTRY MIGHT HAVE TO MAKE DO WITH A LESS EXPENSIVE SHORT WAVE SYSTEM TO EFFECT TIMELY COMMUNICATIONS.

4. (C) THE MINISTER'S THIRD PRIORITY IS TO 'REBUILD THE SOCIAL TIES BETWEEN JUSTICE AND THE STATE,' WHICH AS HE EXPLAINED IT, MEANS ENFORCING JUDICIAL DECISIONS ONCE MADE. HE VOLUNTEERED AS AN EXAMPLE, WHICH SUGGESTS A BRIEFING IN ADVANCE ON SOME OF MY OWN CONCERNS, THE PROBLEMS OF THE PETIONVILLE CLUB WHERE WELL-CONNECTED SQUATTERS AND LAND THIEVES SEEK TO INTIMIDATE WITH THE EFFECT OF UNDERMINING THE SECURITY OF PROPERTY RIGHTS. THE MINISTER NOTED THE BAD IMPACT ON POTENTIAL INVESTMENT. I OBSERVED THAT THE PHENOMENON IS WIDESPREAD (SEPTTEL) AND EVEN THE PM, WHILST RECTOR OF QUISQUEYA UNIVERSITY, HAD SUFFERED SUCH A PROBLEM WITH SQUATTERS ON LAND FOR A NEW UNIVERSITY CAMPUS.

5. (C) THE MINISTER WILL ALSO WORK ON FUNDAMENTALS OF LEGISLATION INCLUDING SOME ASPECTS BROADER THAN THE JUDICIAL SYSTEM. HE SPOKE OF CREATING THE CONSEIL SUPERIEUR DE LA MAGISTRATURE, FOR CONTROL OF THE ADMINISTRATION OF THE JUDICIARY. IN REALIZING THE PRIME MINISTER'S EFFORT TO PREPARE DRAFT LEGISLATION TO BE READY FOR THE NEW PARLIAMENT, THE MINISTER PLANS TO ENLARGE HIS COMMISSION FOR JUDICIAL REFORM INTO A BROADER BODY WITH MEMBERSHIP DRAWN FROM ELSEWHERE IN THE NEW GOVERNMENT.

6. (X) AS WE MOVED TO SPECIFICS, I NOTED TO LE BLANC THE CONCERN OF POLITICAL PARTIES, ESPECIALLY THE OPL, THAT THE JUSTICES OF THE PEACE MIGHT ACT AGAINST CANDIDATES TO AFFECT THE FORTHCOMING ELECTION. (OPL COORDINATOR GERARD PIERRE-CHARLES HAD NOTED THIS WORRY TO VISITING SPECIAL ADVISOR TONY LAKE LAST WEEK AND HAS
~~C O N F I D E N T I A L~~ SECTION 02 OF 02 PORT AU PRINCE 001074

E.O. 12958: DECL: 04/19/07
TAGS: PGOV, PHUM, PINR, HA
SUBJECT: NEW JUSTICE MINISTER'S PRIORITIES

RAISED THE PROBLEM WITH ME ON SEVERAL OCCASIONS.) THE MINISTER REPLIED THAT HE HAS ALREADY UNDERSCORED TO JUDGES IN A PART OF THE GRANDE ANSE THAT THEY MUST BE IMPARTIAL- HE WILL SANCTION ANY JUDGE WHO FAILS TO BE NEUTRAL. THE MINISTER ADDED THAT HE WILL PUBLICLY ASK FOR POLITICAL PARTIES TO PASS TO HIM THEIR CONCERNS ABOUT SPECIFIC JUDGES. THE MATTER, HE RECOGNIZED, IS PARTICULARLY IMPORTANT DURING THE CAMPAIGN AND ON ELECTION DAY WHEN ARRESTS CAN BE USED TO INTIMIDATE. HE PLANS TO HAVE THE NEXT HIGHER LEVEL OF JUSTICE, THE COMMISSAIRE DU GOUVERNEMENT, MONITOR THE MATTER.

7. (SBU) I NOTED TO THE MINISTER THAT THE U.S. NGO ADRA HAS DECIDED TO PROSECUTE EMPLOYEES FOR THEFT OF IMPORTANT QUANTITIES OF FOOD AID AND ASKED THAT HE ENSURE THE CASE RECEIVES PRIORITY. HE SAID HE WOULD WHEN IT COMES UP.

8. (SBU) IN REAFFIRMING U.S. SUPPORT FOR THE JUDICIAL SYSTEM, I ASKED THE STATUS OF THE JUSTICE REFORM AGENDA DISCUSSED AT LENGTH LAST JULY. HE SAID HE PLANS TO ASSEMBLE DONORS ON 12 MAY TO FOLLOW UP.

CARNEY

SECT: SECTION: 01 OF 02
<^SECT>SECTION: 02 OF 02
SSN: 1074
<^SSN>1074
TOR: 990419172202 M3809543
<^TOR>990419172346 M3809550
DIST:
SIT: NSC

Cable

PREC: ROUTINE
CLASS: UNCLASSIFIED
LINE1: RAAUZYUW RUEHAKA7016 2041137-UUUU--RHEHAAX.
LINE2: ZNR UUUUU ZZH
LINE3: R 231137Z JUL 99
LINE4: FM AMEMBASSY ANKARA
OSRI: RUEHAK
DTG: 231137Z JUL 99
ORIG: AMEMBASSY ANKARA
TO: RUEHC/SECSTATE WASHDC 8866
INFO: RUCPDOG/USDOC WASHDC
RUEHDA/AMCONSUL ADANA 3941
RUEHIT/AMCONSUL ISTANBUL 5245
SUBJ: AMBASSADOR'S MEETING WITH NEW MINISTER OF
TRANSPORTATION AND COMMUNICATIONS - U.S. INVESTMENT
OPPORTUNITIES

TEXT:
UNCLAS SECTION 01 OF 02 ANKARA 007016

SENSITIVE

STATE FOR EB/ESC, S/CBED, S/NIS, EUR/PRA
USDOC FOR 6000/TD/ADVOCACY CENTER
USDOC FOR 4212/ITA/MAC/OEURA/CPD/DDEFALCO
USDOC FOR 6110/TD/BI/OEIM/JWILSON

E.O. 12958: N/A
TAGS: ECPS, EINV, EFIN, PREL, BEXP, TU
SUBJECT: AMBASSADOR'S MEETING WITH NEW MINISTER OF
TRANSPORTATION AND COMMUNICATIONS - U.S. INVESTMENT
OPPORTUNITIES

1. SUMMARY: ON JULY 12, AMBASSADOR PARRIS MET WITH THE
NEW MINISTER OF TRANSPORTATION AND COMMUNICATIONS (MOTC)
ENIS OKSUZ TO CONGRATULATE HIM ON HIS APPOINTMENT, DISCUSS
THE DRAFT TELECOMMUNICATIONS LAW, TURK TELEKOM
PRIVATIZATION, AND NEW GSM CELLULAR TENDERS, AS WELL AS TO
DELIVER AN ADVOCACY LETTER ON BEHALF OF IRIDIUM.
UNDERSECRETARY SUREYYA YUCEL OZDEN ALSO PARTICIPATED. END
SUMMARY.

2. DURING THEIR JULY 12 MEETING, BOTH AMBASSADOR PARRIS
AND THE NEWLY APPOINTED MINISTER OF TRANSPORTATION AND
COMMUNICATIONS ENIS OKSUZ AGREED THAT A MODERN
TELECOMMUNICATIONS INFRASTRUCTURE WOULD BE A KEY COMPONENT
OF TURKEY'S CONTINUED ECONOMIC GROWTH. THE MINISTER
NOTED THAT HE WANTED AMERICAN COMPANIES, TOGETHER WITH
THEIR INVESTMENT DOLLARS, TO PLAY A KEY ROLE IN THE
DEVELOPMENT OF THIS INFRASTRUCTURE.

CLINTON LIBRARY PHOTOCOPY

[2014-0966-M 1.27]

3. REGARDING THE PRIVATIZATION OF TURK TELEKOM, THE AMBASSADOR POINTED OUT THAT THE DELAYED PROCESS MUST MOVE FORWARD QUICKLY IF IT IS GOING TO ATTRACT THE USD 2-3 BILLION THE GOT WANTS. AN INVESTMENT OF THIS MAGNITUDE, THE AMBASSADOR NOTED, WOULD REPRESENT A SUBSTANTIAL INCREASE OVER THE YEARLY FOREIGN INVESTMENT IN TURKEY.
4. THE MINISTER STATED THAT THE GOT HAD ALMOST FINISHED THE NEW TELECOMMUNICATIONS LAW WHICH WOULD GIVE FOREIGN INVESTORS THE COMFORT LEVEL THEY NEEDED TO BRING THEIR MONEY TO THE TURKISH MARKET. U/S OZDEN POINTED OUT THAT UP UNTIL NOW THE GOT HAD APPROACHED PRIVATIZATION ON A TRIAL AND ERROR BASIS, BUT THAT IT WAS CONSIDERING PRIVATIZING TURK TELEKOM EVEN BEYOND 49 PERCENT.
5. THE AMBASSADOR INFORMED THE MINISTER AND OZDEN THAT SBC, A DIVISION OF SOUTHWESTERN BELL, WAS VERY INTERESTED IN PURSUING A STRATEGIC PARTNERSHIP WITH TURK TELEKOM. FURTHERMORE, HE NAMED OTHER AMERICAN COMPANIES WHICH WERE READY TO PROVIDE EQUIPMENT AND SERVICES TO THE SOON-TO-BE PRIVATIZED ENTITY. THE AMBASSADOR URGED THE MINISTER TO GIVE AMERICAN FIRMS A CAREFUL LOOK, AS THEIR TECHNOLOGY IS AMONG THE BEST IN THE WORLD. HE EMPHASIZED THAT WITH THE PROPER FRAMEWORK IN PLACE, AMERICAN FIRMS WILL BE LINING UP.
6. THE MINISTER WELCOMED AMERICAN PARTICIPATION IN THE PRIVATIZATION OF TURK TELEKOM. OZDEN EXPLAINED THAT THE U.S. TRADE AND DEVELOPMENT AGENCY HAD ALREADY FUNDED A STUDY ON TURK TELEKOM PRIVATIZATION. HE ADDED THAT THE WORLD BANK HAD ALSO FUNDED A STUDY CARRIED OUT BY THE LONDON OFFICE OF GOLDMAN-SACHS. UNFORTUNATELY, ACCORDING TO OZDEN, THE TWO STUDIES NOT ONLY CONTRADICTED EACH OTHER, BUT THE GOLDMAN-SACHS STUDY, WHICH WAS ADOPTED BY THE GOT, RECOMMENDED MEASURES WHICH WERE AGAINST THE CONSTITUTION. THEREFORE, OZDEN ASSERTED, THE PRIVATIZATION EFFORT HAD STALLED.
7. THE AMBASSADOR NOTED THAT A PARLIAMENTARY MAJORITY SHOULD GIVE THE NEW GOVERNMENT WHAT IT NEEDS TO MOVE AHEAD WITH PRIVATIZATION MORE QUICKLY. HE ADDED THAT THE 57TH GOVERNMENT HAS AN EXCELLENT OPPORTUNITY TO DO WHAT PEOPLE HAVE BEEN TALKING ABOUT FOR YEARS. THE MINISTER RESPONDED THAT HIS GOVERNMENT DID NOT WANT TO LET THIS CRITICAL MOMENT PASS AND WOULD SOON ADDRESS THESE MATTERS.
8. WITH REGARD TO GSM TENDERS, U/S OZDEN REMARKED THAT THE MINISTRY HAD DECIDED TO ISSUE A TOTAL OF THREE ADDITIONAL LICENSES, RATHER THAN TWO (ONE TO A PRIVATE COMPANY AND ONE TO TURK TELEKOM), AS PREVIOUSLY ANNOUNCED. U/S OZDEN EXPLAINED THAT THE GOT NOW QUESTIONED WHETHER THE CONSTITUTION PERMITTED ONE STATE AGENCY (MOTC) TO GRANT A CONCESSION TO ANOTHER (TURK TELEKOM). THEREFORE, OZDEN OFFERED THAT DUE TO THE INSUFFICIENT CAPACITY OF THE CURRENT SERVICE PROVIDERS, TURKCELL AND TELSİM, MOTC WOULD MOVE SWIFTLY TO TENDER TWO GSM CELLULAR SERVICE LICENSES TO THE PRIVATE SECTOR. HE ADDED THAT THE MINISTRY WOULD GRANT THE FIFTH LICENSE TO TURK TELEKOM AT A LATER DATE,

CLINTON LIBRARY PHOTOCOPY

ONCE IT SORTED OUT THE CONSTITUTIONALITY OF THE MATTER. THE MINISTER PROMISED TO EXPEDITE THE LICENSING PERSONALLY IN SEPTEMBER, AFTER THE SUMMER RECESS.

9. THE AMBASSADOR THEN ASKED THE MINISTER TO HELP RESOLVE AN ISSUE AFFECTING THE AMERICAN FIRM, IRIDIUM. THE AMBASSADOR EXPLAINED THAT IRIDIUM HAS 66 SATELLITES PROVIDING GLOBAL SATELLITE TELEPHONE SERVICES TO CLIENTS UNCLAS SECTION 02 OF 02 ANKARA 007016

SENSITIVE

STATE FOR EB/ESC, S/CBED, S/NIS, EUR/PRA
USDOC FOR 6000/TD/ADVOCACY CENTER
USDOC FOR 4212/ITA/MAC/OEURA/CPD/DDEFALCO
USDOC FOR 6110/TD/BI/OEIM/JWILSON

E.O. 12958: N/A

TAGS: ECPS, EINV, EFIN, PREL, BEXP, TU
SUBJECT: AMBASSADOR'S MEETING WITH NEW MINISTER OF TRANSPORTATION AND COMMUNICATIONS - U.S. INVESTMENT OPPORTUNITIES

IN MORE THAN 140 COUNTRIES, COVERING 90 PERCENT OF THE WORLDWIDE MARKET. IN JANUARY 199, TURK TELEKOM, IRIDIUM'S EXCLUSIVE SERVICE PROVIDER IN TURKEY, APPROVED IRIDIUM TARIFFS AND SUBMITTED THEM TO MOTC FOR APPROVAL. UNTIL NOW THE MINISTRY HAS NOT SIGNED OFF ON THIS CONTRACT, AND THEREFORE, AS THE AMBASSADOR POINTED OUT, TURK TELEKOM AND IRIDIUM WERE LOSING IMPORTANT REVENUES. THE AMBASSADOR URGED THE MINISTER TO REVIEW AND APPROVE THE CONTRACT AND LEFT WITH HIM A LETTER OUTLINING THE ISSUE. THE MINISTER PROMISED TO ADDRESS THE AMBASSADOR'S REQUEST IN THE COMING DAYS.

10. FINALLY, THE AMBASSADOR HIGHLIGHTED OTHER AREAS (ROAD, RAIL PORTS, ETC.) IN WHICH AMERICAN FIRMS WANTED TO COOPERATE WITH THE MINISTRY. WHILE RECOGNIZING THAT JAPAN'S OECF HAD ALREADY PROVIDED SUBSTANTIAL CREDITS (APPROXIMATELY USD 600 MILLION) FOR THE USD 3 BILLION PLUS ISTANBUL TUBE TUNNEL PROJECT, HE UNDERLINED THAT AMERICAN FIRMS WERE VERY INTERESTED IN REMAINING WORK. THE AMBASSADOR ALSO POINTED OUT THAT TDA HAD PREVIOUSLY FUNDED A STUDY ON THE PROJECT AND, ALONG WITH U.S. EXIM BANK, WAS INTERESTED IN PROVIDING FURTHER ASSISTANCE. PARRIS

SECT: SECTION: 01 OF 02
<^SECT>SECTION: 02 OF 02
SSN: 7016
<^SSN>7016
TOR: 990724140533 M3976122
<^TOR>990724140533 M3976123
DIST: SIT: NSC

Cable

PREC: PRIORITY
 CLASS: ~~CONFIDENTIAL~~
 LINE1: PAACZYUW RUEHEGA9986 3631010-CCCC--RHEHAAX.
 LINE2: ZNY CCCCC ZZH
 LINE3: P 291010Z DEC 99
 LINE4: FM AMEMBASSY CAIRO
 OSRI: RUEHEG
 DTG:
 ORIG: AMEMBASSY CAIRO
 TO: RUEHC/SECSTATE WASHDC PRIORITY 8999
 INFO: RUEHEE/ARAB LEAGUE COLLECTIVE
 RUEKJCS/SECDEF WASHDC
 RUEKJCS/JOINT STAFF WASHINGTON DC
 RUCJACC/USCINCCENT MACDILL AFB FL
 SUBJ: EGYPT Y2K UPDATE (DECEMBER 29, 1999)
 TEXT: ~~CONFIDENTIAL~~ SECTION 01 OF 03 CAIRO 009986

DECLASSIFIED
 PER E.O. 13526
 2014-0966-M (1.38)
 2/27/2017 KBH

DEPT FOR NEA/PPR/CLAWSON, NEA/EX AND NEA/ENA
 ALSO FOR OIG AND CA
 DEPT PASS TO USAID AA/ANE/RANDOLPH

E.O. 12958: DECL: 12/27/2005
 TAGS: ASEC, CASC, KY2K, EG
 SUBJECT: EGYPT Y2K UPDATE (DECEMBER 29, 1999)

REF: A. CAIRO 8118 (NOTAL)
 B. CAIRO 9406 (NOTAL)
 C. CAIRO 9484 (NOTAL)

CLASSIFIED BY A/DCM RICHARD LEBARON FOR REASONS 1.5 (B) AND (D).

1. (S) SUMMARY. THIS MESSAGE IS A LIMITED UPDATE TO EARLIER REPORTING. THE SUEZ CANAL WILL BE EMPTY OF SHIPS DURING THE MILLENNIUM TRANSITION, WITH THE FIRST CONVOY BEGINNING AT 0400 ON JANUARY 1. THE EGYPTIAN CIVIL AVIATION AUTHORITY (ECAA) SHIFTED OVER TO ITS NEW EUROCAT 2000 AIR TRAFFIC CONTROL SYSTEM ON DECEMBER 17. IN ADDITION TO THE NATIONAL Y2K COMMAND CENTER, THE ECAA, TELECOM EGYPT, THE EGYPTIAN ELECTRICAL AUTHORITY, AND THE PETROLEUM AND NATURAL GAS SECTORS WILL ALL HAVE FULLY STAFFED OPERATIONS CENTERS DURING THE TRANSITION PERIOD. STATE-OWNED HAZARDOUS CHEMICAL FACTORIES WILL CLOSE AT 11:00 P.M. ON DECEMBER 31 AND REOPEN ON A GRADUATED SCHEDULE THE FOLLOWING DAY. TELECOM EGYPT RELEASED A Y2K READINESS STATEMENT INDICATING THAT THE MAJORITY OF ITS EQUIPMENT IS COMPLIANT. THE ELECTRICAL DISTRIBUTION SYSTEM IS READY DOWN TO THE CUSTOMER LEVEL. THE CAIRO METRO WILL CLOSE AT 10:30 P.M. ON DECEMBER 31. END SUMMARY.

2. (S) THIS MESSAGE SUPPLEMENTS EARLIER REPORTING ON EGYPT'S

CLINTON LIBRARY PHOTOCOPY

YEAR 2000 (Y2K) STATUS. IT IS NOT INTENDED TO BE COMPREHENSIVE, BUT RATHER A LIMITED UPDATE OF Y2K READINESS IN KEY SECTORS. WE ASK THAT ALL USG REQUESTS FOR INFORMATION FROM EGYPTIAN AUTHORITIES BE MADE THROUGH THE EMBASSY CAIRO Y2K WATCH CENTER, WHICH WILL BE OPERATING FROM 7:00 P.M. CAIRO TIME ON DECEMBER 31, 1999 THROUGH 8:00 A.M. ON JANUARY 3, 2000. THE DIRECT NUMBER FOR THE CAIRO WATCH CENTER IS 20-2-357-2001.

SUEZ CANAL

3. (U) THE TRANSIT DEPARTMENT OF THE SUEZ CANAL AUTHORITY (SCA) INFORMED US THAT IT WILL MODIFY ITS CONVOY SCHEDULE ON DECEMBER 31 AND JANUARY 1. THESE CHANGES ARE AS FOLLOWS:

DECEMBER 31, 1999

THE FIRST SOUTHBOUND CONVOY (PORT SAID TO SUEZ), WHICH USUALLY ENTERS THE CANAL AT 0200, WILL SHIFT THREE HOURS EARLIER TO 2300 ON DECEMBER 30, 1999.

THE FIRST NORTHBOUND CONVOY (SUEZ TO PORT SAID), WHICH USUALLY ENTERS THE CANAL AT 0600, WILL MOVE UP ONE HOUR TO 0500 ON DECEMBER 31, 1999.

NOTE: THIS SCHEDULE MAY BE SUBJECT TO SLIGHT CHANGES GIVEN THE NUMBER OF SHIPS THAT DAY.

JANUARY 1, 2000

THE FIRST SOUTHBOUND CONVOY (PORT SAID TO SUEZ) WILL ENTER THE CANAL AT 0400.

THE FIRST NORTHBOUND CONVOY (SUEZ TO PORT SAID) WILL ENTER THE CANAL AT 0800.

4. (U) THESE PROCEDURES WILL ENSURE THAT THE CANAL WILL BE COMPLETELY EMPTY OF SHIPS DURING THE MILLENNIUM TRANSITION. THE SCA INTENDS TO HAVE ALL ITS TUGS POSITIONED ALONG THE CANAL AS A PRECAUTION ONCE VESSELS BEGIN TO ENTER. FURTHER, IT WILL REQUIRE ALL ELECTRONICALLY OPERATED SHIPS TO PROVIDE SCA PILOTS A COPY OF THEIR Y2K COMPLIANCE CERTIFICATES. NAVIGATION AND MECHANICAL EQUIPMENT MUST BE CAPABLE OF OPERATING MANUALLY DURING TRANSIT. VESSELS FAILING TO MEET THESE REQUIREMENTS WILL NOT BE ALLOWED TO ENTER THE CANAL. MANUALLY OPERATED SHIPS CAN TRANSIT NORMALLY.

CIVIL AVIATION

5. (U) CAIRO AIRPORT HAS CONFIRMED THAT ITS BAGGAGE SCREENING SYSTEM IS NEITHER COMPUTERIZED NOR TIME-DEPENDENT. MANUAL PROCEDURES WILL BE INSTITUTED IN THE EVENT OF A POWER

CLINTON LIBRARY PHOTOCOPY

FAILURE.

6. (U) OF THE MAJOR CARRIERS, SWISSAIR/DELTA, LUFTHANSA/UNITED, AND TWA ALL INTEND TO MAINTAIN FLIGHT
~~C O N F I D E N T I A L~~ SECTION 02 OF 03 CAIRO 009986

DEPT FOR NEA/PPR/CLAWSON, NEA/EX AND NEA/ENA
ALSO FOR OIG AND CA
DEPT PASS TO USAID AA/ANE/RANDOLPH

E.O. 12958: DECL: 12/27/2005
TAGS: ASEC, CASC, KY2K, EG
SUBJECT: EGYPT Y2K UPDATE (DECEMBER 29, 1999)

OPERATIONS ON DECEMBER 31, 1999 AND JANUARY 1, 2000. BRITISH AIRWAYS AND KLM/NORTHWEST HAVE CANCELED THEIR FLIGHTS DURING THIS PERIOD.

7. (U) THE EGYPTIAN CIVIL AVIATION ADMINISTRATION'S (ECAA) Y2K OPERATIONS CENTER WILL BECOME OPERATIONAL AT 12:00 P.M. ON DECEMBER 31, 1999. IT WILL BE LOCATED NEXT TO THE REGIONAL OPERATIONS ROOMS OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) AND INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) IN THE CAIRO AIR NAVIGATION CENTER. GENERAL ABDEL FATAH KATO, THE DIRECTOR OF THE ECAA, AND HIS SENIOR STAFF WILL BE ON DUTY DURING THE ROLL-OVER PERIOD.

8. (SBU) ECAA OFFICIALS INFORMED US THAT THEY SHIFTED OVER TO THE NEW EUROCAT 2000 AIR TRAFFIC CONTROL SYSTEM ON DECEMBER 17. THE OLDER MODEL 500 SYSTEM WILL REMAIN IN OPERATION AS A BACK-UP, WITH VISUAL FLIGHT PROCEDURES PROVIDING ADDITIONAL REDUNDANCY. IN THE CHANGE-OVER, ECAA HAD IDENTIFIED A SOFTWARE GLITCH RELATED TO TRAFFIC HAND OVER TO EURCONTROL. A WORK-AROUND IS IN PLACE AND ECAA OFFICIALS DO NOT ANTICIPATE THIS WILL BE A PROBLEM.

PETROLEUM/NATURAL GAS

9. (✓) Y2K RESPONSE IN THE PETROLEUM SECTOR WILL BE GOVERNED BY A CENTRAL OPERATIONS ROOM LOCATED AT THE EGYPTIAN GENERAL PETROLEUM COMPANY (EGPC). EGPC CHAIRMAN ABDEL KHALEK AYAD AND HIS SIX KEY VICE CHAIRMEN WILL BE ON DUTY DURING THE MILLENNIUM TRANSITION. THE VICE CHAIRMAN FOR ADMINISTRATION, HADY FAHMY, WILL BE THE DIRECTOR OF THE OPERATIONS CENTER. FOR REPORTING AND RESPONSE PURPOSES, THE COUNTRY IS BROKEN UP INTO FIVE REGIONS, PLUS NATURAL GAS PRODUCTION AND DISTRIBUTION. THESE ARE THE GULF OF SUEZ; SINAI AND EAST DELTA; ALEXANDRIA; WESTERN DESERT; UPPER EGYPT; AND, THE NATIONAL NATURAL GAS NETWORK. REDUNDANT COMMUNICATIONS INCLUDE AN UHF TRUNKING SYSTEM CONNECTING EGPC WILL ALL MAJOR PRODUCTION COMPANIES. EGPC ALSO HAS A SPECIAL ARRANGEMENT WITH SHELL, BP-AMOCO, AND AGIP TO SHARE INFORMATION ABOUT THE WORLD-WIDE EFFECTS OF Y2K ON THE PETROLEUM INDUSTRY. FAHMY STATED THAT THE EGPC OPERATIONS ROOM WILL BEGIN ITS WORK AT MIDDAY ON DECEMBER 30, 1999 AND OPERATE FOR ONE WEEK, THROUGH

CLINTON LIBRARY PHOTOCOPY

JANUARY 6, 2000. FAHMY SAID THAT EGPC, IN COOPERATION WITH THE JOINT-VENTURE PRODUCTION COMPANIES, WILL ALSO OPERATE RESPONSE FORCES TO REACT TO ANY SECTOR-RELATED EMERGENCY. ONE WILL BE IN EACH GEOGRAPHICAL REGION, WHILE AN ADDITIONAL FOUR WILL BE POSITIONED IN CAIRO AT KEY FACILITIES.

10. (C) THE EGYPTIAN NATURAL GAS COMPANY (GASCO) WILL OPERATE A SUBORDINATE CENTER LOCATED AT THE NATIONAL NATURAL GAS DISPATCH CENTER IN MOSTOROD. LIKE EGPC, ALL GASCO'S SENIOR EXECUTIVES WILL BE ON DUTY DURING THE MILLENNIUM PERIOD. KEY PERSONNEL ARE LINKED BY A MOTOROLA UHF 400 MHZ TRUNKING SYSTEM WITH HAND-HELD AND AUTOMOBILE RADIOS. IRIDIUM TELEPHONES ARE READY FOR USE AS A CONTINGENCY. GASCO PERSONNEL STATE THAT THE ENTIRE PIPELINE NETWORK IS UNDER CONTROL, WITH CLOSE CONTACT BETWEEN PRODUCTION COMPANIES AND THE PRIMARY CONSUMER, THE EGYPTIAN ELECTRICAL AUTHORITY (EEA).

11. (C) KNOWLEDGEABLE INDUSTRY SOURCES RATE GASCO AS "GREEN" -- Y2K-READY. SYSTEM FLOW METERS ARE PASSIVE ONLY; POSSIBLE FAILURE WOULD HAVE NO EFFECT ON OPERATIONS. MOST SAFETY VALVES ARE ELECTRO-MECHANICAL AND ALL WILL OPERATE MANUALLY DURING THE TRANSITION PERIOD. FURTHER, OTHER THAN TREND RECORDERS, INDEPENDENT INDUSTRY AUDITORS FAILED TO FIND ANY DIGITALLY AUTOMATED VALVES IN THE GASCO SYSTEM. ALL ELEMENTS HAVE A MANUAL OVERRIDE. NO SINGLE VALVE CAN SHUT DOWN THE GRID.

CHEMICAL INDUSTRIES

12. (C) IN THE COURSE OF ITS TRAINING PROGRAM AND AS PART OF A SUPPLY CHAIN ANALYSIS FOR THE WATER AND WASTEWATER SECTORS, THE USAID-FINANCED U.S. PROCESS CONTROL TEAM VISITED SEVERAL CHEMICAL PLANTS. ONE IN CAIRO USES OLDER TECHNOLOGY AND IS NOT AT RISK FOR Y2K. HOWEVER THE TEAM DETERMINED THAT TWO HIGHLY AUTOMATED CHLORINE FACTORIES IN ALEXANDRIA, MISR CHEMICALS AND EGYPTIAN PETROCHEMICALS, WERE VULNERABLE TO POSSIBLE Y2K FAULTS. WE FOLLOWED UP WITH RAAFAT RADWAN, THE CHAIRMAN OF THE INFORMATION DECISION SUPPORT CENTER (IDSC), THE ORGANIZATION COORDINATING THE Y2K EFFORT OF STATE-OWNED COMPANIES. FURTHER, AMBASSADOR RAISED THE ISSUE IN WRITING WITH PRIME MINISTER ATEF EBEID. WE UNDERSTAND FROM RADWAN THAT THE MINISTER OF THE PUBLIC BUSINESS SECTOR, DR. MOKHTAR
~~C O N F I D E N T I A L~~ SECTION 03 OF 03 CAIRO 009986

DEPT FOR NEA/PPR/CLAWSON, NEA/EX AND NEA/ENA
ALSO FOR OIG AND CA
DEPT PASS TO USAID AA/ANE/RANDOLPH

E.O. 12958: DECL: 12/27/2005
TAGS: ASEC, CASC, KY2K, EG
SUBJECT: EGYPT Y2K UPDATE (DECEMBER 29, 1999)

KHATTAB, INTENDS TO CLOSE MISR CHEMICALS DURING ITS THIRD SHIFT, I.E., FROM 11:00 P.M. TO 6:00 A.M. RADWAN STATED THAT THE GOVERNMENT INTENDS TO CLOSE SIMILAR FACTORIES HANDLING OR PRODUCING HAZARDOUS MATERIALS THAT OPERATE ON THREE SHIFTS.

HE AND MINISTER KHATTAB WILL URGE THE CEO OF THE PRIVATIZED EGYPTIAN PETROCHEMICALS FACTORY TO ADOPT A SIMILAR APPROACH. RADWAN ADDED THAT CIVIL DEFENSE AUTHORITIES, E.G., FIRE, POLICE, AND MEDICAL UNITS, WILL BE PRE-POSITIONED JANUARY 1, 2000 TO RESPOND TO ANY EMERGENCY. HE SAID THAT PLANT START-UP WILL OCCUR ON A GRADUATED SCHEDULE, E.G., ONE AT 7:00 A.M., ANOTHER AT 8:00 A.M., ETC.

TELECOMMUNICATIONS

13. (U) TELECOM EGYPT PUBLISHED IN THE MAIN EGYPTIAN DAILY, AL-AHRAM, ON DECEMBER 8 A FULL PAGE NOTICE OF ITS Y2K READINESS. ACCORDING TO ITS STATEMENT, TELECOM EGYPT, INCLUDING ITS INTERNATIONAL GATEWAYS, IS PREPARED FOR Y2K. IT STATED THAT IT WILL SET UP A CENTRAL EMERGENCY RESPONSE OFFICE TO DEAL WITH POTENTIAL CONTINGENCIES. TELECOM EGYPT HAS ALSO PROVIDED THE INTERNATIONAL TELECOMMUNICATIONS UNION (ITU) A COPY OF ITS Y2K READINESS STATEMENT.

14. (SBU) IN SUMMARY, ITS READINESS STATEMENT INDICATES THAT TELECOM EGYPT'S ERICSSON AXE10 INTERNATIONAL GATEWAY SWITCHES IN CAIRO AND ALEXANDRIA ARE BOTH FULLY Y2K-COMPLIANT AND TESTED. THE MAADI EARTH STATION, WHICH PROVIDES THE CONNECTION TO INTELSAT SATELLITE SERVICES, IS Y2K-READY, AS IS THE UNDERWATER CABLE LINK IN ALEXANDRIA. ALL NATIONAL TRANSIT SWITCHES ARE LIKEWISE CERTIFIED AS READY FOR Y2K.

15. (C) EXECUTIVES WITH CLICK GSM, ONE OF EGYPT'S TWO MOBILE PHONE COMPANIES, CONFIRMED THAT THEY HAD CONDUCTED SUCCESSFUL SERVICE TESTS WITH TELECOM EGYPT. INTERNALLY, THEIR SYSTEM IS FULLY Y2K-READY, WITH AN EXTENSIVE CONTINGENCY PLAN. CLICK GSM WILL HAVE SENIOR CORPORATE OFFICERS ON DUTY ON DECEMBER 31 MANNING AN INTERNAL OPERATIONS CENTER. BACKUP COMMUNICATIONS INCLUDE IRIDIUM TELEPHONES.

ELECTRICAL POWER

16. (SBU) THE EGYPTIAN ELECTRICAL AUTHORITY (EEA) HAS REVIEWED THE READINESS OF ITS DISTRIBUTION SYSTEM DOWN TO THE CUSTOMER LEVEL. ALL EQUIPMENT, INCLUDING METERING DEVICES AS LOW AS 220/380 VOLTS IS Y2K-READY. METERING DEVICES IN THE EGYPTIAN POWER GRID ARE EITHER ELECTROMECHANICAL OR ANALOG IN NATURE. THEY ARE NOT DATE SENSITIVE AND AFFECT NEITHER SYSTEM OPERATIONS, NOR THE SUPPLY OF ELECTRICITY. LIKE OTHER ORGANIZATIONS, THE EEA HAS ESTABLISHED CENTRAL AND SUBORDINATE OPERATIONS CENTERS. SENIOR EEA EXECUTIVES WILL ALSO BE ON DUTY DURING THE MILLENNIUM TRANSITION.

TRANSPORTATION

17. (U) CAIRO METRO AUTHORITIES ANNOUNCED IN A DECEMBER 26

PRESS STATEMENT THAT THE METRO WILL CLOSE AT 10:30 P.M. THE
EVENING OF DECEMBER 31.

KURTZER

TOR: 12/29/99 05:51:03

DIST: SIT: NSC

Cable

PREC: IMMEDIATE
 CLASS: ~~CONFIDENTIAL~~
 LINE1: OAACZYUW RUEHMOA7448 0870828-CCCC--RHEHAAX.
 LINE2: ZNY CCCCC ZZH
 LINE3: O 270828Z MAR 00
 LINE4: FM AMEMBASSY MOSCOW
 OSRI: RUEHMO
 DTG:
 ORIG: AMEMBASSY MOSCOW
 TO: RUEHC/SECSTATE WASHDC IMMEDIATE 0103
 INFO: RUCNCIS/CIS COLLECTIVE
 RUEHNY/AMEMBASSY OSLO 1260
 RUEHFR/AMEMBASSY PARIS 4133
 RUEHRL/AMEMBASSY BERLIN 0147
 RUEHLO/AMEMBASSY LONDON 1804
 RUEHBJ/AMEMBASSY BEIJING 2424
 SUBJ: KHRUNICHEV ROCKETS AND LAUNCHES TO BE ALL-
 RUSSIAN
 TEXT: ~~C O N F I D E N T I A L~~ SECTION 01 OF 04 MOSCOW 007448

STATE FOR EUR/PRA - DAVID ALARID; OES/O/SAT - RALPH BRAIBANTE

PLEASE PASS NASA INTERNATIONAL AND USTR - M MOWREY

E.O. 12958: DECL: 03/22/10
 TAGS: TSPA, PARM, ECPS, RS
 SUBJECT: KHRUNICHEV ROCKETS AND LAUNCHES TO BE ALL-
 RUSSIAN

1. (U) CLASSIFIED BY AMB JAMES F. COLLINS, REASONS
 1.5. (A) (E) .

 SUMMARY

2. (SBU) KHRUNICHEV DIRECTOR GENERAL ANATOLIY KISELEV TOLD AMBASSADOR COLLINS MARCH 10 THAT THE LEADING RUSSIAN ROCKET DESIGNER AND MANUFACTURER PLANS IN COMING YEARS TO OFFER A FULL RANGE OF LAUNCH SERVICES, INCLUDING LAUNCH VEHICLES FOR LIGHT-, MEDIUM- AND HEAVY-CLASS PAYLOADS, SPACECRAFT/SATELLITES AND GROUND SERVICES. KHRUNICHEV'S PLANNED ANGARA FAMILY OF ROCKETS -- THE HEAVY LIFTER OF WHICH WILL REPLACE THE PROTON ROCKET -- WILL CONTAIN NO FOREIGN, I.E., UKRAINIAN, INPUTS. THE SERIES OF ROCKETS WILL BE LAUNCHED FROM RUSSIA'S FAR NORTH PLESETSK COSMODROME -- AT A REFURBISHED LAUNCH PAD NOW SLATED FOR UKRAINE'S ZENIT ROCKETS -- RATHER THAN BAYKONUR COSMODROME IN KAZAKHSTAN.

DECLASSIFIED
 PER E.O. 13526
 2014-0966-M (1.44)
 2/27/2017 KBH

3. (SBU) MEANWHILE, THE PROTON ROCKET, WHICH SUFFERED TWO FAILED LAUNCHES LAST YEAR, HAS RETURNED TO THE MARKET WITH TWO CONSECUTIVE SUCCESSFUL LAUNCHES THIS YEAR AND, WITH A MODIFIED ENGINE, WILL LIFT THE INTERNATIONAL SPACE STATION'S SERVICE MODULE INTO ORBIT THIS SUMMER. ALSO, KHRUNICHEV HAS TEAM UP WITH THE GERMANS TO BRING "ROKOT," A CONVERTED SS-19 ICBM, TO THE COMMERCIAL MARKET. THE COMMERCIAL SPACE LAUNCH AGREEMENT'S POSSIBLE CONTINUATION, COMBINED WITH THE DIRE CONDITION OF RUSSIA'S SATELLITE MANUFACTURING INDUSTRY, HAS LED KHRUNICHEV TO BEGIN DESIGN AND MANUFACTURE OF ITS OWN SATELLITES. KHRUNICHEV ALSO APPEARS POISED TO ENTER THE GLOBAL TELECOMMUNICATIONS MARKET, THOUGH THE RUSSIAN COMPANY IS STILL SMARTING FROM AN INVESTMENT GONE SOUR IN THE IRIDIUM VENTURE.
END SUMMARY

4. (SBU) AMBASSADOR COLLINS VISITED THE KHRUNICHEV STATE RESEARCH AND PRODUCTION SPACE CENTER, ONE OF RUSSIA'S FOREMOST ROCKET/MISSILE DESIGNING AND MANUFACTURING ENTITIES, ON THE EVE OF THIS YEAR'S SECOND SUCCESSFUL PROTON ROCKET LAUNCH, WHICH DELIVERED A RUSSIAN EXPRESS 6-A COMMUNICATIONS SATELLITE TO ORBIT MARCH 12. WITH KHRUNICHEV DIRECTOR GENERAL ANATOLIY KISELEV, THE AMBASSADOR TOURED THE ROCKET MAKER'S FACILITIES AND DISCUSSED AN ARRAY OF SPACE ISSUES: 1) KHRUNICHEV'S BROAD RANGE OF LAUNCH VEHICLES, 2) THE OUTLOOK FOR THE COMMERCIAL LAUNCH MARKET, 3) COOPERATION WITH WESTERN COMPANIES, 4) THE COMMERCIAL SPACE LAUNCH AGREEMENT, 5) THE INTERNATIONAL SPACE STATION PROJECT, AND 6) THE ROCKET MANUFACTURER'S PLANS TO PRODUCE ITS OWN LINE OF SPACECRAFT/SATELLITES.

KHRUNICHEV'S PROTON ROCKET, VENTURE WITH LOCKHEED
MARTIN

5. (SBU) KHRUNICHEV'S VENERABLE PROTON ROCKET HAS BEEN THE WORKHORSE OF THE HEAVY LIFT LAUNCH VEHICLE INDUSTRY. THE ROCKET, DESIGNED SOME THIRTY YEARS AGO, NOW LAUNCHES GOR PAYLOADS AS WELL AS COMMERCIAL SATELLITES FROM THE BAYKONUR COSMODROME IN KAZAKHSTAN. COMMERCIAL VENTURES INVOLVING U.S.-LICENSED SPACECRAFT ARE MARKETED BY INTERNATIONAL LAUNCH SERVICES, A JOINT VENTURE WITH LOCKHEED MARTIN AND RSC ENERGIA, AND ARE GOVERNED BY THE COMMERCIAL SPACE LAUNCH AGREEMENT, WHICH SETS A QUOTA FOR SUCH LAUNCHES THROUGH DECEMBER 31, 2000. TWO PROTON LAUNCH FAILURES BADLY DAMAGED THE PROTON'S MARKET REPUTATION LAST YEAR AND FURTHER DELAYED THE LAUNCH OF THE ZVEZDA SERVICE MODULE OF THE INTERNATIONAL SPACE STATION (ISS), NOW SCHEDULED FOR JULY. BACK-TO-BACK SUCCESSFUL PROTON LAUNCHES THIS YEAR HAVE CLEARLY RAISED SPIRITS AT THE KHRUNICHEV CENTER.

6. (SBU) KISELEV HIGHLIGHTED FOR THE AMBASSADOR

CLINTON LIBRARY PHOTOCOPY

KHRUNICHEV'S EFFORTS TO UPGRADE THE PROTON ROCKET TO ACCOMMODATE GREATER SATELLITE MASS PERIMETERS AND VOLUMES. DUBBED PROTON-M, WITH A "BREEZE-M" UPPER STAGE BOOSTER THAT WILL DOUBLE PAYLOAD VOLUMES, THE ~~C O N F I D E N T I A L~~ SECTION 02 OF 04 MOSCOW 007448

STATE FOR EUR/PRA - DAVID ALARID; OES/O/SAT - RALPH BRAIBANTE

PLEASE PASS NASA INTERNATIONAL AND USTR - M MOWREY

E.O. 12958: DECL: 03/22/10
TAGS: TSPA, PARM, ECPS, RS
SUBJECT: KHRUNICHEV ROCKETS AND LAUNCHES TO BE ALL-RUSSIAN

ROCKET WILL BE CAPABLE OF LIFTING FIVE AND ONE-HALF METRIC TONS OF PAYLOAD TO GEOSTATIONARY ORBIT. THE PROTON-M JOINS A CLASS OF HEAVY LIFT ROCKETS, NOW OCCUPIED BY LOCKHEED MARTIN'S ATLAS V, BOEING'S DELTA IV, SEA LAUNCH'S/UKRAINE'S ZENIT AND ARIANESPACE'S/FRANCE'S ARIANE V.

7. (SBU) KISELEV STATED THAT KHRUNICHEV IS CAPABLE OF CONDUCTING 36 PROTON LAUNCHES PER YEAR, BUT NOTED THAT 15, INCLUDING EIGHT LAUNCHES OF COMMERCIAL PAYLOADS IS THE OBJECTIVE THIS YEAR. THE FIRST THREE LAUNCHES, KISELEV EXPLAINED, WILL CONSIST OF PROTON LAUNCHES WITH 'PHASE ONE' ENGINE MODIFICATIONS TO AVOID ADDITIONAL FAILURES. THE FOLLOWING THREE, INCLUDING A JULY LAUNCH OF THE ISS'S SERVICE MODULE (THE SIXTH PROTON LAUNCH OF THE YEAR) WILL CONSIST OF "PHASE TWO" MODIFICATIONS, I.E., REDESIGNED TURBOPUMPS AND GAS GENERATOR FILTERS.

KHRUNICHEV OPPOSES CONTINUATION OF THE COMMERCIAL SPACE LAUNCH AGREEMENT

8. (C) LOOKING AT THE COMMERCIAL LAUNCH MARKET OVER THE NEXT SEVERAL YEARS, KISELEV TOLD THE AMBASSADOR THAT THE U.S.-RUSSIA COMMERCIAL SPACE LAUNCH AGREEMENT, WHICH SETS QUOTAS FOR PROTON LAUNCHES OF U.S.-LICENSED PAYLOADS, WOULD PLAY A MAJOR ROLE. STATING HIS OBJECTIONS TO EXTENDING THE AGREEMENT BEYOND ITS DECEMBER 31, 2000, EXPIRATION DATE, KISELEV REPORTED THAT "RUSSIA HAS PROVED THAT IT CAN BEHAVE IN A CIVILIZED MANNER IN THE MARKETPLACE" AND REFERRED TO THE AGREEMENT AS "POLITICAL INTERFERENCE IN THE MARKET." MOREOVER, KISELEV STATED THAT THE AGREEMENT IS LEADING KHRUNICHEV TO DESIGN AND PRODUCE ITS OWN LINE OF SATELLITES. (SEE BELOW)

9. (C) IN RESPONSE, AMBASSADOR COLLINS NOTED THAT THE ADMINISTRATION IS WELL AWARE OF THE MARKET REALITIES SURROUNDING COMMERCIAL LAUNCHES. THE ADMINISTRATION IS REVIEWING CONTINUOUSLY ITS APPROACH TO LAUNCH QUOTAS AND ALL FACTORS INCLUDING ISSUES OF MARKET AND NATIONAL

SECURITY THAT AFFECT THE AMERICAN POSITION. HE UNDERSCORED THAT THE UNITED STATES DOES SEEK THE BROADEST POSSIBLE COOPERATION WITH RUSSIA IN THIS AREA.

 THE ANGARA FAMILY OF ROCKETS -- ALL-RUSSIAN

10. (SBU) THE ANGARA FAMILY OF ROCKETS, A FULL RANGE OF ROCKETS BASED ON LOW-COST, GENERIC BOOSTER MODELS AND ENVIRONMENTALLY FRIENDLY FUEL, WILL GRADUALLY REPLACE PROTON LAUNCH VEHICLES OVER COMING YEARS. WITH THE ANGARA FAMILY, KHRUNICHEV WOULD OFFER A WIDE RANGE OF LAUNCH VEHICLES PRODUCED SOLELY WITH RUSSIAN INPUTS AND LAUNCHED AT RUSSIA'S PLESETSK COSMODROME, NEAR ARCHANGELSK. THUS, KHRUNICHEV WOULD NOT RELY ON FOREIGN SUPPLIERS OF GOODS OR TECHNOLOGY, I.E., FROM UKRAINE, OR FOREIGN-BASED COSMODROMES, I.E., BAYKONUR IN KAZAKHSTAN.

11. (SBU) INTERNATIONAL LAUNCH SERVICES WILL MARKET THE ANGARA FAMILY OF ROCKETS IN THE WEST, AS IT DOES THE PROTON. (SUCH AN ARRANGEMENT, SIGNED JULY 1999, MAY BE SUBJECT TO LOCKHEED MARTIN RECEIVING A BROKERAGE LICENSE FROM THE U.S. DEPARTMENT OF STATE, GIVEN THE U.S. COMPANY'S PLANS TO OFFER ITS RUSSIAN PARTNERS A 'FRANCHISE FEE" FOR EXCLUSIVE MARKETING RIGHTS.) ACTING PRESIDENT VLADIMIR PUTIN BLESSED THE MARKETING ARRANGEMENT BY DECREE IN JANUARY, BUT STIPULATED THAT FOR CIVILIAN AND MILITARY ENTITIES HOLD FIRST PRIORITY FOR FUTURE ANGARA LAUNCHES.

12. (SBU) FIRST-STAGE PRODUCTION OF THE ANGARA FAMILY IS UNDERWAY. ANGARA'S LIGHT-CLASS LAUNCH VEHICLE, WHICH WILL LIFT UP TO TWO METRIC TONS INTO LOW EARTH ORBIT, IS SCHEDULED TO COME TO MARKET IN 2001. THE MEDIUM- AND HEAVY-CLASS LIFTERS, MEANWHILE, WILL CARRY 2.5 AND FIVE METRIC TONS, RESPECTIVELY, TO GEOSTATIONARY ORBIT AND BE AVAILABLE IN 2003. TO LAUNCH THE ANGARA HEAVY LIFT ROCKET, KHRUNICHEV WILL COORDINATE THE MODERNIZATION AT THE PLESETSK COSMODROME
~~C O N F I D E N T I A L~~ SECTION 03 OF 04 MOSCOW 007448

STATE FOR EUR/PRA - DAVID ALARID; OES/O/SAT - RALPH BRAIBANTE

PLEASE PASS NASA INTERNATIONAL AND USTR - M MOWREY

E.O. 12958: DECL: 03/22/10
 TAGS: TSPA, PARM, ECPS, RS
 SUBJECT: KHRUNICHEV ROCKETS AND LAUNCHES TO BE ALL-RUSSIAN

OF A LAUNCH PAD PREVIOUSLY TARGETED FOR RUSSIAN LAUNCHES OF UKRAINIAN ZENIT ROCKETS.

 ANGARA TO COMPETE, BUT PERHAPS NOT WITH SEA LAUNCH

CLINTON LIBRARY PHOTOCOPY

13. (S) KISELEV EXPECTS THE ANGARA FAMILY OF ROCKETS, ESPECIALLY ITS HEAVY LIFT LAUNCH VEHICLE, TO BE POPULAR IN THE MARKETPLACE. THE COST PER LAUNCH OF THE ANGARA HEAVY LIFTER, KISELEV SAID, WOULD BE IN THE RANGE OF USD 10,000 - 12,000 PER KILO VS. PRICES OF USD 18,000 - 20,000 PER KILO FOR COMPETING LAUNCH VEHICLES, SUCH AS THE BOEING DELTA IV, LOCKHEED MARTIN ATLAS V, ARIANESPACE ARIANE V AND SEA LAUNCH'S ZENIT.

14. (S) INTERESTINGLY, KISELEV DOES NOT VIEW BOEING'S SEA LAUNCH VENTURE AS A LONG-TERM COMPETITOR TO THE ANGARA HEAVY LIFTER. KISELEV NOTED THAT SEA LAUNCH CAN HANDLE A MAXIMUM OF EIGHT LAUNCHES PER YEAR, AND THAT THE VENTURE HAS ONLY 12 "CHEAP ROCKETS" AVAILABLE FOR LAUNCH. ADDITIONAL ZENIT ROCKETS, PRODUCED BY UKRAINE'S YUZHNOYE FACTORY, WOULD HAVE TO BE MANUFACTURED. KISELEV NOTED THAT BOEING MIGHT NOT SUPPORT SUCH PRODUCTION, GIVEN THE AVAILABILITY OF ITS OWN HEAVY LIFTER, THE DELTA IV.

CONVERTING ICBMS - THE "ROKOT" VENTURE WITH GERMANY

15. (SBU) KHRUNICHEV HAS PURCHASED 35 SS-19 "STILETTO" INTERCONTINENTAL BALLISTIC MISSILES FROM RUSSIA'S MINISTRY OF DEFENSE FOR CONVERSION INTO COMMERCIAL LAUNCH VEHICLES, DUBBED "ROKOTS." EUROCKOT LAUNCH SERVICES, A JOINT VENTURE BETWEEN KHRUNICHEV AND GERMANY'S DAIMLER-CHRYSLER AEROSPACE, WILL MARKET THE VEHICLES, WHICH WILL LAUNCH PAYLOADS OF UP TO TWO METRIC TONS INTO LOW EARTH ORBIT FROM THE PLESETSK COSMODROME. THE VENTURE HAS STRUGGLED THUS FAR, WITH ITS FIRST LAUNCH VEHICLE DAMAGED DURING TESTING AT PLESETSK. THE RESULT WAS A LAUNCH DELAY FOR TWO SATELLITES OF THE MOBILE SATELLITE TELEPHONY VENTURE IRIDIUM. THE LAUNCH WAS RESCHEDULED TENTATIVELY FOR THE SECOND QUARTER OF THIS YEAR, THOUGH, GIVEN IRIDIUM'S IMPENDING BANKRUPTCY, THE LAUNCH PRESUMABLY WILL NOT GO FORWARD.

16. (S) RESPONDING TO THE AMBASSADOR'S QUESTION, KISELEV ACKNOWLEDGED THAT THE ROKOT PROGRAM MIGHT NEVER BE PROFITABLE. NONETHELESS, HE EXPLAINED, THE VENTURE "CREATES EMPLOYMENT." LATER, KISELEV COMPLAINED ABOUT INADEQUATE MARKETING EFFORTS BY HIS EUROPEAN PARTNERS, NOTING HIS PREFERENCE FOR DOING BUSINESS WITH AMERICANS.

GLOBAL TELECOM IS HOT, BUT IRIDIUM NOT

17. (SBU) KHRUNICHEV, LIKE ITS AMERICAN COUNTERPARTS BOEING AND LOCKHEED MARTIN, HAS DECIDED TO ENTER THE EOT GLOBAL TELECOMMUNICATIONS MARKET. IT REMAINS

CLINTON LIBRARY PHOTOCOPY

UNCLEAR, THOUGH, WHAT THE MISSION OF THE NEWLY FOUNDED KHRUNICHEV TELECOM SUBSIDIARY WILL BE. REGARDLESS, KHRUNICHEV WILL EXPAND ITS OPERATIONS TO INCLUDE THE DESIGN AND MANUFACTURE OF SATELLITES, BASED ON UNIQUE ELECTRICAL PROPULSION TECHNOLOGY. ASKED ABOUT PARTNERSHIPS WITH RUSSIA'S EXISTING, ALBEIT AILING, SATELLITE PRODUCERS, KISELEV STATED EMPHATICALLY, "WE DON'T NEED THEM!" AMERICAN PARTNERS IN SATELLITE PRODUCTION ARE UNLIKELY AS WELL, AS U.S. EXPORT CONTROL LAWS HAVE HINDERED THE FEASIBILITY OF SUCH VENTURES IN THE PAST.

18. (SBU) KHRUNICHEV'S FIRST FORAY INTO GLOBAL TELECOMMUNICATIONS -- AN INVESTMENT IN THE LANGUISHING IRIDIUM MOBILE SATELLITE TELEPHONY PROJECT -- HAS BEEN PAINFUL, WITH THE RUSSIAN COMPANY NOW HOLDING SHARPLY DEPRECIATED BONDS FORMERLY VALUED AT USD 82 MILLION. NONETHELESS, KHRUNICHEV EARNED SUBSTANTIAL REVENUE FROM THREE LAUNCHES OF TWENTY-ONE (SEVEN ABOARD EACH LAUNCH VEHICLE) IRIDIUM SATELLITES OVER THE PAST SEVERAL
~~C O N F I D E N T I A L~~ SECTION 04 OF 04 MOSCOW 007448

STATE FOR EUR/PRA - DAVID ALARID; OES/O/SAT - RALPH BRAIBANTE

PLEASE PASS NASA INTERNATIONAL AND USTR - M MOWREY

E.O. 12958: DECL: 03/22/10
 TAGS: TSPA, PARM, ECPS, RS
 SUBJECT: KHRUNICHEV ROCKETS AND LAUNCHES TO BE ALL-RUSSIAN

YEARS.

 AN INTERNATIONAL SPACE STATION CONTRACTOR

19. (SBU) KHRUNICHEV CONSTRUCTED THE ISS'S FUNCTIONAL CARGO BLOCK, WHICH WAS LAUNCHED ABOARD A PROTON ROCKET IN NOVEMBER 1998. (THE U.S.-BUILT UNITY CRAFT DOCKED WITH IT ON MONTH LATER.) KHRUNICHEV IS ALSO THE CONSTRUCTOR OF THE ISS'S ZVEZDA SERVICE MODULE, WHICH, AFTER MUCH DELAY, IS NOW AWAITING A SUMMER 2000 LAUNCH FROM THE BAYKONUR COSMODROME ABOARD A PROTON ROCKET. KISELEV'S TOUR OF KHRUNICHEV'S PRODUCTION CENTER INCLUDED A VIEWING OF THE NEARLY COMPLETED FUNCTIONAL CARGO BLOCK-2, A REPLICIA OF THE ORIGINAL ISS SPACECRAFT. KISELEV HOPES TO SELL THE UNIQUE, SPARE SPACECRAFT TO NASA, THOUGH THE USG AGENCY'S PLANS CURRENTLY DO NOT INCLUDE IT.

COLLINS

TOR: 03/27/00 04:07:56

DIST: SIT: BLACK BRZEZINSKI NSC DAVIDSON ELKIND HARRIS HINCKLEY MASSEY MEDISH
 SAMORE SEGAL TEDSTROM TUCKER WEISS
 SIT: BLACK BRZEZINSKI NSC DAVIDSON ELKIND HARRIS HINCKLEY MASSEY MEDISH
 SAMORE SEGAL TEDSTROM TUCKER WEISS

CLINTON LIBRARY PHOTOCOPY

Cable

PREC: PRIORITY
CLASS: ~~CONFIDENTIAL~~
LINE1: PATCZYUW RUCOMCA4976 1172111-CCCC--RHEHOND.
LINE2: ZNY CCCCC ZUI RUANJTF0294 1122002
LINE3: P 262002Z APR 00
LINE4: FM DIRJIATF EAST//J5//
OSRI: RUCOMCA
DTG:
ORIG: DIRJIATF EAST//J5//
TO: RUMIAAA/USCINCSO MIAMI FL//SCJ3/SCJ35/SCJ36/SCJ5//
INFO: RUEHC/SECSTATE WASHINGTON DC//ARA CAR//
RUEKJCS/SECDEF WASHINGTON DC//USDP DEPS//
RHEHOND/DIR ONDCP WASHINGTON DC//JJJ//
RULSJGA/COMDT COGARD WASHINGTON DC//G-O/G-OPL/G-CI//
RUEHSJ/AMEMBASSY SAN JOSE//POL/DEA/TAT//
RUEHGT/AMEMBASSY GUATEMALA//POL/DEA/NAS/TAT//
RUEHBE/AMEMBASSY BELIZE CITY//POL/DEA/TAT//
RUEHTG/AMEMBASSY TEGUCIGALPA//POL//DEA/TAT//
RUEHSN/AMEMBASSY SAN SALVADOR//POL/DEA/TAT//
RUEHME/AMEMBASSY MEXICO CITY//POL/DEA/IAC//
RUEHZP/AMEMBASSY PANAMA CITY//DEA/TAT/COGARD ATTCH//
RUEHMU/AMEMBASSY MANAGUA//DEA//
RUEHSJ/USMILGP SAN JOSE CS
RUEHGT/USMILGP GUATEMALA CITY GT//JPAT//
RUEHTG/USMILGP TEGUCIGALPA HO
RUEHSN/USMILGP SAN SALVADOR ES
RUEHBE/CHUSMLO BELIZE CITY BH
SUBJ: AFTER ACTION REPORT (AAR) CHOKEHOLD 00-2//
REF/A/OPLAN/JIATFE/101558 FEB 00/OPLAN FOR CHOKEHOLD 00-2/
REF/B/GENADMIN/AMEMBASSY SAN JOSE/122057Z APR 00/AFTER ACTION
REPORT/
AMPN/REF A IS JIATFE OPLAN FOR EXECUTION OF OPERATION CHOKEHOLD
TEXT: ~~C O N F I D E N T I A L~~
MSGID/GENADMIN/DIRJIATFE/J5//
SUBJ/AFTER ACTION REPORT (AAR) CHOKEHOLD 00-2//
REF/A/OPLAN/JIATFE/101558 FEB 00/OPLAN FOR CHOKEHOLD 00-2/
REF/B/GENADMIN/AMEMBASSY SAN JOSE/122057Z APR 00/AFTER ACTION
REPORT/
AMPN/REF A IS JIATFE OPLAN FOR EXECUTION OF OPERATION CHOKEHOLD
00-2. REF B IS THE US COUNTRY TEAM COSTA RICA AFTER ACTION REPORT.
POC/JIATFE/MAJ [REDACTED] (b)(6)
RMKS/1. (U) CENTRAL SKIES CD OPERATION CHOKEHOLD 00-2, 1-13 MAR
00, CONDUCTED ERADICATION, SET UP HIGHWAY CHECKPOINTS ON THE CS/PN
AND CS/NU BORDERS, AND EXERCISED THE NEW US/CS BILATERAL MARITIME

DECLASSIFIED IN PART
PER E. O. 13526

2014-0906-M (1.45)
2/27/2017 KBH

PAGE 03 RUCOMCA4976 ~~C O N F I D E N T I A L~~
AGREEMENT.

2. (U) LESSONS LEARNED:

2.A. (C) PER REF B, US COUNTRY TEAM IDENTIFIED SEVERAL AREAS

CLINTON LIBRARY PHOTOCOPY

CRITICAL TO THE SUCCESS OF THIS AND FUTURE OPERATIONS.

2.A.1. COMMAND AND CONTROL COMMUNICATIONS BETWEEN THE OPERATION'S CENTER AND TACTICAL FORCES. IRIDIUM SATELLITE PHONES WORKED WELL AUGMENTING VHF LINE OF SIGHT COMMUNICATIONS. WITH THE RECENT DEMISE OF THE IRIDIUM COMMUNICATIONS COMPANY, OTHER AVENUES WILL BE RESEARCHED TO REPLACE THIS CRITICAL CAPABILITY.

2.A.2. [redacted] 1.4d [redacted] PROVIDED ACCESS TO AREAS THAT COULD NOT BE REACHED BY OTHER MODES OF TRANSPORTATION. THE FLEXIBILITY OF VERTICAL INSERTION/EXTRACTION WAS UNEQUIVOCALLY DEMONSTRATED DURING CHOKEHOLD 00-2. THE LACK OF ROAD INFRASTRUCTURE WILL REQUIRE THESE CAPABILITIES TO BE EMPLOYED IN FUTURE CHOKEHOLD CD OPERATIONS.

2.A.3. (U) US SHIP RIDERS ABOARD CS PATROL BOATS PROVIDED VALUABLE EXPERIENCE TO THE FLEDGLING CS COAST GUARD. CD OPERATIONS CONTINUE TO PROVIDE A POWERFUL ENGAGEMENT VEHICLE IN SUPPORT OF NATIONAL AND THEATER ENGAGEMENT OBJECTIVES. IT IS CRITICAL TO

PAGE 04 RUCOMCA4976 ~~CONFIDENTIAL~~

PROVIDE THESE MENTORS AS WELL AS U.S. MARITIME ASSETS FOR FUTURE OPERATIONS.

2.A.4. (U) MARITIME PATROL AIRCRAFT (MPA) SUPPORT IS CRITICAL TO THE SUCCESS OF LITTORAL CD OPERATIONS. [redacted] 1.4d [redacted]

[redacted] DURING CENTRAL SKIES OPERATIONS. THE [redacted] 1.4d [redacted]

[redacted] TO FUTURE CENTRAL SKIES OPERATIONS. OTHER RESOURCE AVENUES WILL BE EXPLORED TO FILL THIS CRITICAL REQUIREMENT.

3 (U) THE SUCCESS OF CHOKEHOLD 00-2 INCLUDED THE [redacted] 1.4d [redacted]

[redacted] RESULTS INCLUDED 213 KG OF COCAINE WORTH \$5.33 MILLION (MIAMI STREET VALUE), 1,274,000 MARIJUANA PLANTS ERADICATED WORTH \$1.27 BILLION, BOARDED 134 VESSELS, AND CONDUCTED 225 VEHICLE SEARCHES RESULTING IN SEIZURE OF 2 TRACTOR TRAILERS. JIATF EAST LOOKS FORWARD TO NEXT CHOKEHOLD OPERATION, CURRENTLY PROJECTED FOR 13 TO 22 AUG 00. THE COMBINED EFFORTS OF GOC AND COUNTRY TEAM COSTA RICA, JTF-BRAVO AND NAVAL RESERVE PERSONNEL WERE PARTICULARLY NOTEWORTHY.

DECLASS X1//

TOR: 04/26/00 17:20:51

DIST: SIT: NSC CLARKER GRANDRIMO ORFINI ROSA WOHNIG WOLOSKY

Cable

PREC: IMMEDIATE
 CLASS: ~~CONFIDENTIAL~~
 LINE1: OAACZYUW RUEHMOA0218 0091351-CCCC--RHEHAAX.
 LINE2: ZNY CCCCC ZZH
 LINE3: O 091351Z JAN 01
 LINE4: FM AMEMBASSY MOSCOW
 OSRI: RUEHMO
 DTG:
 ORIG: AMEMBASSY MOSCOW
 TO: RUEHC/SECSTATE WASHDC IMMEDIATE 5918
 INFO: RUCNCIS/CIS COLLECTIVE
 RUEHDX/MOSCOW POLITICAL COLLECTIVE
 SUBJ: RUSSIAN ROCKET ENGINE MANUFACTURER NPO
 ENERGMASH DEPENDENT ON FOREIGN MARKETS
 TEXT: ~~CONFIDENTIAL~~ SECTION 01 OF 03 MOSCOW 000218
 STATE FOR EUR/PRA; NP/ECNP; OES/O/SAT

E.O. 12958: DECL: 1/8/11
 TAGS: TSPA, PARM, RS
 SUBJECT: RUSSIAN ROCKET ENGINE MANUFACTURER NPO
 ENERGMASH DEPENDENT ON FOREIGN MARKETS

1. (U) CLASSIFIED BY CHARGE D'AFFAIRES JOHN ORDWAY, REASONS 1.5.(A) (E). THIS CABLE ALSO CONTAINS BUSINESS PROPRIETARY INFORMATION.

2. SUMMARY: RUSSIA'S LEADING ROCKET ENGINE MANUFACTURER HAS BECOME DEPENDENT ON FOREIGN PARTNERSHIPS, MANAGEMENT TOLD AMBASSADOR COLLINS DURING A RECENT TOUR OF FACILITIES. WITH 6,000 EMPLOYEES, FIVE PLANTS RUNNING AT 25-30 PERCENT OF CAPACITY AND A DECLINING DOMESTIC LAUNCH MARKET, NPO ENERGMASH HAS TURNED TO A CO-PRODUCTION PROJECT WITH AMERICAN AEROSPACE FIRMS TO GAIN ACCESS TO THE GLOBAL MARKET. HEIGHTENED COMPETITION AND A SOFTENING INTERNATIONAL LAUNCH MARKET, HOWEVER, THREATEN THE PROJECT'S VIABILITY. IF IT WERE TO BE CANCELLED, NPO ENERGMASH, ATTUNED FOR NOW TO USG NONPROLIFERATION CONCERNS, COULD FIND ITSELF IN A PRECARIOUS FINANCIAL POSITION. END SUMMARY

3. (SBU) AMBASSADOR COLLINS VISITED RUSSIAN ROCKET ENGINE PRODUCER NPO ENERGMASH (NPO EM) IN EARLY DECEMBER FOR DISCUSSION AND AN ON-SIGHT OVERVIEW OF A LEADING U.S.-RUSSIAN COOPERATIVE SPACE VENTURE, THE RD-180 ENGINE CO-PRODUCTION PROJECT. THE FACTORY VISIT FOLLOWED A SERIES OF EMBASSY VISITS BY HIGH-RANKING OFFICIALS OF LOCKHEED-MARTIN, WHO CALLED ON THE AMBASSADOR TO REVIEW THE PROJECT'S STATUS AND DISCUSS WAYS TO MOVE IT FORWARD. LOCAL OFFICIALS OF

DECLASSIFIED
 PER E.O. 13526
 2014-0966-m (1.50)
 2/27/2017 KBH

LOCKHEED-MARTIN AND PRATT & WHITNEY -- ALSO A KEY PARTNER ON THE AMERICAN SIDE -- WERE ON HAND AT NPO EM'S SUBURBAN MOSCOW HEADQUARTERS TO PARTICIPATE IN THE DIALOGUE AND FACILITIES TOUR.

DOMESTIC MARKET COLLAPSE LED NPO EM OVERSEAS

4. (SBU) "GENERAL DIRECTOR AND GENERAL DESIGNER" BORIS KATORGIN TOLD THE AMBASSADOR THAT NPO EM HAD EMBARKED UPON INTERNATIONAL COOPERATION IN 1991, AS THE SOVIET UNION'S DOMESTIC MARKET -- PARTICULARLY ORDERS FOR MILITARY LAUNCHES -- COLLAPSED. NPO EM CONDUCTED TALKS AT THAT TIME WITH THE U.S. FIRMS AEROJET (NOW PART OF GENCORP), ROCKETDYNE (NOW PART OF BOEING) AND PRATT & WHITNEY (P&W). IN 1992, NPO EM SIGNED AN AGREEMENT WITH P&W THAT LED TO A JOINT VENTURE, ENTITLED RD-AMROSS, TO DEVELOP THE RD-180 ENGINE FOR LOCKHEED-MARTIN'S ATLAS V ROCKET.

NPO EM TO MODERNIZE UNDER RD-180 PROJECT . . .

5. (SBU) THE USD ONE BILLION RD-180 PROJECT, WHICH WILL SUPPORT THE U.S. AIR FORCE'S ENHANCED EXPENDABLE LAUNCH VEHICLE (EELV) PROGRAM, CALLS FOR NPO EM TO TRANSFER TECHNOLOGY TO P&W FOR PRODUCTION OF RD-180 LIQUID PROPELLANT ROCKET ENGINES IN FLORIDA. LOCKHEED-MARTIN, IN TURN, IS DELIVERING USD 25 MILLION OF EQUIPMENT TO MODERNIZE NPO EM'S RUSSIAN FACILITIES AND COMMITTING TO 101 RD-180 ENGINES FOR COMMERCIAL LAUNCHES BY ATLAS III OR V ROCKETS. LOCKHEED-MARTIN LAUNCHED ITS FIRST RD-180-POWERED ATLAS III ROCKET FROM CAPE CANAVERAL IN MAY.

. . . THOUGH FATE OF PROJECT IS UNCERTAIN

6. (C) A DETERIORATING GLOBAL OUTLOOK FOR LAUNCH SERVICES AND INCREASED COMPETITION, HOWEVER, MAY JEOPARDIZE THE VIABILITY OF RD AMROSS CO-PRODUCTION, LOCKHEED-MARTIN OFFICIALS HAVE SAID PRIVATELY. POTENTIAL COMMERCIAL CUSTOMERS HAVE DRASTICALLY SCALED BACK AND RESTRUCTURED "LITTLE LEO" COMMUNICATIONS SATELLITE PROJECTS SUCH AS TELEDESIC AND ICO GLOBAL IN THE WAKE OF IRIDIUM'S BANKRUPTCY. MOREOVER, COMPETITION FROM BOEING'S SEA LAUNCH PROJECT AND DELTA III ROCKET, WHICH WAS LAUNCHED SUCCESSFULLY IN AUGUST, HAVE DIMMED COMMERCIAL MARKET PROSPECTS FOR LOCKHEED-MARTIN.

7. (C) LOCKHEED-MARTIN OFFICIALS HAVE THUS ROLLED BACK ESTIMATES OF ATLAS III AND V COMMERCIAL LAUNCHES, SOME OF WHICH THE RD-180 ENGINE WOULD POWER, FROM 19 TO 8 PER YEAR. THOUGH KATORGIN DID NOT RAISE MARKET

DEMAND ISSUES WITH THE AMBASSADOR, THE GENERAL DIRECTOR NOTED THAT LOCKHEED-MARTIN, WHICH RECENTLY CERTIFIED THE FIRST RD-180 ENGINE (PRODUCED IN RUSSIA) FOR USE ON AN ATLAS V ROCKET, INITIALLY PLANS TO ORDER JUST FIVE RD-180 ENGINES PER YEAR. NPO EM HAS THE ~~C O N F I D E N T I A L~~ SECTION 02 OF 03 MOSCOW 000218

STATE FOR EUR/PRA; NP/ECNP; OES/O/SAT

E.O. 12958: DECL: 1/8/11

TAGS: TSPA, PARM, RS

SUBJECT: RUSSIAN ROCKET ENGINE MANUFACTURER NPO ENERGO MASH DEPENDENT ON FOREIGN MARKETS

CAPACITY, HE SAID, TO BUILD TWICE THAT.

8. (S) SUCH A LOWER DEMAND COULD RESULT IN CHANGES TO THE RD-AMROSS BUSINESS PLAN, LOCKHEED-MARTIN OFFICIALS HAVE SAID. NPO EM MIGHT SUPPLY ALL ROCKET ENGINES FOR COMMERCIAL LAUNCHES FROM ITS RUSSIAN FACILITIES, FOR EXAMPLE, WHILE P&W WOULD ONLY CO-PRODUCE ROCKET ENGINES IN FLORIDA THAT SUPPORT THE EELV PROGRAM. (PENTAGON REGULATIONS STIPULATE THAT LAUNCH VEHICLES SUPPORTING U.S. MILITARY PAYLOADS MUST BE AMERICAN MADE.) IN ANY CASE, CO-PRODUCTION, IF REALIZED, WOULD NOT BEGIN UNTIL THE GOR IS SATISFIED WITH SAFEGUARDS ON TECHNOLOGY IT IS TRANSFERRING TO THE UNITED STATES. LOCKHEED-MARTIN AND P&W HAVE MET ALL U.S. EXPORT LICENSING REQUIREMENTS.

NPO EM'S OTHER INTERNATIONAL COOPERATIVE VENTURES

9. (SBU) BEYOND THE RD-180 PROJECT, NPO EM PRODUCES FIRST AND SECOND STAGE ENGINES FOR THE SEA LAUNCH VENTURE'S ZENIT ROCKET AND WILL PRODUCE THE RD-191 ENGINE FOR THE ANGARA FAMILY OF SPACE LAUNCH VEHICLES, WHICH THE KHRUNICHEV STATE RESEARCH AND PRODUCTION SPACE CENTER IN MOSCOW WILL INTRODUCE IN COMING YEARS. (INTERNATIONAL LAUNCH SERVICES, A JOINT VENTURE BETWEEN LOCKHEED-MARTIN, KHRUNICHEV AND THE RUSSIAN SPACE CORPORATION ENERGIYA, WILL JOINTLY MARKET ANGARA COMMERCIAL LAUNCHES AS IT DOES NOW FOR THE PROTON.) NPO EM ALSO PRODUCES ENGINES FOR THE SOYUZ ROCKET -- THE "WORKHORSE" OF THE RUSSIAN FLEET -- WHICH IS MARKETED UNDER A RUSSIAN-FRENCH JOINT VENTURE. NONETHELESS, NPO EM, ACCORDING TO GENERAL DIRECTOR KATORGIN, IS CURRENTLY RUNNING AT JUST 25-30 PERCENT CAPACITY.

NPO EM BACKGROUND AND COOPERATION WITH THE USG

10. (SBU) NPO ENERGO MASH (NPO EM) IS RUSSIA'S FOREMOST DESIGNER AND MANUFACTURER OF LIQUID ROCKET ENGINES. NPO EM'S HEADQUARTERS -- THE DESIGN BUREAU

AND SCIENTIFIC RESEARCH CENTER -- IS LOCATED IN THE MOSCOW SUBURB OF KHIMKI. FOUR BRANCHES IN RUSSIA'S REGIONS SUPPORT ENGINE DEVELOPMENT AND TESTING FOR THE FULL LINE OF RUSSIAN SPACE LAUNCH VEHICLES AT SAMARA (PRIVOLGSKIY BRANCH), PERM (KAMSKIY BRANCH) OMSK AND ST. PETERSBURG. IN KHIMKI, NPO EM'S 6,000 EMPLOYEES MAINTAIN 83 TEST STANDS, INCLUDING FOUR FIRING TEST STANDS, AND WORK WITH WATER, LIQUID OXYGEN, LIQUID AND GASEOUS NITROGEN, HELIUM, HIGH TEMPERATURE GAS, KEROSENE AND HYDROCARBONS TO DEVELOP ROCKET ENGINES.

11. (SBU) USG OFFICIALS HAVE WORKED DIRECTLY WITH NPO EM MANAGEMENT IN RECENT YEARS TO HELP THE RUSSIAN ENTITY COMPLY WITH RUSSIAN EXPORT CONTROL LAWS AND REGULATIONS. THROUGH THE INTERNAL COMPLIANCE PROGRAM, A RESULT OF THE 1997 GALLUCCI-KOPTEV ACTION PLAN ON EXPORT CONTROLS, USG AND GOR OFFICIALS SELECTED NPO EM (AND FOUR OTHER RUSSIAN AEROSPACE/NUCLEAR ENTITIES) TO PARTICIPATE IN A PILOT PROJECT TO SHORE UP THE EXPORT CONTROL PROCESS AT THE ENTERPRISE LEVEL. THE U.S. DEPARTMENT OF COMMERCE FUNDS THE INTERNAL COMPLIANCE PROGRAM AND THE MOSCOW NGO CENTER FOR EXPORT CONTROLS ADMINISTERS IT.

COMMENT

12. (S) GENERAL DIRECTOR KATORGIN EMPHASIZED TO AMBASSADOR COLLINS THE IMPORTANCE OF COOPERATIVE VENTURES WITH AMERICAN FIRMS AND WORK WITH FOREIGN PARTNERS IN A "SPIRIT OF MUTUAL TRUST AND CONFIDENCE." CLEARLY, PROJECTS LIKE RD-180 CO-PRODUCTION, WHICH PROVIDES NPO EM WITH ACCESS TO FOREIGN CAPITAL AND THE INTERNATIONAL COMMERCIAL LAUNCH MARKET, ARE A NECESSITY FOR THE ENGINE MANUFACTURER, GIVEN THE DIRE CONDITION OF RUSSIA'S INTERNAL MARKET FOR LAUNCHES, BOTH MILITARY AND CIVILIAN. EQUALLY EVIDENT, IT APPEARS, IS KATORGIN'S UNDERSTANDING OF THE USG'S NONPROLIFERATION OBJECTIVES, WHICH AMBASSADOR COLLINS AND OTHER USG OFFICIALS HAVE REPEATEDLY RAISED WITH THE RUSSIANS.

13. (SBU) ALTHOUGH THE RUSSIAN AVIATION AND SPACE AGENCY HAS PRIORITIZED THE NATION'S EARLY WARNING AND GLOBAL NAVIGATION (GLONASS) SYSTEMS FOR UPGRADE IN COMING YEARS, NPO EM MUST CONTINUE DEVELOPING
~~C O N F I D E N T I A L~~ SECTION 03 OF 03 MOSCOW 000218

STATE FOR EUR/PRA; NP/ECNP; OES/O/SAT

E.O. 12958: DECL: 1/8/11

TAGS: TSPA, PARM, RS

SUBJECT: RUSSIAN ROCKET ENGINE MANUFACTURER NPO
ENERGOMASH DEPENDENT ON FOREIGN MARKETS

PARTNERSHIPS ABROAD IN ORDER TO MAINTAIN ITS LARGE
EMPLOYMENT BASE AND FAR FLUNG DESIGNING, MANUFACTURING

AND TESTING EMPIRE. SHOULD RD-180 CO-PRODUCTION BE
SCALED BACK OR CANCELLED, NPO EM WOULD ACUTELY FEEL
THE FINANCIAL PINCH. END COMMENT

14. (SBU) BIO INFORMATION: GENERAL DIRECTOR AND
GENERAL DESIGNER BORIS I. KATORGIN JOINED NPO EM IN
1990, FOLLOWING 32 YEARS AS A DESIGNER AT THE RUSSIAN
SPACE CORPORATION ENERGIA. HE GRADUATED FROM MOSCOW'S
BAUMAN INSTITUTE OF HIGHER TECHNOLOGY WITH A PH.D. IN
MECHANICAL ENGINEERING AND HAS BEEN AWARDED THE "BADGE
OF HONOR" AND THE "MOTHERLAND'S DISTINGUISHED SERVICE
ORDER OF THE THIRD DEGREE." HE IS MARRIED AND HAS TWO
SONS.

ORDWAY

TOR: 01/09/01 08:59:33

DIST: SIT: BLACK NSC DAVIDSON ELKIND FISHEL HARRIS HARRISON HINCKLEY MAERTENS
MEDISH SAMORE STRICKLAND TUCKER WEISS WOLOSKY