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*THE EXPANDED THREAT REDUCTION INITIATIVE  
FOR THE FORMER SOVIET UNION:  
ADMINISTRATION PROPOSALS FOR FY2000*

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**Abstract.** Responding to the impact of Russia's financial crisis, President Clinton's budget requests \$1 billion for FY2000 and \$4.5 billion over five years for nuclear, biological, and chemical weapons threat reduction programs in the former Soviet Union. The added funds in this Expanded Threat Reduction Initiative (ETR) - 35 percent over FY1999 levels - will augment many ongoing programs funded under Department of Defense, Energy and Water, and Foreign Operations appropriations and significantly expand efforts in science and technology nonproliferation. Some members of Congress may question the initiative's new priorities and some may question whether it serves U.S. national security and nonproliferation objectives.

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# CRS Report for Congress

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## **The Expanded Threat Reduction Initiative for the Former Soviet Union: Administration Proposals for FY2000**

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### **Summary**

Responding to the impact of Russia's financial crisis, President Clinton's budget requests \$1 billion for FY2000 and \$4.5 billion over five years for nuclear, biological, and chemical weapons threat reduction programs in the former Soviet Union. The added funds in this Expanded Threat Reduction Initiative (ETR) — 35% over FY1999 levels — will augment many ongoing programs funded under Department of Defense, Energy and Water, and Foreign Operations appropriations and significantly expand efforts in science and technology nonproliferation. Some members of Congress may question the Initiative's new priorities and some may question whether it serves U.S. national security and nonproliferation objectives. This report will not be updated. For updated tracking of ETR authorizations and appropriations and further discussion of threat reduction and other NIS aid programs, see CRS Issue Brief 98038, *Nuclear Weapons In Russia*, and CRS Issue Brief 95077, *The Former Soviet Union and U.S. Foreign Assistance*, and CRS Report 97-1027, *Nunn-Lugar Cooperative Threat Reduction Programs: Issues for Congress*.

### **Background**

When the Soviet Union collapsed in late 1991, Congress responded to concerns about the safety and security of Soviet nuclear, chemical, and other weapons by establishing the Nunn-Lugar Cooperative Threat Reduction (CTR) Program. It has allocated a total of \$2.7 billion to this effort since 1992. Projects funded by the CTR program assist the new independent states (NIS) of the former Soviet Union with the safe and secure transportation, storage, and dismantling of nuclear, chemical, and other weapons of mass destruction (WMD) and related materials. The United States expects to help Russia and other NIS reduce the threat these weapons and materials might pose to the United States.

For several years, Congress authorized and appropriated almost all CTR-related funds through the Department of Defense (DOD) budget, even though interagency teams, which

often included experts from the State Department and Department of Energy (DOE), would negotiate and implement specific projects. Although DOD served as the Executive Agent for the funding of threat reduction programs, responsibility for coordination has rested with the Coordinator of U.S. Assistance to the NIS in the Department of State. In FY1996, the Clinton Administration began to request funding for several threat reduction programs in the budgets of the agencies that managed and implemented them. By FY1999, total funding for the range of threat reduction programs in DOD, State, and DOE had nearly doubled from the 1992 level of \$400 million.

## The Expanded Threat Reduction Initiative

In the wake of the financial crisis that began in Russia in August 1998, many analysts began to believe that economic pressures could undermine Russia's interests and efforts in safeguarding weapons and materials. As evidence of this, they cited reports that some scientific and research facilities that house nuclear materials have disconnected their security and monitoring systems to save money on electric bills and that they have been unable to pay the guards and officers charged with maintaining security. In addition, many scientists and engineers who worked in Soviet nuclear, chemical, and biological programs have not been paid for months at a time. Some analysts fear that these scientists might be tempted to accept work from other nations seeking weapons of mass destruction.

Threat Reduction Funding (in \$ millions)				
Agency	FY92-99 App	FY99 App	FY00 Req	FY00-04 Req
DOD	2,701.0	450.4	485.5	2,463.9
Energy	950.0	238.9	264.7	1,323.7
State	80.0	53.1	250.5	738.5
Total	3,731.0	742.4	1,000.7	4,526.1

Source: Department of State

The Clinton Administration has responded by proposing the Expanded Threat Reduction (ETR) Initiative. According to the President's budget for FY2000, funding for threat reduction programs would increase from \$742 million in FY1999 to \$1 billion in FY2000. Over the next five years, planned spending would increase from \$2.7 billion to \$4.5 billion. The added funds would not only augment ongoing programs to secure nuclear, chemical, and biological weapons and materials, it would also expand programs that focus on keeping scientists and engineers away from rogue nations. Specifically, in FY2000, funding for DOD programs and DOE programs, both authorized in the DOD authorization and appropriated in the DOD and Energy and Water appropriations bills respectively, would increase a small amount over FY1999 levels (\$35 million and \$28 million respectively), while State Department programs, funded in the Foreign Operations appropriations bill, would increase by nearly \$200 million from FY1999 to FY2000. In the long term, \$1.1 billion of the \$1.8 billion that the Initiative adds to planned threat reduction programs between FY2000 and FY2004 would go to DOD's CTR program. Another \$500 million of the proposed addition would go to DOE programs, and the State Department would receive the remaining \$200 million in added funds.

The next section of this report provides details on the Administration's Expanded Threat Reduction Initiative. The report concludes with a discussion of issues that Congress might consider when it reviews the funding requests for these programs.

## Department of Defense Programs

To date, DOD's CTR projects (FY2000 request: \$476 million) have helped Russia to transport nuclear warheads from locations in other NIS states to storage areas inside Russia and to improve security and weapons accounting at these storage areas. CTR projects have also funded the elimination of strategic nuclear weapon delivery systems and facilities in Russia, Belarus, Ukraine, and Kazakhstan. The United States is also helping Russia construct a facility to store plutonium removed from Russia's nuclear weapons and a facility that will house and destroy Russia's chemical weapons stockpile.

The ETR Initiative will add \$1.1 billion to the DOD budget from FY2000-FY2004. DOD plans to use much of this added funding to accelerate the elimination of strategic offensive arms in Russia (if and when the Russian parliament approves ratification of START II), and to construct an additional wing for the storage of plutonium removed from nuclear weapons at the Mayak facility in Russia. The most significant increase, however, in the CTR budget proposed for FY2000 is in the area of chemical weapons destruction. In FY1999, this activity received \$88 million; the President has requested \$130 million for FY2000. Some members of the House have criticized this project in the past, arguing that it does little to reduce the threat to the United States.

## State Department Programs

Three fourths of the higher funding level requested in the first year of the ETR would be in State Department programs. These would increase from \$53.1 million in FY1999 to \$250.5 million in FY2000, before dropping to \$120 million in each of the four remaining years of the initiative. State programs would expand in three areas — nonproliferation of weapons expertise, export controls, and forces reallocation.

**Science and Technology Nonproliferation.** (FY2000 request: \$146.5 million). The State Department manages several programs that offer NIS scientists employment and research opportunities, so that they will be less likely to sell their knowledge to rogue nations. The International Science and Technology Center (ISTC) in Moscow and the Science and Technology Center in Ukraine (STCU), multilateral programs supported by the EU, Japan, and others, fund research in such areas as nuclear reactor safety, medicine, civil aviation, and energy production. A "Partners Program" links NIS scientists with contributing U.S. private sector companies, such as General Electric and Lockheed Martin, and academic institutes to assist their own R&D efforts.

The Civilian Research and Development Foundation (CRDF) is a private, non-profit foundation, originally funded by matching grants from DOD and George Soros. It supports U.S. collaboration and exchanges with former NIS defense scientists on civilian basic and applied research, and supports projects with commercial applications. The State Department also implements a pilot project for biological weapons scientists to "redirect" their expertise toward commercial endeavors. Among other activities, it has established a collaborative program between the Department of Agriculture's Agricultural Research

Service and Russian scientists on agriculture research, and between the Department of Health and Human Services' Centers for Disease Control, National Institutes of Health, and Food and Drug Administration and Russian biomedical scientists to conduct research on infectious diseases.

**Export Control and Border Security Program.** (FY2000 request: \$66.5 million). To prevent the transfer of weapons of mass destruction and their delivery systems, the State Department coordinates the activities of a number of U.S. agencies, including the FBI and the U.S. Customs Service. These agencies provide training, technical expertise, and equipment, including large x-ray trucks, to strengthen Georgian and Central Asian border security, and to improve Russia and Ukraine export controls.

**Forces Relocation and Ammo Disposal.** (FY2000 request: \$43 million). Under the ETR, the Administration is proposing that the United States lead an international effort to assist with the removal of Russian forces and equipment from bases outside Russia's borders. In particular, there is concern that ammo and equipment in Georgia and Moldova are vulnerable to theft. While Russia needs help constructing housing for retired officers to meet its Armed Forces downsizing goals, Congress has prohibited such assistance since FY1996, and no ETR funds have been requested for this purpose. Instead, the Administration is hoping that Germany or other countries will step into the breach.

## Department of Energy Programs

**Materials, Protection, Control, and Accounting.** (FY2000 request: \$145 million). The Department of Energy's Materials, Protection, Control, and Accounting (MPC&A) program focuses on improving security and accounting at the civilian institutes that house Russia's nuclear materials. To date, the MPC&A program has provided assistance at 53 facilities in the former Soviet Union, including the installation of improved security systems that use modern technology and the development of material control and accounting systems. The program has also provided security training for Russian nuclear specialists.

Although DOE originally expected to phase out MPC&A after 2001, the ETR Initiative adds approximately \$500 million to MPC&A funding to maintain its current level of effort through that period. According to Rose Gottemoeller, the Director of DOE's Office of Nonproliferation and National Security, in addition to improving security at existing facilities, some MPC&A funds may be used to help Russia consolidate its nuclear materials at a smaller number of facilities.

**Initiatives for Proliferation Prevention.** (FY2000 request: \$30 million). The Department of Energy's Initiatives for Proliferation Prevention (IPP) program, which began in 1994, matches U.S. government funds with U.S. corporate funds in projects with non-military applications. As with the State Department-funded programs, it is designed to provide employment for NIS nuclear, chemical, and biological weapons scientists and engineers so that they will not seek employment in other nations. DOE describes the program as one focused on the elite of the NIS scientific establishment and geared towards projects with high science and technology content. Through FY1998, the IPP program had obligated \$115 million to 435 projects involving more than 4,400 scientists throughout the former Soviet republics.

In FY1999, DOE requested \$15 million, noting that it had sufficient unexpended funds from previous years to continue ongoing projects. Congress, however, provided \$20 million for FY1999. This program has, however, attracted more scrutiny this year. In February 1999, the General Accounting Office (GAO) issued a report that criticized IPP implementation. It noted, among other things, that a majority of the funds allocated to IPP had been spent at U.S. nuclear weapons labs and not sent to NIS institutions. In its version of the FY2000 Defense Authorization Bill (S. 1059), the Senate Armed Services Committee introduced a number of restrictions, including a provision mandating that a greater proportion of the funds go to Russian scientists.

**Nuclear Cities Initiative.** (FY2000 request: \$30 million). In August 1998, Vice President Gore and then-Russian Prime Minister Kiriyyenko signed an agreement establishing the Nuclear Cities Initiative (NCI). This program is designed to establish commercial enterprises and create new jobs in Russia's closed nuclear cities, to help ease unemployment and displacement as Russia downsizes and restructures its nuclear weapons complex, and to prevent nuclear science proliferation. In contrast with IPP, the this program is designed to create a range of jobs, not just those that are technology-based and to employ all types of workers, not just the elite scientists, from the nuclear weapons complex. FY2000 funds would be used to initiate projects in 3 of the 10 closed nuclear cities. DOE expects the funding to increase under ETR in future years, as it expands the program to other cities in Russia's nuclear weapons complex.

## Issues for Congress

**Project Priorities in the Expanded Threat Reduction Initiative.** Most Members of Congress have supported projects funded by DOD's CTR programs and DOE's MPC&A programs when they address the security and elimination of weapons and materials that can pose a direct threat to U.S. national security. However, members have been less supportive of projects that appear to stray from this core objective. Some, therefore, may question expanded funding of individual projects supported by the ETR Initiative. For example, much of the FY2000 increase in CTR funding is allocated to the construction of a chemical weapons destruction facility. In the past, the House National Security/Armed Services Committee has reduced funding for this project, in part because it has viewed Russia's chemical weapons as more of a threat to the Russian environment than a threat to U.S. security. Further, some may not perceive export of scientific know-how in the form of personnel as posing the same level of threat as the sale of actual weapons system hardware, especially as indications that Russian scientists are currently helping U.S. adversaries are hard to verify, and some may not be convinced that offering alternative employment will be a sufficient preventative measure for weapons scientists. However, Administration officials point out that there is strong evidence that there is an active market for such expertise and strong anecdotal evidence as well that, were it not for U.S. and multilateral preventative programs, key weapons experts would have accepted other options that could have resulted in serious weapons proliferation.

**Does U.S. Assistance Subsidize Russian Weapons Programs?** Several members of Congress have noted that Russia continues to modernize its strategic offensive nuclear weapons, and some have questioned whether the United States might be subsidizing this modernization with threat reduction assistance. Few argue that Russia is actually diverting U.S. funds — most assistance is provided in-kind by U.S. contractors — but some note that Russia does not have to spend its own funds to dismantle its older weapons, because

U.S. funds achieve that objective, so it can afford to continue with its modernization programs. The Clinton Administration argues that ongoing modernization programs, particularly production of the new SS-27 ICBM, are consistent with Russia's arms control obligations and are proceeding at such a slow pace that it would be difficult to argue that U.S. aid had enriched the programs. Furthermore, officials argue that an absence of U.S. assistance probably would not stop Russia's modernization programs; instead, Russia would continue to build new weapons to meet its security needs and would simply cease to implement safety, security, and destruction programs for its existing weapons.

The GAO raised the issue of possible subsidy or diversion with regard to weapons scientists in its February 1999 report. The report noted that the program had successfully employed weapons scientists in R&D projects, but it stated that some of these scientists might still be working in Russia's WMD programs. The GAO also questioned whether the program was contributing to broader U.S. nonproliferation objectives because none of the projects was yet a commercial success. The Administration argues that any scientist who stays in Russia is one less hired by rogue states or terrorists. While the ETR program does not support any researchers or institutes that continue to work on illegitimate or illegal activities, including biological and chemical weapons, it will fund continuing work in nuclear weapons facilities as long as the work focuses on safeguarding and eliminating old, rather than producing new, weapons.

**Budget Concerns.** The FY2000 request would increase State Department ETR programs funded by the foreign operations appropriations bill, and falling under the larger 150 international affairs account, by 371% to \$250.5 million. Under the current congressional budget resolution, however, overall foreign affairs spending may shrink significantly, instead of expanding as the President's budget assumes. As a result, ETR programs could compete with many other foreign policy and assistance priorities. Further, \$241 million of the foreign operations ETR request is in the NIS account, which traditionally supports the economic free market and political democratization objectives of the FREEDOM Support Act and has only been used to a very limited extent in the past in support of its nonproliferation goals (roughly 5% each year versus 23% in the request). Within that account, ETR programs may also be competing with other program priorities.

**Potential Restrictions on Assistance.** One perennial legislative restriction would severely affect ETR programs, if approved. Every year since FY1996, Congress has enacted legislation that threatens to cut foreign operations NIS account assistance to the Government of Russia if it continues to transfer nuclear reactor technology to Iran. In FY1998, half the aid allocated to the Government was cut; the same result is likely for FY1999. If State ETR programs are funded under the NIS account, as proposed, similar legislative language for FY2000 would cut the aid to Russian scientists, because they are employed by Government-run institutes. Furthermore, in response to reports that Chinese spies obtained nuclear secrets from DOE labs, members of Congress have introduced legislation that would greatly restrict entry of certain country nationals to DOE nuclear weapons laboratories (S. 887, Shelby, and H.R. 1348, Ryun). Referring to ETR-type programs, President Clinton has said that the measure would "halt valuable scientific exchange programs" with Russian scientists (*Washington Post*, April 28, 1999). Rose Gottemoeller stated that this legislation could "shut down our MPC&A program" (*Carnegie Endowment for International Peace*, April 20, 1999).