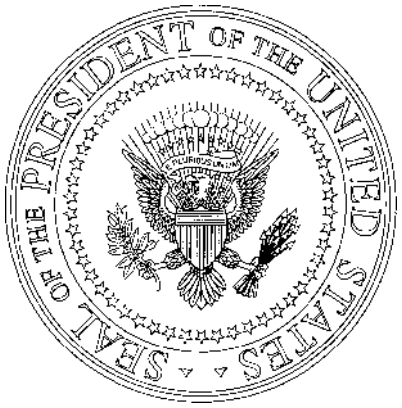

A NATIONAL SECURITY STRATEGY OF ENGAGEMENT AND ENLARGEMENT

THE WHITE HOUSE
FEBRUARY 1996

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Preface

Protecting our nation's security — our people, our territory and our way of life — is my Administration's foremost mission and constitutional duty. America's security imperatives, however, have fundamentally changed. The central security challenge of the past half century — the threat of communist expansion — is gone. The dangers we face today are more diverse. Ethnic conflict is spreading and rogue states pose a serious danger to regional stability in many corners of the globe. The proliferation of weapons of mass destruction represents a major challenge to our security. Large-scale environmental degradation, exacerbated by rapid population growth, threatens to undermine political stability in many countries and regions. And the threat to our open and free society from the organized forces of terrorism, international crime and drug trafficking is greater as the technological revolution, which holds such promise, also empowers these destructive forces with novel means to challenge our security. These threats to our security have no respect for boundaries and it is clear that American security in the 21st Century will be determined by the success of our response to forces that operate within as well as beyond our borders.

At the same time, we have unprecedented opportunities to make our nation safer and more prosperous. Our military might is unparalleled. We now have a truly global economy linked by an instantaneous communications network, which offers increasing opportunities for American jobs and American investment. The community of democratic nations is growing, enhancing the prospects for political stability, peaceful conflict resolution, and greater dignity and hope for the people of the world. The international community is beginning to act together to address pressing global environmental needs.

Never has American leadership been more essential — to navigate the shoals of the world's new dangers and to capitalize on its opportunities. American assets are unique: our military strength, our dynamic economy, our powerful ideals and, above all, our people. We can and must make the difference through our engagement; but our involvement must be carefully tailored to serve our interests and priorities.

This report, submitted in accordance with Section 603 of the Goldwater-Nichols Defense Department Reorganization Act of 1986, elaborates a national security strategy that is tailored for this new era and builds upon America's unmatched strengths. Focusing on new threats and new opportunities, its central goals are:

- To enhance our security with military forces that are ready to fight and with effective representation abroad.
- To bolster America's economic revitalization.
- To promote democracy abroad.

Over the past three years, my Administration has worked diligently to pursue these goals. This national security strategy report presents the strategy that has guided this effort. It is premised on a belief that the line between our domestic and foreign policies is disappearing — that we must revitalize our economy if we are to sustain our military forces, foreign initiatives and global influence, and that we must engage actively abroad if we are to open foreign markets and create jobs for our people.

We believe that our goals of enhancing our security, bolstering our economic prosperity and promoting democracy are mutually supportive. Secure nations are more likely to support free trade and maintain democratic structures. Free market nations with growing economies and strong and open trade ties are more likely to feel secure and to work toward freedom. And democratic states are less likely to threaten our interests and more likely to cooperate with the United States to meet security threats and promote free trade and sustainable development. These goals are supported by ensuring America remains engaged in the world and by enlarging the community of secure, free market and democratic nations.

As the boundaries between threats that start outside our borders and the challenges from within are diminishing, the problems others face today can more quickly become ours, tomorrow. This is why U.S. leadership and our engagement have never been more important: if we withdraw from this world today, our citizens will have to pay the price of our neglect. We therefore measure the success of our efforts abroad, as at home, by one simple standard: Have we made the lives of the American people safer, today; have we made tomorrow better and more secure for our children?

Since my Administration began, we have been deeply engaged in efforts to realize this measure of success by meeting the goals of our strategy:

- To enhance our security, for example, we have helped achieve peace between Jordan and Israel and an Interim Agreement between Israel and the Palestinians in the Middle East; brokered a comprehensive peace agreement in Bosnia and successfully deterred the spread of conflict to the Former Yugoslav Republic of Macedonia; established NATO's Partnership for Peace and initiated a process that will lead to NATO's enlargement; concluded an agreement with Russia to detarget ICBMs and SLBMs; secured the accession of Ukraine, Kazakstan, and Belarus to the Nuclear Non-Proliferation Treaty (NPT) and their agreement to eliminate nuclear weapons from their territory, which in turn opened the door to the ratification and entry into force of the START I Treaty and Senate advice and consent to the ratification of the START II Treaty; led successful international efforts to secure the indefinite and unconditional extension of the NPT; initiated negotiations on a comprehensive test ban treaty (CTBT), which we hope to conclude in 1996; participated in an unprecedented regional security gathering of the ASEAN countries and others, including Russia and Vietnam; reached an Agreed Framework with North Korea that halted, and will eventually eliminate, its dangerous nuclear program; and used our diplomatic support and the power of our example to give new impetus to the efforts of the people of Northern Ireland and the British and Irish governments to achieve a just and lasting settlement to the conflict there.

- To bolster prosperity at home and around the world, we have secured the enactment of legislation implementing both the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT); completed over 80 separate trade agreements; actively engaged China on trade issues through extension of its Most Favored Nation status and vigorous pursuit of China's adherence to the rules-based regime of the World Trade Organization; worked to open Asia-Pacific markets through three leaders meetings of the Asia Pacific Economic Cooperation forum; lowered export controls; and held a Western Hemisphere Summit in Miami where the 34 democratic nations of this hemisphere committed themselves to negotiate a free-trade agreement by 2005.

- To promote democracy, we have supported South Africa's recent transformation; provided aid to a democratizing Russia and other new independent states of the former Soviet Union as well as Central and Eastern European nations; assisted Cambodia; advocated improvements in human rights globally through the UN urging that the rule of law replace the rule of oppressive regimes; and worked with our Western Hemisphere neighbors restoring the democratically elected government in Haiti and hosting the Summit of the Americas, which reaffirmed and strengthened our mutual commitment to democracy.

Our extraordinary diplomatic leverage to reshape existing security and economic structures and create new ones ultimately relies upon American power. Our economic and military might, as well as the power of our ideals, also makes America's diplomats the first among equals and

enables us to help create the conditions necessary for U.S. interests to thrive. Our economic strength gives us a position of advantage on almost every global issue. For instance, our efforts in South Africa and our negotiations with North Korea demonstrate how the imposition — or the threat — of economic sanctions helps us to achieve our objectives as part of our determined diplomacy. That determined diplomacy also is reflected in our consistent effort to engage in productive relations with China across a broad range of issues, including regional security, nonproliferation, human rights and trade. We seek a strategic relationship with China, advancing our own national interests in key areas. It is this steady approach — asserting America's core national security interests while keeping in mind longer-term goals — that is the hallmark of determined diplomacy.

But military force remains an indispensable element of our nation's power. Our nation must maintain military forces sufficient to deter diverse threats and, when necessary, to fight and win against our adversaries. While many factors ultimately contribute to our nation's safety and well-being, no single component is more important than the men and women who wear America's uniform and stand sentry over our security. Their skill, service and dedication constitute the core of our defenses. Today our military is the best-equipped, best-trained and best-prepared fighting force in the world. Time after time in the last three years, our troops demonstrated their continued readiness and strength: moving with lightning speed to head off another Iraqi threat to Kuwait; helping to save hundreds of thousands of lives in Rwanda; giving freedom and democracy back to the people of Haiti; and helping enforce UN mandates in the former Yugoslavia and subsequently deploying forces under NATO command to help implement the peace agreement in Bosnia. I am committed to ensuring that this military capability is not compromised.

The United States recognizes that we have a special responsibility that goes along with being a great power and, at times, our global interests and ideals lead us to oppose those who would endanger the survival or well-being of their peaceful neighbors. At the same time, all nations should be able to expect that their borders and their sovereignty will always be secure; however, this does not mean we or the international community must tolerate gross violations of human rights within those borders.

When our national security interests are threatened, we will, as America always has, use diplomacy when we can, but force if we must. We will act with others when we can, but alone when we must. We recognize, however, that while force can defeat an aggressor, it cannot solve underlying problems. Democracy and economic prosperity can take root in a struggling society only through local solutions carried out by the society itself. We must use military force selectively, recognizing that its use may do no more than provide a window of opportunity for a society — and diplomacy — to work.

We therefore will send American troops abroad only when our interests and our values are sufficiently at stake. The courage, loyalty and willingness of our men and women in uniform to put their lives at risk is a national treasure which should never be taken for granted, but neither should we fear to employ U.S. military forces wisely. When we do so, it will be with clear objectives to which we are firmly committed and which — when combat is likely — we have the means to achieve decisively. To do otherwise, risks those objectives and endangers our troops. These requirements are as pertinent for humanitarian and other nontraditional interventions today as they were for previous generations during prolonged world wars. Modern media communications may now bring to our homes both the suffering that exists in many parts of the world and the casualties that may accompany interventions to help. But no deployment of American service members is risk-free, and we must remain clear in our purpose and resolute in its execution. And while we must continue to reassess the costs and benefits of any operation as it unfolds, reflexive calls for withdrawal of our forces when casualties are incurred would simply encourage rogue actors to try to force our departure from areas where there are U.S. interests by attacking American troops.

During the past three years, diplomacy backed by American power has produced impressive results:

- When Iraq moved forces towards Kuwait, we reacted swiftly and dispatched additional, large-scale forces to the region under the authority of the United Nations — but were prepared to act alone, if necessary.

- In Haiti, it was only when the Haitian military learned that the 82nd Airborne Division was en route that we achieved peacefully what we were prepared to do under fire.

- In Bosnia, we achieved a breakthrough when U.S. diplomatic leadership was married to appropriate military power. After the fall of Zepa and Srebrenica, the United States secured an agreement from our NATO allies to meet further assaults on the UN safe areas with a decisive military response. American pilots participated in the NATO bombing campaign following the shelling of a Sarajevo marketplace, demonstrating our resolve and helping to bring the parties to the negotiating table.

  U.S. leadership then seized the opportunity for peace that these developments created: U.S. diplomats, along with our Contact Group partners, brokered a cease-fire and, after intensive U.S.-led negotiations in Dayton, Ohio, a comprehensive peace agreement. U.S. forces are now working as part of a larger NATO force — joined by forces from members of NATO's Partnership for Peace — to help implement the military aspects of the agreement and create the conditions for peace to take hold.

- In Rwanda and Somalia, only the American military could have accomplished what it did in these humanitarian missions, saving hundreds of thousands of lives. However, over the longer run our interests were served by turning these operations over to multilateral peacekeeping forces once the immediate humanitarian crisis was addressed. No outside force can create a stable and legitimate domestic order for another society — that work can only be accomplished by the society itself.

Our national security strategy reflects both America's interests and our values. Our commitment to freedom, equality and human dignity continues to serve as a beacon of hope to peoples around the world. The vitality, creativity and diversity of American society are important sources of national strength in a global economy increasingly driven by information and ideas.

Our prospects in this new era are promising. The specter of nuclear annihilation has dramatically receded. The historic events of the past three years — including the handshake between Israel and the PLO, the peace treaty between Israel and Jordan, the transformation of South Africa to a multiracial democracy headed by President Mandela and the peace agreement to end the war in Bosnia — suggest this era's possibilities for achieving security, prosperity and democracy.

Our nation can only address this era's dangers and opportunities if we remain actively engaged in global affairs. We are the world's greatest power, and we have global interests as well as responsibilities. As our nation learned after World War I, we can find no security for America in isolationism nor prosperity in protectionism. For the American people to be safer and enjoy expanding opportunities, our nation must work to deter would-be aggressors, open foreign markets, promote the spread of democracy abroad, combat transnational dangers of terrorism, drug trafficking and international crime, encourage sustainable development and pursue new opportunities for peace.

Our national security requires the patient application of American will and resources. We can only sustain that necessary investment with the broad, bipartisan support of the American people and their representatives in Congress. The full participation of Congress is essential to the success of our continuing engagement, and I will consult with members of Congress at every step as we formulate and implement American foreign policy.

The need for American leadership abroad remains as strong as ever. I am committed to forging a new public consensus to sustain our active engagement abroad in pursuit of our cherished goal — a more secure world where democracy and free markets know no borders. This document details that commitment.

I. Introduction

When this Administration assumed office, the United States and its allies faced a radically transformed security environment. The primary security imperative of the past half century — containing communist expansion while preventing nuclear war — was gone. Instead, we confronted a complex array of new and old security challenges America had to meet as we approached the 21st century.

The Administration outlined a national security strategy that assessed America's role in this new international context and described a strategy to advance our interests at home and abroad.

The strategy recognized that the United States was facing a period of great promise but also great uncertainty. We stand as the world's preeminent power. America's core value of freedom, as embodied in democratic governance and market economics, has gained ground around the world. Hundreds of millions of people have thrown off communism, dictatorship or apartheid. Former adversaries now work with us in diplomacy and global problem solving. Both the threat of a war among great powers and the specter of nuclear annihilation have receded dramatically. The dynamism of the global economy is transforming commerce, culture and global politics, promising greater prosperity for America and greater cooperation among nations.

At the same time, troubling uncertainties and clear threats remain. The new, independent states that replaced the Soviet Union continue to experience wrenching economic and political transitions, while the progress of the many new democracies of Central and Eastern Europe is still fragile. While our relations with the other great powers are as constructive as at any point in this century, Russia's historic transformation will face difficult challenges, and China maintains an authoritative regime even as that country assumes a more important economic and political role in global affairs. The spread of weapons of mass destruction poses serious threats, and rogue states still threaten regional aggression. Violent extremists threaten fragile peace processes in many parts of the world. Worldwide, there is a resurgence of militant nationalism as well as ethnic and religious conflict. This has been demonstrated by the upheavals in Bosnia, Rwanda and Somalia, where the United States has participated in peacekeeping and humanitarian missions.

The strategy also recognized that a number of transnational problems which once seemed quite distant, like environmental degradation, natural resource depletion, rapid population growth and refugee flows, now pose threats to our prosperity and have security implications for both present and long-term American policy. In addition, the emergence of the information and technology age presents new challenges to U.S. strategy even as it offers extraordinary opportunities to build a better future. This technology revolution brings our world closer together as information, money and ideas move around the globe at record speed; but it also makes possible for the violence of terrorism, organized crime and drug trafficking to challenge the security of our borders and that of our citizens in new ways.

It is a world where clear distinctions between threats to our nation's security from beyond our borders and the challenges to our security from within our borders are

being blurred; where the separation between international problems and domestic ones is evaporating; and where the line between domestic and foreign policy is eroding. The demise of communism not only lifted the lid on age-old conflicts but it opened the door to new dangers, such as the spread of weapons of mass destruction to non-state, as well as state, forces. And it did so at a time when these forces can now try to threaten our security from within our borders because of their access to modern technology. We must therefore assess these forces for what they are, with our response based on the nature of their threat, not just where they occur.

Because problems that start beyond our borders can now much more easily become problems within them, American leadership and engagement in the world has never been more important. There is also a simple truth about this new world: the same idea that was under attack three times in this century — first by imperialism and then by fascism and communism — remains under attack today, but on many fronts at once. It is an idea that comes under many names — democracy, liberty, civility, pluralism — but which together are the values of a society where leaders and governments preserve individual freedoms and ensure opportunity and human dignity. As the President has said, "We face a contest as old as history — a struggle between freedom and tyranny; between tolerance and isolation. It is a fight between those who would build free societies governed by laws and those who would impose their will by force. Our struggle today, in a world more high-tech, more fast-moving, more chaotically diverse than ever, is the age-old fight between hope and fear." Just as surely as fascism and communism once did, so, too, are our freedom, democracy, security and prosperity now threatened by regional aggressors and the spread of weapons of mass destruction; ethnic, religious and national rivalries; and the forces of terrorism, drug trafficking and international organized crime. Today, addressing these threats demands American leadership.

The victors of World War I squandered their triumph in this age-old struggle when they turned inward, bringing on a global depression and allowing fascism to rise, and reigniting global war. After World War II, we remembered the lessons of the past. in the face of a new totalitarian threat, this great nation did not walk away from the challenge of the moment. Instead, it chose to reach out, to rebuild international security structures and to lead. This determination of previous generations to prevail over communism by shaping new international structures left us a world stronger, safer and freer. It is this example and its success that now inspire us to continue the difficult task of a new stage in this old struggle: to secure the peace won in the Cold War against those who would still deny people their human rights, terrorists who threaten innocents and pariah states who choose repression and extremism over openness and moderation.

By exerting our leadership abroad, we make America safer and more prosperous — by deterring aggression, by fostering the peaceful resolution of dangerous conflicts, by opening foreign markets, by helping democratic regimes and by tackling global problems. Without our active leadership and engagement abroad, threats will fester and our opportunities will narrow. We seek to be as creative and constructive — in the literal sense of that word — as the generation of the late 1940's. For all its dangers, this new world presents an immense opportunity — the chance to adapt and construct global institutions that will help to provide security and increase economic growth for America and the world.

At issue is whether our efforts at this construction can continue to succeed in the face of shifting threats to the ideals and habits of democracy. It is therefore in our interest that democracy be at once the foundation and the purpose of the international structures we build through this constructive diplomacy: the foundation, because the institutions will be a reflection of their shared values and norms; the purpose, because if political and economic institutions are secure, democracy will flourish.

Promoting democracy does more than foster our ideals. It advances our interests because we know that the larger the pool of democracies, the better off we, and the entire community of nations, will be. Democracies create free markets that offer economic opportunity, make for more reliable trading partners and are far less likely to wage war on one another. While democracy will not soon take hold everywhere, it is in our interest to do all that we can to enlarge the community of free and open societies, especially in areas of greatest strategic interest, as in Central and Eastern Europe and the new independent states of the former Soviet Union.

Our national security strategy is therefore based on enlarging the community of market democracies while deterring and limiting a range of threats to our nation, our

allies and our interests. The more that democracy and political and economic liberalization take hold in the world, particularly in countries of strategic importance to us, the safer our nation is likely to be and the more our people are likely to prosper.

To that broad end, the three central components of our strategy of engagement and enlargement are: (1) our efforts to enhance our security by maintaining a strong defense capability and employing effective diplomacy to promote cooperative security measures; (2) our work to open foreign markets and spur global economic growth; and (3) our promotion of democracy abroad. It also explains how we are pursuing these elements of our strategy in specific regions by adapting and constructing institutions that will help to provide security and increase economic growth throughout the world.

In a democracy, however, the foreign policy and security strategy of the nation must serve the needs of the people. The preamble of the Constitution sets out the basic objectives:

> *provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity*.

The end of the Cold War does not alter these fundamental purposes. Nor does it reduce the need for active American efforts, here and abroad, to pursue those goals. Our efforts to advance the common good at home depend upon our efforts to advance our interests around the world. Therefore, we must judge the success of our security strategy by its impact on the domestic lives of our citizens: has it made a real difference in the day to day lives of Americans? Consider just a few examples:

Every American today is safer because we are stepping back from the nuclear precipice. Russian missiles are no longer targeted at the United States and we have convinced Ukraine, Kazakstan and Belarus to give up nuclear weapons left on their land when the Soviet Union collapsed. American leadership secured the indefinite and unconditional extension of the Nuclear Proliferation Treaty and we convinced North Korea to freeze its nuclear program. Our strategy also continues to ensure the safeguarding of more nuclear materials so they do not fall into the hands of terrorists or international criminals and endanger our citizens.

In a world where the boundaries between threats outside our borders and the challenges from within are diminishing, Americans are safer because our counterterrorism strategy promoted closer cooperation with foreign governments and sanctions against states that sponsor terrorism, while increasing the resources for our own law enforcement agencies.

Large-scale migration from Haiti has been stemmed because we gave democracy another chance in that nation. In the months before we forced the military rulers to step down, 16,000 Haitians fled their country for our shores and elsewhere in the region. Three months after the intervention, the refugee flow was practically zero.

Our strategy to help the nations of Central Europe consolidate democracy, find lasting security and build strong economics makes it much less likely that Americans might have to fight another war on the battlegrounds of Europe. By supporting democratic reform and the transition to free markets in the new independent states of the former Soviet Union and in Central Europe, our strategy promoted stability and prosperity in an area that will become a vast market for the United States, creating jobs in America. In Bosnia, diplomatic determination combined with military muscle to create an opportunity to secure a peace rather than permit instability to undermine this fragile region and U.S. interests.

Our strategy's trade initiatives, from NAFTA and the Uruguay Round of GATT to over 80 separate trade agreements, have created more than two million American jobs. With the Summit of the Americas and the APEC process, U.S. exports — and jobs — will continue to grow. Because of our emergency assistance to Mexico during its financial crisis, economic growth — although fragile — has returned and exports now exceed pre-NAFTA levels. Mexico has begun repaying its debt to the United States ahead of schedule, protecting the nearly 310,000 American jobs NAFTA has already created because of exports to our partners.

From Iraq to Haiti, South Africa to the Korean Peninsula, the Middle East to Northern Ireland, our strategy has stopped or prevented war and brought former adversaries together in peace because it is in our interest. These efforts, combined with assisting developing nations who are fighting overpopulation, AIDS, drug smuggling and environmental degradation, ensure that future generations of

Americans will not have to contend with the consequences of neglecting these threats to our security and prosperity.

Many of these decisions were made in the face of significant disagreement over what needed to be done at the moment. But the alternatives bore unacceptable costs to our citizens: tariffs and harriers would still cripple the world trading system if not for GAI t and NAF I A; the Persian Gulf region would be very different today if the rapid response of the United States and its allies had not deterred Iraq's threatened aggression against Kuwait in 1 994; the flood of Haitian refugees at our borders would have continued had we not intervened in that country; Latin America would have seen financial and economic chaos affecting its fragile democracies, and U.S. trade would have been harmed, had we not moved to help stabilize Mexico's economy; and the dangers to our people from weapons of mass destruction would be much greater had our strategy not reduced the threat of nuclear arms, curbed the spread of chemical and biological weapons around the world and countered the terrorists and criminals who would endanger us if they possessed these weapons. The money we devoted to development, peacekeeping or disaster relief helped to avert future crises whose cost would have been far greater in terms of lives lost and resources spent.

We can continue to engage actively abroad to achieve these results only if the American people and the Congress are willing to bear the costs of that leadership — in dollars, political energy and, at times, American lives. U.S. security, prosperity and freedom are neither cost- nor risk-free; resources must be spent and casualties may be incurred. One purpose of this report is to help foster the broad, bipartisan understanding and support necessary to sustain our international engagement. A coalition of the center through bipartisan congressional participation is critical to this commitment. Some decisions must be made in the face of opposition; these decisions must ultimately be judged as to whether they benefited the American people by advancing their interests of security, prosperity and democracy in the long run.

During the first three years of this Administration, this strategy has produced the following results with respect to our security requirements:

- At the President's direction, the Pentagon conducted the Bottom Up Review and Nuclear Posture Review, assessing what defense forces and capabilities our nation needs for this new security era. The Administration's defense strategy, which requires U.S. forces to be able to deter and, if necessary, defeat aggression in concert with regional allies in two nearly simultaneous major regional conflicts, has proved realistic. In the late summer of 1994, we faced the very real prospect of near-simultaneous hostilities with North Korea and Iraq. Our rapid reinforcement of U.S. military presence and additional deployments to these theaters deterred potential aggression. Our military's superb performance in responding quickly and effectively when called upon in these crises, as well as in those in Haiti and Rwanda that same year, clearly demonstrates their continued readiness to respond as needed and that we have prudently managed the post-Cold War force drawdown.

  The President also set forth a defense budget for Fiscal Years 1996-2001 which fully funds the force structure recommended by the Bottom Up and Nuclear Posture Reviews and which is necessary to carry out the national security strategy. He repeatedly stressed that he will draw the line against further cuts that would undermine that force structure or erode U.S. military readiness. The President also requested Congress to enact supplemental appropriations of $1.7 billion for FY 1994 and $ 2.6 billion for FY 1995 to ensure readiness would not be impaired by the costs of unanticipated contingencies. In addition, the President added $25 billion to the Fiscal Year 1996-2001 defense spending plan to provide more funding for readiness, modernization and quality of life improvements for our military personnel and families. The President also agreed to extra funding in the FY 1996 Defense appropriations bill in order to pay for the troop deployment in Bosnia.

- The United States initiated an intense diplomatic effort that forged a Bosnia-wide cease-fire and then brokered a comprehensive peace agreement among the parties. We contributed a substantial share of the NATO-led peace implementation force to help implement the military aspects of the peace agreement and create the conditions for peace to take hold.

- At President Clinton's initiative, a NATO Summit in January 1994 approved the Partnership For Peace (PFP) program and initiated a process that will lead to NATO's gradual enlargement to ensure that the alliance is prepared to meet the European and transatlantic security challenges of this era, and to provide the security relationships that will buttress the underpinnings for the democratic and market economic gains in Europe since 1989. Since the Summit, 27 countries, including Russia, agreed to join the Partnership for Peace, and Partner countries are now working with NATO in Bosnia. In 1995, NATO completed work on its enlargement study and presented it to the Partners. This year, in the second phase of the enlargement process, NATO will begin intensive bilateral consultations with all the PFP members who wish to participate, aimed at helping them prepare for possible NATO membership.

- The United States, Russia, Ukraine, Belarus and Kazakstan exchanged instruments of ratification for the START I Treaty at the December 1994 summit of the Conference on Security and Cooperation in Europe (CSCE), culminating two years of intensive U.S. diplomatic efforts to bring the Treaty into force and paving the way for ratification of the 1993 START II Treaty. START I requires the permanent elimination of bombers, ICBM silos and ballistic missile submarine launch tubes that carried over 9,000 of the 21,000 total accountable warheads the United States and the former Soviet Union declared when the Treaty was signed — a reduction of 40 percent. START II, which the Senate voted 87-4 to give its advice and consent to ratification on January 26, 1996, will eliminate additional U.S. and Russian strategic launchers and will effectively remove an additional 5,000 deployed warheads, leaving each side with no more than 3,500. These actions will reduce the deployed strategic force arsenals of the United States and Russia by two-thirds. Presidents Clinton and Yeltsin have agreed that once START II is ratified by both countries, the United States and Russia will begin immediately to deactivate all strategic nuclear delivery systems to be reduced under the Treaty by removing their nuclear warheads or taking other steps to take them out of combat status, thus removing thousands of warheads from alert status years ahead of schedule. The two Presidents also directed an intensification of dialogue regarding the possibility of further reductions of, and limitations on, remaining nuclear forces.

- The 30-nation Conventional Forces in Europe (CFE) Treaty's reduction period came to an end this past November, resulting in the elimination of over 50,000 pieces of heavy military equipment and capping conventional forces in Europe at their lowest levels in decades. Together with our allies, the Administration will continue to pursue full implementation of this agreement.

- The President launched a comprehensive policy to combat the proliferation of weapons of mass destruction and the missiles that deliver them. The United States has secured landmark commitments to eliminate all nuclear weapons from Ukraine, Belarus and Kazakstan, and in December 1994, Ukraine formally acceded to the Nuclear Non-proliferation Treaty as a non-nuclear weapon state, as Kazakstan and Belarus had done previously. By the end of 1995, all nuclear weapons had been removed from Kazakstan, most were out of Belarus and a significant number had been transferred from Ukraine. The United States led the successful international effort to extend the NPT indefinitely and without conditions by consensus of Treaty parties at the 1995 Review and Extension Conference. The President's August 1995 initiative to support a true zero yield Comprehensive Test Ban Treaty (CTBT) provided a significant boost to the CTBT negotiations and has opened the door to completing and signing a CTBT in 1996.

- We also made significant progress during the past year in negotiations to establish an agreed demarcation between strategic and theater ballistic missiles that will update the ABM Treaty and advance our goal of deploying advanced theater missile defenses. The Administration also submitted the Chemical Weapons Convention to the Senate for its advice and consent to ratification and supported the development of new measures to strengthen the Biological Weapons Convention.

- The Administration reached an important Agreed Framework with North Korea that has halted and, when fully implemented, will eventually eliminate that country's existing, dangerous nuclear program, greatly enhancing regional stability and advancing

our nonproliferation goals. The Administration reached agreements with Russia, Ukraine and South Africa to control missile-related technology, brought Russia, Brazil and South Africa into the Missile Technology Control Regime (MTCR) and secured China's commitment not to transfer MTCR-controlled, ground-to-ground missiles. The United States has also led international efforts to create the multilateral "Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-use Goods and Technology" — the successor to the Coordinating Committee for East-West Trade (COCOM) — to provide a regime for transparency and restraint on dangerous transfers of conventional arms and dual-use technologies.

- The President's efforts helped bring about many historic firsts in the Middle East peace process — the handshake of peace between Prime Minister Rabin and Chairman Arafat on the White House lawn has been followed by the Jordan-Israel peace treaty, the Israel-Palestinian Interim Agreement, progress on eliminating the Arab boycott of Israel and the establishment of ties between Israel and an increasing number of its Arab neighbors.

- In 1995, the President proposed legislation to provide law enforcement officials with increased tools to combat terrorism. These include additional manpower and training, methods to mark and trace explosives and legal mobile wiretaps. The President also directed new initiatives against money-laundering, for seizing the assets of drug rings and for new legislation to respond more effectively to organized crime activity. In October, the President also announced at the United Nations an invitation to every country to join in negotiating an international declaration on citizens' security that would include: a no-sanctuary pledge for organized criminals, terrorists, drug traffickers and smugglers; a counterterrorism pact; a pledge to end the trafficking of illegal arms and of lethal nuclear, biological and chemical materials; an antinarcotics pledge; and an effective police force partnership to help combat these forces of violence and destruction. Progress has been made, with the apprehension of leaders of the most influential South American drug cartels.

- In March 1995, the President obtained Senate advice and consent to ratification of the 1980 Convention on Conventional Weapons (CCW), which constrains the use of certain weapons, including landmines. The Administration is also pursuing a comprehensive set of initiatives to address the global landmine crisis, such as strengthening the CCW provisions governing landmine use, placing international controls on export, production and stockpiles, and developing new equipment for more effective demining.

- On May 3, 1994, President Clinton signed a Presidential Decision Directive establishing 'U.S. Policy on Reforming Multilateral Peace Operations.' This policy represented the first comprehensive framework for U.S. decision making on issues of peacekeeping and peace enforcement suited to the realities of the new international era.

- In October 1994, President Clinton transmitted the United Nations Convention on the Law of the Sea to the Senate for its advice and consent to ratification. This was the culmination of years of negotiations to ensure an equitable balance between the rights of coastal states to control activities in adjacent, offshore areas to protect their economic, security and environmental interests and the rights of maritime states to free and unimpeded navigation and overflight of the oceans of the world. This included an acceptable regime to administer the mineral resources of the deep seabed, thereby protecting U.S. interests.

- In March 1995, President Clinton ordered a sweeping reexamination of the U.S. Government's approach to putting science and technology to the service of national security and global stability in light of the changed security environment, increasing global economic competition and growing budgetary pressures. The resulting National Security Science and Technology Strategy is the country's first comprehensive Presidential statement of national security science and technology priorities.

On the economic front, Administration policies have created nearly 7.5 million American jobs and established the foundation for the global economy of the 21st Century:

- The President worked with the Congress on effective measures to reduce the federal budget deficit and restore economic growth. These measures help increase our competitiveness and strengthen our position in negotiations with other nations. Two million of the 7.5 million new jobs created in the last three years are a result of our efforts to expand market access for American products overseas. These efforts have also lead to the creation of over 3 million new small businesses and the lowest combined rates of unemployment and inflation in 25 years. The federal budget deficit has dropped three years in a row, from $290 billion to $164 billion a year.

- The President secured approval of the North American Free Trade Agreement (NAFTA), which creates the world's largest free trade zone and has already created nearly 310,000 American jobs. The vote for NAFTA marked a decisive U.S. affirmation of its international engagement. Through NAFTA's environmental and labor side agreements, we are working actively to protect the rights of workers and to reduce air and water pollution that crosses national boundaries. When Mexico came under short-term financial pressures in December 1994, the United States took the lead in marshaling international support to assist the country in meeting this challenge. NAFTA helped to protect and increase U.S. exports to that country — and the jobs they support — during the financial crisis and the subsequent adjustment period. We have also begun negotiations with Chile to join NAFTA.

- The Administration stood at the forefront of a multilateral effort to achieve history's most extensive market-opening agreements in the GATT Uruguay-round negotiations on world trade. Working with a bipartisan coalition in the Congress, the President secured approval of this path-breaking agreement and the resulting World Trade Organization, which will add $150 billion annually to the U.S. economy once fully phased in and create hundreds of thousands of jobs.

- The President convened the first meeting of leaders of the Asia Pacific Economic Cooperation (APEC) forum and took steps to expand our ties with the economies of the Asia-Pacific region, the fastest growing area in the world. At their second forum, APEC leaders embraced the goal of free trade within the region by 2020, and at their third meeting in Osaka in 1995, they formulated a positive action plan to facilitate and measure progress toward achieving that goal. This past year, we successfully negotiated historic trade agreements with our Asian trading partners, including China, Japan and Korea, all of which promote substantial new access for American products and which will foster new attitudes of openness toward our exports.

- The President hosted the Summit of the Americas in December 1994, a historic gathering where the 34 democratic nations of the hemisphere committed themselves to completing negotiations by 2005 on a regional free-trade agreement. In June 1995, the United States hosted the Denver Trade Ministerial and Commerce Forum to promote trade liberalization and business facilitation throughout the Western Hemisphere.

- At President Clinton's initiative, the G-7 Leaders put forth at the Halifax Economic Summit extensive proposals to prepare our international financial institutions for the 21st Century, including institutional reforms to prevent and respond to financial crises, to promote sustainable development and to support the Middle East peace process. At the December 1995 U.S.-European Union Summit in Madrid, the President announced the New Transatlantic Agenda, including a Transatlantic Marketplace that will deepen our cooperation on economic issues.

- The President developed a Climate Change Action Plan to help reduce greenhouse emissions at home and launched the U.S. Initiative on Joint Implementation to help reduce emissions abroad. The United States also takes a leading role at the international level in phasing out ozone-depleting substances. In June 1993, the United States signed the Biodiversity Treaty and one year later, the Desertification Convention.

- With strong U.S. leadership, the United Nations successfully concluded negotiations on a multilateral agreement designed to reverse the global trend of declining fish stocks. The agreement complements the UN Law of the Sea Convention, giving direction

to countries for implementing their obligation under the Convention to cooperate in conserving and managing straddling and highly migratory fish stocks.

- The Administration has asserted world leadership on population issues. We played a key role during the Cairo Conference on Population and Development in developing a consensus Program of Action, including increased availability of voluntary family planning and reproductive health services, sustainable economic development, strengthening of family ties, the empowerment of women including enhanced educational opportunities and a reduction in infant and child mortality through immunizations and other programs.

Finally, the President has demonstrated a firm commitment to expanding the global realm of democracy to advance the interests of our citizens:

- The Administration substantially expanded U.S. support for democratic and market reform in Russia, Ukraine and the other new independent states of the former Soviet Union, including a comprehensive assistance package for Ukraine.

- The United States launched a series of initiatives to bolster the new democracies of Central and Eastern Europe, including the White House Trade and Investment Conference for Central and Eastern Europe held in Cleveland in January 1995. We affirmed our concern for their security and market economic transformation, recognizing that such assurances would play a key role in promoting democratic developments.

- Working with the international community under the auspices of the UN, we succeeded in reversing the coup in Haiti and restoring the democratically elected president and government. We are now helping the Haitian people rebuild their country and consolidate their hard-won democracy through free and fair elections at all levels — local, parliamentary and presidential.

- The President's visit to Northern Ireland in November 1995, the first ever by an American President, drew an unprecedented response from the people of both the Catholic and Protestant communities and sent an unmistakable signal of their support for peace. In 1994, U.S. engagement in Northern Ireland contributed to the establishment of a cease-fire, first by the IRA and subsequently by loyalist paramilitaries. U.S. economic and trade initiatives, including the White House Conference on Trade and Investment in May 1995, are aimed at promoting economic revitalization and job creation in Northern Ireland.

- At the Summit of the Americas, the 34 democratic nations of the hemisphere agreed to a detailed plan of cooperative action in such diverse fields as health, education, science and technology, counternarcotics, counterterrorism, environmental protection, information infrastructure and the strengthening and safeguarding of democratic institutions, in addition to mutual prosperity and sustainable development. The Summit ushered in a new era of hemispheric cooperation that would not have been possible without U.S. leadership and commitment. In the time since the Summit, progress on strengthening democratic institutions, thwarting international criminals and terrorists and preserving natural resources have helped improve the lives of the hemisphere's residents.

- The United States has increased support for South Africa as it conducted elections and became a multiracial democracy. During the state visit of Nelson Mandela in October 1994, we announced formation of a bilateral commission to foster new cooperation between our nations and an assistance package to support housing, health, education, trade and investment.

- The United States, working with the Organization of American States, helped reverse an antidemocratic coup in Guatemala.

- In Mozambique and Angola, the United States played a leading role in galvanizing the international community to help bring an end to two decades of civil war and to promote national reconciliation. For the first time, there is the prospect that all of southern Africa will enjoy the fruits of peace and prosperity.

- At the 1993 UN Conference on Human Rights, the United States successfully argued for improved inter-

national mechanisms for the promotion of basic human rights on a global basis. The President signed the international convention on the rights of the child and supports Senate consent to ratification for the convention prohibiting discrimination against women. The United States also played a major role in promoting women's — and children's — international rights at the 1995 UN Conference on Women in Beijing.

The national security strategy has reaped significant accomplishments for the betterment of the American people. It continues to take advantage of remarkable opportunities to shape a world conducive to U.S. interests and consistent with American values — a world of open societies and open markets. Its tangible results were based on the belief that if we withdraw U.S. leadership from the world today, we will have to contend with the consequences of our neglect tomorrow. The progress the strategy has enabled us to make toward increased security, prosperity and advancement of democracy was not inevitable; nor will it proceed easily in an even, uninterrupted way — there is a price for our leadership. Because of this, we know that there must be limits to America's involvement in the world — limits imposed by careful evaluation of our fundamental interests and frank assessment of the costs and benefits of possible actions. We cannot become involved in every problem, but the choices we make must be always guided by our objectives of a more secure, prosperous and free America and remain rooted in the conviction that America cannot walk away from its global interests or responsibilities, or our citizens' security and prosperity will surely suffer.

As the distinction between domestic problems and international ones is increasingly blurred, we each have a very direct interest in ensuring the future success of this strategy: we cannot solve our own problems at home unless we are also operating in a world that is more peaceful, more democratic and more prosperous. If we can help lead the dozens of nations, the billions of producers and consumers who are trying to adapt to democracy and free markets, we help to create the conditions for the greatest expansion of prosperity and security the world has ever witnessed. This is what this strategy portends by reaffirming America's leadership in the world.

This report has two major sections. The first part of the report explains our strategy of engagement and enlargement. The second part describes briefly how the Administration continues to apply this strategy to the world's major regions.

II. Advancing our Interests Through Engagement and Enlargement

A new international era presents the United States with many distinct dangers, but also with a generally improved security environment and a range of opportunities to improve it further. The preeminent threat that dominated our engagement during the Cold War has been replaced by a complex set of challenges. Our nation's strategy for defining and addressing those challenges has several core principles that guide our policies to safeguard American security, prosperity and fundamental values. First and foremost, we must exercise global leadership. We are not the world's policeman, but as the world's premier economic and military power, and with the strength of our democratic values, U.S. engagement is indispensable to the forging of stable political relations and open trade to advance our interests.

Our leadership must stress preventive diplomacy — through such means as support for democracy, economic assistance, overseas military presence, interaction between U.S. and foreign militaries and involvement in multilateral negotiations in the Middle East and elsewhere — in order to help resolve problems, reduce tensions and defuse conflicts before they become crises. These measures are a wise investment in our national security because they offer the prospect of resolving problems with the least human and material cost.

Our engagement must be selective, focusing on the challenges that are most important our own interests and focusing our resources where we can make the most difference. We must also use the right tools — being willing to act unilaterally when our direct national interests are most at stake; in alliance and partnership when our interests are shared by others; and multilaterally when our interests are more general and the problems are best addressed by the international community.

In all cases, the nature of our response must depend on what best serves our own long-term national interests. Those interests are ultimately defined by our security requirements. Such requirements start with our physical defense and economic well-being. They also include environmental security as well as the security of our values achieved through expansion of the community of democratic nations.

Our national security strategy draws upon a range of political, military and economic instruments, and focuses on the primary objectives that President Clinton has stressed throughout his Administration:

- **Enhancing Our Security.** Taking account of the realities of the new international era with its array of new threats, a military capability appropriately sized and postured to meet the diverse needs of our strategy, including the ability, in concert with regional allies, to win two nearly simultaneous major regional conflicts. We will continue to pursue a combination of diplomatic, economic and defense efforts, including arms control agreements, to reduce the danger of nuclear, chemical, biological and conventional conflict and to promote stability.

- **Promoting Prosperity at Home.** A vigorous and integrated economic policy designed to put our own economic hotise in order, work toward free and open markets abroad and promote sustainable development.

- **Promoting Democracy.** A framework of democratic enlargement that increases our security by protecting, consolidating and enlarging the community of free market democracies. Our efforts focus on strengthening democratic processes in key emerging democratic states including Central and Eastern Europe, Russia, Ukraine and other new independent states of the former Soviet Union.

In order to advance these objectives, we must remain engaged in the world through U.S. leadership, with our national security strategy based on enlarging the world community of secure, democratic and free market nations. Overall, this makes the world a safer and more prosperous place and in so doing directly advances our interests. Nations that feel secure due to our engagement overseas are more likely to support free trade and democratic institutions, thereby enhancing U.S. security and prosperity; nations with growing and open economies and strong ties to the United States are more likely to feel secure and to be unafraid of freedom, thereby not threatening us or others; and democratic states with similar values are less likely to threaten one another's interests, and are more likely to cooperate in confronting mutual security threats and in promoting free and open trade and economic development.

The three basic objectives of our national security strategy will also guide the allocation of our limited national security resources. Because deficit reduction is also central to the long-term health and competitiveness of the American economy, we have made it, along with efficient and environmentally sound use of our resources, a major priority. Under the Clinton economic plan, the federal budget deficit has been lowered as a percentage of the Gross Domestic Product from 4.9 percent in Fiscal Year 1992 to 2.4 percent in Fiscal Year 1995 — the lowest since 1979.

Enhancing our Security

The U.S. government is responsible for protecting the lives and personal safety of Americans, maintaining our political freedom and independence as a nation and promoting the well-being and prosperity of our nation. No matter how powerful we are as a nation, we cannot always secure these basic goals unilaterally. Whether the problem is nuclear proliferation, regional instability, the reversal of reform in the former Soviet empire, international crime and terrorism, or unfair trade practices, the threats and challenges we face frequently demand cooperative, multinational solutions. Therefore, the only responsible U.S. strategy is one that seeks to ensure U.S. influence over and participation in collective decisionmaking in a wide and growing range of circumstances.

An important element of our security preparedness depends on durable relationships with allies and other friendly nations. Accordingly, a central thrust of our strategy of engagement is to sustain and adapt the security relationships we have with key nations around the world. These ties constitute an important part of an international framework that will be essential to ensuring cooperation across a broad range of issues. Within the realm of security issues, our cooperation with allies and friendly nations includes such activities as: conducting combined training and exercises, coordinating military plans and preparations, sharing intelligence — particularly in support of multilateral peacekeeping efforts or initiatives to contain the inimical behavior of rogue states — jointly developing new systems to include cooperative research and development programs and controlling exports of sensitive technologies according to common standards.

The new era presents a different set of threats to our security. In this new period, enhancing American security requires, first and foremost, developing and maintaining a strong defense capability of forces ready to fight. We are developing integrated approaches for dealing with threats arising from the development of nuclear and other weapons of mass destruction by other nations. Our security also requires a vigorous arms control effort and a strong intelligence capability. We have implemented a strategy for multilateral peace operations. We have clarified rigorous guidelines for when and how to use military force in this era.

We also face security risks that are not solely military in nature. An emerging class of transnational environmental and natural resource issues, and rapid population growth and refugee flows, are increasingly affecting international stability and consequently will present new challenges to U.S. strategy. Other increasingly interconnected, transnational phenomena such as terrorism, narcotics trafficking and organized crime also have security implications both for present and long-term American policy: the destructive forces we face inside our borders often have their origins overseas in rogue nations that breed and harbor terrorists,

in countries where drugs are produced and in international organized crime cartels, which are principally headquartered outside our borders; and free and open societies, in a world brought closer together by a technology revolution where information, money and people can move rapidly and easily, are inherently more challenged by these kinds of forces.

We cannot protect ourselves against drug-related crime, track down terrorists, seize international criminals or stop the flow of illegal arms or weapons-related materials without both cooperation among the agencies within our government and the help of countries that are the origin of these forces and whose peace and freedoms are also jeopardized. That is why the President proposed new legislation and initiatives for the U.S. government last year, while also unveiling a new international proposal to work more closely with foreign governments in order to respond more effectively in fighting these forces that challenge our security from within and without.

Finally, the threat of intrusions to our military and commercial information systems poses a significant risk to national security and is being addressed.

Maintaining a Strong Defense Capability

U.S. military forces are critical to the success of our strategy. This nation has unparalleled military capabilities: the United States is the only nation able to conduct large-scale and effective military operations far beyond its borders. This fact, coupled with our unique position as the security partner of choice in many regions, provides a foundation for regional stability through mutually beneficial security partnerships. Our willingness and ability to play a leading role in defending common interests also help ensure that the United States will remain an influential voice in international affairs — political, military and economic — that affect our well-being, so long as we retain the military wherewithal to underwrite our commitments credibly.

To protect and advance U.S. interests in the face of the dangers and opportunities outlined earlier, the United States must deploy robust and flexible military forces that can accomplish a variety of tasks:

- **Deterring and Defeating Aggression in Major Regional Conflicts.** Our forces must be able to help offset the military power of regional states with interests opposed to those of the United States and its allies. To do this, we must be able to credibly deter and defeat aggression by projecting and sustaining U.S. power in more than one region if necessary.

- **Providing a Credible Overseas Presence.** U.S. forces must also be forward deployed or stationed in key overseas regions in peacetime to deter aggression and advance U.S. strategic interests. Such overseas presence demonstrates our commitment to allies and friends, underwrites regional stability, ensures familiarity with overseas operating environments, promotes combined training among the forces of friendly countries and provides timely initial response capabilities.

- **Countering Weapons of Mass Destruction.** We are devoting greater efforts to stemming the proliferation of weapons of mass destruction and their delivery means, limiting the spread of weapons-related materials and technology, and strengthening accounting and security procedures for global stocks of fissile materials. At the same time, we must improve our capabilities to deter, defend against and prevent the use of such weapons and protect ourselves against their effects.

- **Contributing to Multilateral Peace Operations.** When our interests call for it, the United States must also be prepared to participate in multilateral efforts to resolve regional conflicts and bolster new democratic governments. Thus, our forces must be ready to participate in peacekeeping, peace enforcement and other operations in support of these objectives.

- **Supporting Counterterrorism Efforts, Fighting Drug Trafficking and Other National Security Objectives.** A number of other tasks remain that U.S. forces have typically carried out with both general purpose and specialized units. These missions include: counterterrorism, noncombatant evacuation, counter-narcotics operations, special forces assistance to nations and humanitarian and disaster relief operations.

To meet all of these requirements successfully, our forces must be capable of responding quickly and operating

effectively as a joint team. That is, they must be ready to fight and win. This imperative demands highly qualified and motivated people; modern, well-maintained equipment; realistic training; strategic mobility; sufficient support and sustainment capabilities; timely intelligence; and a healthy investment in science and technology.

Major Regional Contingencies

The focus of our planning for major theater conflict is on deterring and, if necessary, fighting and defeating aggression by potentially hostile regional powers, such as North Korea, Iran or Iraq. Such states are capable of fielding sizable military forces which can cause serious imbalances in military power within regions important to the United States, with allied or friendly states often finding it difficult to match the power of a potentially aggressive neighbor. To deter aggression, prevent coercion of allied or friendly governments and, ultimately, defeat aggression should it occur, we must prepare our forces to confront this scale of threat, preferably in concert with our allies and friends, but unilaterally if necessary. To do this, we must have forces that can deploy quickly and supplement U.S. forward-based and forward-deployed forces, along with regional allies, in halting an invasion and defeating the aggressor, just as we demonstrated by our rapid response in October 1994 when Iraq threatened aggression against Kuwait.

The forces the Administration fields today are sufficient, in concert with regional allies, to defeat aggression in two nearly simultaneous major regional conflicts. Programmed enhancements will sustain and strengthen that capability to meet future threats. As a nation with global interests, it is important that the United States maintain forces with aggregate capabilities on this scale. Obviously, we seek to avoid a situation in which an aggressor in one region might be tempted to take advantage when U.S. forces are heavily committed elsewhere. More basically, maintaining a 'two war' force helps ensure that the United States will have sufficient military capabilities to deter or defeat aggression by a coalition of hostile powers or by a larger, more capable adversary than we foresee today. The need to deter or defeat aggression in two theaters was demonstrated by the real prospect of near simultaneous hostilities with Iraq and North Korea in the late summer of 1994. The threat of such near simultaneous hostilities and our rapid response in reinforcing our presence and deploying additional forces showed we have a correct and realistic defense strategy. And because tomorrow's threats are less clear, a strategy for deterring and defeating aggression in more than one theater ensures we maintain the flexibility to meet unknown future threats, while our continued engagement represented by that strategy helps preclude such threats from developing in the first place.

We will never know with certainty how an enemy might fight or precisely what demands might be placed on our own forces in the future. The contributions of allies or coalition partners will vary from place to place and over time. Thus, balanced U.S. forces are needed in order to provide a wide range of complementary capabilities and to cope with the unpredictable and unexpected. Our forces must remain ready and modern to meet future, as well as present, threats or challenges. Integral to these efforts is the development of new systems and capabilities, incorporating state-of-the-art technology and new and more effective combat organizations.

Overseas Presence

The need to deploy U.S. military forces abroad in peacetime is also an important factor in determining our overall force structure. We will maintain robust overseas presence in several forms, such as permanently stationed forces and pre-positioned equipment, deployments and combined exercises, port calls and other force visits, as well as military-to-military contacts. These activities provide several benefits. Specifically they:

- Give form and substance to our bilateral and multilateral security commitments.
- Demonstrate our determination to defend U.S. and allied interests in critical regions, deterring hostile nations from acting contrary to those interests.
- Provide forward elements for rapid response in crises as well as the bases, ports and other infrastructure essential for deployment of U.S.-based forces by air, sea and land.
- Enhance the effectiveness of coalition operations, including peace operations, by improving our ability to operate with other nations.
- Allow the United States to use its position of trust to prevent the development of power vacuums and

dangerous arms races, thereby underwriting regional stability by precluding threats to regional security.

- Facilitate regional integration, since nations that may not be willing to work together in our absence may be willing to coalesce around us in a crisis.

- Promote an international security environment of trust, cooperation, peace and stability, which is fundamental to the vitality of developing democracies and free-market economies for America's own economic well-being and security.

Through training programs, combined exercises, military contacts, interoperability and shared defense with potential coalition partners, as well as security assistance programs that include judicious foreign military sales, we can strengthen the local self-defense capabilities of our friends and allies. Through active participation in regional security dialogues, we can reduce regional tensions, increase transparency in armaments and improve our bilateral and multilateral cooperation.

By improving the defense capabilities of our friends and demonstrating our commitment to defend common interests, these activities enhance deterrence, encourage responsibility-sharing on the part of friends and allies, decrease the likelihood that U.S. forces will be necessary if conflict arises and raise the odds that U.S. forces will find a relatively favorable situation should a U.S. response be required. U.S. overseas presence visibly supports our strategy of engagement, and we must continually assess the best approaches to achieving its objectives.

Counterterrorism, Fighting Drug Trafficking and Other Missions

While the missions outlined above will remain the primary determinants of our general purpose and nuclear force structure, U.S. military forces and assets will also be called upon to perform a wide range of other important missions as well. Some of these can be accomplished by conventional forces fielded primarily for theater operations. Often, however, these missions call for specialized units and capabilities.

At the same time, the challenges to the security of our citizens, our borders and our democratic institutions from destructive forces such as terrorists and drug traffickers is greater today because of access to modern technology. Cooperation, both within our government and with other nations, is vital in combating these groups that traffic in organized violence.

In October 1995, the President announced a new initiative to work more closely with foreign governments to fight these forces that threaten our security from without and within. Along with other provisions, it includes an invitation to join in the negotiation and endorsement of a declaration on citizen security, which would include a no-sanctuary pledge to terrorists and drug traffickers; a counterterrorism pact; an antinarcotics offensive; and a pledge to end the trafficking of illegal arms and of lethal nuclear, biological and chemical materials. We will continue to share intelligence in anticorruption and money-laundering programs to fight drug trafficking at its source; seek legislation that would prevent arms traders from fueling regional conflicts and subverting international embargoes; and provide increased manpower and funding, strengthened legislation and additional sanctions on states that sponsor terrorism to help protect our citizens.

Combating Terrorism

As long as terrorist groups continue to target American citizens and interests, the United States will need to have specialized units available to defeat such groups. From time to time, we might also find it necessary to strike terrorists at their bases abroad or to attack assets valued by the governments that support them.

Our policy in countering international terrorists is to make no concessions to terrorists, continue to pressure state sponsors of terrorism, fully exploit all available legal mechanisms to punish international terrorists and help other governments improve their capabilities to combat terrorism.

Countering terrorism effectively requires close, day-to-day coordination among Executive Branch agencies. Under the Clinton Administration, the efforts of the Departments of State, Justice and Defense, the FBI and CIA have been coordinated, with increased funding and manpower focused on the problem. Positive results will come from integration of intelligence, diplomatic and rule-of-law activities, and through close cooperation with other governments and international counterterrorist organizations.

Improving U.S. intelligence capabilities is a significant part of the U.S. response, as the evolving nature of the threat presents new challenges to the intelligence community. Terrorists, whether from well-organized groups or the kind of more loosely organized group responsible for the World Trade Center bombing, have the advantage of being able to take the initiative in the timing and choice of targets. Terrorism involving weapons of mass destruction represents a particularly dangerous potential threat that must be countered.

The United States has made concerted efforts to punish and deter terrorists. On June 26, 1993, following a determination that Iraq had plotted an assassination attempt against former President Bush, President Clinton ordered a cruise missile attack against the headquarters of Iraq's intelligence service in order to send a firm response and deter further threats. Similarly, the United States obtained convictions against defendants in the bombing of the World Trade Center. In the last three years, more terrorists have been arrested and extradited to the United States than during the totality of the previous three Administrations. We are still determined to apprehend many others, including the suspected perpetrators of the Pan Am 103 bombing who are being sheltered in Libya, and those involved in the deadly attack on U.S. Government employees at CIA Headquarters in 1994.

A growing number of nations have responded to the Administration' s message urging international cooperation in the fight against terrorism. Our success in hunting down terrorists is in large measure due to a growth of international intelligence sharing and increased international law enforcement efforts. At the Halifax Summit in 1995, the heads of state from the G-7 and Russia agreed to work more closely in combating terrorism. This led to the December 1995 ministerial in Ottawa, which announced a P-8 pledge to adopt all current counterterrorism treaties by the year 2000, to cooperate more closely in detecting forged documents and strengthening border surveillance, to share information more fully and effectively and to work together in preventing the use by terrorists of nuclear, biological and chemical weapons.

Iran's support of terrorism is a primary threat to peace in the Middle East and a major threat to innocent citizens everywhere. The President is determined to step up U.S. efforts bringing international pressure to bear on Iran for its support of terrorism. President Clinton imposed an embargo against Iran, depriving it of the benefits of trade and investment with the United States. The embargo's immediate effect was to further disrupt an Iranian economy already reeling from mismanagement, corruption and stagnant oil prices. The United States also has sought the support of our friends and allies to adopt policies to limit Teheran's threatening behavior. The G-7 has joined us in condemning Iran's support for terrorism, and we have secured commitments from Russia and other members of the post-COCOM "Wassenaar Arrangement" export control regime not to sell weapons to Iran that have sensitive, dual-use technologies with military end-uses.

U.S. leadership and close coordination with other governments and international bodies will continue, as also demonstrated by the UN Security Council sanctions against Libya for the Pan Am 103 and UTA 772 bombings, an international convention dealing with detecting and controlling plastic explosives, and two important counterterrorism treaties — the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Aviation and the Convention for the Suppression of Unlawful Attacks Against the Safety of Maritime Navigation.

Fighting Drug Trafficking

The Administration has undertaken a new approach to the global scourge of drug abuse and trafficking that will better integrate domestic and international activities to reduce both the demand and the supply of drugs. Ultimate success will depend on concerted efforts and partnerships by the public, all levels of government and the American private sector with other governments, private groups and international bodies.

The U.S. shift in strategy from the past emphasis on transit interdiction to a more evenly balanced effort with source countries to build institutions, destroy trafficking organizations and stop supplies of illicit drugs is showing positive results. The leaders of the most influential South American drug mafias, the Medellin and Cali Cartels, have been apprehended. The President also has invoked the International Emergency Economic Powers Act to undercut their financial underpinnings, freezing their assets in the United States and barring U.S. persons from doing business with them. He has announced a major initiative to combat money laundering throughout the globe, and at his direction, the government has identified the front compa-

vies and frozen the assets of the Cali Cartel to cut off its economic lifelines and to stop people from dealing unknowingly with its companies.

In addition, the United States, in cooperation with key producing countries, has undertaken initiatives to reinforce its interdiction activities near the source of production. To help root out the corruption in which narcotics trafficking thrives, we are working to support and strengthen democratic institutions abroad. We are also cooperating with governments that demonstrate political will to confront the narcotics threat.

Two comprehensive strategies have been developed, one to deal with the problem of cocaine and another to address the growing threat from high-purity heroin entering this country. We will engage more aggressively with international organizations, financial institutions and nongovernmental organizations in counternarcotics cooperation.

At home and in the international arena, prevention, treatment and economic alternatives must work hand-in-hand with law enforcement and interdiction activities. Long-term efforts will be maintained to help nations develop healthy economies with fewer market incentives for producing narcotics. The United States has increased efforts abroad to foster public awareness and support for governmental cooperation on a broad range of activities to reduce the incidence of drug abuse. Public awareness of a demand problem in producing or trafficking countries can be converted into public support and increased governmental law enforcement to reduce trafficking and production. There has been a significant attitudinal change and awareness in Latin America and the Caribbean, particularly as producer and transit nations themselves become plagued with the ill effects of consumption.

Other Missions

The United States government is also responsible for protecting the lives and safety of Americans abroad. In order to carry out this responsibility, selected U.S. military forces are trained and equipped to evacuate Americans from such situations as the outbreak of civil or international conflict and natural or man-made disasters. For example, U.S. Marines evacuated Americans from Monrovia, Liberia, in August of 1990, and from Mogadishu, Somalia, in December of that year. In 1991, U.S. forces evacuated nearly 20,000 Americans from the Philippines over a three-week period following the eruption of Mount Pinatubo. In 1994, U.S. Marines, coupled with U.S. airlift, deployed to Burundi to help ensure the safe evacuation of U.S. citizens from ethnic fighting in Rwanda.

U.S. forces also provide invaluable training and advice to friendly governments threatened by subversion, lawlessness or insurgency. At any given time, we have small teams of military experts deployed in roughly 25 countries helping host governments cope with such challenges.

U.S. military forces and assets are frequently called upon to provide assistance to victims of floods, storms, drought and other humanitarian disasters. Both at home and abroad, U.S. forces provide emergency food, shelter, medical care and security to those in need.

Finally, the United States will continue as a world leader in space through its technical expertise and innovation. Over the past 30 years, as more and more nations have ventured into space, the United States has steadfastly recognized space as an international region. Since all nations are immediately accessible from space, the maintenance of an international legal regime for space, similar to the concept of freedom of the high seas, is especially important. Numerous attempts have been made in the past to impose legal limitations on access to space by countries that are unable, either technologically or economically, to join space-faring nations. As the commercial importance of space is developed, the United States can expect further pressure from nonparticipants to redefine the status of space, similar to what has been attempted with exclusive economic zones constraining the high seas.

Retaining the current international character of space will remain critical to achieving U.S. national security goals. Our main objectives in this area include:

- Continued freedom of access to and use of space;
- Maintaining the U.S. position as the major economic, political, military and technological power in space;
- Deterring threats to U.S. interests in space and defeating aggressive or hostile acts against U.S. space assets if deterrence fails;

- Preventing the spread of weapons of mass destruction to space;

- Enhancing global partnerships with other space-faring nations across the spectrum of economic, political and security issues.

Deciding When and How to Employ U.S. Forces

Our strategy calls for the preparation and deployment of American military forces in the United States and abroad to support U.S. diplomacy in responding to key dangers — those posed by weapons of mass destruction, regional aggression and threats to the stability of states.

Although there may be many demands for U.S. involvement, the need to husband limited resources requires that we must carefully select the means and level of our participation in particular military operations. And while it is unwise to specify in advance all the limitations we will place on our use of force, we must be as clear as possible about when and how we will use it.

There are three basic categories of national interests that can merit the use of our armed forces. The first involves America's vital interests, that is, interests that are of broad, overriding importance to the survival, security and vitality of our national entity — the defense of U.S. territory, citizens, allies and our economic well-being. We will do whatever it takes to defend these interests, including — when necessary—the unilateral and decisive use of military power. This was demonstrated clearly in the Persian Gulf through Desert Storm and, more recently, Vigilant Warrior, when Iraq threatened aggression against Kuwait in October 1994.

The second category includes cases in which important, but not vital, U.S. interests are threatened. That is, the interests at stake do not affect our national survival, but they do affect importantly our national well-being and the character of the world in which we live. In such cases, military forces should only be used if they advance U.S. interests, they are likely to be able to accomplish their objectives, the costs and risks of their employment are commensurate with the interests at stake and other means have been tried and have failed to achieve our objectives. Such uses of force should also be selective and limited, reflecting the relative saliency of the interests we have at stake. Haiti and Bosnia are the most recent examples in this category.

The third category involves primarily humanitarian interests. Here, our decisions focus on the resources we can bring to bear by using unique capabilities of our military rather than on the combat power of military force. Generally, the military is not the best tool to address humanitarian concerns. But under certain conditions, the use of our armed forces may be appropriate: when a humanitarian catastrophe dwarfs the ability of civilian relief agencies to respond; when the need for relief is urgent and only the military has the ability to jump-start the longer-term response to the disaster; when the response requires resources unique to the military; and when the risk to American troops is minimal. The relief operation in Rwanda is a good case in point. U.S. military forces performed unique and essential roles, stabilized the situation and then got out, turning the operation over to the international relief community.

The decision on *whether and when* to use force is therefore dictated first and foremost by our national interests. In those specific areas where our vital or survival interests are at stake, our use of force will be decisive and, if necessary, unilateral. In other situations posing a less immediate threat, our military engagement must be targeted selectively on those areas that most affect our national interests — for instance, areas where we have a sizable economic stake or commitments to allies and areas where there is a potential to generate substantial refugee flows into our nation or our allies'.

Second, in all cases, the costs and risks of U.S. military involvement must be judged to be commensurate with the stakes involved. We will be more inclined to act where there is reason to believe that our action will bring lasting improvement. On the other hand, our involvement will be more circumscribed when other regional or multilateral actors are better positioned to act than we are. Even in these cases, however, the United States will be actively engaged at the diplomatic level. But in every case, we will consider several critical questions before committing military force: Have we considered nonmilitary means that offer a reasonable chance of success? Is there a clearly defined, achievable mission? What is the environment of risk we are entering? What is needed to achieve our goals? What are the potential costs — both human and financial

— of the engagement? Do we have a reasonable likelihood of support from the American people and their elected representatives? Do we have timelines and milestones that will reveal the extent of success or failure, and in either case, do we have an exit strategy?

The decision on *how* we use force has a similar set of derived guidelines:

First, when we send American troops abroad, we will send them with a clear mission and, for those operations that are likely to involve combat, the means to achieve their objectives decisively, having answered the questions: What types of U.S. military capabilities should be brought to bear, and is the use of military force carefully matched to our political objectives?

Second, as much as possible, we will seek the help of our allies and friends or of relevant international institutions. If our most important national interests are at stake, we are prepared to act alone. But especially on those matters touching directly the interests of our allies, there should be a proportionate commitment from them. Working together increases the effectiveness of each nation's actions, and sharing the responsibilities lessens everyone's load.

These, then, are the calculations of interest and cost that have influenced our past uses of military power and will guide us in the future. Every time this Administration has used force, it has balanced interests against costs. And in each case, the use of our military has put power behind our diplomacy, allowing us to make progress we would not otherwise have achieved.

One final consideration regards the central role the American people rightfully play in how the United States wields its power abroad: the United States cannot long sustain a fight without the support of the public, and close consultations with Congress are important to this effort. This is true for humanitarian and other nontraditional interventions, as well as war. Modern media communications confront every American with images that both stir the impulse to intervene and raise the question of an operation's costs and risks. When it is judged in America's interest to intervene, we must use force with an unwavering commitment to our objective. While we must continue to reassess any operation's costs and benefits as it unfolds and the full range of our options, reflexive calls for early withdrawal of our forces as soon as casualties arise endangers our objectives as well as our troops. Doing so invites any rogue actor to attack our troops to try to force our departure from areas where our interests lie.

Combating the Spread and Use of Weapons of Mass Destruction and Missiles

Weapons of mass destruction — nuclear, biological and chemical — along with their associated delivery systems, pose a major threat to our security and that of our allies and other friendly nations. Thus, a key part of our strategy is to seek to stem the proliferation of such weapons and to develop an effective capability to deal with these threats. We also need to maintain robust strategic nuclear forces and to implement existing strategic arms agreements.

Nonproliferation and Counterproliferation

A critical priority for the United States is to stem the proliferation of nuclear, biological and chemical weapons and their missile delivery systems. Countries' weapons programs, and their levels of cooperation with our nonproliferation efforts, will be among our most important criteria in judging the nature of our bilateral relations.

Through programs such as the Nunn-Lugar Cooperative Threat Reduction effort and other denuclearization initiatives, important progress has been made to build a more secure international environment by combating the threat posed by the possible theft or diversion of nuclear warheads or their components. One striking example was the successful transfer in 1994 of nearly six hundred kilograms of vulnerable nuclear material from Kazakstan to safe storage in the United States. Kazakstan was concerned about the security of the material and requested U.S. assistance in removing it to safe storage. The Departments of Defense and Energy undertook a joint mission to retrieve the uranium. At the direction of the President, the two Departments have intensified their cooperative programs with Russia and other new independent states to enhance the security of nuclear material. These programs encompass both efforts to improve overall systems for nuclear material protection, control and accounting and targeted efforts to address specific proliferation risks. Under an agreement we secured with Russia, it is converting tons of highly enriched uranium from dismantled weapons into

commercial reactor fuel and has begun delivering that fuel to the United States. With the United States and Russia, Ukraine is implementing the Trilateral Statement, which provides for the transfer of all nuclear warheads from Ukraine to Russia for dismantlement in return for fair compensation. Three-quarters of the nuclear weapons located in Ukraine at the beginning of 1994 have now been transferred to Russia for dismantlement. All the nuclear warheads in Kazakstan have been removed, and most are out of Belarus.

A key objective of our nonproliferation strategy was realized in May 1995 when a consensus of the parties to the Nuclear Non-Proliferation Treaty (NPT) extended the Treaty indefinitely and without conditions. That result ensured that all Americans today, as well as all succeeding generations, can count on the continuation of the Treaty that serves as the bedrock of all global efforts to halt the spread of nuclear weapons.

Achieving a zero-yield Comprehensive Test Ban Treaty as soon as possible, achieving a cut-off of fissile material production for nuclear weapons purposes and strengthening the Nuclear Suppliers Group and the International Atomic Energy Agency (IAEA) are important goals. They complement our comprehensive efforts to discourage the accumulation of fissile materials, to seek to strengthen controls and constraints on those materials, and over time, to reduce worldwide stocks.

To combat missile proliferation, the United States seeks prudently to broaden membership of the Missile Technology Control Regime (MTCR). The Administration supports the earliest possible ratification and entry into force of the Chemical Weapons Convention (CWC) as well as new measures to deter violations of and enhance compliance with the Biological Weapons Convention (BWC). We also support improved export controls for nonproliferation purposes both domestically and multilaterally.

The proliferation problem is global, but we must tailor our approaches to specific regional contexts. We have concluded an Agreed Framework to bring North Korea into full compliance with its nonproliferation obligations, including the NPT and IAEA safeguards. The agreement also requires North Korea to freeze and eventually dismantle its indigenous nuclear program under IAEA monitoring. We will continue efforts to prevent Iran from advancing its weapons of mass destruction objectives and to thwart Iraq from reconstituting its previous programs. The United States seeks to cap, reduce and, ultimately, eliminate the nuclear and missile capabilities of India and Pakistan. In the Middle East and elsewhere, we encourage regional arms control agreements that address the legitimate security concerns of all parties. These tasks are being pursued with other states that share our concern for the enormous challenge of stemming the proliferation of such weapons.

The United States has signed bilateral agreements with Russia, Ukraine and South Africa, which commit these countries to adhere to the guidelines of the MTCR. We also secured China's commitment to observe the MTCR guidelines and its agreement not to transfer MTCR-controlled, ground-to-ground missiles. Russia has agreed not to transfer space-launch vehicle technology with potential military applications to India. South Africa has agreed to dismantle its Category I (500 kilogram payload, 300 kilometer range) missile systems and has joined the NPT and accepted full-scope safeguards. Hungary, the Czech Republic, the Slovakia Republic, Poland and Romania have joined the Australia Group (which controls the transfer of items that could be used to make chemical or biological weapons). Hungary, Argentina, Russia, Brazil and South Africa have joined the MTCR. Argentina, Brazil and Chile have brought the Treaty of Tlatelolco into force. There has been major progress on the dismantlement and removal of intercontinental ballistic missiles (ICBMs) located in Ukraine, Belarus and Kazakstan. Our Cooperative Threat Reduction (CTR) program has made a significant contribution to this effort.

Thus, the United States seeks to prevent additional countries from acquiring chemical, biological and nuclear weapons and the means to deliver them, and will use the full range of its intelligence capabilities to detect such activities. However, should such efforts fail, U.S. forces must be prepared to deter, prevent and defend against their use. As agreed at the January 1994 NATO Summit, we are working with our Allies to develop a policy framework to consider how to reinforce ongoing prevention efforts and to reduce the proliferation threat and protect against it.

The United States will retain the capacity to retaliate against those who might contemplate the use of weapons of mass destruction so that the costs of such use will be

seen as outweighing the gains. However, to minimize the impact of proliferation of weapons of mass destruction on our interests, we will need the capability not only to deter their use against either ourselves or our allies and friends but also, where necessary and feasible, to prevent it.

This will require improved defensive and offensive capabilities. To minimize the vulnerability of our forces abroad to weapons of mass destruction, we are placing a high priority on improving our ability to locate, identify and disable arsenals of weapons of mass destruction, production and storage facilities for such weapons and their delivery systems. We also have vigorous and highly effective theater missile defense development programs designed to protect against conventional weapons and weapons of mass destruction. Although the intelligence community does not believe that an intercontinental-range missile threat to our homeland is likely to emerge from rogue states in the foreseeable future, we are developing a national missile defense deployable readiness program so we can respond quickly (within 2-3 years) should a sooner-than-expected threat materialize.

Nuclear Forces

In September 1994, the President approved the recommendations of the Pentagon's Nuclear Posture Review (NPR). A key conclusion of this review is that the United States will retain a triad of strategic nuclear forces sufficient to deter any future hostile foreign leadership with access to strategic nuclear forces from acting against our vital interests and to convince it that seeking a nuclear advantage would be futile. Therefore, we will continue to maintain nuclear forces of sufficient size and capability to hold at risk a broad range of assets valued by such political and military leaders. The President approved the NPR's recommended strategic nuclear force posture as the U.S. START II force. The forces are: 500 Minuteman ICBMs, 14 Trident submarines all with D-5 missiles, 20 B-2 and 66 B-52 strategic bombers, and a non-nuclear role for the B-ls. This force posture allows us the flexibility to reconstitute or reduce further, as conditions warrant. The NPR also reaffirmed the current posture and deployment of nonstrategic nuclear forces, and the United States has eliminated carrier and surface ship nuclear weapons capability.

Arms Control

Arms control is an integral part of our national security strategy. Arms control can help reduce incentives to initiate attack; enhance predictability regarding the size and structure of forces, thus reducing fear of aggressive intent; reduce the size of national defense industry establishments and thus permit the growth of more vital, nonmilitary industries; ensure confidence in compliance through effective monitoring and verification; and, ultimately, contribute to a more stable and calculable balance of power.

In the area of strategic arms control, prescribed reductions in strategic offensive arms and the steady shift toward less destabilizing systems remain indispensable. Ukraine's December 1994 accession to the Nuclear Non-proliferation Treaty — joining Belarus and Kazakstan's decision to be non-nuclear weapon states — was followed immediately by the exchange of instruments of ratification and brought the START I treaty into force at the December 1994 CSCE summit, paving the way for the Senate's advice and consent for ratification of the 1993 START II Treaty on January 26, 1996. Under START II, the United States and Russia will each be left with between 3,000 and 3,500 deployed strategic nuclear warheads, which is a two-thirds reduction from the Cold War peak. Presidents Clinton and Yeltsin have agreed that once START II is ratified by both countries, both nations will immediately begin to deactivate or otherwise remove from combat status, those systems whose elimination will be required by that treaty, rather than waiting for the treaty to run its course through the year 2003. START II ratification will also open the door to the next round of strategic arms control, in which we will consider what further reductions in, or limitations on, remaining U.S. and Russian nuclear forces should be carried out. We will also explore strategic confidence-building measures and mutual understandings that reduce the risk of accidental war.

The full and faithful implementation of other existing arms control agreements, including the Anti-Ballistic Missile (ABM) Treaty, Strategic Arms Reduction Talks I (START I), Biological Weapons Convention (BWC), Intermediate-range Nuclear Forces (INF) Treaty, Conventional Forces in Europe (CFE) Treaty, several nuclear testing agreements, the 1994 Vienna Document on Confidence and Security-Building Measures (CSBMs), Open Skies, the Environmental Modification Convention (EnMod), Incidents at Sea and many others will remain an important element

of national security policy. The ongoing negotiation initiated by the United States to clarify the ABM Treaty by establishing an agreed demarcation between strategic and theater ballistic missiles, and updating the Treaty to reflect the break-up of the Soviet Union as well as the Administration's efforts to resolve the CFE flank issue on the basis of a map realignment, reflects the Administration's commitment to maintaining the integrity and effectiveness of crucial arms control agreements.

Future arms control efforts may become more regional and multilateral. Regional arrangements can add predictability and openness to security relations, advance the rule of international law and promote cooperation among participants. They help maintain deterrence and a stable military balance at regional levels. The United States is prepared to promote, help negotiate, monitor and participate in regional arms control undertakings compatible with American national security interests. We will generally support such undertakings but will not seek to impose regional arms control accords against the wishes of affected states. In this regard, the United States, United Kingdom and France announced they would sign the protocols to the South Pacific Nuclear Free Zone in the first half of 1996.

As arms control, whether regional or global, becomes increasingly multilateral, the Conference on Disarmament (CD) in Geneva will play an even more important role. The United States will support measures to increase the effectiveness and relevance of the CD. Arms control agreements can head off potential arms races in certain weapons categories or in some environments. We will continue to seek greater transparency, responsibility and, where appropriate, restraint in the transfer of conventional weapons and global military spending. The UN register of conventional arms transfers is a start in promoting greater transparency of weapons transfers and buildups, but more needs to be done.

In February 1995, the President approved a comprehensive policy on transfers of conventional arms that balances legitimate arms sales to support the national security of U.S. allies and friends and the need for multilateral restraint in transferring arms that would undermine stability. The United States has also led international efforts to create the multilateral "Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-use Goods and Technology" — the successor to the Coordinating Committee for East-West Trade (COCOM) — to provide a regime for transparency and restraint on dangerous transfers of conventional arms and dual-use technologies. Measures to reduce over-sized defense industrial establishments, especially those parts involved with weapons of mass destruction, will also contribute to stability in the post-Cold War world. The Administration has pursued defense conversion agreements with the former Soviet Union states, and defense conversion is also on the agenda with China. The United States has also proposed a regime to reduce the number and availability of the world's long-lived antipersonnel mines whose indiscriminate and irresponsible use has reached crisis proportions. In addition, the Administration is leading the international effort to strengthen the laws governing landmine use in the 1980 Convention on Conventional Weapons. The Administration obtained Senate consent to ratification of this Convention in March 1995.

Peace Operations

In addition to preparing for major regional contingencies and overseas presence, we must prepare our forces for peace operations to support democracy or conflict resolution. The United States, along with others in the international community, will seek to prevent and contain localized conflicts before they require a military response. U.S. support capabilities such as airlift, intelligence and global communications have often contributed to the success of multilateral peace operations, and they will continue to do so. U.S. combat units are less likely to be used for most peace operations, but in some cases their use will be necessary or desirable and justified by U.S. national interests as guided by the Presidential Decision Directive, 'U.S. Policy on Reforming Multilateral Peace Operations,' and outlined below.

Multilateral peace operations are an important component of our strategy. From traditional peacekeeping to peace enforcement, multilateral peace operations are sometimes the best way to prevent, contain or resolve conflicts that could otherwise be far more costly and deadly.

Peace operations often have served, and continue to serve, important U.S. national interests. In some cases, they have helped preserve peace between nations, as in Cyprus and the Golan Heights. In others, peacekeepers have provided breathing room for fledgling democracies, as in Cambodia, El Salvador and Namibia. And in Latin America, the United States, along with fellow Guarantors of the 1942

Rio Protocol Argentina, Brazil and Chile, has contributed to a border monitoring effort to stop fighting between Peru and Ecuador and help achieve a lasting resolution of their border dispute.

At the same time, however, we must recognize that some types of peace operations make demands on the UN that exceed the organization's capabilities. The United States is working with the UN headquarters and other member states to ensure that the UN embarks only on peace operations that make political and military sense and that the UN is able to manage effectively those peace operations it does undertake. We support the creation of a professional UN peace operations headquarters with a planning staff, access to timely intelligence, a logistics unit that can be rapidly deployed and a modern operations center with global communications. The United States has reduced our peacekeeping payments to 25 percent while working to ensure that other nations pay their fair share. We are also working to ensure that peacekeeping operations by appropriate regional organizations such as NATO and the OSCE can be carried out effectively.

In order to maximize the benefits of UN peace operations, the United States must make highly disciplined choices about when and under what circumstances to support or participate in them. The need to exercise such discipline is at the heart of President Clinton's policy on Reforming Multilateral Peace Operations. The President's policy review on peace operations — the most thorough ever undertaken by an Administration — requires the United States to undertake a rigorous analysis of requirements and capabilities before voting to support or participate in peace operations. The United States has not hesitated to use its position on the Security Council to ensure that the UN authorizes only those peace operations that meet these standards.

Most UN peacekeeping operations do not involve U.S. forces. On those occasions when we consider contributing U.S. forces to a UN peace operation, we will employ rigorous criteria, including the same principles that would guide any decision to employ U.S. forces. In addition, we will ensure that the risks to U.S. personnel and the command and control arrangements governing the participation of American and foreign forces are acceptable to the United States.

The question of command and control is particularly critical. There may be times when it is in our interest to place U.S. troops under the temporary operational control of a competent UN or allied commander. The United States has done so many times in the past — from the siege of Yorktown in the Revolutionary War to the battles of Desert Storm. However, under no circumstances will the President ever relinquish his command authority over U.S. forces.

Improving the ways the United States and the UN decide upon and conduct peace operations will not make the decision to engage any easier. The lesson we must take away from our first ventures in peace operations is not that we should forswear such operations but that we should employ this tool selectively and more effectively. In short, the United States views peace operations as a means to support our national security strategy, not as a strategy unto itself.

The President is firmly committed to securing the active support of the Congress for U.S. participation in peace operations. The Administration has set forth a detailed blueprint to guide consultations with Congress. With respect to particular operations, the Administration will undertake consultations on questions such as the nature of expected U.S. military participation, the mission parameters of the operation, the expected duration and budgetary implications. In addition to such operation-specific consultations, the Administration has also conducted regular monthly briefings for congressional staff and will deliver an Annual Comprehensive Report to Congress on Peace Operations. Congress is critical to the institutional development of a successful U.S. policy on peace operations, including the resolution of funding issues that have an impact on military readiness.

Two other points deserve emphasis. First, the primary mission of our Armed Forces is not peace operations; it is to deter and, if necessary, to fight and win conflicts in which our most important interests are threatened. Second, while the international community can create conditions for peace, the responsibility for peace ultimately rests with the people of the country in question.

Strong Intelligence Capabilities

U.S. intelligence capabilities are critical instruments of our national power and integral to implementing our national security strategy. Strong intelligence capabilities are needed to protect our nation by providing warning of

threats to U.S. national security, by providing support to the policy and military communities to prevail over these threats and by identifying opportunities for advancing our national interests through support to diplomacy. Decisionmakers, military commanders and policy analysts at all levels rely on the intelligence community to collect information unavailable from other sources and to provide strategic and tactical analysis to help surmount challenges to our national interests and security.

Because of the change in the security environment since the end of the Cold War, intelligence must address a wider range of threats and policy needs. In this demanding environment, the intelligence community must maintain its global reach, refine and further focus its collection efforts and work even more closely with the policy departments. Moreover, its analytic effort must provide a coherent framework to help senior U.S. officials manage a complex range of military, political and economic issues. Intelligence emphasis must be placed on preserving and enhancing those collection and analytic capabilities that provide unique information against those states and groups that pose the most serious threats to U.S. security.

To build greater focus, direction and responsiveness into these intelligence activities, the President last year signed a Presidential Decision Directive (PDD) on intelligence priorities. This Directive established for the first time a series of categories of intelligence needs. This PDD is a flexible document designed to accommodate shifting priorities within the categories. Current Presidential priorities include:

- Warning and management of threats that pose a direct or immediate threat to U.S. interests.
- "Rogue states" whose policies are consistently hostile to the United States.
- Countries that possess strategic nuclear forces that can pose a threat to the United States and its allies.
- Command and control of nuclear weapons and control of nuclear fissile materials.
- Transnational threats such as proliferation of weapons of mass destruction, international narcotics trafficking, international terrorism and international organized crime.
- Ongoing or potential major regional conflicts where the United States has national security interests.
- Intensified counterintelligence against hostile foreign intelligence services.

U.S. intelligence must not only monitor traditional threats but also assist the policy community to forestall new and emerging threats, especially those of a transnational nature. In carrying out these responsibilities, the intelligence community must:

- Support U.S. military operations worldwide. Whenever U.S. forces are deployed, the highest priority is to ensure that our military commanders receive the timely information required to execute successfully their mission while minimizing the loss of American lives.
- Support diplomatic efforts in pursuit of U.S. foreign policy objectives by providing policymakers and diplomats timely intelligence on political developments in key areas such as the Middle East, the Balkans and North Korea.
- Provide worldwide capabilities to detect, identify and deter efforts of foreign nations to develop weapons of mass destruction and ancillary delivery systems.
- Gather information on terrorist activities aimed at U.S. persons or interests and help thwart such activities whether conducted by well-organized groups or loose associations of disaffected individuals intent on striking at the United States.
- Provide worldwide capabilities to gather timely intelligence on current and emerging information technologies or infrastructure that may potentially threaten U.S. interests at home or abroad.
- Contribute where appropriate to policy efforts aimed at bolstering our economic prosperity.
- Provide the timely information necessary to monitor treaties, promote democracy and free markets, forge alliances and track emerging threats.

The collection and analysis of economic intelligence will play an increasingly important role in helping policy-

makers understand economic trends. Economic intelligence can help by identifying threats to private U.S. economic enterprises from foreign intelligence services as well as unfair trading practices. Intelligence must also identify emerging threats that could affect the international economy and the stability of some nation states, such as the upsurge in international organized crime and illegal trafficking in narcotics.

The development and implementation of U.S. policies to promote democracy abroad relies on sound intelligence support. In order to forecast adequately dangers to democracy abroad, the intelligence community and policy departments must track political, economic, social and military developments in those parts of the world where U.S. interests are most heavily engaged and where collection of information from open sources is inadequate. This often leads to early warning of potential crises and facilitates preventive diplomacy.

Improving the management of intelligence resources and focusing on the principal concerns of policymakers and military commanders enhances the value of intelligence and contributes to our national well-being. The establishment, for example, of the National Imagery and Mapping Agency will provide a more integrated imagery capability that will be especially important in providing warning of threats to U.S. and allied interests and in supporting crisis management and military operations. Intelligence producers must develop closer relationships with the users of intelligence to make products more responsive to current consumer needs. This includes identifying emerging threats to modern information systems and supporting the development of protection strategies. The continuous availability of intelligence, especially during crises, is of crucial importance. Also underlying all intelligence activities must be an increased awareness of, and enhanced capabilities in, counterintelligence. Finally, to enhance the study and support of worldwide environmental, humanitarian and disaster relief activities, technical intelligence assets — especially imagery — must be directed to a greater degree toward collection of data on these subjects.

Fighting International Organized Crime

International organized crime jeopardizes the global trend toward peace and freedom, undermines fragile new democracies, saps the strength from developing countries and threatens our efforts to build a safer, more prosperous world. The rise of organized crime in the new independent states of the former Soviet Union and Central Europe weakens new democracies and poses a direct threat to U.S. interests, particularly in light of the potential for the theft and smuggling by organized criminals of nuclear materials left within some of these nations.

The Administration has launched a major initiative to combat international organized crime. Criminal enterprises are presently moving vast sums of illegal gains through the international financial system with impunity. In addition to invoking the International Emergency Economic Powers Act to undercut the financial underpinnings of criminal enterprises, the President has ordered an action plan to combat money laundering throughout the globe by directing the government to identify and put on notice nations that tolerate money laundering. We intend to work with these nations to bring their banks and financial systems into conformity with the international standards against moneylaundering — or we will consider sanctions. The Justice Department is also drafting legislation, which will be submitted to Congress, to provide U.S. agencies with the tools they need to respond to organized criminal activity.

Because the threat of organized crime comes from abroad as well as at home, we will work with other nations to keep our citizens safe. The President's invitation at the United Nations to all countries to join the United States in fighting international organized crime by measures of their own and by negotiating and endorsing an international declaration on citizens' safety — a declaration which would include a "no-sanctuary for organized criminals" pledge — is an effort to enhance our international cooperative efforts to protect our people.

International crime organizations target nations whose law enforcement agencies lack the experience and capacity to stop them. To help police in the new democracies of Central Europe, Hungary and the United States established an international law enforcement academy in Budapest. The President also proposed last year at the United Nations an effective police partnership that would establish a network of such centers around the world to share the latest crime-fighting techniques and technology.

The President's initiative also targeted the criminal or quasi-legal enterprises that have begun to develop an enor-

mous gray-market trade in illegal weapons. By forging documents or diverting deliveries of armaments, these networks have been able to move weapons to areas of conflict or instability. The graymarket continues to fuel insurgencies and subvert international arms embargoes. These networks serve criminals and terrorists alike, and parasitically feed off and ultimately threaten, the open markets and open societies that we have worked so hard to advance.

National Security Emergency Preparedness

We will do all we can to prevent destructive forces such as terrorism, the proliferation of weapons of mass destruction, threats to our information systems and catastrophes from within such as natural disasters, from endangering our citizens. But we must also be prepared to respond effectively if an emergency does occur in order to ensure the survivability of our institutions and national infrastructure, protect lives and property and preserve our way of life. National security emergency preparedness is imperative, and we must continue to work aggressively to ensure appropriate threat mitigation and response capabilities, including the ability to restore to normalcy elements of our society affected by national security emergencies or disasters resulting in widespread disruption, destruction, injury or death. To this end, comprehensive, all-hazard emergency preparedness planning by all Federal departments and agencies continues to be a crucial national security requirement.

The Environment and Sustainable Development

The more clearly we understand the complex interrelationships between the different parts of our world's environment, the better we can understand the regional and even global consequences of local changes to the environment. increasing competition for the dwindling reserves of uncontaminated air, arable land, fisheries and other food sources and water, once considered 'free' goods, is already a very real risk to regional stability around the world. The range of environmental risks serious enough to jeopardize international stability extends to massive population flight from man-made or natural catastrophes, such as Chernobyl or the East African drought, and to large-scale ecosystem damage caused by industrial pollution, deforestation, loss of biodiversity, ozone depletion, desertification, ocean pollution and, ultimately, climate change. Strategies dealing with environmental issues of this magnitude will require partnerships between governments and nongovernmental organizations, cooperation between nations and regions, sustained scientific research and a commitment to a strategically focused, long-term policy for emerging environmental risks.

The decisions we make today regarding military force structures typically influence our ability to respond to threats 20 to 30 years in the future. Similarly, our current decisions regarding the environment and natural resources will affect the magnitude of their security risks over at least a comparable period of time, if not longer. The measure of our difficulties in the future will be settled by the steps we take in the present.

As a priority initiative, the U.S. successfully led efforts at the Cairo Conference to develop a consensus Program of Action to address the continuous climb in global population, including increased availability of family planning and reproductive health services, sustainable economic development, the empowerment of women to include enhanced educational opportunities and a reduction in infant and child mortality. Rapid population growth in the developing world and unsustainable consumption patterns in industrialized nations are the root of both present and potentially even greater forms of environmental degradation and resource depletion. A conservative estimate of the globe's population projects 8.5 billion people on the planet by the year 2025. Even when making the most generous allowances for advances in science and technology, one cannot help but conclude that population growth and environmental pressures will feed into immense social unrest and make the world substantially more vulnerable to serious international frictions.

Promoting Prosperity at Home

A central goal of our national security strategy is to promote America's prosperity through efforts both at home and abroad. Our economic and security interests are increasingly inseparable. Our prosperity at home depends on engaging actively abroad. The strength of our diplomacy, our ability to maintain an unrivaled military, the attractiveness of our values abroad — all these depend in part on the strength of our economy.

Enhancing American Competitiveness

Our primary economic goal is to strengthen the American economy. The first step toward that goal was reducing the federal deficit and the burden it imposes on the economy and future generations. The economic program passed in 1993 has restored investor confidence in the United States and strengthened our position in international economic negotiations. Under the Clinton economic plan, the federal budget deficit as a percentage of the Gross Domestic Product was lowered from 4.9 percent in Fiscal Year 1992 to 2.4 percent in Fiscal Year 1995 — the lowest since 1979. And Fiscal Year 1995 was the first time that the deficit has been reduced three years in a row since the Truman Administration. We are building on this deficit reduction effort with other steps to improve American competitiveness: investing in science and technology; assisting integration of the commercial and military industrial sectors; improving information networks and other vital infrastructure; and improving education and training programs for America's workforce. We are structuring our defense R&D effort to place greater emphasis on dual-use technologies that allow the military to capitalize on commercial-sector innovation for lower cost, higher quality and increased performance. We are also reforming the defense acquisition system so that we can develop and procure weapons and materiel more efficiently.

Strengthening Macroeconomic Coordination

As national economies become more integrated internationally, the United States cannot thrive in isolation from developments abroad. International economic expansion is benefiting from G-7 macroeconomic policy coordination. Our work to strengthen an effective, cooperative G-7 dialogue has led to better economic growth in the G-7 countries. In the United States, economic trends point to continued economic strength and sustained expansion. Conditions for growth among our G-7 partners appear to be in place for most countries, and inflation is well under control.

Enhancing Access to Foreign Markets

The success of American business and our ability to create quality jobs for our workers is more than ever dependent upon success in exporting to international markets. The ability to compete internationally also assures that our companies will continue to innovate and increase productivity, which in turn will lead to improvements in our own living standards. But to compete abroad, our firms need access to foreign markets, just as foreign industries have access to our open market. We vigorously pursue measures to increase access for our goods and services — through bilateral, regional and multilateral arrangements.

Export Strategy and Advocacy Program

In 1993, the Administration published a report creating America's first national export strategy and making 65 specific recommendations for reforming the way government works with the private sector to expand exports. Among the recommendations were significant improvements in advocacy, export financing, market information systems and product standards education. Our objective is to expand U.S. exports to over $1.2 trillion by the year 2000, which would mean some 5 million new American jobs and a total of some 16 million jobs supported by exports by the turn of the century.

Our export strategy is working. Since this Administration took office, the United States has regained its position from Germany as the world's largest exporter. We have designed and begun implementing new approaches to promoting exports, notably our strategy of focusing upon the ten "Big Emerging Markets" that will take more than a quarter of the world's imports by the year 2010. Our strong export performance has supported as many as 2 million new, export-related jobs since January 1993. But we know that we need to export more in the years ahead if we are to reduce further our trade deficit and raise living standards with high-wage jobs.

Export Controls

Another critical element in boosting U.S. exports is reforming the outdated export licensing system. In September 1993, we liberalized controls on more than $30 billion of computer exports, and in March 1994, we eliminated controls on virtually all civilian telecommunications equipment to the former Soviet Union, Central and Eastern Europe and China. The Administration is also seeking comprehensive reform of the Export Administration Act, which governs the process of export

licensing. The goal of this reform is to strengthen our ability to combat the proliferation of weapons of mass destruction and protect other national interests, while removing unnecessarily burdensome licensing requirements left over from the Cold War. In 1995, we eliminated controls on the export of computers to our closest allies and liberalized controls on other computer exports consistent with our national security interests.

Expanding the Realm of Open Markets

The conclusion of NAFTA, the Uruguay Round of GATT, the Bogor Declaration of the 1994 APEC leaders meeting and 1995 Osaka Action Plan, the Summit of the Americas' Action Plan and the U.S.-EU Transatlantic Marketplace represent unprecedented progress toward more open markets both at the regional and global levels. The Administration intends to continue its efforts in further enhancing U.S. access to foreign markets. The World Trade Organization (WTO) will provide a new institutional lever for securing such access. Emerging markets, particularly along the Pacific Rim, present vast opportunities for American enterprise, and APEC now provides a suitable vehicle for the exploration of such opportunities. Similarly, the United States convened the Summit of the Americas to seize the opportunities created by the movement toward open markets throughout the hemisphere. The Transatlantic Marketplace launched with the European Union in Madrid in December 1995, will further expand our economic ties. All such steps in the direction of expanded trading relationships will be undertaken in a way consistent with protection of the international environment and towards the goal of sustainable development here and abroad.

The North American Free Trade Agreement

On December 3, 1993, President Clinton signed the North American Free Trade Act (NAFTA), which creates a free trade zone among the United States, Canada and Mexico. NAFTA has already created nearly 310,000 American jobs because of exports to our NAFTA partners. NAFTA has also increased Mexico's capacity to cooperate with our nation on a wide range of issues that cross our 2,000 mile border — including the environment, narcotics trafficking and illegal immigration. This Free Trade Act helped insulate our trade relationship with Mexico and protect and increase U.S. exports to that country — and the jobs they support — during the 1995 Mexican financial crisis and the subsequent economic recession and adjustment period. We have also begun negotiations with Chile on expanding NAFTA's membership.

Asia Pacific Economic Cooperation

Our economic relations depend vitally on our ties with the Asia Pacific region, which is the world's fastest-growing economic area. In November 1993, President Clinton convened the first-ever summit of the leaders of the economies that constitute the Asia Pacific Economic Cooperation (APEC) forum. U.S. initiatives in the APEC forum will open new opportunities for economic cooperation and permit U.S. companies to expand their involvement in substantial infrastructure planning and construction throughout the region. The trade and investment framework agreed to in 1993 provided the basis for enhancing the 'open regionalism' that defines APEC. At the second leaders meeting in November 1994, APEC leaders embraced the goal of free and open trade and investment throughout the region by 2020. A third meeting in Osaka, Japan, in 1995 adopted an action agenda for facilitating and measuring progress toward that goal.

Uruguay Round of GATT

The successful conclusion in December 1993 of the Uruguay Round of the negotiations under the General Agreement on Tariffs and Trade (GATT), after seven years and three "final" deadlines, significantly strengthened the world trading system. The Uruguay Round accord is the largest, most comprehensive trade agreement in history. It will reduce tariffs by 40 percent and extend trade rules to agriculture, services and international property rights. The U.S. economy is expected to gain $150 billion per year in GNP once the Uruguay Round is fully phased in, which will create hundreds of thousands of new U.S. jobs and expand opportunities for U.S. businesses. Working with Congress, the President secured U.S. approval of this path-breaking agreement and the resulting World Trade Organization, which provides a forum to resolve disputes openly. The President remains committed to ensuring that the commitments in the Uruguay Round agreement are fulfilled.

U.S. - **Japan Framework Agreement**

The Administration continues to make progress with Asia's largest economy and America's second largest trading partner in increasing market access and strengthening sustainable economic growth internationally. Since the U.S.-Japan Framework for Economic Partnership was established by President Clinton and Prime Minister Miyazawa in 1993, we have reached 20 market access agreements with Japan covering a range of key sectors, such as medical technologies, telecommunications, insurance, flat glass, financial services and intellectual property rights. Our merchandise exports to Japan in the sectors covered by these agreements have expanded at a rate that is more than double that of export growth to Japan in the noncovered sectors. In August 1995, we concluded a landmark agreement in automobile and auto parts trade, the largest sector of our bilateral trade deficit, and last summer we took steps to support market access for U.S. transport services.

The Administration is committed to ensuring that competitive American goods and services have fair access to the Japanese market. In addition, the Administration is working with Japan to address common challenges to sustainable economic development through the Framework's Common Agenda for Cooperation in Global Perspective. Partnerships have been strengthened in the environment, human health and advanced technology development, and new initiatives were launched this year that address education, food security, counter-terrorism, natural disaster mitigation, combating emerging infectious diseases and nation-building. This Administration will continue to seek partnerships that help both nations fulfill our international responsibilities as the world's two largest economies.

Summit of the Americas

America's economy benefits enormously from the opportunity offered by the commitment of the 34 democratic nations of the Western Hemisphere to negotiate by 2005 a Free Trade Area of the Americas (FTAA) . The Western Hemisphere is our largest export market, constituting over 35 percent of all U.S. sales abroad. The action plan will accelerate progress toward free, integrated markets that will create new, high-wage jobs and sustain economic growth for America. The June 1995 Trade Ministerial created seven working groups to begin preparations for the negotiation of the FTAA.

U.S.-EU Transatlantic Marketplace

On December 3, 1995, President Clinton launched the New Transatlantic Agenda at the U.S.-EU Summit in Madrid, Spain. As part of this agenda, the United States and the European Union (EU) agreed to take concrete steps to reduce barriers to trade and investment through the creation of a New Transatlantic Marketplace. The United States and the EU also will explore the possibility of agreeing on further tariff reductions and accelerated reductions in tariffs already agreed to in the Uruguay Round; negotiate agreements on mutual recognition of certification and testing procedures; conclude a customs cooperation and mutual assistance agreement; carry out a joint study of tariff and nontariff barriers to trade and options for their elimination; and work together in the Organization of Economic Cooperation and Development (OECD) and the WTO to achieve agreements on foreign investment and telecommunications services.

OECD Multilateral Investment Agreement

In May 1995, the United States helped launch OECD negotiations of a Multilateral Agreement on Investment, which will be a state-of-the-art investment agreement. The negotiations are intended to conclude by 1996. There is already broad consensus that the agreement will be based on high standards, including national and most-favored-nation treatment, and that exceptions would be limited and narrowly drawn. We are seeking to establish clear legal standards on expropriation, access to binding international arbitration for disputes and unrestricted investment-related transfers across borders. If successful, these negotiations would help further our efforts on investment issues in Asia and in the WTO.

Preparing International Economic Institutions for the 21st Century

At the initiative of President Clinton at the Naples Economic Summit in 1994, the G-7 undertook an intensive review of the international financial and economic institutions to consider how to prepare them for the 21st Century. At the following year's summit in Halifax, Canada, the G-7 proposed a number of important reforms and initiatives. These include measures to improve our capacity to prevent and mitigate international financial crises; the creation of a more effective early warning and

prevention system with an emphasis on improved disclosure of financial and economic data; the establishment of a new Emergency Financing Mechanism to provide the means for a quick and surgical international response to crises with systemic implications; a doubling of the resources available under the General Arrangement to Borrow, including from new participants with a stake in the system; and instituting a review of procedures that might facilitate the orderly resolution of international debt crises in a financial environment characterized by a greater diversity of creditors and financial instruments. Another important area considered at Halifax concerns international financial regulation. The G-7 leaders committed to intensify cooperation among financial authorities to limit systemic risk and pledged to develop and enhance safeguards, standards, transparency and systems to reduce risk.

At Halifax, the G-7 leaders also endorsed a blueprint for reforms of the World Bank and the regional development banks — reforms that the United States has been promoting for two and a half years. Key elements include: substantially increasing the share of resources devoted to basic social programs that invest in people and are a powerful force for poverty reduction, such as primary education for girls and basic health care; focus on safeguarding the environment; support for development of the private sector and the use of more innovative financial instruments to catalyze private capital flows; and internal reforms of the multilateral development banks, including consolidation, decentralization, increased transparency and cost reduction.

Providing for Energy Security

The United States depends on oil for more than 40% of its primary energy needs. Roughly half of our oil needs are met with imports, and a large share of these imports come from the Persian Gulf area. The experiences of the two oil shocks and the Gulf War show that an interruption of oil supplies can have a significant impact on the economies of the United States and its allies. Appropriate economic responses can substantially mitigate the balance of payments and inflationary impacts of an oil shock; appropriate security policy responses to events such as Iraq's invasion of Kuwait can limit the magnitude of the crisis.

Over the longer term, the United States' dependence on access to foreign oil sources will be increasingly important as our resources are depleted. The U.S. economy has grown roughly 75% since the first oil shock; yet during that time our oil consumption has remained virtually stable and oil production has declined. High oil prices did not generate enough new oil exploration and discovery to sustain production levels from our depleted resource base. These facts show the need for continued and extended reliance on energy efficiency and conservation and development of alternative energy sources. Conservation measures notwithstanding, the United States has a vital interest in unrestricted access to this critical resource.

Promoting Sustainable Development Abroad

Broad-based economic development not only improves the prospects for democratic development in developing countries but also expands the demands for U.S. exports. Economic growth abroad can alleviate pressure on the global environment, reduce the attraction of illegal narcotics trade and improve the health and economic productivity of global populations.

The environmental consequences of ill-designed economic growth are clear. Environmental damage will ultimately block economic growth. Rapid urbanization is outstripping the ability of nations to provide jobs, education and other services to new citizens. The continuing poverty of a quarter of the world's people leads to hunger, malnutrition, economic migration and political unrest. Widespread illiteracy and lack of technical skills hinder employment opportunities and drive entire populations to support themselves on increasingly fragile and damaged resource bases. New diseases, such as AIDS, and other epidemics which can be spread through environmental degradation, threaten to overwhelm the health facilities of developing countries, disrupt societies and stop economic growth. Developing countries must address these realities with national sustainable development policies that offer viable alternatives. U.S. leadership is of the essence to facilitate that process. If such alternatives are not developed, the consequences for the planet's future will be grave indeed.

Domestically, the United States is working hard to halt local and cross-border environmental degradation. In addition, the United States is fostering environmental technology that targets pollution prevention, control and cleanup. Companies that invest in energy efficiency, clean manufacturing and environmental services today will

create the high-quality, high-wage jobs of tomorrow. By providing access to these types of technologies, our exports can also provide the means for other nations to achieve environmentally sustainable economic growth. At the same time, we are taking ambitious steps at home to better manage our natural resources and reduce energy and other consumption, decrease waste generation and increase our recycling efforts.

Internationally, the Administration's foreign assistance program focuses on four key elements of sustainable development: broad-based economic growth; the environment; population and health; and democracy. We will continue to advocate environmentally sound private investment and responsible approaches by international lenders. As mentioned above, the Multilateral Development Banks (MDB's) are now placing increased emphasis upon sustainable development in their funding decisions, to include a commitment to perform environmental assessments on projects for both internal and public scrutiny. In particular, the Global Environmental Facility (GEF), established in 1994, provides a source of financial assistance to the developing world for climate change, biodiversity and oceans initiatives that will benefit all the world's citizens, including Americans.

The United States is taking specific steps in all of these areas:

- In June 1993, the United States signed the Convention on Biological Diversity, which aims to protect and utilize the world's genetic inheritance. The Interior Department created a National Biological Service to help protect species and to help the agricultural and biotechnical industries identify new sources of food, fiber and medications.

- New policies are being implemented to ensure the sustainable management of U.S. forests by the year 2000, as pledged internationally. In addition, U.S. bilateral forest assistance programs are being expanded, and the United States is promoting sustainable management of tropical forests.

- In the wake of the 1992 United Nations Conference on Environment and Development, the United States has undertaken initiatives to reduce land-based sources of marine pollution, maintain populations of marine species at healthy and productive levels and protect endangered marine mammals and coral reefs.

- The United States has focused technical assistance and encouraged nongovernmental environmental groups to provide expertise to the new independent states of the former Soviet Union and Central and Eastern European nations that have suffered the most acute environmental crises. The Agency for International Development, the Environmental Protection Agency and other U.S. agencies are engaged in technical cooperation with many countries around the world to advance these goals. The United States has also been working bilaterally with a number of developing countries to promote their sustainable development and to work jointly on global environmental issues.

- The Administration is leading a renewed global effort to address population problems and promote international consensus for stabilizing world population growth. Our comprehensive approach stresses family planning and reproductive health care, maternal and child health, education and improving the status of women. The 1994 International Conference on Population and Development held in Cairo, endorsed these approaches as important strategies in achieving our global population goals. At the 1995 UN Conference on Women in Beijing, the United States promoted women's — and children's — international rights.

- With regard to the United Nations, the G-7 leaders at the Halifax Summit in 1995 endorsed an ambitious effort to modernize the organization's economic and social functions through better coordination, consolidation of related agencies, rethinking agency mandates and creating an effective management culture in a smaller and more focused Secretariat. Following President Clinton's call for a UN reform commission, the UN General Assembly established the High Level Working Group on Strengthening the UN System in September 1995.

- In April 1993, President Clinton pledged that the United States would reduce our greenhouse gas emissions to 1990 levels by the year 2000, in accordance with the Framework Convention on Climate Change. In March 1995, we and other parties to the Convention agreed to negotiate steps to be taken beyond the year 2000. We are resolved to deal forcefully with this threat to our planet while preserving U.S. economic competitiveness.

- The United States and other countries have agreed to protect the ozone layer by phasing out use of the major ozone-depleting substances. In 1995, we also agreed with other nations to decrease use of additional ozone-depleting chemicals.

Promoting Democracy

All of America's strategic interests — from promoting prosperity at home to checking global threats abroad before they threaten our territory — are served by enlarging the community of democratic and free-market nations. Thus, working with new democratic states to help preserve them as democracies committed to free markets and respect for human rights, is a key part of our national security strategy.

One of the most gratifying and encouraging developments of the past 15 years is the explosion in the number of states moving away from repressive governance and toward democracy. Since the success of many of those experiments is by no means assured, our strategy of enlargement must focus on the consolidation of those regimes and the broadening of their commitment to democracy. At the same time, we seek to increase respect for fundamental human rights in all states and encourage an evolution to democracy where that is possible.

The enlargement of the community of market democracies respecting human rights and the environment is manifest in a number of ways:

- More than 30 nations in Central and Eastern Europe, the former Soviet Union, Latin America, Africa and East Asia have, over the past 10 years, adopted the structures of a constitutional democracy and held free elections;

- The nations of the Western Hemisphere have proclaimed their commitment to democratic regimes and to the collective responsibility of the nations of the OAS to respond to threats to democracy.

- In the Western Hemisphere, only Cuba is not a democratic state.

- Nations as diverse as South Africa and Cambodia have resolved bitter internal disputes with agreement on the creation of constitutional democracies.

The first element of our enlargement strategy is to work with the other democracies of the world and to improve our cooperation with them on security and economic issues. We also seek their support in enlarging the realm of democratic nations.

The core of our strategy is to help democracy and free-markets expand and survive in other places where we have the strongest security concerns and where we can make the greatest difference. This is not a democratic crusade; it is a pragmatic commitment to see freedom take hold where that will help us most. Thus, we must target our effort to assist states that affect our strategic interests, such as those with large economies, critical locations, nuclear weapons or the potential to generate refugee flows into our own nation or into key friends and allies. We must focus our efforts where we have the most leverage. And our efforts must be demand-driven — they must focus on nations whose people are pushing for reform or have already secured it.

Russia is a key state in this regard. If we can support and help consolidate democratic and market reforms in Russia — and in the other new independent states — we can help turn a former threat into a region of valued diplomatic and economic partnership. Our intensified interaction with Ukraine has helped move that country onto the path of economic reform, which is critical to its long-term stability. In addition, our efforts in Russia, Ukraine and the other states support and facilitate our efforts to achieve continued reductions in nuclear arms and compliance with international nonproliferation accords.

The new democracies in Central and Eastern Europe are another clear example, given their proximity to the great democratic powers of Western Europe, their importance to our security and their potential markets. Eventual integration into European security and economic organizations, such as NATO and the EU, will help lock in and preserve the impressive progress in instituting democratic and market-economic reforms that these nations have made.

Since our ties across the Pacific are no less important than those across the Atlantic, pursuing enlargement in the Asia Pacific theater is a third example. We will work to support the emerging democracies of the region and to encourage other states along the same path.

Continuing the great strides toward democracy and markets in our hemisphere is also a key concern and was behind the President's decision to host the Summit of the Americas in December 1994. As we continue such efforts, we should be on the lookout for states whose entry into the camp of market democracies may influence the future direction of an entire region; South Africa now holds that potential with regard to sub-Saharan Africa.

How should the United States help consolidate and enlarge democracy and markets in these states? The answers are as varied as the nations involved, but there are common elements. We must continue to help lead the effort to mobilize international resources, as we have with Russia, Ukraine and the other new independent states. We must be willing to take immediate public positions to help staunch democratic reversals, as we have in Haiti and Guatemala. We must give democratic nations the fullest benefits of integration into foreign markets, which is part of why NAFTA and the Uruguay Round of GATT ranked so high on our agenda. And we must help these nations strengthen the pillars of civil society, improve their market institutions and fight corruption and political discontent through practices of good governance.

At the same time as we work to ensure the success of emerging democracies, we must also redouble our efforts to guarantee basic human rights on a global basis. At the 1993 United Nations Conference on Human Rights, the United States forcefully and successfully argued for a reaffirmation of the universality of such rights and improved international mechanisms for their promotion. In the wake of this gathering, the UN has named a High Commissioner for Human Rights, and the rights of women have been afforded a new international precedence. The United States has taken the lead in assisting the UN to set up international tribunals to enforce accountability for the war crimes in the former Yugoslavia and in Rwanda. And the President has endorsed the creation of a Permanent Criminal Court to address violations of international humanitarian law.

The United States also continues to work for the protection of human rights on a bilateral basis. To demonstrate our own willingness to adhere to international human rights standards, the United States ratified the international convention prohibiting discrimination on the basis of race and the President signed the international convention on the rights of the child. The Administration is seeking Senate consent to ratification for the convention prohibiting discrimination against women. The United States played a major role in promoting women's rights internationally at the UN Women's Conference in September.

In all these efforts, a policy of engagement and enlargement should take on a second meaning: we should pursue our goals through an enlarged circle not only of government officials but also of private and nongovernmental groups. Private firms are natural allies in our efforts to strengthen market economies. Similarly, our goal of strengthening democracy and civil society has a natural ally in labor unions, human rights groups, environmental advocates, chambers of commerce and election monitors. Just as we rely on force multipliers in defense, we should welcome these diplomacy multipliers, such as the National Endowment for Democracy.

Supporting the global movement toward democracy requires a pragmatic and long-term effort focused on both values and institutions. The United States must build on the opportunities achieved through the successful conclusion of the Cold War. Our long-term goal is a world in which each of the major powers is democratic, with many other nations joining the community of market democracies as well.

Our efforts to promote democracy and human rights are complemented by our humanitarian assistance programs which are designed to alleviate human suffering and to pave the way for progress towards establishing democratic regimes with a commitment to respect for human rights and appropriate strategies for economic development. We are encouraging ideas such as the suggestion of Argentina's President Menem for the creation of an international civilian rapid response capability for humanitarian crises, including a school and training for humanitarian operations.

Through humanitarian assistance and policy initiatives aimed at the sources of disruption, we seek to mitigate the contemporary migration and refugee crises, foster long-term global cooperation and strengthen involved international institutions. The United States will provide appropriate financial support and will work with other nations and international bodies, such as the International Red Cross and the UN High Commissioner for Refugees, in seeking voluntary repatriation of refugees — taking into full consideration human rights concerns as well as the

economic conditions that may have driven them out in the first place. Helping refugees return to their homes in Mozambique, Afghanistan, Eritrea, Somalia and Guatemala, for example, is a high priority.

Relief efforts will continue for people displaced by the conflict in Bosnia and other republics of the former Yugoslavia. We will act in concert with other nations and the UN against the illegal smuggling of aliens into this country. In concert with the tools of diplomatic, economic and military power, our humanitarian and refugee policies can bear results, as was evident in Haiti. We provided temporary safe haven at Guantanamo Naval Base for those Haitians who feared for their safety and left by sea until we helped restore democracy.

III. Integrated Regional Approaches

The United States is a genuinely global power. Our policy toward each of the world's regions reflects our overall strategy tailored to their unique challenges and opportunities. This section highlights the application of our strategy to each of the world's regions; our broad objectives and thrust, rather than an exhaustive list of all our policies and interests. It illustrates how we integrate our commitment to the promotion of democracy and the enhancement of American prosperity with our security requirements to produce a mutually reinforcing policy.

Europe and Eurasia

Our strategy of engagement and enlargement is central to U.S. policy toward Europe. European stability is vital to our own security, a lesson we have learned twice at great cost this century. Vibrant European economies mean more jobs for Americans at home and investment opportunities abroad. With the collapse of the Soviet empire and the emergence of many new democratizing states in its wake, the United States has an unparalleled opportunity to contribute toward a free and undivided Europe. Our goal is an integrated democratic Europe cooperating with the United States to keep the peace and promote prosperity.

The first and most important element of our strategy in Europe must be security through military strength and cooperation. The Cold War is over, but war itself is not over.

We must work with our allies to ensure that the hard-won peace in the former Yugoslavia will survive and flourish after four years of war. U.S. policy is focused on five goals: sustaining a political settlement in Bosnia that preserves the country's territorial integrity and provides a viable future for all its peoples; preventing the spread of the conflict into a broader Balkan war that could threaten both allies and the stability of new democratic states in Central and Eastern Europe; stemming the destabilizing flow of refugees from the conflict; halting the slaughter of innocents; and helping to support NATO's central role in Europe while maintaining our role in shaping Europe's security architecture.

Our leadership paved the way to NATO's February 1994 ulti matum that ended the heavy Serb bombardment of Sarajevo, Bosnia's capital. Our diplomatic leadership then brought an end to the fighting between the Muslims and Croats in Bosnia and helped establish a bicommunal Bosnian-Croat Federation. In April 1994, we began working with the warring parties through the Contact Group (United States, Russia, United Kingdom, France and Germany) to help the parties reach a negotiated settlement.

This past summer, following Bosnian Serb attacks on the safe areas of Srebrenica and Zepa and in response to the brutal shelling of Sarajevo, the United States led NATO's heavy and continuous air strikes. At the same time, President Clinton launched a new diplomatic initiative aimed at ending the conflict for good. Intensive diplomatic efforts by our negotiators forged a Bosnia-wide cease-fire and got the parties to agree to the basic principles of peace. Three dedicated American diplomats — Robert Frasure, Joseph Kruzel and Nelson Drew — lost their lives in that effort.

Three intensive weeks of negotiations, led by the United States last November, produced the Dayton Peace Agreement. In the agreement, the parties committed to put down their guns; to preserve Bosnia as a single state; to investigate and prosecute war criminals; to protect the human rights of all citizens; and to try to build a peaceful, democratic future. And they asked for help from the United States and the international community in implementing the peace agreement.

Following the signature of the peace agreement in Paris on December 14, U.S. forces deployed to Bosnia as part of a NATO-led peace Implementation Force (IFOR). These forces, along with those of some 25 other nations, including all of our NATO allies, are working to ensure a stable and secure environment so that the parties have the confidence to carry out their obligations under the Dayton agreement. IFOR's task is limited to assisting the parties in implementing the military aspects of the peace agreement, including monitoring the cease-fire, monitoring and enforcing the withdrawal of forces and establishing and manning the zone of separation.

We anticipate a one-year mission for IFOR in Bosnia. The parties to the agreement have specific dates by which each stage of their obligations must be carried out, which started with the separation of forces within 30 days after IFOR assumed authority from UNPROFOR, and continuing with the removal of forces and heavy weapons to garrisons within 120 days.

During the second six months, IFOR will continue to maintain a stable and secure environment and prepare for and undertake an orderly drawdown of forces, while the parties themselves will continue to work with the international community to carry out the nonmilitary activities called for by the agreement. We believe that by the end of the first year we will have helped create a secure environment so that the people of Bosnia can travel freely throughout the country, vote in free elections and begin to rebuild their lives.

Civilian tasks of rebuilding, reconstruction, return of refugees arid human rights monitoring, which are absolutely essential to making the peace endure, have been undertaken by the entire international community under civilian coordination. International aid agencies are helping the people of Bosnia rebuild to meet the immediate needs of survival. There also is a long-term international reconstruction effort to repair the devastation brought about by years of war. This broad civilian effort is helping the people of Bosnia to rebuild, reuniting children with their parents and families with their homes and will allow the Bosnian people to choose freely their own leaders. It will give them a much greater stake in peace than war, so that peace takes on a life and a logic of its own.

We expect to contribute some $600 million over the next 3-4 years to reconstruction and relief funding. In view of the large role that U.S. forces are playing in implementing the military aspects of the agreement, we believe it is appropriate for Europe to contribute the largest share of the funds for reconstruction. The European Union has taken the lead in these efforts in tandem with the international financial institutions, in particular the World Bank. The Japanese and Islamic countries also are prepared to make significant contributions.

An important element of our exit strategy for IFOR is our commitment to achieving a stable military balance within Bosnia and among the states of the former Yugoslavia by the time IFOR withdraws. This balance will help reduce the incentives of the parties to return to war. This balance should be achieved, to the extent possible, through arms limitations and reductions, and the Dayton agreement contains significant measures in this regard.

But even with the implementation of the arms control provisions, the armed forces of the Federation, which have been the most severely constrained by the arms embargo, will still be at a disadvantage. Accordingly, we have made a commitment to the Bosnian government that we will play a leadership role in ensuring that the Federation receives the assistance necessary to adequately defend itself when IFOR leaves. However, because we want to assure the impartiality of IFOR, providing arms and training to Federation forces will not be done by either IFOR or U.S. military forces. The approach we intend to pursue for the United States is to coordinate the efforts of third countries and to lead an international effort, with U.S. involvement in the execution of the program to be done by contractors.

Our efforts in this connection already have begun. An assessment team to evaluate the needs of the Federation visited Bosnia in November 1995 and made recommendations regarding the Federation's defense requirements. A

special task force has been established at the Department of State to work with other interested states and to identify the best sources of essential equipment and training. We will proceed with this effort in a manner that is consistent with the UN resolution lifting the arms embargo, which allows planning and training to proceed immediately but prohibits the introduction of weapons to the region for three months and the transfer of heavy weapons for six months.

As we work to resolve the tragedy of Bosnia and ease the suffering of its victims, we also need to transform European and transatlantic institutions so they can better address such conflicts and advance Europe's integration. Many institutions will play a role, including the European Union (EU), the Western European Union (WEU), the Council of Europe (CE), the Organization for Security and Cooperation in Europe (OSCE) and the United Nations. But NATO, history's greatest political-military alliance, must be central to that process.

The NATO alliance will remain the anchor of American engagement in Europe and the linchpin of transatlantic security. That is why we must keep it strong, vital and relevant. For the United States and its allies, NATO has always been far more than a transitory response to a temporary threat. It has been a guarantor of European democracy and a force for European stability. That is why its mission endures even though the Cold War has receded into the past. And that is why its benefits are so clear to Europe's new democracies.

Only NATO has the military forces, the integrated command structure, the broad legitimacy and the habits of cooperation that are essential to draw in new participants and respond to new challenges. One of the deepest transformations within the transatlantic community over the past half-century occurred because the armed forces of our respective nations trained, studied and marched through their careers together. It is not only the compatibility of our weapons but the camaraderie of our warriors that provide the sinews behind our mutual security guarantees and our best hope for peace. In this regard, we applaud France's decision to resume its participation in NATO's defense councils.

The United States has significantly reduced the level of U.S. military forces stationed in Europe. We have determined that a force of roughly 100,000 U.S. military personnel assigned to the U.S. European Command will preserve U.S. influence and leadership in NATO and provide a deterrent posture that is visible to all Europeans. While we continue to examine the proper mix of forces, this level of permanent presence, augmented by forward deployed naval forces and reinforcements available from the United States, is sufficient to respond to plausible crises and contributes to stability in the region. Such a force level also provides a sound basis for U.S. participation in multinational training and preserves the capability to deter or respond to larger threats in Europe and to support limited NATO operations out of area.

NATO's mission is evolving, and the Alliance will continue to adapt to the many changes brought about in the aftermath of the end of the Cold War. Today, NATO plays a crucial role helping to manage ethnic and national conflict in Europe. With U.S. leadership, NATO has provided the muscle behind efforts to bring about a peaceful settlement in the former Yugoslavia. NATO air power enforced the UN-mandated no-fly zone and provided support to UN peacekeepers. NATO is now helping to implement the peace after the parties reached an agreement.

With the adoption of the U.S. initiative, Partnership for Peace, at the January 1994 summit, NATO is playing an increasingly important role in our strategy of European integration, extending the scope of our security cooperation to the new democracies of Central and Eastern Europe and the former Soviet Union. 27 nations, including Russia, have already joined the Partnership, which will pave the way for a growing program of military cooperation and political consultation. Partner countries are sending representatives to NATO headquarters near Brussels and to a military coordination cell at Mons — the site of Supreme Headquarters Allied Powers Europe (SHAPE). Combined exercises have taken place in virtually all of the Partners' countries and NATO nations. In keeping with our strategy of enlargement, PFP is open to all former members of the Warsaw Pact as well as other European states. Each partner will set the scope and pace of its cooperation with NATO. To facilitate progress toward PFP objectives, the U.S. Warsaw Initiative Program is directing $100 million to Partner nations this year.

The success of NATO's Partnership for Peace process and the increasing links developed between NATO and Partner nations have also begun to lay the foundation for the

Partners to contribute to real-world NATO missions such as the IFOR operation, Joint Endeavor. The participation of over a dozen Partner nations in IFOR demonstrates the value of our efforts to date and will contribute to the further integration of Europe.

The North Atlantic Treaty has always been open to the addition of members who shared the Alliance's purposes and its values, its commitment to respect borders and international law and who could add to its strength; indeed, NATO has expanded three times since its creation. In January 1994, President Clinton made it plain that "the question is no longer whether NATO will take on new members but when and how we will do so." The following December, we and our Allies began a steady, measured and transparent process that will lead to NATO enlargement. During 1995, the Alliance carried out the first phase in this process, by conducting a study of the process and principles that would guide the bringing in of new members. This enlargement study was completed in September 1995 and presented to interested members of the Partnership for Peace (PFP).

At its December 1995 foreign ministers meeting in Brussels, NATO announced the launching of the second phase of the enlargement process. All interested members of the Partnership for Peace will be invited, beginning in early 1996, to participate in intensive bilateral consultations with NATO aimed at helping them prepare for possible NATO membership. Participation will not guarantee that a participant will be invited to begin accession talks with NATO. Any such decision will be taken by NATO at a time of its own choosing, based on an overall assessment of Alliance security and interests. As part of this phase, NATO will also expand and deepen the Partnership for Peace, both as a means to further the enlargement process, but also to intensify relations between NATO and all members of the PFP. The second phase in the enlargement process will continue through 1996 and be reviewed and assessed by NATO foreign ministers at their December 1996 meeting.

Enlarging the Alliance will promote our interests by reducing the risk of instability or conflict in Europe's eastern half — the region where two world wars and the Cold War began. It will help assure that no part of Europe will revert to a zone of great power competition or a sphere of influence. It will build confidence and give new democracies a powerful incentive to consolidate their reforms. And each potential member will be judged according to the strength of its democratic institutions and its capacity to contribute to the goals of the Alliance. As the President has made clear, NATO enlargement will not be aimed at replacing one division of Europe with a new one; rather, its purpose is to enhance the security of all European states, members and nonmembers alike. In this regard, we have a major stake in ensuring that Russia is engaged as a vital participant in European security affairs. We are committed to a growing, healthy NATO-Russia relationship, including a mechanism for regular consultations on common concerns. The current NATO-Russia cooperation on Bosnia is a great stride forward. Also, we want to see Russia closely involved in the Partnership for Peace. Recognizing that no single institution can meet every challenge to peace and stability in Europe, we have begun a process that will strengthen the OSCE and enhance its conflict prevention and peacekeeping capabilities.

The second element of the new strategy for Europe is economic. The United States seeks to build on vibrant and open-market economies, the engines that have given us the greatest prosperity in human history over the last several decades in Europe and in the United States. To this end, we strongly support the process of European integration embodied in the European Union and seek to deepen our partnership with the EU in support of our economic goals, but also commit ourselves to the encouragement of bilateral trade and investment in countries not part of the EU. The United States supports appropriate enlargement of the European Union and welcomes the European Union's Customs Union with Turkey.

The nations of the European Union face particularly significant economic challenges with nearly 20 million people unemployed and, in Germany's case, the extraordinarily high costs of unification. Among the Atlantic nations, economic stagnation has clearly eroded public support in finances for outward-looking foreign policies and for greater integration. We are working closely with our West European partners to expand employment and promote long-term growth, building on the results of the Detroit Jobs Conference and the Naples G-7 Summit in 1994. In December 1995, the U.S. and EU launched the New Transatlantic Agenda, which moves the U.S.-EU relationship from consultation to joint action on a range of shared interests, including promoting peace, stability, democracy and development; responding to global challenges; and contributing to the expansion of world trade and closer economic relations.

In Northern Ireland, the Administration is implementing a package of initiatives to promote the peace process, including a successful trade mission, a management intern exchange program and cooperation to promote tourism. The White House Conference on Trade and Investment, held in May 1995, has led to new partnerships between firms in the United States and Northern Ireland that benefit both economies. The President's visit to Northern Ireland in November 1995, the first ever by an American President, drew an unprecedented wave of popular support for peace. We are continuing our support for investment and trade in Northern Ireland to create jobs that will underpin hopes for peace and reconciliation.

As we work to strengthen our own economies, we must know that we serve our own prosperity and our security by helping the new market reforms in the new democracies in Europe's East, which will help to deflate the region's demagogues. It will help ease ethnic tensions; it will help new democracies take root.

In Russia, Ukraine and the other new independent states of the former Soviet Union, the economic transformation they are undertaking is historical. The Russian Government has made substantial progress toward privatizing the economy (over 60 percent of the Russian Gross Domestic Product is now generated by the private sector) and reducing inflation, and Ukraine has taken bold steps of its own to institute much-needed economic reforms. But much remains to be done to build on the reform momentum to assure durable economic recovery and social protection. President Clinton has given strong and consistent support to this unprecedented reform effort and has mobilized the international community to provide structural economic assistance; for example, by securing agreement by the G-7 to make available four billion dollars in grants and loans as Ukraine has implemented economic reform. Through the Gore-Chernomyrdin Commission, the United States is working closely with Russia in priority areas, including defense, trade and science and technology.

The short-term difficulties of taking Central and Eastern Europe into Western economic institutions will be more than rewarded if they succeed and if they are customers for America's and Western Europe's goods and services tomorrow. That is why this Administration has been committed to increase support substantially for market reforms in the new states of the former Soviet Union and why we have continued our support for economic transition in Central and Eastern Europe, while also paying attention to measures that can overcome the social dislocations which have resulted largely from the collapse of the Soviet-dominated regional trading system. One step was a White House sponsored Trade and Investment Conference for Central and Eastern Europe, which took place in Cleveland in January, 1995.

Ultimately, the success of market reforms to the East will depend more on trade and investment than official aid. No one nation has enough resources to markedly change the future of those countries as they move to free market systems. One of our priorities, therefore, is to reduce trade barriers with the former communist states.

The third and final imperative of this new strategy is to support the growth of democracy and individual freedoms that has begun in Russia, the nations of the former Soviet Union and Europe's former communist states. The success of these democratic reforms makes us all more secure; they are the best answer to the aggressive nationalism and ethnic hatreds unleashed by the end of the Cold War. Nowhere is democracy's success more important to us all than in these countries.

This will be the work of generations. There will be wrong turns and even reversals, as there have been in all countries throughout history. But as long as these states continue their progress toward democracy and respect the rights of their own and other people, and they understand the rights of their minorities and their neighbors, we will support their progress with a steady patience.

East Asia and the Pacific

East Asia is a region of growing importance for U.S. security and prosperity; nowhere are the strands of our three-pronged strategy more intertwined nor is the need for continued U.S. engagement more evident. Now more than ever, security, open markets and democracy go hand in hand in our approach to this dynamic region. In 1993, President Clinton laid out an integrated strategy — a New Pacific Community — which links security requirements with economic realities and our concern for democracy and human rights.

In thinking about Asia, we must remember that security is the first pillar of our new Pacific community. The United

States is a Pacific nation. We have fought three wars there in this century. To deter regional aggression and secure our own interests, we will maintain an active presence, and we will continue to lead. Our deep, bilateral ties with such allies as Japan, South Korea, Australia, Thailand and the Philippines, and a continued American military presence will serve as the foundation for America's security role in the region. Currently, our forces number nearly 100,000 personnel in East Asia. In addition to performing the general forward deployment functions outlined above, they contribute to regional stability by deterring aggression and adventurism.

As a key element of our strategic commitment to the region, we are pursuing stronger efforts to combat the proliferation of weapons of mass destruction on the Korean Peninsula. In October 1994, we reached an important Agreed Framework committing North Korea to halt and eventually eliminate, its existing, dangerous nuclear program — and an agreement with China, restricting the transfer of ballistic missiles.

Another example of our security commitment to the Asia Pacific region in this decade is our effort to develop multiple new arrangements to meet multiple threats and opportunities. We have supported new regional dialogues — such as the ASEAN Regional Forum (ARF) — on the full range of common security challenges. The second ARF Ministerial, held in August 1995, made significant progress in addressing key security issues such as the Korean Peninsula and the South China Sea. It also agreed to intersessional meetings on confidence-building measures such as search and rescue cooperation and peacekeeping. Such regional arrangements can enhance regional security and understanding through improved confidence and transparency. These regional exchanges are grounded on the strong network of bilateral relationships that exist today.

The continuing tensions on the Korean Peninsula remain the principal threat to the peace and stability of the Asian region. We have worked diligently with our South Korean and Japanese allies, with the People's Republic of China and with Russia, and with various UN organizations to resolve the problem of North Korea's nuclear program. Throughout 1995, we successfully took the initial steps to implement the U.S.-North Korea nuclear agreement, beginning with IAEA monitoring of the North Korean nuclear freeze of its plutonium reprocessing plant and of its construction of two larger plants and an expanded reprocessing facility. In March 1995, a U.S.-led effort with Japan and the Republic of Korea successfully established the Korean Peninsula Energy Development Organization (KEDO), which will finance and supply the light-water reactor project to North Korea. The reactor will, over a ten-year period, replace North Korea's more dangerous, plutonium producing reactors. In December 1995, KEDO and North Korea reached agreement on a comprehensive supply contract for the light-water reactor project as part of the overall plan to replace North Korea's existing, dangerous nuclear program. KEDO also supplied heavy fuel oil to offset the energy from the frozen reactor projects and took measures to safely store spent nuclear fuel in North Korea, pending its final removal under the terms of the Agreed Framework. That effort will be accompanied by a willingness to improve bilateral political and economic ties with the North, commensurate with their continued cooperation to resolve the nuclear issue and to make progress on other issues of concern, such as improved North-South Korean relations and missile proliferation. Our goal remains a non-nuclear, peacefully reunified Korean Peninsula. Our strong and active commitment to our South Korean allies and to the region is the foundation of this effort.

A stable, open, prosperous and strong China is important to the United States and to our friends and allies in the region. A stable and open China is more likely to work cooperatively with others and to contribute positively to peace in the region and to respect the rights and interests of its people. A prosperous China will provide an expanding market for American goods and services. We have a profound stake in helping to ensure that China pursues its modernization in ways that contribute to the overall security and prosperity of the Asia Pacific region. To that end, we strongly promote China's participation in regional security mechanisms to reassure its neighbors and assuage its own security concerns.

In support of these objectives, we have adopted a policy of comprehensive engagement designed to integrate China into the international community as a responsible member and to foster bilateral cooperation in areas of common interest. At the same time, we are seeking to resolve important differences in areas of concern to the United States, such as human rights, proliferation and trade. The United States continues to follow its long-standing "one China" policy; at the same time, we maintain fruitful unofficial relations with the people in Taiwan, a policy that

contributes to regional security and economic dynamism. We have made clear that the resolution of issues between Taiwan and the PRC should be peaceful.

On July 11, 1995, the President normalized relations with Vietnam. This step was taken in recognition of the progress that had been made in accounting for missing Americans from the Vietnam war and to encourage continued progress by Vietnam in the accounting process. This action also served to help bring Vietnam into the community of nations. Vietnam's strategic position in Southeast Asia makes it a pivotal player in ensuring a stable and peaceful region. In expanding dialogue with Vietnam, the United States will continue to encourage it along the path toward economic reform and democracy, with its entry into ASEAN a move along this path.

The second pillar of our engagement in Asia is our commitment to continuing and enhancing the economic prosperity that has characterized the region. Opportunities for economic progress continue to abound in Asia and underlie our strong commitment to multilateral economic cooperation, principally through APEC. Today, the 18 member states of APEC — comprising about one-third of the world's population, including Mexico and Canada — produce $13 trillion and export $1.7 trillion of goods annually, about one-half of the world's totals. U.S. exports to Asian economies reached $150 billion in 1994, supporting nearly 2.9 million American jobs. U.S. direct investments in Asia totaled over $108 billion — about one-fifth of total U.S. direct foreign investment. A prosperous and open Asia Pacific is key to the economic health of the United States. Annual APEC leaders meetings, initiated in 1993 by President Clinton, are vivid testimonies to the possibilities of stimulating regional economic cooperation. As confidence in APEC's potential grows, it will pay additional dividends in enhancing political and security ties within the region.

We are also working with our major bilateral trade partners to improve trade relations. The U.S. and Japan have successfully completed 20 bilateral trade agreements in the wake of the 1993 Framework Agreement, designed to open Japan's markets more to competitive U.S. goods and reduce the U.S. trade deficit. As U.S.-China trade continues to grow significantly, we must work closely with Beijing to resolve remaining bilateral and multilateral trade problems, such as intellectual property rights and market access. In February 1995, the United States reached a bilateral agreement with China on intellectual property rights, potentially saving U.S. companies billions of dollars in revenues lost because of piracy. China's accession to the WTO is also an important objective for the United States. The United States and other WTO members have made it clear that China must join the WTO on commercial terms.

The third pillar of our policy in building a new Pacific community is to support democratic reform in the region. The new democratic states of Asia will have our strong support as they move forward to consolidate and expand democratic reforms.

Some have argued that democracy is somehow unsuited for Asia or at least for some Asian nations — that human rights are relative and that they simply mask Western cultural imperialism. These arguments are wrong. It is not Western imperialism but the aspirations of Asian peoples themselves that explain the growing number of democracies and the growing strength of democracy movements everywhere in Asia. We support those aspirations and those movements.

Each nation must find its own form of democracy, and we respect the variety of democratic institutions that have grown in Asia. But there is no cultural justification for torture or tyranny. Nor do we accept repression cloaked in moral relativism. Democracy and human rights are universal yearnings and universal norms, just as powerful in Asia as elsewhere. We will continue to press for improved respect for human rights in such countries as China, Vietnam and Burma.

The Western Hemisphere

The Western Hemisphere, too, is a fertile field for a strategy of engagement and enlargement. Sustained improvements in the security situation there, including the resolution of border tensions, control of insurgencies and containment of pressures for arms proliferation, will be an essential underpinning of political and economic progress in the hemisphere.

The unprecedented triumph of democracy and market economies throughout the region offers an unparalleled opportunity to secure the benefits of peace and stability and to promote economic growth and trade. At the

Summit of the Americas, which President Clinton hosted in December 1994, the 34 democratic nations of the hemisphere committed themselves for the first time to the goal of free trade in the region by 2005. They also agreed to a detailed plan of cooperative action in such diverse fields as health, education, science and technology, environmental protection and the strengthening of democratic institutions. A series of follow-on ministerial meetings have already begun the important work of implementing an action plan, with the active participation of the Organization of American States and the Inter-American Development Bank. Over the last year Summit partners have worked together to improve regional security, block the activities of international criminals, counter corruption and increase opportunities for health, education and prosperity for residents of the hemisphere. The Summit ushered in a new era of hemispheric cooperation that would not have been possible without U.S. leadership and commitment.

NAFTA, ratified in December 1994, has strengthened economic ties, with substantial increases in U.S. exports to both Mexico and Canada, creating new jobs and new opportunities for American workers and business. We have also begun negotiations with Chile to join NAFTA. And in the security sphere, negotiations with Canada will extend the North American Air Defense (NORAD) Agreement through 2001.

We remain committed to extending democracy to all of the region's people still blocked from controlling their own destinies. Our overarching objective is to preserve and defend civilian-elected governments and strengthen democratic practices respectful of human rights. Working with the international community, we succeeded in reversing the coup in Haiti and restoring the democratically elected president and government. Over the past year, the United States and the international community have helped the people of Haiti consolidate their hard-won democracy and organize free and fair elections at all levels. Haitians were able to choose their representatives in the Senate, the Chamber of Deputies and at the local level. And, for the first ti me in its history, Haiti experienced a peaceful transition between two democratically elected presidents.

With the restoration of democracy in Haiti, Cuba is the only country in the hemisphere still ruled by a dictator. The Cuban Democracy Act remains the framework for our policy toward Cuba; our goal is the peaceful establishment of democratic governance for the people of Cuba. In October, the United States took steps to invigorate our efforts to promote the cause of peaceful change in Cuba. These measures tighten the enforcement of our economic embargo against the Cuban regime and enhance our contacts with the Cuban people through an increase in the free flow of information and ideas. By reaching out to nongovernmental organizations, churches, human rights groups and other elements of Cuba's civil society, we will strengthen the agents of peaceful change.

We are working with our neighbors through various hemispheric organizations, including the OAS, to invigorate regional cooperation. Both bilaterally and regionally, we seek to eliminate the scourge of drug trafficking, which poses a serious threat to democracy and security. We also seek to strengthen norms for defense establishments that are supportive of democracy, respect for human rights and civilian control in defense matters. The Defense Ministerial of the Americas hosted by the United States in July 1995, and "The Williamsburg Principles" which resulted from it, were a significant step in this effort. Working with our Latin American partners who make up the "guarantor countries", we also began to move toward a permanent resolution of the Peru-Ecuador border dispute. In addition, a highly successful Organization of American States conference on regional Confidence and Security Building Measures was held in Santiago, Chile.

Protecting the region's precious environmental resources is also an important priority.

The Middle East, Southwest and South Asia

The United States has enduring interests in the Middle East, especially in pursuing a lasting and comprehensive Middle East peace, assuring the security of Israel and our Arab friends and maintaining the free flow of oil at reasonable prices. Our strategy is harnessed to the unique characteristics of the region and our vital interests there, as we work to extend the range of peace and stability.

We have made solid progress in the past three years. The President's efforts helped bring about many historic firsts — the handshake of peace between Prime Minister Rabin and Chairman Arafat on the White House lawn has been followed by the Jordan-Israel peace treaty, the Israeli-

Palestinian Interim Agreement, progress on eliminating the Arab boycott of Israel and the establishment of ties between Israel and an increasing number of its Arab neighbors. But our efforts have not stopped there; on other bilateral tracks and through regional dialogue we are working to foster a durable peace and a comprehensive settlement, while our support for economic development can bring hope to all the peoples of the region.

In Southwest Asia, the United States remains focused on deterring threats to regional stability, particularly from Iraq and Iran as long as those states pose a threat to U.S. interests, to other states in the region and to their own citizens. We have in place a dual containment strategy aimed at these two states and will maintain our long-standing presence, which has been centered on naval vessels in and near the Persian Gulf and prepositioned combat equipment. Since Operation Desert Storm, temporary deployments of land-based aviation forces, ground forces and amphibious units have supplemented our posture in the Gulf region. The October 1994 deployment for Operation Vigilant Warrior demonstrated again our ability to rapidly reinforce the region in time of crisis and respond quickly to threats to our allies.

We have made clear that Iraq must comply with all the relevant Security Council resolutions. We also remain committed to preventing the oppression of Iraq's people through Operations Provide Comfort and Southern Watch. Our policy is directed not against the people of Iraq but against the aggressive behavior of the government.

Our policy toward Iran is aimed at changing the behavior of the Iranian government in several key areas, including Iran's efforts to obtain weapons of mass destruction and missiles, its support for terrorism and groups that oppose the peace process, its attempts to undermine friendly governments in the region and its dismal human rights record. We remain willing to enter into an authoritative dialogue with Iran to discuss the differences between us.

A key objective of our policy in the Gulf is to reduce the chances that another aggressor will emerge who would threaten the independence of existing states. Therefore, we will continue to encourage members of the Gulf Cooperation Council (GCC) to work closely on collective defense and security arrangements, help individual GCC states meet their appropriate defense requirements and maintain our bilateral defense agreements.
South Asia has experienced an important expansion of democracy and economic reform, and our strategy is designed to help the peoples of that region enjoy the fruits of democracy and greater stability through efforts aimed at resolving long-standing conflict and implementing confidence-building measures. The United States has engaged India and Pakistan in seeking agreement on steps to cap, reduce and ultimately eliminate their capabilities for weapons of mass destruction and ballistic missiles. Regional stability and improved bilateral ties are also important for America's economic interest in a region that contains a quarter of the world's population and one of its most important emerging markets.

In both the Middle East and South Asia, the pressure of expanding populations on natural resources is enormous. Growing desertification in the Middle East has strained relations over arable land. Pollution of the coastal areas in the Eastern Mediterranean, the Red Sea and the Gulf of Aqaba has degraded fish catches and hindered development. Water shortages stemming from overuse, contaminated water aquifers and riparian disputes threaten regional relations. In South Asia, high population densities and rampant pollution have exacted a tremendous toll on forests, biodiversity and the local environment.

Africa

Africa poses one of our greatest challenges and opportunities to enlarge the community of market democracies. Significant changes have been made in Africa in recent years: multi-party systems have become more common; new constitutions have been promulgated; elections have become more open; the press generally has more freedom today; and the need for budgetary and financial discipline is better understood. Throughout Africa, U.S. policies have supported these developments. Specifically, our policies have promoted democracy, respect for human rights, sustainable economic development and resolution of conflicts through negotiation, diplomacy and peacekeeping. New policies will strengthen civil societies and mechanisms for conflict resolution, particularly where ethnic, religious and political tensions are acute. In particular, we will seek to identify and address the root causes of conflicts and disasters before they erupt.

The compounding of economic, political, social, ethnic and environmental challenges facing Africa can lead to a sense of 'Afro-pessimism.' However, if we can simultane-

ously address these challenges, we create a synergy that can stimulate development, resurrect societies and build hope. We encourage democratic reform in nations like Zaire and Sudan to allow the people of these countries to enjoy responsive government. In Nigeria, we have strongly condemned the government's brutal human rights violations and support efforts to help encourage a return to democratic rule. In Mozambique and Angola, we have played a leading role in bringing an end to two decades of civil war and promoting national reconciliation. For the first time, there is the prospect that all of southern Africa could enjoy the fruits of peace and prosperity. Throughout the continent — in Rwanda, Burundi, Liberia, Sudan and elsewhere — we work with the UN and regional organizations to encourage peaceful resolution of internal disputes.

In 1994, South Africa held its first non-racial elections and created a Government of National Unity. Local government elections throughout most of the country in November 1995 marked the near-end of the process of political transformation. The adoption of a final constitution now remains.

Vice President Gore recently completed his second trip to the African continent and to South Africa, where he conducted the first formal meeting of the U.S.-South Africa Binational Commission formed during the October 1994 state visit of President Mandela. We remain committed to addressing the socio-economic legacies of apartheid, and we view U.S. support for economic advancement and democratization in South Africa as mutually reinforcing.

It is not just in South Africa that we are witnessing democratization. In quieter but no less dramatic ways in countries like Benin, Congo, Malawi, Mali, Namibia and Zambia, we are seeing democratic revolutions in need of our support. We want to encourage the creation of cultures of tolerance, flowering of civil society and the protection of human rights and dignity.

Our humanitarian interventions, along with the international community, will address the grave circumstances in several nations on the continent. USAID's new "Greater Horn of Africa" Initiative is building a foundation for food security and crisis prevention in the Greater Horn of Africa. This initiative has now moved beyond relief to support reconstruction and sustainable development. In Somalia, our forces broke through the chaos that prevented the introduction of relief supplies. U.S. forces prevented the death of hundreds of thousands of Somalis and then turned over the mission to UN peacekeepers from over a score of nations. In Rwanda, Sudan, Angola, Sierra Leone and Liberia, we have taken an active role in providing humanitarian relief to those displaced by violence.

Such efforts by the United States and the international community must be limited in duration and designed to give the peoples of a nation the opportunity to put their own house in order. In the final analysis, the responsibility for the fate of a nation rests with its own people.

We are also working with international financial institutions, regional organizations, private volunteer and nongovernmental organizations and governments throughout Africa to address the urgent issues of population growth, spreading disease (including AIDS), environmental decline, enhancing the role of women in development, eliminating support for terrorism, demobilization of bloated militaries, relieving burdensome debt and expanding trade and investment ties to the countries of Africa. The United States is working closely with other donors to implement wide ranging management and policy reforms at the African Development Bank (AfDB). The AfDB plays a key role in promoting sustainable development and poverty alleviation.

Central to all these efforts will be strengthening the American constituency for Africa, drawing on the knowledge, experience and commitment of millions of Americans to enhance our nation's support for positive political, economic and social change in Africa. For example, the 1994 White House Conference on Africa, the first such gathering of regional experts ever sponsored by the White House, drew together more than 200 Americans from the Administration, Congress, business, labor, academia, religious groups, relief and development agencies, human rights groups and others to discuss Africa's future and the role that the United States can play in it. The President, Vice President, Secretary of State and National Security Advisor all participated in the conference, which produced a wealth of new ideas and new commitment to Africa.