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Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT

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Withdrawer

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File Folder

FO006-13 (583655) (3 OF 12)

FOIA

F16-011

Box Number

FO006-48

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
244866	PAPER	BACKGROUND PAPER - SCIENCE COOPERATION	2	ND	B1
244867	PAPER	BACKGROUND PAPER SPACE STATION	1	ND -	B1
244868	PAPER	POINTS TO BE MADE SPACE STATION	1	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

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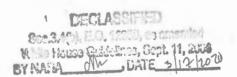
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BACKGROUND PAPERS / POINTS TO BE MADE

- 1. Agriculture
 - o ASA 301 Petition
 - o European Community (EC) Criticism of U.S. Agricultural Programs
 - o British Proposal
 - o U.S. Acreage Reduction on Wheat
- 2. Security Market Regulation
- 3. Economic Implications of Social Programs
- 4. Science Cooperation
- 5. Space Station
- 6. Education



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BACKGROUND PAPER AGRICULTURE: ASA 301 PETITION

ISSUE

On January 5, 1988, the U.S. Trade Representative's Office accepted a petition by the American Soybean Association (ASA) asking for relief from unfair trade practices by the European Community (EC) under Section 301 of the Trade Act of 1974. High internal subsidies for the production and processing of domestically grown oilseeds, exceeding 200 percent of the world price, have supported tremendous growth in oilseed production in the EC, to the detriment of soybean and soybean meal imports from the United States. U.S. exports of soybeans and soybean meal to the EC fell by 35 percent over the past 5 years to \$2 billion in 1987.

After several fruitless attempts to resolve this issue bilaterally, the EC is now blocking adjudication of this dispute in the GATT. The EC contends that measures introduced in the oilseeds sector last February will take care of U.S. concerns. Even traditional U.S. supporters on contentious agricultural issues, like the U.K., are currently pressing the USG to drop the case. This case is viewed by many to be a frontal attack on the EC's agricultural support system.

This is a sensitive issue for both the United States and the EC. The EC has argued that the United States should drop the case or delay action, and that the case could be detrimental to the Uruguay Round trade negotiations.

(If raised, points follow at next page.)

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POINTS TO BE MADE AGRICULTURE: ASA 301 PETITION

- THE EC CONTINUES TO BE A VERY IMPORTANT BUT SHRINKING MARKET FOR U.S. SOYBEANS AND SOYBEAN MEAL. THE UNITED STATES HAS SEEN ITS EUROPEAN MARKETS FOR WHEAT AND CORN DISAPPEAR. OUR SOYBEAN INDUSTRY IS UNWILLING TO STAND BY WHILE ITS MARKET FOLLOWS THE SAME PATH BECAUSE OF EC SUBSIDIES THAT IMPAIR THE DUTY-FREE TREATMENT OF SOYBEANS.
- OF THE U.S. SOYBEAN FARMERS. SUPPORT PRICES IN THE EC ARE STILL 2 TO 3 TIMES WORLD PRICE LEVELS, AND GROWTH IN EC OILSEED PRODUCTION HAS BEEN TREMENDOUS. AT BEST, WE WOULD EXPECT THESE MEASURES WILL ONLY SLOW FUTURE INCREASES IN PRODUCTION.
- MANNER OF RESOLVING OUR TRADE DISPUTE AND ENSURING THAT WE ALL ABIDE BY OUR INTERNATIONAL OBLIGATIONS. WE ARE ALSO OPEN TO A BILATERAL SOLUTION. BUT THE EC'S CONTINUED REFUSAL TO ALLOW THE GATT DISPUTE SETTLEMENT PROCEEDINGS TO MOVE FORWARD UNDERMINES THE INTEGRITY OF THE GATT AND MOVES US TOWARD CONFRONTATIONAL ALTERNATIVES.

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BACKGROUND PAPER AGRICULTURE: EUROPEAN COMMUNITY (EC) CRITICISM OF U.S. AGRICULTURAL PROGRAMS

ISSUE

EC officials may raise a number of complaints concerning recent U.S. actions in agriculture, emphasizing that these actions worsen the world agriculture situation. They may argue that EC Heads of Government, on the other hand, took a major step toward so-called reform of Community agriculture last February. The EC expects its trading partners to recognize the importance of its actions toward reform of world agriculture. Our response is that the EC has still not taken measures equivalent to U.S. actions over the past several years. Both EC and U.S. need to adopt policies that address the fundamental problem in world agriculture, excessive support policies linked to production or prices.

(If raised, points follow at next page.)

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POINTS TO BE MADE AGRICULTURE: EUROPEAN COMMUNITY (EC) CRITICISM OF U.S. AGRICULTURAL PROGRAMS

- ARE AIMED MORE AT CONTROLLING RUNAWAY EC SPENDING ON
 AGRICULTURE THAN REFORMING COMMUNITY AGRICULTURE. EVEN WITH
 THESE MEASURES, EC SPENDING ON AGRICULTURAL SUPPORT WILL
 INCREASE TO A BUDGETED 27.5 BILLION ECU IN 1988 (\$33.7
 BILLION), NEARLY 40 PERCENT ABOVE THE 1985 LEVEL. AT THE
 SAME TIME, U.S. SPENDING ON AGRICULTURAL PROGRAMS IS
 EXPECTED TO DECLINE IN FY 1988 TO \$19 BILLION, 25 PERCENT
 LOWER THAN IN 1985.
- RATHER THAN ALLOWING MARKET FORCES TO PLAY AN INCREASING ROLE IN INFLUENCING PRODUCER DECISIONS, THE EC CHOSE TO LOCK-IN HIGH LEVELS OF PRODUCTION FOR BOTH GRAINS AND OILSEEDS. REDUCTIONS IN SUPPORT PRICES WILL ONLY OCCUR IF THESE PRODUCTION LEVELS ARE EXCEEDED. EVEN IF CUTS DO OCCUR, EC PRICES REMAIN 2 TO 3 TIMES THE WORLD LEVEL.
- THE EUROPEAN COMMUNITY GRAIN TRADE ASSOCIATION (COCERAL)

 PREDICTS A 1988 EC GRAIN HARVEST OF 159.1 MILLION METRIC

 TONS, LESS THAN 1 MMT SHORT OF THE 160 MMT PRODUCTION

 THRESHOLD THAT WOULD TRIGGER PRICE CUTS. IF COCERAL'S

 ESTIMATE PROVES CORRECT, THERE WILL BE NO 3 PERCENT CUT IN

 TARGET AND INTERVENTION PRICES IN 1989. THIS IS TURN MEANS

 THAT IT WILL BE 1990 BEFORE EC GRAIN PRODUCERS SUFFER ANY

 PENALTY AS A RESULT OF THE REFORMS.

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- THE EC'S NEW LAND SET-ASIDE PROGRAM WILL ONLY REMOVE ABOUT 1
 MILLION HECTARES FROM PRODUCTION OR LESS THAN 1 PERCENT OF
 THE EC'S ARABLE LAND. IN 1987, THE UNITED STATES REMOVED 29
 MILLION HECTARES (69 MILLION ACRES) FROM PRODUCTION, ALMOST
 EQUAL TO THE ARABLE LAND AREA OF FRANCE AND SPAIN COMBINED
 AND ALMOST 4 TIMES THE ARABLE LAND IN WEST GERMANY.
- -- EVEN WITH THE RECENT REDUCTION IN OUR ACREAGE REDUCTION

 PROGRAM (ARP) FOR WHEAT FROM 27.5 TO 10 PERCENT, TOTAL U.S.

 WHEAT ACREAGE IDLED IN 1989 WILL BE 20 MILLION ACRES (8

 MILLION HECTARES), ALMOST EQUAL TO THE WHEAT ACREAGE IN

 FRANCE, SPAIN AND PORTUGAL COMBINED.
- -- MEANWHILE, EC EXPORT REFUNDS IN 1987 REACHED 9 BILLION ECU (\$10.4 BILLION) AND ARE EXPECTED TO HIT 10.4 BILLION ECU in 1988, OVER 10 TIMES THE LEVEL OF U.S. EXPORT SUBSIDY EXPENDITURES.
- CONTROL MILK OUTPUT BY LOWERING MILK PRICE SUPPORTS BY 15

 PERCENT. WE ALSO HAVE REDUCED THE SIZE OF OUR HERDS,

 THROUGH THE DAIRY TERMINATION PROGRAM DURING WHICH WE TOOK

 ONE AND A HALF MILLION COWS OUT OF PRODUCTION -- A NUMBER

 EQUAL TO THE NATIONAL HERDS OF DENMARK AND LUXEMBOURG

 COMBINED.

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BACKGROUND PAPER AGRICULTURE: BRITISH PROPOSAL

ISSUE

The United Kingdom has recently suggested an outline of a proposal for reconciling European and United States differences on agriculture with a view to reaching an agreement by the Uruguay Round Mid-Term Review in December. They may raise this proposal at the Summit.

The U.K. proposal for a Mid-Term Review package on agriculture would:

- -- clearly enshrine the principle of reducing (rather than eliminating) levels of assistance to farmers;
- -- agree to an approach using the Producer Subsidy Equivalent (PSE) index to gauge reductions without trying to set a final target for reduction at this stage;
- -- provide an immediate down payment toward the long term goal (i.e., agree on short term measures).

This proposal would not achieve a fundamental, market oriented reform of current agricultural policies. It could perpetuate the existing inequities in our comparative assistance levels, and could provide no agreement on the ultimate objective.

It calls for only a reduction in trade distorting subsidies and barriers, continuing existing failed policies. For lasting results, we must have a fundamental change in policies, not just a reduced level of existing policies, to break the link between support policies and production or prices. The immediate "downpayment" on the long term goal must not be the only definitive part of the agreement. This reaffirms our conviction that the Europeans are only interested in a quick fix for the current crisis.

(If raised, points follow at next page.)

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By : dh. 3/17/2000

POINTS TO BE MADE AGRICULTURE: BRITISH PROPOSAL

- -- WE APPRECIATE U.K. EFFORTS TO FURTHER THE DIALOGUE ON THE AGRICULTURAL REFORM ISSUE. HOWEVER, THE U.K. PROPOSAL WOULD NOT PROVIDE FOR A LASTING SOLUTION TO THE PROBLEMS WE ALL FACE IN AGRICULTURAL TRADE.
- THE PROPOSAL WOULD DO LITTLE TO IMPROVE MARKET ACCESS OR
 REMOVE THE TRADE DISTORTIONS CAUSED BY SUBSIDIES AROUND
 THE WORLD AND, AS SUCH, WOULD UNDERMINE SUPPORT FROM THE
 U.S. AGRICULTURAL COMMUNITY FOR THE URUGUAY ROUND PROCESS.
- THE URUGUAY ROUND WILL NOT BE SUCCESSFUL IF WE FAIL TO
 ADDRESS AND RESOLVE THE BASIC AGRICULTURAL PROBLEM OF
 DOMESTIC SUPPORT POLICIES LINKED TO PRODUCTION OR PRICES
 WHICH RESULT IN SUPPLY IMBALANCES AND OTHER DISTORTIONS TO
 PRODUCTION AND TRADE.
- -- OUR OBJECTIVE IS TO CHANGE THE ALLOWABLE WAYS AND MEANS OF SUPPORT FOR AGRICULTURE THROUGH A FUNDAMENTAL REFORM OF AGRICULTURAL POLICIES MULTILATERALLY.
- THE DEBATE OVER SHORT TERM AND LONG TERM MEASURES HAS

 TENDED TO OBSCURE THE ISSUE. WE ARE FULLY PREPARED TO

 TAKE SO-CALLED SHORT TERM MEASURES PROVIDED THEY ARE

 INITIATED IN THE CONTEXT OF AND ARE DIRECTLY RELATED TO AN

 AGREEMENT WHICH BEGINS THE POLICY REFORM PROCESS.

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BACKGROUND PAPER AGRICULTURE: U.S. ACREAGE REDUCTION ON WHEAT

ISSUE

In announcing the provisions of the 1989 U.S. wheat program, the U.S. Government will require U.S. wheat producers to set aside 10 percent of their wheat acreage to be eligible for support price benefits. This is down from 27.5 percent for the 1988 crop. The EC, Canada, and Australia view this change as a movement toward increased production of U.S. wheat that will reverse the strengthening of the market over the last year. These countries may allege that the United States is not living up to its OECD commitment not to contribute toward worsening world market conditions.

Prior to the ARP announcement, USDA estimates of wheat for 1988/89 showed: (1) global supplies and requirements to be in very close balance, (2) total U.S. domestic utilization and exports again exceeding production for the third year in a row, and (3) a third consecutive year of drawdown of stocks among exporting countries. U.S. ending stocks were forecast to fall dramatically in 1988-89 to the lowest level since 1975/76.

(If raised, points follow at next page.)

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POINTS TO BE MADE AGRICULTURE: U.S. ACREAGE REDUCTION ON WHEAT

- THE REDUCTION OF THE ARP TO 10 PERCENT WAS A RESPONSIBLE

 DECISION BASED ON THE WORLD SUPPLY AND DEMAND SITUATION.

 THE NEW SET ASIDE IS CONSIDERED TO BE THE LEVEL THAT WILL

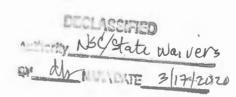
 MEET U.S. AND WORLD WHEAT REQUIREMENTS.
- -- WITH A 10 PERCENT ARP, THE TOTAL WHEAT ACREAGE IDLED,
 INCLUDING THE CONSERVATION RESERVE AND 0/92 PROGRAMS, WILL
 STILL BE NEARLY 20 MILLION ACRES (8 MILLION HECTARES). THIS
 IS PRACTICALLY THE SAME AS THE AVERAGE OF THE PAST 5 YEARS,
 AND EQUAL TO THE HARVESTED WHEAT ACREAGE IN FRANCE, SPAIN
 AND PORTUGAL COMBINED.
- -- FURTHERMORE, TIGHT SUPPLIES HAVE RESULTED IN SUBSTANTIAL

 INCREASES IN MARKET PRICES OVER THE PAST FEW MONTHS. SINCE

 THE ANNOUNCEMENT OF THE 1989 PROGRAM, WHEAT PRICES HAVE

 CONTINUED TO INCREASE.
- FOR EXPORT IN 1989/90 ARE EXPECTED TO BE LOWER COMPARED WITH
 THE PRECEDING MARKETING YEAR. THE TARGET PRICES WILL ALSO
 BE OVER 6 PERCENT BELOW THAT OF 1987/88.

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THE U.S. ACTIONS ON SUPPORT PRICES AND ARPS INDICATE THE

TRUE DIRECTION OF U.S. POLICY IN AGRICULTURE, AND ARE

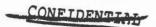
CONSISTENT WITH OECD AND PUNTE DEL ESTE COMMITMENTS. WE

REMAIN FUNDAMENTALLY OPPOSED TO SUPPLY CONTROL MEASURES

WHICH AFFECT PRODUCTION AND MARKETING DECISIONS, AND ARE

THEREFORE NOT PREPARED TO CONTINUE TO SEVERELY RESTRICT U.S.

PRODUCTION WHEN THE RESULT WOULD BE A SHRINKING U.S. PRESENCE
IN THE EXPORT MARKET.



BACKGROUND PAPER SECURITY MARKET REGULATION

ISSUE

Is greater international cooperation in the regulation of security markets called for; specifically, is there scope for Summit consideration of how to catalyze the ongoing discussion in this area?

- -- October market break and banking deregulation efforts in Congress have evoked considerable interest.
- -- Both issues are contentious at the U.S. political level; regulators disagree over appropriate division of responsibilities.
- -- Canadian paper raised question of whether greater international cooperation to supervise securities markets is called for.
- -- Universal banking countries in Europe (permit banking and securities activities in same institution) increasingly critical of countries with "split" systems (U.S. and Japan) that separate banking and certain securities activities.
- -- U.S., U.K. banking authorities and Bank for International Settlements members have proposed standardized international capital asset requirements for banks.
- -- There is no specific policy objective that U.S. could achieve at the Summit; meaningful substantive discussion leading to demonstrable progress unlikely.

(If raised, points follow at next page.)

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POINTS TO BE MADE SECURITY MARKET REGULATION

- -- BELIEVE THAT SUMMIT CONSIDERATION WOULD BE PREMATURE,
 PROBABLY UNNECESSARY, POTENTIALLY COUNTERPRODUCTIVE.
- -- FULL ASSESSMENT OF WHAT WENT WRONG AND HOW TO CORRECT PROBLEMS NOT YET FULLY AGREED UPON.
- -- MAY 16, SUBCABINET U.S. WORKING GROUP ON FINANCIAL MARKETS
 ANNOUNCED MEASURES UNDER CURRENT LAW TO REDUCE SYSTEMIC
 RISKS IDENTIFIED DURING MARKET BREAK.
- -- IN AN INTERNATIONAL CONTEXT, THERE CLEARLY IS SCOPE FOR GREATER COOPERATION, COORDINATION BETWEEN TREASURIES, CENTRAL BANKS, REGULATORY AGENCIES.
- -- INITIAL ASSESSMENTS IN MULTILATERAL AREA OF WHERE FURTHER
 WORK IS NEEDED ARE CURRENTLY UNDERWAY AT OECD (IN WP-3,
 COMMITTEE ON FINANCIAL MARKETS). REGULATORY AGENCIES,
 CENTRAL BANKS IN G-7 COUNTRIES ALSO HAVE BILATERAL DISCUSSIONS CONCERNING PROBLEM AREAS AND MUTUAL COOPERATION.
- -- IN MANY COUNTRIES, SECURITIES REGULATORS FALL OUTSIDE

 TRADITIONAL TREASURY-CENTRAL BANK ORBIT (I.E., SEC, SELF

 REGULATORY AGENCIES SUCH AS STOCK EXCHANGES, PROVINCIAL

 AUTHORITIES IN CANADA).
- TIENEED IS FELT FOR HIGHER-LEVEL CONSIDERATION TO CATALYZE DISCUSSION AND INTERNATIONAL COOPERATION, BELIEVE G-7
 DEPUTIES OR FINANCE MINISTRIES, POSSIBLY INCLUDING CENTRAL BANK REPRESENTATIVES, SHOULD BE CONSIDERED AS APPROPRIATE VENUE. WAYS WOULD HAVE TO BE FOUND TO INVOLVE SECURITIES REGULATORY AGENCIES. SITUATION DIFFERS COUNTRY BY COUNTRY.
- -- SUMMIT LEVEL DISCUSSION OF THESE ISSUES IS CLEARLY PREMATURE.

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BACKGROUND PAPER ECONOMIC IMPLICATIONS OF SOCIAL PROGRAMS

ISSUE

- -- Social programs for old age retirement, medical care, disability, welfare, and housing have consumed an increasing share of GNP and government budgets in the G-7 countries over the last 25 years. These expenditures will increase as the population ages. Increased social expenditures will create significant pressures on government budgets and high tax burdens on the working-age population unless we can find ways of restraining their growth.
- -- Between 1960 and 1985 spending on public pensions increased from an average of 4.8 to 9.3 percent of GDP in the G-7 nations. Public health expenditures by the G-7 nations increased from an average of 2.5 percent of GDP in 1960 to 5.7 percent in 1984.
- -- Social expenditures have grown partly as a result of factors such as changing demographics and rising health care costs, but mainly they have risen as a result of legislated increases in benefits and entitlements.
- -- Even without further increases in legislated benefits, demographics will cause large increases in social expenditures.
 - o The fraction of the G-7 population aged 65 and over is projected to rise from an average of 12.5 percent in 1980 to 22.8 percent in 2040. The fraction in the United States is projected to grow from 11.3 percent in 1980 to 19.8 by 2040.
 - The OECD estimates that, as a share of GDP, there will be a one-third increase in social expenditures in the G-7 nations between 1980 and 2040; with an increase of roughly two-thirds in the United States.
 - o Increases in the ratio of those aged 65 and over to the working population (aged 15-64) mean a heavy financing burden on the working age population if the increased expenditures are financed by taxes in 2040.
- -- The problem for the future is: how to pay for this? High taxes on the earnings of workers will mean large reductions in work incentives which will impair growth.

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-- We must find cost-effective ways to restrain growth in social expenditures -- relying wherever possible on market incentives -- while financing them in a way that preserves work incentives. The most fundamental solution would be increases in voluntary saving by private individuals.

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244866 PAPER 2 ND B1

BACKGROUND PAPER - SCIENCE COOPERATION

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244867 PAPER 1 ND B1

BACKGROUND PAPER SPACE STATION

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BACKGROUND PAPER EDUCATION

ISSUE

- -- U.S. After nearly two decades of decline, education in the U.S. is starting to show improvement. Most states have raised their graduation requirements, and our students have made modest gains in achievement. But more remains to be done.
- -- U.K. Mrs. Thatcher's Education Reform Bill (expected to become law in September) includes a national curriculum and a national program of testing, parental choice of public schools, increased parental control of schools, and allowing schools to opt out of the local educational authority.

The Prime Minister continues to be concerned with questions on how to raise the intellectual levels of students, how to encourage good behavior and discipline in the classroom, and how teachers can use the study of Western civilization to pass on democratic and moral values to successive generations.

- -- Canada Prime Minister Mulroney's two major education concerns are improving Canada's international competitiveness by upgrading higher education, and increasing the literacy rate of the population. The bilingualism issue (French-English) also persists.
- -- Italy Education reform in Italy is in some controversy, with teachers striking and pressing for better status.

 The Prime Minister may point out the importance of making education more relevant to employment and economic need.
- France Recently, the French have been making attempts to decentralize some of the administrative functions to the regions. There is concern about the apparent mismatch between what students learn and what employers require. Some would like higher education to become more responsible to preparation for work and to upgrade skills. France may raise the issues of relevance of education to the workplace.

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- Japan Former Prime Minister Nakasone came out with a major education reform study last year. Although little action has been taken as of yet, proposals are being made to expand the curriculum beyond the "three R's," to include moral values, physical fitness, consciousness of country in the international community, and computer training. Basic education is seen as giving basic competencies for life-long learning in an internationally oriented, information based society.
- -- FRG The German education system is decentralized. The dual system of education in which students attend school and pursue apprenticeship training on the job is the pride of the German education system. German business provides massive support for apprenticeship training.
- -- OECD The U.S. has taken a lead in one of the Education Committee's two major priorities in education: the improvement of the quality of basic education as a foundation for participatory citizenship and flexible adaptation of the labor force to keep pace with technological change. As an integral part of this thrust, the OECD is in the process of developing a set of internationally comparable indicators of education outcomes, which will better enable countries to determine the health of their education systems and compare them with others on a regular basis.

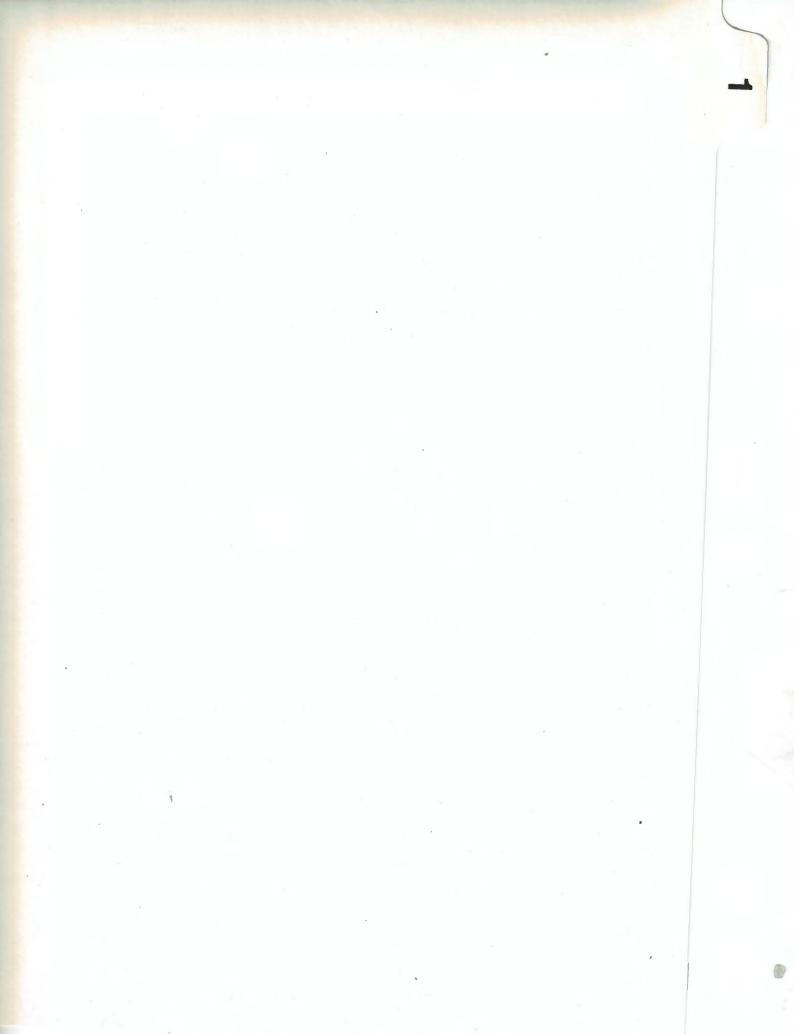
BACKGROUND PAPERS / POINTS TO BE MADE

- 1. Nuclear and Space Talks
- 2. Conventional Arms Control in Europe
- 3. Chemical Weapons
- 4. Cambodia
- 5. Korea and the Olympics
- 6. Philippines
- 7. Panama

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BACKGROUND PAPER NUCLEAR AND SPACE TALKS

BACKGROUND

-- The Nuclear and Space Talks in Geneva are bilateral talks between the U.S. and U.S.S.R. The group on Intermediate-Range Nuclear Forces concluded the INF Treaty signed in Washington in December, 1987; the Strategic Arms Reduction Talks (START) and Defense & Space (D&S) Talks have completed nine rounds.

STRATEGIC ARMS REDUCTION TALKS (START)

- -- Reductions in strategic offensive arms were a major topic of discussion at the Moscow Summit, where we sought to make further progress toward 50% reductions in U.S. and Soviet strategic arsenals.
- -- Both sides agreed to continue intensive efforts to complete a START Treaty.
- -- The negotiators in Geneva have been working on a joint draft treaty text, building upon the areas of agreement in the Washington Summit Joint Statement, including limits of:
 - o 1600 strategic nuclear delivery vehicles;
 - o 6000 warheads on those delivery vehicles;
 - o 4900 ballistic missile warheads;
 - o 1540 warheads on 154 heavy intercontinental ballistic missiles (ICBMs), which would cut the Soviet heavy ICBM force in half.
- -- The Soviets have accepted 50% reductions to a new ceiling, to be explicitly specified in the Treaty, on missile throwweight.
- -- Important progress was made in Moscow on verification of limits on mobile ICBMs and on air launched cruise missiles.
- -- Important principles of verification have been agreed, going beyond the extensive INF regime; negotiators continue to work on verification protocols and the Memorandum of Understanding on Data.
- -- Other fundamental issues still requiring resolution include submarine-launched cruise missiles (SLCMs) and the unacceptable Soviet insistence that further limits on ballistic missile defenses are necessary to achieve START

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reductions. In addition, numerous verification details remain to be resolved.

-- The issues that remain are important, and we are determined to have a solid, unambiguous agreement that can be verified effectively. This is not a task that should be, or will be, rushed.

DEFENSE AND SPACE (D&S) TALKS

- -- In the D&S Talks, the U.S. seeks to discuss with the Soviets the relationship between strategic offense and defense and how, if effective defenses prove feasible, the U.S. and U.S.S.R. could jointly manage a stable transition to deterrence based increasingly on defenses, which threaten no one.
- -- At the Washington Summit, taking into account the preparation of a START Treaty, the leaders agreed to instruct the negotiators to work out an agreement that would commit the U.S. and U.S.S.R. to observe the Anti-Ballistic Missile (ABM) Treaty, as signed in 1972, while conducting their research, development and testing as required, which are permitted by the Treaty, and not to withdraw from the Treaty for a specified period of time.
- -- At the end of the specified period both sides would be free to choose their own course of action, including deploying defenses.
- -- On January 22, the U.S. tabled a draft agreement; the U.S.S.R. did so on April 22. The Soviets have agreed to work on a joint draft text of a separate D&S agreement, but progress has been difficult.

In response to Soviet concerns, the U.S. has also proposed a predictability protocol to enhance confidence in the nature of strategic defense activities undertaken by each side. A Soviet draft protocol tabled on May 8 contains some similar provisions, and the sides are currently working to resolve differences in a joint draft text.

o The Soviet objective in the D&S Talks has been to impose constraints that would cripple or kill the SDI program. We are trying to satisfy legitimate Soviet concerns, but will never agree to provisions that would cripple SDI.