A NATIONAL SECURITY STRATEGY FOR A NEW CENTURY

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A National Security Strategy for A New Century

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Preface

Protecting the security of our nation--our people, our territory and our way of life--is my foremost mission and constitutional duty. As we enter the twenty-first century, we have an unprecedented opportunity to make our nation safer and more prosperous. Our military might is unparalleled; a dynamic global economy offers increasing opportunities for American jobs and American investment; and the community of democratic nations is growing, enhancing the prospects for political stability, peaceful conflict resolution and greater hope for the people of the world.

At the same time, the dangers we face are unprecedented in their complexity. Ethnic conflict and outlaw states threaten regional stability; terrorism, drugs, organized crime and proliferation of weapons of mass destruction are global concerns that transcend national borders; and environmental damage and rapid population growth undermine economic prosperity and political stability in many countries.

This report, submitted in accordance with Section 603 of the Goldwater-Nichols Defense Department Reorganization Act of 1986, sets forth a national security strategy to advance our national interests in this era of unique opportunities and dangers. It is premised on the belief that both our domestic strength and our leadership abroad are essential to advancing our goal of a safer, more prosperous America. Building upon America's unmatched strengths, the strategy's three core objectives are:

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

To achieve these objectives, we will remain engaged abroad and work with partners, new and old, to promote peace and prosperity. We can--and we must--use America's leadership to harness global forces of integration, reshape existing security, economic and political structures, and build new ones that help create the conditions necessary for our interests and values to thrive.

As we approach this century's end, the blocs and barriers that divided the world for fifty years largely have fallen away. Our responsibility is to build the world of tomorrow by embarking on a period of construction--one based on current realities but enduring American values and interests. In constructing international frameworks, institutions and understandings to guide America and the world far into the next century, the following strategic priorities advance our core national security objectives:

First, we must help foster a peaceful, undivided, democratic Europe. When Europe is stable and at peace, America is more secure. When Europe prospers, so does America.

NATO was created to strengthen Europe's west. Now, it can do the same for Europe's east. This summer, we will hold a special summit to continue the process of adapting our alliance to new demands while enlarging it to take in new members from among Europe's new democracies. Countries that were once our adversaries now can become our allies. We aim to build a strong NATO-Russia partnership that provides for consultation and, when possible, joint action on common security challenges and contributes to a democratic Russia's active participation in the post-Cold War European security system. We will strengthen the Partnership for Peace Program and create an enhanced NATO-Ukraine relationship.

Second, America must look across the Pacific as well as across the Atlantic. Over the last four years, we have made significant progress in creating a stable, prosperous Asia Pacific community. In this endeavor, we must reinforce our close ties to Japan, the Republic of Korea, Australia and our ASEAN friends and allies. As we strengthen our security and promote our prosperity, we must remain alert to the challenges that remain. We must ensure that North Korea continues to implement its agreement to freeze and dismantle its nuclear weapons program, and we must fund America's contribution to this effort. Together with South Korea, we must advance peace talks with North Korea and bridge that armed divide. And we must sustain the remarkable growth fueled by increasingly open markets and the integration that all the region's economies are attaining through the Asia Pacific Economic Cooperation forum.

We must pursue a deeper dialogue with China. An isolated, inward-looking China is not good for America or the world. A China playing its rightful role as a responsible and active member of the international community is. I will visit China and I have invited China's president to come here not because we agree on everything, but because engaging China is the best way to work on common challenges such as ending nuclear testing--and to deal frankly with fundamental differences such as human rights.

Third, the American people must prosper in the global economy. We have made it our mission to tear down trade barriers abroad in order to create jobs at home. Over the last four years we have concluded more than 200 trade agreements, each one of which opened a foreign market more widely to American products. Today, America is again the world's number one exporter--leading in agriculture and aviation, automobiles and entertainment, semiconductors and software.

Now, we must build on that momentum, especially in Asia and Latin America. If we fail to act now, these emerging economies will find their economic future with other nations--and we will be left behind. That is why I am traveling to Latin America and the Caribbean this year--to continue the work we began at the Summit of the Americas in Miami in building a community of democracies linked by shared values and expanding trade. We must continue to help nations embrace open markets, improve living standards and advance the rule of law and we must support the World Bank and other organizations that multiply our contributions to progress many times over.

Fourth, America must continue to be an unrelenting force for peace--from the Middle East to Haiti, from Northern Ireland to Central Africa. Taking reasonable risks for peace keeps us from being drawn into far more costly conflicts. It encourages other nations to focus on future hopes, not past hatreds. It creates partners willing to seize the opportunities of a new century. The habits of peace crafted in Bosnia must take hold, helped by the NATO-led Stabilization Force that is allowing reconstruction and reconciliation to accelerate.

Fifth, we must continue to move strongly to counter growing dangers to our security: weapons of mass destruction, terrorism, international crime, drugs, illegal arms trafficking, and environmental damage. We are acting to prevent nuclear materials from falling into the wrong hands and to rid the world of antipersonnel landmines and chemical weapons. The American people are more secure because we won historic accords to end nuclear testing and to ban chemical weapons. Together with Russia, we are working to cut our nuclear arsenals by 80 percent from their Cold War height within a decade. We are working with others, with renewed intensity, to improve civil aviation security, to defeat drug traffickers and to stop terrorists before they act--and to hold them accountable if they do. We are protecting the global environment--managing our forests, stopping the spread of toxic chemicals, working to close the hole in the ozone layer, reducing the greenhouse gasses that challenge our health as they change our climate.

Finally, we must have the diplomatic and military tools to meet all these challenges. We must maintain a strong and ready military. We will achieve this by selectively increasing funding for weapons modernization and taking care of our men and women in uniform. They are doing a remarkable job for America--America must do right by them.

We must also renew our commitment to America's diplomacy--to ensure that we have the superb diplomatic representation that our people deserve and our interests demand. Every dollar we devote to preventing conflicts, promoting democracy, and stopping the spread of disease and starvation brings a sure return in security and savings. Yet international affairs spending today totals just one percent of the federal budget--a small fraction of what America invested at the start of the Cold War when we chose engagement over isolation. If America is to continue to lead the world by its own example, we must demonstrate our own commitment to these priority tasks. This is also why we must pay our debts and dues to a reforming United Nations.

Inherent in this final priority is the need to examine our overall national security posture, programs, structure and budget. Within the Department of Defense such a review is currently underway and the State Department and other international affairs agencies are reorganizing to confront the pressing challenges of tomorrow. We need to continue looking across our government to see if during this time of transition we are adequately preparing to meet the national security challenges of the next century.

Each of these six priorities is essential to keeping America strong, secure and prosperous and to advancing our national security objectives. Our strategy requires the patient application of American will and resources. We can sustain that necessary investment only with the continued support of the American people and the bipartisan support of their representatives in Congress--a bipartisanship that was clearly displayed in the recent ratification of the Chemical Weapons Convention. 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.

America has an unparalleled record of international leadership. Through our leadership comes rewards.

The more America leads, the more willing others are to share the risks and responsibilities of forging our futures. We have repeatedly seen this over the last four years--in Bosnia and Haiti where we worked with many other nations for peace and democracy, in the Summit of the Americas and APEC Leaders Forum where we agreed with our partners to build a free and open trading system, and in many other instances. Our achievements of the last four years are the springboard for tomorrow's better world.

We are at the dawn of a new century. Now is the moment to be farsighted as we chart a path into the new millennium. As borders open and the flow of information, technology, money, trade, and people across borders increases, the line between domestic and foreign policy continues to blur. We can only preserve our security and well being at home by being actively involved in the world beyond our borders.

The need for American leadership abroad remains as strong as ever. With the support of the American public, I am committed to sustaining our active engagement abroad in pursuit of our cherished goal--a more secure and prosperous America in a more peaceful and prosperous world where democracy and free markets know no limits.

I. Leadership Today For a Safer, More Prosperous Tomorrow

Our national security strategy must always be judged by its success in meeting the fundamental purposes set out in the Constitution:

> *...provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity,...*

Since the founding of the nation, certain requirements have remained constant. We must protect the lives and personal safety of Americans, both at home and abroad. We must maintain the sovereignty, political freedom and independence of the United States, with its values, institutions and territory intact. And, we must provide for the well-being and prosperity of the nation and its people.

Challenges and Opportunities

The security environment in which we live is dynamic and uncertain, replete with numerous challenges. Ethnic conflict and outlaw states threaten stability in many regions of the world. Weapons of mass destruction, terrorism, organized crime and environmental damage are global concerns that transcend national borders. Yet, this is also a period of great promise. America's core values of representative governance, market economics and respect for fundamental human rights have been embraced by many nations around the world, creating new opportunities to promote peace, prosperity and greater cooperation among nations. Former adversaries now cooperate with us. The dynamism of the global economy is transforming commerce, culture, communications and global relations.

During the first Clinton Administration we assessed America's role in a radically transformed security environment and outlined a national security strategy to advance our interests. Our strategy highlighted that the demise of communism in the former Soviet Union brought with it unprecedented opportunities in global relations as well as a host of threats and challenges with the potential to grow more deadly in a world grown closer. This strategy took into account the revolution in technology that not only enriches our lives, but makes it possible for terrorists, criminals and drug traffickers to challenge the safety of our citizens and the security of our borders in new ways. Our strategy focused on the security implications for both present and long-term American policy raised by transnational problems that once seemed quite distant--such as resource depletion, rapid population growth, environmental degradation and refugee migration. Faced with these circumstances, we did not set objectives for separate and distinct foreign and domestic policies, but rather for economic and security policies that advance our interests and ideals in a world where the dividing line between domestic and foreign policy is increasingly blurred.

These principles continue to guide us at the beginning of the second Clinton Administration and prompt us to make some general observations about America's role in the world in which we live.

Because we are a nation with global interests, we face a variety of challenges to our interests, often far beyond our shores. We must always retain our superior diplomatic, technological, industrial and military capabilities to address this broad range of challenges so that we can respond together with other nations when we can, and alone when we must. We have seen in the past that the international community is often reluctant to act forcefully without American leadership. In many instances, the United States is the only nation capable of providing the necessary leadership for an international response to shared challenges.

The Imperative of Engagement

These observations make our strategic approach clear. First, we must be prepared and willing to use all appropriate instruments of national power to influence the actions of other states and non-state actors. Second, we must have the demonstrated will and capabilities to continue to exert global leadership and remain the preferred security partner for the community of states that share our interests. In short, American leadership and engagement in the world are vital for our security, and the world is a safer place as a result.

Three-quarters of a century ago, the United States squandered Allied victory in World War I when it embraced isolationism and turned inward. After World War II, and in the face of a new totalitarian threat, America accepted the challenge to lead. We remained engaged overseas and, with our allies, worked to create international structures--from the Marshall Plan, the United Nations, NATO and 42 other defense arrangements, to the International Monetary Fund and the World Bank that enabled us to strengthen our security and prosperity and win the Cold War.

By exerting our leadership abroad, we can make America safer and more prosperous--by deterring aggression, fostering the resolution of conflicts, opening foreign markets, strengthening democracies, and tackling global problems. Without our leadership and engagement, threats would multiply and our opportunities would narrow. Our strategy recognizes a simple truth: we must lead abroad if we are to be secure at home, but we cannot lead abroad unless we are strong at home.

Underpinning that international leadership is the power of our democratic ideals and values. In designing our strategy, we recognize that the spread of democracy supports American values and enhances both our security and prosperity. Democratic governments are more likely to cooperate with each other against common threats and to encourage free and open trade and economic development--and less likely to wage war or abuse the rights of their people. Hence, the trend toward democracy and free markets throughout the world advances American interests. The United States must support this trend by remaining actively engaged in the world. This is the strategy to take us into the next century.

Implementing the Strategy

Though we must always be prepared to act alone, when necessary, or as a leader of an ad hoc coalition that may form around a specific objective, we cannot always accomplish our foreign policy goals unilaterally. An important element of our security preparedness depends on durable relationships with allies and other friendly nations. Accordingly, a central thrust of our strategy is to strengthen and adapt the security relationships we have with key nations around the world and create new structures when necessary. Examples of these efforts include NATO enlargement, the Partnership for Peace, and the commitment by the Asia Pacific Economic Cooperation (APEC) forum and the Summit of the Americas to expand free trade and investment.

At other times we must harness our diplomatic, military and economic strengths to shape a favorable international environment outside of any formal structures. This approach has borne fruit in areas as diverse as the advancement of peace in the Middle East and Northern Ireland, the elimination of nuclear

weapons from Ukraine, Kazakstan and Belarus and in our support for the transformation of South Africa, and is further exemplified through our comprehensive assistance package to Russia and other New Independent States (NIS).

In implementing our strategy for a safer, more prosperous tomorrow, we are guided by the strategic priorities President Clinton laid out in his 1997 State of the Union Address:

- foster an undivided, democratic and peaceful Europe
- forge a strong and stable Asia Pacific community
- continue America's leadership as the world's most important force for peace
- create more jobs and opportunities for Americans through a more open and competitive trading system that also benefits others around the world
- increase cooperation in confronting new security threats that defy borders and unilateral solutions
- strengthen the military and diplomatic tools necessary to meet these challenges

As we stand at the edge of a new century, our national security strategy will continue to make a real difference in the lives of our citizens by promoting a world of open societies and open markets that is supportive of U.S. interests and consistent with American values. We know that there must be limits to America's involvement in the world. We must be selective in the use of our capabilities, and the choices we make always must be guided by advancing our objectives of a more secure, prosperous and free America. But we also recognize that if we withdraw U.S. leadership from the world today, we will have to contend with the consequences of our neglect tomorrow. America cannot walk away from its global interests and responsibilities, or our citizens' security and prosperity will surely suffer.

We also know that our engagement abroad rightly depends on the willingness of the American people and the Congress to bear the costs of defending U.S. interests in dollars, energy, and, when there is no other alternative, American lives. We must, therefore, foster the broad public understanding and bipartisan congressional support necessary to sustain our international engagement, always recognizing that some decisions that face popular opposition must ultimately be judged by whether they advance the interests of the American people in the long run.

II. Advancing U.S. National Interests

As stated, the goal of the national security strategy is to ensure the protection of our nation's fundamental and enduring needs: protect the lives and safety of Americans; maintain the sovereignty of the United States, with its values, institutions and territory intact; and provide for the prosperity of the nation and its people.

We seek to create conditions in the world where our interests are rarely threatened, and when they are, we have effective means of addressing those threats. In general, we seek a world in which no critical region is dominated by a power hostile to the United States and regions of greatest importance to the U.S. are stable and at peace. We seek a climate where the global economy and open trade are growing, where democratic norms and respect for human rights are increasingly accepted and where terrorism, drug trafficking and international crime do not undermine stability and peaceful relations. And we seek a world where the spread of nuclear, chemical, biological and other potentially destabilizing technologies is minimized, and the international community is willing and able to prevent or respond to calamitous events. This vision of the world is also one in which the United States has close cooperative relations with the world's most influential countries and has the ability to influence the policies and actions of those who can affect our national well-being.

The overall health of the international economic environment directly affects our security, just as stability enhances the prospects for prosperity. This prosperity, a goal in itself, also ensures that we are able to sustain our military forces, foreign initiatives and global influence. It is that engagement and influence that helps ensure the world remains stable so that the international economic system can

flourish.

We believe that our strategy will move us closer to the vision outlined above and therefore will achieve our objectives of enhancing our security, bolstering our economic prosperity and promoting democracy.

Enhancing Security

To ensure the safety of our nation, the United States will continue its integrated approach to addressing the numerous threats to our interests and preserve a full range of foreign policy tools. We must maintain superior military forces. Similarly, we must retain a strong diplomatic corps and a foreign assistance program sufficient to maintain American leadership. Our tools of foreign policy must be able to shape the international environment, respond to the full spectrum of potential crises and prepare against future threats. Our military forces will have the ability to respond to challenges short of war, and in concert with regional friends and allies, to win two overlapping major theater wars. We will continue pursuing diplomatic, economic, military, arms control, and nonproliferation efforts that promote stability and reduce the danger of nuclear, chemical, biological and conventional conflict.

Threats to U.S. Interests

The current era presents a diverse set of threats to our enduring goals and hence to our security. These threats are generally grouped into three, often intertwined, categories:

- **Regional or State-centered Threats:** A number of states still have the capabilities and the desire to threaten our vital interests, through either coercion or cross border aggression. In many cases, these states are also actively improving their offensive capabilities, including efforts to obtain nuclear, biological or chemical weapons. In other cases, unstable nations, internal conflicts or failed states may threaten to further destabilize regions where we have clear interests.

- **Transnational Threats:** Some threats transcend national borders. These transnational threats, such as terrorism, the illegal drug trade, illicit arms trafficking, international organized crime, uncontrolled refugee migrations, and environmental damage threaten American interests and citizens, both directly and indirectly. Not all of these are new threats, but advances in technology have, in some cases, made these threats more potent.

- **Threats from Weapons of Mass Destruction:** Weapons of mass destruction pose the greatest potential threat to global security. We must continue to reduce the threat posed by existing arsenals of such weaponry as well as work to stop the proliferation of advanced technologies that place these destructive capabilities in the hands of parties hostile to U.S. and global security interests. Danger exists from outlaw states opposed to regional and global security efforts and transnational actors, such as terrorists or international crime organizations, potentially employing nuclear, chemical or biological weapons against unprotected peoples and governments.

The Need for Integrated Approaches

No one nation can defeat these threats alone. Accordingly, a central thrust of our strategy is to adapt our security relationships with key nations around the world to combat these threats to common interests. We seek to strengthen cooperation with friends and allies to address these threats by, for example, denying terrorists safe havens, cracking down on money laundering and tightening intelligence cooperation to prevent weapons proliferation, terrorist attacks and international crime.

Building effective coalitions of like-minded nations is not enough. That is why we are continuing to strengthen our own capabilities: so we can more effectively lead the international community in responding to these threats, and act on our own when we must. Our response to these threats is not limited exclusively to any one agency within the U.S. Government. National security preparedness particularly in this era when domestic and foreign policies are increasingly blurred crosses agency lines; thus, our approach places a premium on integrated interagency efforts to enhance U.S. security.

Many aspects of our strategy are focused on shaping the international environment to prevent or deter threats. Diplomacy, international assistance, arms control programs, nonproliferation initiatives, and overseas military presence are examples of shaping activities. A second element of this integrated approach is the requirement to maintain an ability to respond across the full spectrum of potential crises, up to and including fighting and winning major theater wars. Finally, we must prepare today to meet the challenges of tomorrow's uncertain future.

Shaping the International Environment

The United States has a range of tools at its disposal with which to shape the international environment in ways favorable to U.S. interests and global security. Shaping activities enhance U.S. security by promoting regional security and preventing and reducing the wide range of diverse threats outlined above. These measures adapt and strengthen alliances, maintain U.S. influence in key regions and encourage adherence to international norms. When signs of potential conflict emerge, or potential threats appear, we undertake initiatives to prevent or reduce these threats. Such efforts might aim to discourage arms races, halt the proliferation of weapons of mass destruction and reduce tensions in critical regions. Shaping activities take many forms.

...through Diplomacy

Diplomacy is our first line of defense against threats to national and international security. The daily business of diplomacy conducted through our missions and representatives around the world is a vital shaping activity. These efforts are essential to sustaining our alliances, forcefully articulating U.S. interests, resolving regional disputes peacefully, averting humanitarian catastrophe, deterring aggression against the United States and our friends and allies, creating trade and investment opportunities for U.S. companies, and projecting U.S. influence worldwide.

One of the lessons that has been repeatedly driven home is the importance--and cost effectiveness--of preventive diplomacy in dealing with conflict and complex emergencies. It is far more effective to help prevent nations from failing than to rebuild them after an internal crisis; far more beneficial to help people stay in their homes than it is to feed and house them in refugee camps; and far less taxing for relief agencies and international organizations to strengthen the institutions of conflict resolution than to heal ethnic and social divisions that have already exploded into bloodshed. In short, while crisis management and crisis resolution are necessary tasks for our foreign policy, preventive diplomacy is obviously far preferable.

Military force and the credible possibility of its use are essential to defend our vital interests and keep America safe. But force alone can be a blunt instrument, and there are many problems it cannot solve. To be most effective, force and diplomacy must complement and reinforce each other for there will be many occasions and many places where we must rely on diplomatic shaping activities to protect and advance our interests.

...through International Assistance

From the U.S.-led mobilization to rebuild post-war Europe to the more recent creation of export opportunities across Asia, Latin America and Africa, U.S. foreign assistance has helped expand free markets, assisted emerging democracies, contained environmental hazards and major health threats, slowed population growth and defused humanitarian crises. Crises are averted--and U.S. preventive diplomacy actively reinforced--through U.S. sustainable development programs that promote voluntary family planning, basic education, environmental protection, democratic governance and rule of law, and the economic empowerment of private citizens.

When combined effectively with other bilateral and multilateral activities, U.S. initiatives reduce the need for costly military and humanitarian interventions. Where foreign aid succeeds in consolidating free market policies, substantial growth of American exports has frequently followed. Where crises have occurred, actions such as the Greater Horn of Africa Initiative have helped staunch mass human suffering and created a path out of conflict and dislocation through targeted relief. Other foreign aid programs have worked to help restore elementary security and civic institutions.

...through Arms Control
Arms control efforts are another important shaping tool. By increasing transparency surrounding the size and structure of military forces, arms control efforts build national confidence, reduce incentives to initiate an attack and allow countries to direct resources to safer, more productive relations. Our various arms control initiatives are an essential prevention measure that can yield disproportionately significant results, often eliminating the need for a more substantial U.S. response later.

Reductions in strategic offensive arms and the steady shift toward less destabilizing systems remain essential to our strategy. Under START II, the United States and Russia will each be limited to no more than 3,000-3,500 total deployed strategic nuclear warheads. START II ratification by Russia will open the door to the next round of strategic arms control.

At the Helsinki Summit, Presidents Clinton and Yeltsin agreed to START III guidelines that if adopted will, by the end of 2007, cap the number of strategic nuclear warheads deployed in each country at 2,000-2,500--reducing both our arsenals by 80 percent from Cold War heights. They agreed that START III will, for the first time, require the U.S. and Russia to destroy nuclear warheads, not only the missiles, aircraft and submarines that carry them, and they opened the door to possible reductions in shorter-range nuclear weapons. Also at Helsinki, the Presidents reaffirmed their commitment to the Anti-Ballistic Missile (ABM) Treaty and the necessity of effective theater missile defenses and reached agreement on demarcation between systems to counter strategic and theater ballistic missiles.

Regional and multilateral arms control efforts, such as achieving a comprehensive global ban on antipersonnel landmines as soon as possible, strengthening the 1972 Biological Weapons Convention (BWC) and implementing and enforcing the Chemical Weapons Convention (CWC) increase the security of our citizens and prevent or limit conflict. That is why the Administration aggressively pursued Senate ratification of the CWC. Similarly, Senate approval of the CFE Flank Agreement is important because the agreement underpins new negotiations to adapt the 30-nation CFE Treaty to the changing European security environment. And, Senate approval of the Comprehensive Test Ban Treaty (CTBT) banning all nuclear test explosions is also a priority objective.

Other arms control objectives include securing Indian and Pakistani accession to the CTBT to allow that treaty to enter into force; obtaining Senate approval of protocols to the South Pacific Nuclear Free Zone Treaty and the African Nuclear Weapons Free Zone Treaty, and protocols to the Convention on Conventional Weapons dealing with landmines and blinding lasers; and obtaining Russian, Ukrainian and Belarusian ratification of the Open Skies Treaty.

We also promote, through international organizations such as the Organization for Security and Cooperation in Europe (OSCE), implementation of confidence and security-building measures in regions of tension and instability--even where we are not formal parties to such agreements. Agreements in the Balkans as mandated by the Dayton Accords are excellent examples.

...through Nonproliferation Initiatives
Nonproliferation initiatives, which deter the use of weapons of mass destruction (WMD) nuclear, biological and chemical and stem their spread and that of their component parts or delivery systems, enhance global security. The Administration supports international treaty regimes that prohibit the acquisition of weapons of mass destruction, including the Nuclear Non-Proliferation Treaty (NPT), the CWC and the BWC. We also seek to achieve a Fissile Material Cutoff Treaty to cap the nuclear materials available for weapons purposes.

The Administration also seeks to limit access to sensitive equipment and technologies through participating in and fostering the efforts of multilateral regimes, including the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, the Australia Group (for chemical and biological weapons), the Missile Technology Control Regime (MTCR), and the Nuclear Suppliers Group. We are working to harmonize national export control policies, increase information sharing, refine control lists and expand cooperation against illicit transfers.

Regional nonproliferation efforts are particularly critical in three proliferation zones: the Korean

Peninsula, where the 1994 Agreed Framework requires North Korea's full compliance with its nonproliferation obligations; the Middle East and Southwest Asia, where we encourage regional arms control agreements that address legitimate security concerns of all parties and continue efforts to thwart and roll back Iran's development of weapons of mass destruction and Iraq's efforts to reconstitute its programs; and South Asia, where we seek to persuade India and Pakistan to bring their nuclear and missile programs into conformity with international nonproliferation standards.

Through programs, such as the Nunn-Lugar Cooperative Threat Reduction Program and other initiatives, we aim to prevent the theft or diversion of WMD or related material or technology. We are purchasing tons of highly enriched uranium from dismantled Russian nuclear weapons for conversion into commercial reactor fuel for U.S. use. And we are also working together to redirect former Soviet facilities and scientists from military to peaceful purposes.

We are working with China to resolve a number of important proliferation issues and they have committed not to transfer MTCR-controlled missiles. Our priority now is to gain their agreement to implement national export controls that meet international standards.

...through Military Activities

The U.S. military plays an essential role in building coalitions and shaping the international environment in ways that protect and promote U.S. interests. Through means such as the forward stationing or deployment of forces, defense cooperation and security assistance, and training and exercises with allies and friends, our armed forces help to promote regional stability, deter aggression and coercion, prevent and reduce conflicts and threats, and serve as role models for militaries in emerging democracies.

Our military promotes regional stability in numerous ways. In Europe, East Asia and Southwest Asia, where the U.S. has clear, vital interests, the American military helps assure the security of key allies and friends. We are continuing to adapt and strengthen our alliances and coalitions to meet the challenges of an evolving security environment and to improve other countries' peacekeeping capabilities. With countries that are neither staunch friends nor known foes, military cooperation often serves as a positive means of engagement, building security relationships today in an effort to keep these countries from becoming adversaries tomorrow.

Deterrence of aggression and coercion on a daily basis is another crucial aspect of the military's shaping role. Our ability to deter potential adversaries in peacetime rests on several factors, particularly on our demonstrated will and ability to uphold our security commitments when they are challenged. We have earned this reputation through both our declaratory policy, which clearly communicates costs to potential adversaries, and the credibility of our conventional warfighting capability, as embodied in forces and equipment strategically stationed or deployed forward, our rapidly deployable stateside-based forces, our ability to gain timely access to critical infrastructure overseas, and our demonstrated ability to form and lead effective military coalitions.

U.S. military forces prevent and reduce a wide range of potential conflicts in key regions. An example of such an activity is our deployment to the Former Yugoslav Republic of Macedonia to prevent the spread of violence to that country.

Our armed forces also serve as a role model for militaries in emerging democracies around the world. Through modest military-to-military activities and increasing links between the U.S. military and the military establishments of Partnership for Peace nations, for instance, we are helping to transform military institutions in central and eastern Europe.

Finally, our nuclear deterrent posture is one of the most visible and important examples of how U.S. military capabilities can be used effectively to deter aggression and coercion. Nuclear weapons serve as a hedge against an uncertain future, a guarantee of our security commitments to allies and a disincentive to those who would contemplate developing or otherwise acquiring their own nuclear weapons. In this context, the United States must continue to maintain a robust triad of strategic forces sufficient to deter any hostile foreign leadership with access to nuclear forces and to convince it that seeking a nuclear advantage would be futile.

Responding to Crises

Because our shaping efforts alone cannot guarantee the international environment we seek, the United States must be able to respond to the full spectrum of crises that may arise. Our resources are finite, however, so we must be selective in our responses, focusing on challenges that most directly affect our interests and engaging where we can make the most difference. Our response might be diplomatic, economic, law enforcement, or military in nature--or, more likely, some combination of the above. We must use the most appropriate tool or combination of tools--acting in alliance or partnership when our interests are shared by others, but unilaterally when compelling national interests so demand.

Since there are always many demands for U.S. action, our national interests must be clear. These interests fall into three categories. The first includes vital interests those of broad, overriding importance to the survival, safety and vitality of our nation. Among these are the physical security of our territory and that of our allies, the safety of our citizens, and our economic well-being. We will do whatever it takes to defend these interests, including--when necessary--using our military might unilaterally and decisively.

The second category includes situations where important national interests are at stake. These interests do not affect our national survival, but they do affect our national well-being and the character of the world in which we live. In such cases, we will use our resources to advance these interests insofar as the costs and risks are commensurate with the interests at stake. Our intervention in Haiti and participation in NATO operations in Bosnia are relevant examples.

The third category involves humanitarian interests. In the event of natural or manmade disasters or gross violations of human rights, our nation may act because our values demand it. Moreover, in such cases, the force of our example bolsters support for our leadership in the world. Whenever possible, we seek to avert such humanitarian disasters through diplomacy and cooperation with a wide range of partners, including other governments, international institutions and nongovernmental organizations. By doing so, we may not only save lives but also prevent the drain on resources caused by intervention in a full-blown crisis.

The U.S. military is at once dangerous to our enemies and a bulwark to our friends. Though typically not the best tool to address long-term humanitarian concerns, under certain circumstances our military may provide appropriate and necessary humanitarian assistance. Those circumstances include: a natural or manmade disaster that dwarfs the ability of the normal relief agencies to respond; the need for relief is urgent and the military has a unique ability to respond quickly; and the U.S. mission is narrowly defined with minimal risk to American lives. In these cases, the United States may intervene when the costs and risks are commensurate with the stakes involved and when there is reason to believe that our action can make a real difference. Such efforts by the United States and the international community will be limited in duration and designed to give the affected country the opportunity to put its house in order. In the final analysis, the responsibility for the fate of a nation rests with its own people.

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 commitment without the support of the public, and close consultations with Congress are important in this effort. When it is judged in America's interest to intervene, we must remain clear in purpose and resolute in execution.

Transnational Threats

Today, American diplomats, law enforcement officials, military personnel and others are called upon to respond to assorted transnational threats that have moved to center stage with the Cold War's end. Combating these dangers which range from terrorism, international crime, and trafficking in drugs and illegal arms, to environmental damage and intrusions in our critical information infrastructures requires far-reaching cooperation among the agencies of our government as well as with other nations.

The United States will continue appropriate sharing of intelligence and information with other nations to

counter terrorism, corruption and money-laundering activities, and fight drug trafficking. We will also further seek to prevent arms traders from fueling regional conflicts and subverting international embargoes and will impose additional sanctions on states that sponsor terrorism. International cooperation to combat these transnational threats will be vital for building security in the next century.

Terrorism

U.S. counterterrorism approaches are meant to prevent, disrupt and defeat terrorist operations before they occur, and, if terrorist acts do occur, to respond overwhelmingly, with determined efforts to bring the perpetrators to justice. Our policy to counter international terrorists rests on the following principles: (1) make no concessions to terrorists; (2) bring all pressure to bear on state sponsors of terrorism; (3) fully exploit all available legal mechanisms to punish international terrorists; and (4) help other governments improve their capabilities to combat terrorism.

The U.S. has made concerted efforts to deter and punish terrorists and remains determined to apprehend those who terrorize American citizens. Similarly, as long as terrorists continue to target American citizens and interests, we reserve the right to strike at their bases and attack assets valued by those who support them--a right we exercised in 1993 with the attack against Iraqi intelligence headquarters in response to Baghdad's assassination attempt against former President Bush.

Countering terrorism effectively requires day-to-day coordination within the U.S. Government and close cooperation with other governments and international organizations. We have seen positive results from the increasing integration of intelligence, diplomatic, investigative and prosecutorial activities among the Departments of State, Justice, Defense, Treasury, Transportation, and the CIA. The Administration is also working with Congress to increase the ability of these agencies to combat terrorism through augmented funding and manpower.

Placing terrorism at the top of the diplomatic agenda has increased international information sharing and law enforcement efforts. At the 1996 Lyon Summit the industrial powers joined in condemning Iran's support for terrorism and continued efforts to achieve global adoption of all current counterterrorism treaties by the year 2000. Last year Congress and the President worked together to enact the Iran-Libya Sanctions Act which will increase economic pressure on these two state sponsors of terrorism. We further seek to uncover, reduce or eliminate foreign terrorist capabilities in our country; eliminate terrorist sanctuaries; counter state-supported terrorism and subversion of moderate regimes through a comprehensive program of diplomatic, economic and intelligence activities; improve aviation security worldwide and at U.S. airports; ensure better security for all U.S. transportation systems; and improve protection for our personnel assigned overseas.

Drug Trafficking

The U.S. response to the global scourge of drug abuse and drug trafficking is to integrate domestic and international efforts to reduce both the demand and the supply of drugs. Its ultimate success will depend on concerted efforts by the public, all levels of government and the private sector together with other governments, private groups and international organizations. Domestically, we seek to educate and enable America's youth to reject illegal drugs; increase the safety of America's citizens by substantially reducing drug-related crime and violence; reduce health and social costs to the public of illegal drug use; and shield America's air, land and sea frontiers from the drug threat.

Abroad, the U.S. National Drug Control Strategy seeks to reduce cultivation of drug producing crops, interdict the flow of drugs at the source and in the transit zone (particularly in Central and South America, the Caribbean and Mexico), and stop drugs from entering our country. The strategy includes efforts to strengthen democratic institutions; root out corruption; destroy trafficking organizations; prevent money laundering; eradicate illegal drug crops in this hemisphere, Asia and the Middle East; and encourage alternate crop development. The United States is aggressively engaging international organizations, financial institutions and non-governmental organizations in counternarcotics cooperation. For instance, the President has invoked the International Emergency Economic Powers Act (IEEPA) to attack the finances, companies and individuals owned or controlled by the Cali Cartel as well as other Colombian drug cartels, freezing their assets in the United States, identifying front companies and barring Americans from doing business with them.

Our strategy recognizes that at home and abroad, prevention, treatment and economic alternatives must go hand-in-hand with law enforcement and interdiction. Long-term efforts will be maintained to help nations develop economies with fewer market incentives for producing drugs. We have also increased efforts abroad to foster public awareness and support for foreign governments' efforts to reduce drug abuse.

International Organized Crime

International organized crime undermines fragile new democracies as well as developing nations and challenges our own security. In parts of the former Soviet Union, for instance, organized crime poses a threat to our interests because of the potential for theft and smuggling of inherited nuclear materials remaining in those countries.

To fight organized crime, we seek to mount an international effort to combat the major international criminal cartels, most notably those based in Italy, the former Soviet Union, Colombia, Southeast Asia, and Nigeria. In particular, in the context of the P-8 and bilaterally, we are promoting legal assistance and extradition cooperation. We also are working to combat money laundering and other criminal activities in the major offshore financial centers, create indigenous criminal investigation and prosecution capabilities in key countries and implement specific plans to address several other financial crimes, including counterfeiting, large-scale international fraud and embezzlement, computer intrusion of banks and cellular phones, and alien smuggling.

The Administration has launched a major initiative to stop criminal organizations from moving funds through the international financial system. We will identify and put on notice nations that fail to bring their financial systems into conformity with international standards and appropriate Financial Action Task Force (FATF) recommendations. We also seek to target the criminal enterprises that are developing the gray market trade in illegal weapons. By using forged documents and diverting deliveries of armaments, these networks serve criminals and terrorists alike and move weapons to areas of conflict and instability, often subverting international arms embargoes.

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

Environmental and Security Concerns

Environmental threats do not heed national borders and can pose long-term dangers to our security and well-being. Natural resource scarcities often trigger and exacerbate conflict. Environmental threats such as climate change, ozone depletion and the transnational movement of dangerous chemicals directly threaten the health of U.S. citizens. We must work closely with other countries to respond aggressively to these and other environmental threats. <

Decisions today regarding the environment and natural resources can affect our security for generations; consequently, our national security planning is incorporating environmental analyses as never before. In addition, we have a full diplomatic agenda, working unilaterally, regionally and multilaterally to forge agreements to protect the global environment.

Smaller-Scale Contingencies

When efforts to deter an adversary occur in the context of a crisis, they become the leading edge of crisis response. In this sense, deterrence straddles the line between shaping the international environment and responding to crises. Deterrence in crisis generally involves signaling the United States' commitment to a particular country or interest by enhancing our warfighting capability in the theater. Forces in or near the theater may be moved closer to the crisis and other forces rapidly deployed to the area. The U.S. may also choose to make additional declaratory statements to communicate the costs of aggression or coercion to an adversary, and in some cases may choose to employ U.S. forces in a limited manner to

underline the message and deter further adventurism.

The U.S. military conducts smaller-scale contingency operations to vindicate national interests. These operations encompass the full range of military operations short of major theater warfare, including humanitarian assistance, peacekeeping, disaster relief, no-fly zones, reinforcing key allies, limited strikes, and interventions. These operations will likely pose the most frequent challenge for U.S. forces and cumulatively require significant commitments over time. These operations will also put a premium on the ability of the U.S. military to work closely and effectively with other U.S. Government agencies, nongovernmental organizations, regional and international security organizations and coalition partners.

Not only must the U.S. military be prepared to successfully conduct multiple concurrent operations worldwide, it must also be prepared to do so in the face of challenges such as terrorism, information operations, and the threat or use of weapons of mass destruction. U.S. forces must also remain prepared to withdraw from contingency operations if needed to deploy to a major theater war. Accordingly, U.S. forces will remain multi-mission capable and will be trained and managed with multiple missions in mind.

At times it will be in our national interest to proceed in partnership with others to preserve, maintain and restore peace. American participation in peace operations takes many forms, such as the NATO coalition in Bosnia, the American-led UN force in Haiti and our involvement in a multilateral coalition in the Sinai.

The question of command and control in contingency operations is particularly critical. Under no circumstances will the President ever relinquish his constitutionally mandated command authority over U.S. forces, but there may be times when it is in our interest to place U.S. forces under the temporary operational control of a competent allied or United Nations commander. This is consistent with well-established practice from the siege of Yorktown during the Revolutionary War to the battles of Operation DESERT STORM.

Major Theater Warfare

At the high end of responding to crises is fighting and winning major theater wars. This mission will remain the ultimate test of our Total Force our active and reserve military components and one in which it must always succeed. For the foreseeable future, the United States, in concert with regional allies, must remain able to deter credibly and defeat large-scale, cross-border aggression in two distant theaters in overlapping time frames.

As long as countries like Iraq and North Korea remain capable of threatening vital U.S. interests, this requirement is only prudent. Maintaining such a capability should, when we are heavily engaged in one region, deter opportunism elsewhere and provide a hedge against the possibility that we might encounter larger or more difficult than expected threats. A strategy for deterring and defeating aggression in two theaters ensures we maintain the flexibility to meet unknown future threats, while continued global engagement helps preclude such threats from developing.

Fighting and winning major theater wars entails three particularly challenging requirements. First, we must maintain the ability to rapidly defeat initial enemy advances short of enemy objectives in two theaters, in close succession. The U.S. must maintain this ability to ensure that we can seize the initiative, minimize territory lost before an invasion is halted, and ensure the integrity of our warfighting coalitions.

Second, the United States must plan and prepare to fight and win under conditions where an adversary may use asymmetric means against us unconventional approaches that avoid or undermine our strengths while exploiting our vulnerabilities. This is of particular importance and a significant challenge. Because of our dominance in the conventional military arena, adversaries who challenge the United States are likely to do so using asymmetric means, such as WMD, information operations or terrorism.

Finally, our military must also be able to transition to fighting major theater wars from a posture of

global engagement from substantial levels of peacetime engagement overseas as well as multiple concurrent smaller-scale contingencies. Withdrawing from such operations would post significant political and operational challenges. Ultimately, however, the United States must accept a degree of risk associated with withdrawing from contingency operations and engagement activities in order to reduce the greater risk incurred if we failed to respond adequately to major theater wars.

Our priority is to shape effectively the international environment so as to deter the onset of major theater wars. Should deterrence fail, however, the United States will defend itself, its allies and partners with all means necessary.

Preparing Now for an Uncertain Future

At the same time we address the problems of today, we must prepare now for tomorrow's uncertain future. This requires that we support shaping and responding requirements in the near term, while at the same time evolving our unparalleled capabilities to ensure we can effectively shape and respond to meet future challenges. Key to this evolution is the need to foster innovation in new operational concepts, capabilities, technologies and organizational structures; modernize our forces; and take prudent steps today to position ourselves to respond more effectively to unlikely but significant future threats.

We must continue aggressive efforts to construct appropriate twenty-first century national security programs and structures. The Quadrennial Defense Review is doing this within the Department of Defense, and the State Department and other international affairs agencies are similarly reorganizing to confront the pressing challenges of tomorrow as well as those we face today. We need to continue looking across our government to see if during this time of transition we are adequately preparing to meet the national security challenges of the next century.

It is critical that we renew our commitment to America's diplomacy-- to ensure we have the diplomatic representation required to support our global interests. This is central to retaining our ability to remain an influential voice on international issues that affect our well-being. We will preserve that influence so long as we retain the diplomatic capabilities, military wherewithal and economic base to underwrite our commitments credibly.

The United States is approaching the point where a major modernization of our military forces is required. The military procurement buys of the late-70s and early-80s permitted us to defer large-scale recapitalization of the force for over a decade. In order to maintain the technological superiority of U.S. forces, we must selectively increase modernization funding to both introduce new systems, and replace aging Cold War-era equipment as it reaches the end of its service life.

Closely related to our modernization efforts is the requirement to invest in selected research and prototype systems while monitoring trends in likely future threats. These prudent steps provide insurance against the possibility that some of our efforts to shape the international environment in ways favorable to U.S. interests do not succeed. Although such insurance is certainly not free, it is a relatively inexpensive way to manage risk in an uncertain, resource-constrained environment--that is, the risk of being unprepared to meet a new threat, the risk of developing the wrong capabilities, and the risk of producing a capability too early and having it become obsolete by the time it is needed.

The United States cannot hedge against every conceivable future threat. Instead, we should focus our insurance efforts on threats that, while unlikely, would have highly negative consequences for U.S. security and would be very expensive to counter were they to emerge. Our current research and development effort to position the U.S. to deploy a credible national missile defense system within three years of a deployment decision is an example of this approach.

Without preparing adequately today to face the pressing challenges of tomorrow, our ability to exert global leadership and to create international conditions conducive to achieving our national goals would be in doubt. Thus, we must strive to strike the right balance between the near-term requirements of shaping and responding and the longer-term requirements associated with preparing now for national security challenges in the twenty-first century.

Overarching Capabilities

Critical to our nation's ability to shape the international environment and respond to the full spectrum of crises--today and tomorrow--are technologies, capabilities and requirements to enable the continued worldwide application of U.S. national power.

Intelligence
Our intelligence capabilities are critical instruments for implementing our national security strategy. Comprehensive intelligence capabilities are needed to provide warning of threats to U.S. national security, give analytical support to the policy and military communities, provide near-real time intelligence in times of crisis while retaining global perspective, and to identify opportunities for advancing our national interests.

Today, intelligence operations must cover a wider range of threats and policy needs than ever before and work more closely with policymaking agencies. We place a high priority on preserving and enhancing those intelligence collection and analytic capabilities that provide information on states and groups that pose the most serious threats to U.S. security.

Current intelligence priorities include states whose policies and actions are hostile to the United States; countries that possess strategic nuclear forces or control nuclear weapons, other WMD or nuclear fissile materials; transnational threats; potential regional conflicts that might affect U.S. national security interests; intensified counterintelligence against foreign intelligence collection inimical to U.S. interests; and threats to U.S. forces and citizens abroad.

Intelligence support is also required to develop and implement U.S. policies to promote democracy abroad, protect the environment, identify threats to modern information systems, monitor arms control agreements, and support worldwide humanitarian efforts. The fusion of all intelligence disciplines will provide the most effective collection and analysis of data on these subjects.

Space
We are committed to maintaining our leadership in space. Uninhibited access to and use of space is essential for preserving peace and protecting U.S. national security as well as civil and commercial interests. It is essential to our ability to shape and respond to current and future changes in the international environment. Our space policy objectives include deterring threats to our interest in space and defeating hostile efforts against U.S. space assets if deterrence fails, preventing the spread of weapons of mass destruction to space, and enhancing global partnerships with other space-faring nations across the spectrum of economic, political and security issues.

Missile Defense
We have highly effective missile defense development programs designed to protect our country, deployed U.S. forces and our friends and allies against ballistic missiles armed with conventional weapons or WMD. These programs and systems complement and strengthen our deterrence and nonproliferation efforts by reducing incentives for potential proliferators to develop or use WMD. Significantly, Presidents Clinton and Yeltsin agreed at the Helsinki Summit to maintain the ABM Treaty as a cornerstone of strategic stability, yet adapt it to meet the threat posed by shorter-range missiles a threat we seek to counter through our theater missile defense (TMD) systems. The agreement is consistent with planned U.S. TMD programs, all of which have been certified by the United States as compliant with the ABM Treaty.

Although the intelligence community does not believe it likely that any hostile state will develop an intercontinental-range missile capability that could threaten our nation in the foreseeable future, we are developing missile defense programs that position the U.S. to deploy a credible national missile defense system should a threat materialize.

Information Infrastructure
The national security posture of the United States is increasingly dependent on our information

infrastructures. These infrastructures are highly interdependent and are increasingly vulnerable to tampering and exploitation. Concepts and technologies are being developed and employed to protect and defend against these vulnerabilities; we must fully implement them to ensure the future security of not only our national information infrastructures, but our nation as well.

National Security Emergency Preparedness
We will do all we can to prevent destructive forces such as terrorism, WMD use, sabotage of our information systems and natural disasters from endangering our citizens. But if an emergency occurs, we must also be prepared to respond effectively to protect lives and property and ensure the survival of our institutions and national infrastructure. National security emergency preparedness is imperative, and comprehensive, all-hazard emergency planning by Federal departments and agencies continues to be a crucial national security requirement.

Promoting Prosperity

The second core objective of our national security strategy is to promote America's prosperity through efforts both at home and abroad. Our economic and security interests are inextricably linked. Prosperity at home depends on our leadership in the global economy. The strength of our diplomacy, our ability to maintain an unrivaled military, the attractiveness of our values abroad all depend in part on the strength of our economy.

Enhancing American Competitiveness

Our primary economic goal remains to strengthen the American economy. We will continue to pursue deficit reduction with a goal of balancing the federal budget by 2002. By cutting the deficit and balancing the budget, government borrows less, freeing capital for private sector investment. We seek to create a business environment in which the innovative and competitive efforts of the private sector can flourish; encourage the development, commercialization and use of civilian technology; invest in a world-class infrastructure for the twenty-first century, including the national information infrastructure for our knowledge-based economy; invest in education and training to develop a workforce capable of participating in our rapidly changing economy; and continue our efforts to open foreign markets to U.S. goods and services.

Enhancing Access to Foreign Markets

Our prosperity as a nation in the twenty-first century also depends upon our ability to compete and win in international markets. The rapidly expanding global economy presents enormous opportunities for American companies and workers. Over the next decade the global economy is expected to grow at three times the rate of the U.S. economy. Growth will be particularly powerful in emerging markets. Our economic future will increasingly rest on tapping into these global opportunities.

In a world where over 95 percent of the world's consumers live outside the United States, we must export to sustain economic growth at home. If we do not seize these opportunities, our competitors surely will. We must therefore continue working hard over the next four years to secure and enforce agreements that enable Americans to compete fairly in foreign markets.

Trade negotiating authority is essential for advancing our nation's economic interests. Congress has consistently recognized that the President must have the authority to break down foreign trade barriers and create good jobs. Accordingly, the Administration will work with Congress to fashion an appropriate grant of fast track negotiating authority.

Over the next four years, the Administration will continue to press our trading partners--multilaterally, regionally and bilaterally to expand export opportunities for U.S. workers, farmers and companies. We will position ourselves at the center of a constellation of trade relationships--such as the World Trade Organization, APEC, the Transatlantic Marketplace and the Free Trade Area of the Americas (FTAA). We will seek to negotiate agreements in sectors where the U.S. is most competitive, as we did in the Information Technology Agreement and the WTO Telecommunications Services Agreement. We will

remain vigilant in enforcing the trade agreements reached with our trading partners. That is why the U.S. Trade Representative and the Department of Commerce created offices in 1996 dedicated to ensuring foreign governments are fully implementing their commitments under these agreements.

World Trade Organization (WTO). The successful conclusion of the Uruguay Round of negotiations under the General Agreement on Tariffs and Trade significantly strengthened the world trading system. The U.S. economy is expected to gain over $100 billion per year in GDP once the Uruguay Round is fully implemented. The Administration remains committed to carrying forward the success of the Uruguay Round and to the success of the WTO as a forum to resolve disputes openly.

We have completed the Information Technology Agreement which goes far toward eliminating tariffs on high technology products and amounts to a global annual tax cut of $5 billion. We also concluded a landmark WTO agreement that will dramatically liberalize world trade in telecommunications services. Under this agreement, covering over 99 percent of WTO member telecommunications revenues, a decades old tradition of telecommunications monopolies and closed markets will give way to market opening deregulation and competition principles championed by the United States. We would use fast track authority to negotiate agreements in other such sectors where the U.S. is most competitive. We will attempt to conclude by the end of 1997 a new agreement to open trade in financial services. The WTO agenda also envisions further negotiations to reform agriculture and liberalize trade in services in 1999.

In the WTO we also have a full agenda of accession negotiations-- countries seeking to join the WTO. As always, the United States is setting high standards for accession in terms of adherence to the rules and market access. Accessions offer an opportunity to help ground new economies in the rules-based trading system. This is why we will take an active role in the accession process dealing with the 28 applicants currently seeking WTO membership. The Administration believes that it is in our interest that China become a member of the WTO; however, we have been steadfast in leading the effort to ensure that China's accession to the WTO occurs on a commercial basis. China maintains many barriers that must be eliminated, and we need to ensure that necessary reforms are agreed to before accession occurs. Russia's WTO accession could play a crucial part in confirming, and assuring, Russia's transition to a market economy, enhanced competitiveness and successful integration into the world economy.

North America: Since the passage of the North American Free Trade Agreement (NAFTA), our exports to Mexico have risen significantly while the Agreement helped stabilize Mexico through its worst financial crisis in modern history. Considering Mexico is our third-largest trading partner, it is imperative that its market remain open to the United States and NAFTA helps to ensure that. We will continue working with Mexico and interested private parties to consolidate NAFTA's gains and continue the mutually beneficial trade with our largest trading partner and neighbor to the north, Canada.

Latin America: Latin America has become the second fastest growing economic region in the world, and by 2010, our exports to Latin America and Canada will likely exceed those to Europe and Japan combined. In 1994 hemispheric leaders committed to negotiate the FTAA by 2005; since then, considerable progress has been made in laying the groundwork. We are also committed to delivering on the President's promise to negotiate a comprehensive free trade agreement with Chile because of its extraordinary economic performance and its logical position as our next trade partner in this hemisphere. Our ability to do so with fast track negotiating authority in hand will be viewed as a litmus test for trade expansion and U.S. interest in leading the hemisphere toward the creation of the FTAA.

Asia Pacific: Our economic strength depends on our ability to seize opportunities in the Asia Pacific region. This region is the world's fastest-growing economic area with half of the world's GDP (including the U.S., Canada and Mexico). Fully 60 percent of U.S. merchandise exports went to APEC economies in 1996 30 percent to Asian countries. U.S. initiatives in APEC 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. While our progress in APEC has been gratifying, we will explore options to encourage all Asia Pacific nations to pursue open markets.

- **China:** The emergence of a politically stable, economically open and secure China is in America's interest. Our focus will be on integrating China into the market-based world economic system. An

important part of this process will be opening China's highly protected market through lower border barriers and removal of distorting restraints on economic activity. We have negotiated landmark agreements to combat piracy and advance the interests of our creative industries. We have also negotiated and vigorously enforced agreements on textile trade.

- **Japan:** The Administration continues to make progress with Asia's largest economy in increasing market access. We have reached market access agreements with Japan covering a range of key sectors, from autos and auto parts to telecommunications and intellectual property rights. While our exports to Japan are at record levels, we must now ensure that these agreements are fully implemented. We must also encourage domestic demand-led growth in Japan and further deregulation that opens more sectors of Japan's economy to competition.

Europe: Together, Europe and the United States produce over half of all global goods and services. As part of the New Transatlantic Agenda launched at the 1995 U.S.-EU Summit in Madrid, the U.S. and the EU agreed to take concrete steps to reduce barriers to trade and investment through the creation of a New Transatlantic Marketplace, with a focus on non-tariff barriers which impede transatlantic commerce. The Transatlantic Business Dialogue comprised of American and European business leaders contributed to the Summit's priorities by focusing on an agreement necessary to reduce barriers in U.S. trade and investment. Our business community strongly supports our current negotiations to complete Mutual Recognition Agreements to eliminate redundant testing and certification requirements between the United States and the EU in sectors where trade totals over $40 billion.

Through OECD negotiations of a Multilateral Agreement on Investment, we are seeking to establish clear legal standards on expropriation, access to binding international arbitration for disputes and unrestricted investment-related transfers across borders. These negotiations help further our efforts related to investment issues in Asia and in the WTO.

Export Strategy and Advocacy Program
The Administration created America's first national export strategy, reforming the way government works with the private sector to expand exports. The new Trade Promotion Coordination Committee (TPCC) has been instrumental in improving export promotion efforts, coordinating our export financing, implementing a government-wide advocacy initiative and updating market information systems and product standards education.

The export strategy is working, with the United States regaining its position as the world's largest exporter. While our strong export performance has supported millions of new, export-related jobs, we must export more in the years ahead if we are to further strengthen our trade balance position and raise living standards with high-wage jobs. Our objective remains to expand U.S. exports to over $1.2 trillion by the year 2000, which will mean over five million new American jobs and a total of over 16 million jobs supported by exports.

Export Control Reform
Through reforming the export licensing system, we seek to support U.S. exporters' efforts to compete on a level playing field with their foreign competition by removing unnecessarily burdensome licensing requirements left over from the Cold War. We seek continued appropriate refinements to the dual-use and munitions licensing process and enactment of a new Export Administration Act, while still ensuring that our nonproliferation interests are safeguarded. We will also, as part of our multilateral export control efforts, push partners to adopt and follow similar practices to advance mutually beneficial nonproliferation efforts.

Other Economic Objectives
We are confronting bribery and corruption by seeking to have OECD members criminalize the bribery of foreign officials and eliminate the tax deductibility of foreign bribes and by promoting greater transparency in government procurement regimes. To date, our efforts on procurement have been concentrated in the World Bank and the regional development banks. Our initiative at the recent WTO meeting in Singapore to pursue an agreement on transparency in all WTO member procurement regimes should make an additional important contribution to our efforts.

On trade and labor we have made important strides. The Singapore WTO Ministerial endorsed the importance of core labor standards sought by the United States since the Eisenhower Administration the right to organize, the right to bargain collectively and prohibitions against child labor and forced labor. We will continue pressing for a working party on labor issues in the WTO.

We continue seeking assurances that liberalization of trade does not come at the expense of environmental protection. Our leadership in the Uruguay Round negotiations led to the incorporation of environmental provisions into the WTO Agreements and creation of the Committee on Trade and Environment, where governments continue the task of ensuring that trade and environment are mutually supportive. In addition, with U.S. leadership, countries participating in the FTAA are engaged in sustainable development initiatives to ensure that economic growth does not come at the cost of environmental protection.

Strengthening Macroeconomic Coordination

Our strategy recognizes that as national economies become more integrated internationally, the United States cannot thrive in isolation from developments abroad. Working with other countries and international economic institutions, we have improved our capacity to prevent and mitigate international financial crises. These efforts include the creation of a more effective early warning and prevention system with an emphasis on improved disclosure of financial and economic data; a doubling of resources available to respond in the event crises occur; and a review of procedures that might facilitate the orderly resolution of international debt crises. The G-7 has also made progress on improving cooperation among financial regulatory authorities and strengthening supervision of major financial institutions. These steps should help limit the risk of major financial institution collapse and limit damage to other institutions in the event a crisis occurs.

The G-7 is also promoting a range of World Bank and regional development bank reforms that the United States has been urging for a number of years. Key elements include substantially increasing the share of resources devoted to basic social programs that reduce poverty; safeguarding the environment; supporting development of the private sector and open markets; promotion of good governance, including measures to fight corruption; and internal reforms of the Multilateral Development Banks (MDBs) to make them more efficient. Furthermore, international financial institutions such as the International Monetary Fund (IMF) and MDBs have played a strong role in recent years in countries and regions of key interest to the United States, such as Russia, the Middle East, Haiti and Bosnia.

Providing for Energy Security

The United States depends on oil for more than 40 percent of its primary energy needs. Roughly half of our oil needs are met with imports, and a large, though diminishing, share of these imports come from the Persian Gulf area. However, we are also undergoing a fundamental shift in our reliance on imported oil away from the Middle East. Venezuela is now the number one foreign supplier to the United States; Canada, Mexico and Venezuela combined supply more than twice as much oil to the United States as the Arab OPEC countries; and Venezuela and Colombia are each undertaking new oil production ventures. The Caspian Basin, with potential oil reserves of 200 billion barrels, also promises to play an increasingly important role in meeting rising world energy demand in coming decades. While we must keep these developments in mind, we cannot lose sight of the fact that for the long term, the vast majority of the proven oil reserves still reside in the Middle East and that the global oil market is largely interdependent.

Over the longer term, U.S. dependence on access to these foreign oil sources will be increasingly important as our resources are depleted. The U.S. economy has grown roughly 75 percent since the first oil shock; during that time our oil consumption has remained virtually stable but domestic 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. Conservation measures notwithstanding, the United States has a vital interest in ensuring access to this critical resource.

Promoting Sustainable Development Abroad

Sustainable development improves the prospects for democracy in developing countries and expands the demand for U.S. exports. It alleviates pressure on the global environment, reduces the attraction of the illegal drug trade and improves health and economic productivity.

Rapid urbanization is outstripping the ability of many nations to provide jobs, education and other services to their citizens. The continuing poverty of a quarter of the world's people leads to hunger, malnutrition, economic migration and political unrest. New diseases, such as AIDS, and other epidemics that can spread through environmental damage, threaten to overwhelm the health facilities of developing countries, disrupt societies and stop economic growth.

U.S. foreign assistance 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. The MDBs are now placing increased emphasis upon sustainable development in their funding decisions, including assisting borrowing countries to better manage their economies. The Global Environmental Facility 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.

Environment and Sustainable Development

Environmental and natural resource issues can impede sustainable development efforts and promote regional instability. That is why the U.S. will aggressively lead efforts to address this issue at the June 1997 UN General Assembly Special Session on Environment and Development. Environmental damage in countries of the NIS and Central and Eastern Europe continues to impede their ability to emerge as prosperous, independent countries. In addition, the effects of climate change and ozone depletion know no borders and can pose grave dangers to our nation and the world. We seek to accomplish the following:

- forge an international consensus to address the challenge of global climate change, as evidenced by threats such as rising sea levels, the spread of tropical disease and more frequent and severe storms;
- achieve increased compliance with the Montreal Protocol through domestic and multilateral efforts aimed at curbing illegal trade in ozone depleting substances;
- implement the UN Straddling Stocks Agreement, ratify the Law of the Sea Convention and help to promote sustainable management of fisheries worldwide;
- implement the Program of Action on population growth developed at the 1994 Cairo Conference;
- expand bilateral forest assistance programs and promote sustainable management of tropical forests;
- focus technical assistance and encourage nongovernmental environmental groups to provide expertise to the NIS and Central and Eastern European nations that have suffered the most acute environmental crises;
- achieve Senate ratification of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes;
- lead a renewed global effort to address population problems and promote international consensus for stabilizing world population growth; and
- achieve Senate ratification of the Biodiversity Convention and take steps to slow or stop biodiversity loss. These steps include supporting agricultural research to relieve pressures on

forests, working with MDBs and others to prevent biodiversity loss in key regions, and use of the Convention on International Trade in Endangered Species (CITES) to protect threatened species.

Promoting Democracy

The third core objective of our national security strategy is to promote democracy and human rights. The number of states moving away from repressive governance toward democratic and publicly accountable institutions is impressive. Since the success of many of those changes is by no means assured, our strategy must focus on strengthening their commitment and institutional capacity to implement democratic reforms.

Emerging Democracies

We seek international support in helping strengthen democratic and free market institutions and norms in countries making the transition from closed to open societies. This commitment to see freedom and respect for human rights take hold is not only just, but pragmatic, for strengthened democratic institutions benefit the U.S. and the world.

By helping consolidate democratic and market reforms in the NIS, we are assisting them to develop into valued diplomatic and economic partners. 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 elsewhere facilitate our goal of achieving continued reductions in nuclear arms and compliance with international nonproliferation accords.

The new democracies in Central and Eastern Europe are similarly key. Eventual integration into European security and economic organizations, such as NATO and the EU, will help lock in and preserve the impressive progress these nations have made in instituting democratic and market-economic reforms.

Continuing to nurture advances toward democracy and markets in our own hemisphere remains a priority, as reflected by the President's trips to Latin America and the Caribbean this year and the preparations for the Summit of the Americas in Santiago next year. In the Asia Pacific region, economic dynamism is increasingly associated with political modernization, democratic evolution and the widening of the rule of law--and it has global impacts. We are particularly attentive to 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.

The methods for assisting emerging democracies are as varied as the nations involved. We must continue leading efforts to mobilize international economic and political resources, as we have with Russia, Ukraine and the other NIS. We must take firm action to help counter attempts to reverse democracy, as we have in Haiti, Guatemala and Paraguay. We must give democratic nations the fullest benefits of integration into foreign markets, which is part of the reason NAFTA and the Uruguay Round of GATT ranked so high on our agenda and why we are now working to forge the FTAA. We must help these nations strengthen the pillars of civil society, supporting administration of justice and rule of law programs, assisting the development of democratic civil-military relations and providing human rights training to foreign police and security forces. And we must seek to improve their market institutions and fight corruption and political discontent by encouraging good governance practices.

Adherence to Universal Human Rights and Democratic Principles

At the same time, we must sustain our efforts to press for political liberalization and respect for basic human rights worldwide, including in countries that continue to defy democratic advances. Working through multilateral institutions, the United States promotes universal adherence to international human rights and democratic principles. Our efforts in the United Nations and other organizations are helping to make these principles the governing standards for acceptable international behavior.

We must also work with multilateral institutions to ensure that international human rights principles protect the most vulnerable or traditionally oppressed groups in the world women, children, workers, refugees and persons persecuted on the basis of their religious beliefs or ethnic descent. To this end, we will seek to strengthen and improve international mechanisms that promote human rights, such as the UN Human Rights Commission, and will intensify our efforts to establish a Permanent Criminal Court to address violations of international humanitarian law building on the efforts of the International War Crimes Tribunals for the former Yugoslavia and Bosnia.

To focus additional attention on the more vulnerable or traditionally oppressed people, we will seek to spearhead new international initiatives to combat the sexual exploitation of minors, forms of child labor, homelessness among children, violence against women and children, and female genital mutilation. We will encourage governments to not return people to countries where they face persecution--to provide asylum as appropriate, to offer temporary protection to persons fleeing situations of conflict or generalized human rights abuses, and to ensure that such persons are not returned without due consideration of their need for permanent protection. And we will work with international institutions to combat religious persecution.

The United States will continue to speak out against human rights abuses and we will carry on human rights dialogues with countries willing to engage us constructively. In appropriate circumstances, we must be prepared to take strong measures against human rights violators. These include economic sanctions, as have been maintained against Nigeria, Iraq, Burma and Cuba; visa restrictions; and restrictions on the sales of arms that we believe may be used to perpetrate human rights abuses.

Finally, the United States itself must continue to demonstrate its willingness to adhere to international human rights standards. In particular, we must move forward on ratification of the convention prohibiting discrimination against women and the convention on the rights of the child.

Humanitarian Assistance

Our efforts to promote democracy and human rights are complemented by our humanitarian assistance programs, which are designed to alleviate human suffering, to help establish democratic regimes that respect human rights and to pursue appropriate strategies for economic development. These efforts also enable the United States to help prevent humanitarian disasters with far more significant resource implications.

We also must seek to promote reconciliation in states experiencing civil conflict and to address migration and refugee crises. To this end, the United States will provide appropriate financial support and work with other nations and international bodies, such as the International Committee of the Red Cross and the UN High Commissioner for Refugees. We also will assist efforts to protect the rights of refugees and displaced persons and to address the economic and social root causes of internal displacement and international flight. Finally, we will cooperate with other states to curb illegal immigration into this country.

Private firms and associations are natural allies in activities and efforts intended to bolster market economies. We have natural partners in labor unions, human rights groups, environmental advocates, chambers of commerce and election monitors in promoting democracy and respect for human rights and in providing international humanitarian assistance; thus, we should promote democratization efforts through private and nongovernmental groups as well as foreign governments.

Supporting the global movement toward democracy requires a pragmatic and long-term effort focused on both values and institutions. Our goal is a broadening of the community of market democracies, and strengthened international non-governmental movements committed to human rights and democratization.

III. Integrated Regional Approaches

Our policies toward different regions reflect our overall strategy tailored to their unique challenges and opportunities.

Europe and Eurasia

European stability is vital to our own security. Our objective is to complete the construction of a truly integrated, democratic and secure Europe, with a democratic Russia as a full participant. This would complete the mission the United States launched 50 years ago with the Marshall Plan and the creation of the North Atlantic Treaty Organization. NATO remains the anchor of American engagement in Europe and the linchpin of transatlantic security. As a guarantor of European democracy and a force for European stability, NATO must play the leading role in promoting a more integrated, secure Europe prepared to respond to new challenges. We will maintain approximately 100,000 military personnel in Europe to preserve U.S. influence and leadership in NATO, sustain our vital transatlantic ties, provide a visible deterrent, respond to crises and contribute to regional stability. The increasing links between NATO and Partnership for Peace nations form the foundation for Partners to contribute to real-world NATO missions, as many are doing in the Stabilization Force (SFOR) operation in Bosnia.

At the July 1997 NATO Summit in Madrid, the Alliance will move forward on its agenda for NATO's adaptation and enlargement. We will invite one or more aspiring members to begin accession talks, with the goal of full entry for the first new members by NATO's 50th anniversary in 1999. At the same time, we will intensify efforts to work with countries not included in the first group of invitees, such as enhancing the Partnership for Peace, launching the Euro-Atlantic Partnership Council and developing an enhanced NATO-Ukraine relationship. We also want to finalize various aspects of the Alliance's internal adaptation, including a new command structure and arrangements for a stronger European security and defense identity within--rather than separate from--NATO. Parallel to NATO enlargement, we seek to define a new and coherent NATO-Russia partnership one that ensures Russia's full participation in the post-Cold War European security system.

Enlarging the Alliance will promote our interests by reducing the risk of instability or conflict in Europe's eastern half. It will help ensure 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. 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.

We will also continue to strengthen the OSCE's role in conflict prevention and crisis management and seek closer cooperation with our European partners in dealing with non-military security threats through our New Transatlantic Agenda with the EU.

Balkans: At the same time as we work to construct a comprehensive European security architecture, we must also focus on regional security challenges. We remain committed to the goals of the Dayton Accords. In Bosnia we seek to help create conditions-- through political reconciliation and economic revitalization--for a self-sustaining peace, one that can ensure stability in the country and the Balkans as a whole and permit a timely exit of NATO military forces from Bosnia at the end of SFOR's mission. We support the efforts of the International Criminal Tribunal for the former Yugoslavia and aim to see Bosnia's Balkan neighbors embarked on the path of democracy and market reform--including Serbia's restoration of autonomy to Kosovo and the return of civil society and democracy to Albania.

Southeastern Europe: There are significant security challenges in southeastern Europe. The interrelated issues of Cyprus, Greek-Turkish disagreements in the Aegean, and Turkey's relationship with Europe have serious consequences for regional stability and the evolution of European political and security structures; thus, our immediate goals are to stabilize the region by reducing long-standing Greek-Turkish tensions and to pursue a comprehensive settlement on Cyprus. A democratic, secular, stable and

Western-oriented Turkey has supported U.S. efforts to enhance stability in Bosnia, the NIS and the Middle East, as well as to contain Iran and Iraq. Its continued ties to the West and its support for our overall strategic objectives in one of the world's most sensitive regions is critical. We continue to support Turkey's active, constructive role within NATO and Europe.

Northern Ireland: In Northern Ireland, we will continue our efforts to encourage an end to the conflict that has claimed more than 3,200 lives over the past 25 years, and are committed to support the efforts of the British and Irish Governments to bring about a just and lasting settlement. The United States will continue to push for real progress, standing with those who take risks for peace and helping bring tangible benefits of peace to those whose lives will be affected.

NIS: The United States has vital security interests in the evolution of Russia, Ukraine and the other NIS into stable, modern democracies, peacefully and prosperously integrated into a world community where representative government, the rule of law, free and fair trade and cooperative security are the norm. An important element in this evolution will be the development of an effective NATO-Russian partnership. In making the most of post-Communist pluralism providing support to reformers wherever they are to be found, notably including the non-governmental sector and the regions outside national capitals we must remain steady in pursuing four strategic objectives:

- reducing the threat of nuclear war and the spread of nuclear weapons and materials, as well as other weapons of mass destruction;
- helping the NIS continue their transition toward democratic, market economies integrated into the community of free-trading democracies;
- bringing Russia, Ukraine and the other NIS into a new, post-Cold War European security order; and
- cooperating with all states of the NIS in ending ethnic and regional conflict while bolstering their independence.

The United States strongly supports the process of European integration embodied in the European Union and seeks to deepen our economic partnership with the EU. At the same time, we are encouraging bilateral trade and investment in non-EU countries, while supporting appropriate enlargement of the European Union. We recognize that EU nations face significant economic challenges with nearly 20 million people unemployed, and that economic stagnation has eroded public support for funding outward-looking foreign policies and greater integration. We are working closely with our West European partners to expand employment and promote long-term growth in the G-7, and to support the New Transatlantic Agenda, which moves the U.S.-EU relationship from consultation to joint action on a range of shared interests.

In supporting historic market reforms in Central and Eastern Europe and in the NIS, we both strengthen our own economy and help new democracies take root. Poland, economically troubled as recently as 1989, now symbolizes the new dynamism and rapid growth that extensive, democratic, free market reforms make possible. Today, more than 70 percent of Russia's GDP is generated by the private sector, while Ukraine's economic reforms have helped consolidate Ukrainian statehood and democratization. But much remains to be done to assure durable economic recovery and social protection. We will continue to mobilize the international community to provide structural economic assistance. Through the Gore-Chernomyrdin Commission, the United States is working closely with Russia in priority areas, including defense conversion, the environment, trade and investment, and scientific and technological cooperation.

Ultimately, the success of market reforms in the countries recently emerged from communism will depend more on trade and investment than official aid. One of our priorities, therefore, is to reduce trade barriers. At the Helsinki Summit, Presidents Clinton and Yeltsin defined an ambitious reform agenda

covering key tax, energy and commercial laws crucial for Russia to realize its potential for attracting foreign investment. Further, the Presidents outlined steps that would accelerate Russian membership on commercial terms in key economic organizations such as the WTO and the Paris Club. It is in both Russia's interest and ours that we work with the Russian government toward passage of key economic and commercial legislation, as we continue to support American investment and Russia's integration into various international economic institutions.

Ukraine is also at an important point in its economic transition--one that will affect its integration with Europe and the prosperity of its people. Two challenges stand out: first, to instill respect for the rule of law so that international principles of the marketplace and democratic governance prevail; and, second, to gain international support as it seeks to close down Chornobyl and reform its energy sector. We seek support from the international community to help Ukraine's economic transformation and its goal of attracting foreign investment and stimulating domestic growth.

A stable and prosperous Caucasus and Central Asia will help promote stability and security from the Mediterranean to China and facilitate rapid development and transport to international markets of the large Caspian oil and gas resources, with substantial U.S. commercial participation. While the new states in the region have made progress in their quest for sovereignty, stability, prosperity and a secure place in the international arena, much remains to be done--in particular in resolving regional conflicts such as Nagorno-Karabakh.

Democratic reforms in the NIS and Europe's former communist states are the best answer to the aggressive nationalism and ethnic hatreds unleashed by the end of the Cold War. Already, the prospect of joining or rejoining the Western democratic family has dampened the forces of nationalism and strengthened the forces of democracy and reform in many countries of the region.

The independence, sovereignty and territorial integrity of the twelve NIS, as well as of the three Baltic states, are especially important to American interests. So is their political and economic reform. Our instruments for advancing these goals are our bilateral relationships, our leadership of international institutions and the billions of dollars in private and multilateral resources that we can help mobilize. But the circumstances affecting the smaller countries depend in significant measure on the fate of reform in the largest and most powerful Russia. The United States will continue to vigorously promote Russian reform and discourage any reversal in the progress that has been made. Our economic and political support for the Russian government depends on its commitment to reform, including democratization, market economics and a foreign policy of comity, especially with respect to other former Soviet republics.

East Asia and the Pacific

Four years ago, President Clinton laid out his vision of a new Pacific community--a vision that links security interests with economic growth and our commitment to democracy and human rights. We now seek to build on that vision, cementing America's role as a stabilizing force in a more integrated Asia Pacific region.

Our military presence has been essential to maintaining the stability that has enabled most nations in the Asia Pacific region to build thriving economies for the benefit of all. To deter regional aggression and secure our own interests, we will maintain an active presence. Our treaty alliances with Japan, South Korea, Australia, Thailand, and the Philippines, and our commitment to keeping approximately 100,000 U.S. military personnel in the region, serve as the foundation for America's continuing security role.

We have supported new regional dialogues such as the ASEAN Regional Forum (ARF) on the full range of common security challenges. By meeting on confidence-building measures such as search and rescue cooperation and peacekeeping, the ARF can help enhance regional security and understanding.

Japan: The United States and Japan reaffirmed last year that our bilateral security relationship

remains the cornerstone for achieving common security objectives and for maintaining a stable and prosperous environment for the Asia Pacific region as we enter the twenty-first century. This security cooperation extends to promoting regional peace and stability, seeking universal adherence to the Nuclear Non-Proliferation Treaty, and addressing the dangers posed by transfers of destabilizing conventional arms and sensitive dual-use goods and technologies. Our continued progress in assisting open trade between our two countries and our broad-ranging international cooperation exemplified by the Common Agenda provide a sound underpinning for our relations in the next century.

Korean Peninsula: Tensions on the Korean Peninsula remain the principal threat to the peace and stability of the East Asia region. A peaceful resolution of the Korean conflict with a non-nuclear peninsula is in our strategic interest. A parallel strategic interest is the elimination of a chemical/biological threat on the peninsula. A productive North-South dialogue would be a positive step in this direction. We are working to create conditions of stability by maintaining the U.S.-Republic of Korea treaty alliance and our military presence; freezing and eventually dismantling the North Korean nuclear program under the Agreed Framework; developing bilateral contacts with the North aimed at drawing the North into a set of more normal relations with the region and the rest of the world; and following through on the offer of four-party peace talks among the United States, China, and North and South Korea. Over the next four years, we will maintain solidarity with our South Korean ally, ensure that an isolated and struggling North Korea does not opt for a military solution to its problems, and emphasize America's commitment to shaping a peaceful and prosperous Korean Peninsula. At the same time, we are willing to improve bilateral political and economic ties with the North, commensurate with its continued cooperation to resolve the nuclear issue, engagement in North-South dialogue, continued efforts to recover remains of American servicemen missing since the Korean War, and cessation of its chemical and biological programs and ballistic missile proliferation activities.

China: An overarching U.S. interest is China's emergence as a stable, open, secure and peaceful state. The prospects for peace and prosperity in Asia depend heavily on China's role as a responsible member of the international community. China's integration into the international system of rules and norms will influence its own political and economic development, as well as its relations with the rest of the world. Our success in working with China as a partner in building a stable international order depends on establishing a productive relationship that will build sustained domestic support. We have already enhanced our cooperation in key areas, such as working for peace and stability in Korea, extending the NPT and completing the CTBT, and combating alien smuggling and drugs. Our key security objectives include:

- sustaining the strategic dialogue begun by the recent series of high-level exchanges with attention to core interests on both sides;
- resumption of the cross-Strait dialogue between Beijing and Taipei, and a smooth transition in Hong Kong;
- PRC adherence to international nonproliferation norms, establishment of a comprehensive export control system, and the conditions that would permit implementation of the 1985 agreement on the peaceful use of nuclear energy; and
- the PRC's constructive role in international security affairs through active cooperation in APEC, ARF and the Northeast Asia Security Dialogue.

Southeast Asia: Our strategic interest in Southeast Asia centers on developing regional and bilateral security and economic relationships that assist in conflict prevention and resolution and expand U.S. participation in the region's dynamic growth. Our policy combines two approaches: first, maintaining our increasingly productive relationship with the Association of Southeast Asian Nations (Singapore, Malaysia, Thailand, Indonesia, the Philippines, Brunei, Vietnam) especially our security dialogue under the ARF; and second, pursuing bilateral objectives with ASEAN's individual members and other Southeast Asian nations, designed to prevent political or military

instability, establish market-oriented economic reforms, resist the flow of heroin from Burma, and encourage democratic reforms and improvements in human rights practices. Our security aims in Southeast Asia are twofold: (1) maintaining robust security alliances with Canberra, Manila and Bangkok, as well as sustaining security access arrangements with Singapore and other ASEAN countries; and (2) healthy, pragmatic relations with a strong, cohesive ASEAN capable of supporting regional stability and prosperity.

We are committed to sustaining the Asia Pacific region's remarkable dynamism. Opportunities for economic growth abound in Asia and underlie our strong commitment to multilateral economic cooperation. Today, the 18 member economies of APEC--comprising about one-third of the world's population produce $13 trillion and export $1.7 trillion of goods annually, about one-half of the global totals. U.S. exports to Asian economies support millions of American jobs, while U.S. direct investments in Asia represent 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 are a vivid testament to the possibilities of stimulating regional economic growth and cooperation--fostering trade and investment liberalization, while at the same time enhancing political and security ties within the region.

We are also working with major bilateral trade partners to improve trade relations. The United States and Japan have successfully completed over 20 bilateral trade agreements under the 1993 Framework Agreement, designed to open Japan's markets to U.S. goods. As U.S.-China trade continues to grow, we place a high priority on bilateral and multilateral trade issues, such as intellectual property rights and market access.

Our economic objectives include: continued progress within APEC toward liberalizing trade and investment, increased exports to Asian countries through market-opening measures and leveling the playing field for U.S. business, and WTO accession for the PRC and Taiwan on satisfactory commercial terms.

Some have argued that democracy is unsuited for Asia or at least for some Asian nations that human rights are relative and that Western nations' support for international human rights standards simply mask a form of cultural imperialism. The democratic aspirations and achievements of Asian peoples themselves prove these arguments incorrect. We will continue to support those aspirations and to promote respect for human rights in all nations.

Each nation must find its own form of democracy, and we respect the variety of democratic institutions that have emerged in Asia. But there is no cultural justification for tyranny, torture or the denial of fundamental freedoms. Our strategy includes efforts to:

- pursue a constructive, goal-oriented approach to achieving progress on human rights and rule of law issues with China;
- foster a meaningful dialogue between the ruling authorities in Burma and the democratic opposition;
- promote improved respect for human rights and strengthened democratic processes in Indonesia and political reconciliation in East Timor;
- build democratic institutions and encourage respect for human rights in Cambodia; and
- promote improved respect for human rights in Vietnam and achieve the fullest possible accounting of missing U.S. service members.

The Western Hemisphere

The end of armed conflict in Central America and other improvements in regional security have coincided with remarkable political and economic progress throughout the hemisphere. Our hemisphere enters the twenty-first century with an unprecedented opportunity to build a future of stability and prosperity building on the fact that every nation in the hemisphere except Cuba is democratic and committed to free market economies.

We are advancing regional security cooperation in a variety of ways, such as bilateral security dialogues, Organization of American States (OAS) and Summit of the Americas initiatives, regional confidence and security building measures, exercises and exchanges with key militaries, and regular Defense Ministerials. As co-guarantor of the Peru-Ecuador peace process we have brought the parties closer to negotiating a permanent resolution of the decades-old border dispute. And, we are working to ensure a successful passage of stewardship of the Panama Canal to the Panamanian government.

The principal security concerns in the hemisphere are transnational in nature, such as drug trafficking, organized crime and money laundering, illegal immigration, and instability generated from corruption and political or social conflict. Bilaterally and regionally, we seek to eliminate the scourge of drug trafficking which poses a serious threat to the sovereignty, democracy and national security of nations in the hemisphere. As part of our comprehensive partnership with Mexico, we continue to increase counterdrug and law enforcement cooperation, while in the Caribbean we are intensifying a coordinated effort on counternarcotics, law enforcement and gun smuggling.

The 1994 Summit of the Americas in Miami produced hemispheric agreement on a package of measures that included continued economic reform and enhanced cooperation on issues such as the environment, counternarcotics and anti-corruption. Celebrating the region's embrace of democracy and free markets, the President used that historic event to commit the U.S. to a more mature and cooperative relationship with the hemisphere. The Summit's centerpiece was the leaders' commitment to negotiate the Free Trade Area of the Americas by 2005 and other steps to ensure that democracy's benefits are shared by all.

The Summit brought a surge in hemispheric cooperation on issues such as energy, financial integration and the environment where U.S. agencies have used the Summit Action Plan to establish new relationships with their Latin American and Caribbean counterparts. The hemispheric response to the 1996 coup attempt in Paraguay--a response led by the OAS, members of the Southern Cone Common Market (MERCOSUR) and the U.S.--also demonstrated the degree to which our democracy and economic integration agendas have become mutually reinforcing. Having opened a new chapter in U.S. relations with Latin America and the Caribbean, we must carry forward the momentum to the 1998 Summit in Chile and continue building towards the Miami vision of an integrated hemisphere of free market democracies. The Administration seeks to do its part in advancing this vision by consolidating NAFTA's gains, obtaining congressional fast track negotiating authority and negotiating a comprehensive free trade agreement with Chile.

At the same time, we must be sensitive to the concern by some small states, such as those in the Eastern Caribbean, about the impact of an increasingly integrated and more competitive hemispheric economy. To this end, we must make progress on achieving the benefits of the Caribbean Basin Initiative (CBI) to help prepare that region for participation in the FTAA.

Our ability to sustain the historic progress of the hemispheric agenda depends in part on meeting the challenges posed by weak democratic institutions, spiraling unemployment and crime rates, and serious income disparities. In many Latin American countries, citizens will not fully realize the benefits of political liberalization and economic growth without regulatory, judicial, law enforcement and educational reforms, as well as increased efforts to integrate indigenous populations into the formal economy.

Regarding Cuba, the United States remains committed to promoting a peaceful transition to democracy and forestalling a mass migration exodus that would endanger the lives of migrants and safety of our nation. While maintaining pressure on the regime to make political and economic reforms, we seek to encourage the emergence of a civil society to assist transition to democracy when the change comes. A growing optimism among Cubans that positive change is possible also helps discourage illegal

migration. And, as the Cuban people feel greater incentive to take charge of their own future, they are more likely to stay at home and build the informal and formal structures that will make transition easier. Meanwhile, we remain firmly committed to bilateral migration accords that seek to ensure that migration be through legal and safe means.

The restoration of democracy in Haiti remains a shining example of the positive trends in our hemisphere. In Haiti we continue to support respect for human rights and economic growth by a Haitian government capable of managing its own security, paving the way for a Presidential election in 2000 that is free, fair and representative. We are committed to work with our partners in the region and the international community to support Haiti's economic and political development. Haiti will benefit from a Caribbean-wide acceleration of growth and investment, stimulated in part by enhancement of CBI benefits.

Finally, we also seek to strengthen norms for defense establishments that are supportive of democracy, transparency, respect for human rights and civilian control in defense matters. Through continued engagement with regional armed forces, facilitated by our own modest military activities and presence in the region, we are helping to transform military institutions. Through initiatives such as the Defense Ministerial of the Americas and expanded efforts to increase civilian expertise in defense affairs, we are reinforcing the positive trend in civil-military relations.

The Middle East, Southwest and South Asia

The United States has enduring interests in pursuing a just, lasting and comprehensive Middle East peace, ensuring the security and well-being of Israel, helping our Arab friends provide for their security, and maintaining the free flow of oil at reasonable prices. Our strategy reflects those interests and the unique characteristics of the region as we work to extend the range of peace and stability.

The Middle East Peace Process: An historic transformation has taken place in the political landscape of the Middle East: peace agreements are taking hold, requiring concerted implementation efforts. The United States as an architect and sponsor of the peace process has a clear national interest in seeing the process deepen and widen to include all Israel's neighbors. We will continue our steady, determined leadership standing with those who take risks for peace, standing against those who would destroy it, lending our good offices where we can make a difference and helping bring the concrete benefits of peace to people's daily lives. Future progress will require movement in the following inter-related areas:

- continued Israeli-Palestinian engagement on remaining issues in the Interim Agreement, and negotiation of permanent status issues;
- resuming Israeli-Syrian negotiations and beginning Israeli-Lebanese negotiations with the objective of achieving peace treaties; and
- normalization of relations between Arab states and Israel.

Southwest Asia: In Southwest Asia, the United States remains focused on deterring threats to regional stability and protecting the security of our regional partners, particularly from Iraq and Iran. We will maintain our military presence using a combination of air, land and sea forces and the demonstrated ability to reinforce rapidly the region in time of crisis.

We would like to see Iraq's reintegration into the international community; however, we have made clear that Iraq must comply with all relevant United Nations Security Council resolutions. We also remain committed to enforcing the no-fly zones through Operations NORTHERN WATCH and SOUTHERN WATCH. Our policy is directed not against the people of Iraq but against the aggressive behavior of the government. Until that behavior changes, our goal is containing the threat Saddam Hussein poses to Iraq's neighbors, its people, the free flow of Gulf

oil and broader U.S. interests in the Middle East.

As for Iran, our policy is aimed at changing the behavior of the Iranian government in several key areas, including its 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 development of offensive military capabilities which threaten our Gulf Cooperation Council (GCC) partners and the flow of oil. Pending changes in Iran's behavior, our goal is to contain and reduce its ability to threaten our interests. We also seek to coordinate with key allies to maximize pressures on Iran to change its course.

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. We will continue to encourage members of the Gulf Cooperation Council to work closely on collective defense and security arrangements, help individual GCC states meet their appropriate defense requirements and maintain our bilateral defense agreements.

Roughly half of our oil needs are met with imports, and a large share of these imports are from the Persian Gulf region. Previous oil shocks and the Gulf War show the impact that an interruption of oil supplies can have on the world's economy. Appropriate responses to events such as Iraq's invasion of Kuwait can limit the magnitude of the crisis. But over the longer term, U.S. dependence on access to these and other foreign oil sources will remain important as our resources are depleted. The United States must remain ever vigilant to ensure unrestricted access to this critical resource. In the Gulf, where global access to critical resources is key, we will continue to demonstrate U.S. commitment and resolve.

South Asia: South Asia has experienced an important expansion of democracy and economic reform. Our strategy is designed to help the peoples of that region enjoy the fruits of democracy and greater stability by helping resolve long-standing conflict and implementing confidence-building measures. The United States has urged India and Pakistan to take steps to reduce the risk of conflict and to bring their nuclear and missile programs into conformity with international standards. 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. We seek to establish relationships with India and Pakistan that are defined in terms of their own individual merits and that reflect the full weight and range of U.S. strategic, political and economic interests in each country. In addition, we seek to work closely with regional countries to stem the flow of illegal drugs from South Asia, most notably from Afghanistan.

We will encourage the spread of democratic values throughout the Middle East and Southwest and South Asia and will pursue this objective by a constructive dialogue with countries in the region. We will promote responsible indigenous moves toward increasing political participation and enhancing the quality of governance and will continue to vigorously challenge many governments in the region to improve their dismal human rights records.

Africa

In recent years, U.S. policies have supported significant changes in Africa: multi-party democracies are more common; new constitutions have been promulgated; elections are becoming more frequent and open; the press is more free today; and the need for budgetary and financial discipline is better understood. While we will not be able to address every challenge or reap every opportunity Africa poses, we must identify those issues where we can make a difference and which most directly affect our interests and target our resources efficiently.

Serious transnational security threats emanate from Africa, including: state-sponsored terrorism, narcotics trafficking, international crime, environmental damage and disease. These threats can only be

addressed through effective, sustained engagement in Africa. We have already made significant progress in countering some of these threats--investing in efforts to combat environmental damage and disease; leading international efforts to halt the proliferation of land mines; securing the indefinite and unconditional extension of the NPT; and supporting establishment of the African Nuclear Weapons Free Zone. We have also worked to counter the proliferation of weapons of mass destruction in Africa as elsewhere. We continue to work for an end to Sudanese support for terrorism, to reduce the flow of narcotics through Africa, to curtail international criminal activity based in Africa and to diminish the influence of Libya and Iran in Africa.

Our policy toward Libya is designed to limit its efforts to obtain WMD, its support for terrorism, its attempts to undermine other governments in the region and its development of military capabilities which threaten its neighbors. In addition, we seek full Libyan compliance with appropriate UN Security Council Resolutions. Pending changes in Libya's behavior, our goal is to reduce its ability to threaten our interests and those of our friends and allies.

One of the key impediments to development in Africa has been the persistence of conflict. Our efforts to resolve conflict include working to achieve lasting peace in Angola and an end to Liberia's civil war. The area with the greatest potential for serious conflict remains the Great Lakes region, which could result in the permanent destabilization of Zaire or a broader regional war. There also remains the risk of another genocide in the Great Lakes region. The United States continues to be actively engaged in trying to negotiate a peaceful resolution to the conflicts in Zaire, Burundi and elsewhere in the region. In 1996, the United States launched an innovative proposal the African Crisis Response Force (ACRF) initiative to build African capabilities to conduct effective peacekeeping and humanitarian operations. We will continue working with donor and African partners to turn this concept into reality.

In the broadest terms, we seek a stable, economically dynamic Africa. This will be impossible to achieve unless and until Africa is fully integrated into the global economy. Our aim, therefore, is to assist African nations to implement economic reforms, create favorable climates for trade and investment, and achieve sustainable development. In addition, we encourage U.S. companies to trade with and invest in Africa. To this end, we have proposed a "Partnership for Economic Growth and Opportunity in Africa" to support the economic transformation underway in Africa. The Administration will work closely with Congress to implement key elements of this initiative aimed, in particular, at helping African countries pursuing growth-oriented policies sustain growth and development.

We seek to spur economic growth and promote trade and investment by examining new ways to improve the economic policies of African nations and by sustaining critical bilateral and multilateral development assistance. While further integrating Africa into the global economy has obvious political and economic benefits, it will also directly serve U.S. interests by continuing to expand an already important new market for U.S. exports. The more than 600 million people of sub-Saharan Africa (SSA) represent one of the world's largest remaining untapped markets. The United States exports more to SSA than to all of the former Soviet Union combined; yet, the U.S. enjoys only seven percent market share in Africa. Increasing both the U.S. market share and the size of the African market will bring tangible benefits to U.S. workers and create wealth in Africa.

In Africa as elsewhere, democracies have proved more peaceful, stable and reliable partners and more likely to pursue sound economic policies. We will continue to work to sustain the important progress achieved to date and to broaden the growing circle of African democracies. In addition, we will work with our allies to find an effective formula for promoting stability, democracy and respect for human rights in Nigeria, and also in central Africa where widespread unrest and atrocities continue; to support a sustainable democratic transition in Zaire; and to help South Africa achieve its economic, political and democratic goals by continuing to provide substantial bilateral assistance, providing support through the Binational Commission and by aggressively promoting U.S. trade with and investment in South Africa.

IV. Conclusions

Today, closer to the start of the twenty-first century than to the end of the Cold War, we are embarking

on a period of construction to build new frameworks, partnerships and institutions--and adapt existing ones--that strengthen America's security and prosperity. We are working to construct new cooperative security arrangements, rid the world of weapons that target whole populations, build a truly global economy, and promote democratic values and economic reform. Ours is a moment of historic opportunity to create a safer, more prosperous tomorrow--to make a difference in the lives of our citizens.

This promising state of affairs did not just happen, and there is no guarantee that it will endure. The contemporary era was forged by steadfast American leadership over the last half century--through efforts such as the Marshall Plan, NATO, the United Nations and the World Bank. The clear dangers of the past made the need for national security commitments and expenditures obvious to the American people. Today, the task of mobilizing public support for national security priorities is more complicated. The complex array of unique dangers, opportunities and responsibilities outlined in this strategy are not always readily apparent as we go about our daily lives, focused on immediate concerns. Yet, in a more integrated and interdependent world, we must remain actively engaged in world affairs to successfully advance our diplomatic, military and economic interests. To be secure and prosperous, America must continue to lead.

Our international leadership focuses on six strategic priorities. Taken together, these priorities form the roadmap to security, peace and prosperity into the next century:

- Foster a peaceful, undivided, democratic Europe
- Forge a strong and stable Asia Pacific community
- Build a new, open trading system for the twenty-first century one that benefits America and the world
- Keep America the world's leading force for peace
- Increase cooperation in confronting security threats that disregard national borders
- Strengthen the diplomatic and military tools required to address these challenges

Our engagement abroad requires the active, sustained support of the American people and the bipartisan support of the U.S. Congress. This Administration remains committed to explaining our security interests, objectives and priorities to the nation; to seeking the broadest possible public and congressional support for our security programs and investments; and to exerting our leadership in the world in a manner that reflects our best national values and protects the security of this great nation.

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