

DoD News Briefing
Tuesday, April 25, 2000 - 1:35 p.m. (EDT)
Mr. Kenneth H. Bacon, ASD PA

Mr. Bacon: Good afternoon.

Charlie, welcome back.

Q: Thank you.

Mr. Bacon: And I gather we have a group of students from Kent State. Is that correct?
Welcome.

Let me start with a couple of announcements. Today in Vietnam, a U.S. military honor guard has, in a brief and solemn ceremony at Noi-Bai Airport in Hanoi, loaded six caskets onto a U.S. Air Force C-17 to bring what we believe are the remains of six veterans, lost during Vietnam, back to the United States. Included in those, we believe are the remains of Navy Commander Richard Rich. As some of you know, Secretary Cohen visited the excavation site two months ago when he was in Vietnam to look at the work that we were doing to recover his remains and, by implication, to recover the remains of other lost pilots or lost personnel. And they'll obviously go to the Central Identification Lab in Hawaii for further analysis.

Tomorrow at the Pentagon, Rudy de Leon, the deputy secretary of Defense, will honor 17 employees of the Defense Department with the Defense Environmental Security Award. And this will recognize their good work in a variety of areas: natural resources conservation, cultural resources management, environmental quality, increase of pollution prevention, recycling, environmental cleanup, et cetera.

Also tomorrow, the DACOWITS, which is the Defense Advisory Committee on Women in the Armed Services, will begin its spring conference, which I think is held out by Dulles Airport. It will be hosted by Rudy de Leon, the deputy secretary, and will be one of the regular meetings to address issues affecting women in the services.

These meetings are actually open to the press. If you're interested, the guest speakers at this conference are largely from the Coast Guard, and they will feature Coast Guard Captain Beverly Kelley, who is a prospective commanding officer of a Coast Guard cutter, Boutwell.

With that, I'll take your questions.

Q: Could I ask you a question about that -- you mentioned Richard Rich's remains being among?

Mr. Bacon: Yes.

Q: As I recall, when the secretary was there, the bone fragments that they had found, which were, I think, very small in number, had not been confirmed as even being human. What is being returned, and what has happened since the secretary was there that --

Mr. Bacon: We think, based on a -- one, I said we believe these to be Richard Rich's bone fragments. There are certain special circumstances involving Commander Rich. We had more

precise knowledge of where that plane went down than in many other cases because his co-pilot ejected and was captured as a prisoner of war, so he had a pretty good idea of where the plane went down. I don't know what chemical analysis has been done, if any, in the field, but they believe that what they found could well be fragments of his bones. This is why they go back to the central identification laboratory in Hawaii to complete that analysis.

Q: I thought maybe there had been some additional finding there since the secretary was there, some larger number of remains?

Mr. Bacon: I am not aware -- they may well have found more remains, but I am not aware of that.

Charlie?

Q: Are you through the announcements?

Mr. Bacon: I'm through.

Q: Are there plans to remove the protesters from Vieques quickly? And are the Marines standing by to take over the perimeter if this is done?

Mr. Bacon: Well, as you know, the administration and the governor of Puerto Rico reached an agreement which is designed to lead to the return of the ranges to the Navy and the resumption of training on the ranges. We will work as appropriate with the Justice Department and the government of Puerto Rico to bring that about at the appropriate time. I think you can understand that it wouldn't make a lot of sense for me to announce the timing of any law enforcement efforts in that regard. That's really up to the Justice Department to discuss.

Q: But the ships aren't getting underway, are they?

Mr. Bacon: We never announced that ships were getting underway, so I don't have an announcement to make about ships not getting underway.

Q: Well, but -- ships aren't getting underway, whether --

Mr. Bacon: If you're asking me if two ships -- the Bataan and the Nashville -- have left Norfolk today, the answer is no, they have not.

Q: Do you expect a deployment soon related to this?

Mr. Bacon: I can't say.

Yes.

Q: If Marines cannot participate in the law enforcement per se, what role are they going to play in the clearing or securing of the range?

Mr. Bacon: You're asking me to talk about details of an operation I am not discussing. I can't, I just can't respond to that question.

Yes.

Q: What sort of role would they play in a situation such as this one?

Mr. Bacon: This is not a productive line of questioning. You're not going to get any answers.

Yes.

Q: Let me try a different approach. (Laughter.) What's Secretary Cohen's view about whether removing protesters is the only option, or are there other ways that they could achieve the same result?

Mr. Bacon: We have been working closely with the Justice Department and the government of Puerto Rico to try to bring this agreement to closure so that the Navy can get back and resume training. And we'll continue to work closely with the government and the people of Puerto Rico to bring that about. So far the protesters are still there.

Yes. Chris.

Q: Obviously this is an interagency thing involving a number of different parts of the U.S. government, but who makes the final decision? Is that the president's decision to -- when, if anything, something is done?

Mr. Bacon: Well, it will be a law enforcement operation, and it will be made in normal channels. I'm sure that the president will be aware of what happens and when it's supposed to happen. If anything happens.

Q: Ken, is the secretary satisfied with the cooperation he's receiving from the government of Puerto Rico and from the Justice Department?

Mr. Bacon: We expect the government of Puerto Rico to satisfy its end of the agreement, and we continue our discussions with them to bring that about.

Q: Yes. It has been reported in the press that the government of Puerto Rico backtracked, or backed out of previous agreements. Do you have any comment on that?

Mr. Bacon: No.

Yes.

Q: New subject?

Mr. Bacon: Sure. Are we through with this one?

Q: Has the Pentagon had time to study the CBO assessment on the initial missile-defense costs?

Mr. Bacon: Well, I have looked at it and been briefed on it.

Q: Specifically, they say that between -- your real estimates are about \$4 billion short between now and 2015. This adds another layer of figures to an already kind of confusing mix of things. But the way I read the report, it's not like you're getting caught with cost overruns, it's that they're putting in support into the years that you had not made -- (inaudible) -- before. Can you give us a sense of what the figures are from your standpoint? Do you agree that it's about \$30 billion -- (inaudible) -- CBO talked about?

Mr. Bacon: In a -- well, first of all, in the broadest sense, the CBO report and our estimates

are a comparison between apples and golden apples. The CBO looks at a much more robust system than we have costed out at this stage. We're looking at a system of 100 interceptors, about 100 interceptors at one site. The CBO is looking at a larger system, 250 interceptors at two sites. All our estimates deal with a smaller system, 100 interceptors at one site at this stage, and we have not made cost estimates of what a larger system would be. CBO has made those estimates. Both the U.S. government estimates, the Defense Department estimates, and the CBO estimates go out over a long period of time, 20 years. And these estimates, of course, reflect not only the cost of building a system that hasn't even been completely developed and tested and proven yet, but it also covers two decades of inflation that we can't predict.

So, I think everybody trying to figure out these figures and compare them has to be aware of the risks involved and the judgment factors that enter into any sort of cost estimate over a long period of time for a highly complex system that no one has decided to deploy.

Q: But, sir, the \$4 billion that they're talking about though is in fact for the capability and one that you're on the verge to possibly deploy. You've talked about the \$60 billion figure, which I'm not addressing. It's the \$25 billion to \$30 billion that they're talking about, that's for capability, one that you're on the path to build right now.

So I agree with you that's apples and golden, but this is apples and apples.

Mr. Bacon: Yeah, they include some additional money for military construction at the basing site that we don't include.

I don't know why they have reached that conclusion. But they have a slightly more generous figure for construction than we do. That's one aspect.

I think also they have a different estimate on the pacing of operational flight tests. They estimate that eight operational flight tests should take place per year; we estimate two operational flight tests. So those are the main differences: more operational flight tests are included in the CBO figure for the first tranche of the program than in the Air Force calculations, and more construction costs are included by the CBO than the Air Force includes.

Yes?

Q: Back to Vieques, two questions.

Does the Department of Justice feel that, by securing the range, that will facilitate those elements of the presidential directives that require congressional action, like the land transfer and the disbursement of the \$40 million in community aid? And does the Department of Defense believe that the leaks in the press of the operation sort of preclude the operation?

Mr. Bacon: Again, you are asking me about an operation that we have never announced and I think, for obvious reasons, we would not discuss ahead of time. You are asking me to answer a question on behalf of the Justice Department, which I can't do.

But I can tell you that the agreement reached on Vieques contemplates that training has to begin on the island before we begin disbursing the \$40 million. That's clear in the agreement; everybody understands that. So, to the extent that the \$40 million is important to the island of Vieques, training has to begin before they can get that money.

Q: And the land transfer?

Mr. Bacon: I believe that some land transfers have already started, but I'll double-check on that. I think that some land has already been transferred or is in the process of being transferred. [100 acres has been transferred.]

Sure. Any more questions?

Yes?

Q: Can I ask you another NMD --

Mr. Bacon: Sure.

Q: -- a diplomatic question?

The Russians again yesterday, the foreign minister once again threw down the gauntlet that going ahead with NMD could abrogate the ABM Treaty. What is the current view of this building in terms of -- if in fact the technology is considered mature, the costs were not considered ballooning out of control, would the U.S. in fact go forward with this system in spite of the Russian objections?

Mr. Bacon: Secretary of State Albright gave a very complete statement yesterday on arms control, and she covered national missile defense. The statement made it very clear that we are designing a national missile defense system against a small attack, not the type of attack that Russia would be capable of launching, a much smaller attack than Russia could launch. And we are in the process of explaining that to the Russians and in the process of negotiating with them on the -- discussing with them the importance of adjusting the ABM treaty to allow us to go ahead with a national missile defense system that we do not believe threatens them in any way. For one thing, it's a purely defensive system -- it's not an offensive system -- and everybody should see it for that.

Secondly, it can only handle, as Secretary Albright said, 10 or so incoming missiles. So this is not something applies to the Russian system. So we will continue to discuss this issue with the Russians.

President Clinton will meet with President Putin in June and this, obviously, will be one of the major issues, but not the only issue, in their meeting. And I think that I'll let that meeting take place and the president speak. This is an important diplomatic initiative that will be pursued at the highest level of our two governments.

Yes?

Q: Ivanov said in a speech at the U.N. today that while the Russians were against the United States breaking out of the treaty, that they did see the threat, the growing threat from missiles, and they were willing to undertake broad discussions with the United States on the whole issue. He did not say that they -- were willing to change the treaty, but do you see that as some kind of change in the Russian position, that they say they are willing to -- that they see this threat from missiles and they are willing to undertake broad discussions on the issue?

Mr. Bacon: Well, this is the point we have been making all the way along, that there is a threat that applies equally to Russia, as it does to us. The same nations that concern us are actually much closer to Russia than they are to us, and those are principally Iraq, Iran and North Korea. So this is, I think, a welcome recognition that there is a threat that both our countries face. And now the question is, How do we in the United States best face that threat, and that's what we're

trying to discuss with the Russians.

Q: And also, both you and the State Department have said before that their in-depth assessment is going on. But you haven't said whether or not there have been any firm agreements by the United States to exchange technology with the Russians in order to bring them into the program. Have there been any agreements by the United States to do that? Are talks still going on on that?

Mr. Bacon: What we have said is that we would -- we have had discussions with them about sharing early warning, obviously, and we've agreed to put together a joint early warning center in Moscow, a shared early warning center. We have talked to them about other types of technology, but we do not have a technology sharing arrangement with them at this stage.

Q: You mean hardware? Basic hardware?

Mr. Bacon: That is true. Right.

Q: Thank you.

Q: Boat?

Mr. Bacon: Yes.

Q: The tanker, the Russian tanker in the Persian Gulf, I gather, was let go? Is that true?

Mr. Bacon: Well, not entirely true.

The Russian tanker was diverted to Omani waters. Her cargo will be off-loaded in accordance with the normal maritime intercept operations.

Q: What did you determine about the cargo?

Mr. Bacon: We determined two things: First, that the oil in the Akademik's fuel tanks was Iraqi oil. And those are the tanks used to fuel its boilers. And we determined that a proportion of the oil in its cargo tanks was of Iraqi origin.

Q: Okay.

Q: What about the other portion?

Mr. Bacon: The other portion was not of Iraqi origin. (Laughter.)

Q: (Off mike)

Mr. Bacon: Well, I mean, I don't know that, but I assume it was largely Iranian. But there was a portion that was of Iraqi origin.

Q: Ken, did the nav logs support all this, then?

Mr. Bacon: This is a very interesting case because our conclusion is based almost entirely on chemical analysis. In many other cases involving either complete cargoes of Iraqi oil that we determined are wholly of Iraqi oil or partially of Iraqi oil, we have other types of information. It might be tracking, satellite tracking, it might be other types of observation of the ship loading oil either from other ships or from -- at Shatt al-Arab in Iraq. Here we had only chemical analysis on

which to base our conclusion. And based on that analysis we made the decision that there was partially Iraqi oil.

We have in the course of this -- and I must say, Shell cooperated fully with us in the course of reaching this decision. We have issued a policy, made a policy clear to Shell and to the Russian shipping company involved, the Russian shipping company that owned the Akademik and, by implications, to everybody else that in the future if we find any Iraqi oil in a cargo, or portion of Iraqi oil, we will confiscate, the U.N. Maritime Interdiction Force will confiscate the entire cargo and sell off all the petroleum products. So it's the responsibility, clearly the responsibility of the ship or the ship's crew, the ship's crew or its owners, or the owner of the petroleum products being transported in a ship, to document to the satisfaction of the Maritime Interdiction Force, which is run under U.N. Security Council resolutions, that the Iraqi portion of the petroleum products was purchased legally.

Q: So are you selling that -- so are you selling off the oil in this case?

Mr. Bacon: In this case, because 20 percent of the oil was determined to be Iraqi oil, Shell will pay a fine of approximately \$2 million that will go directly to the U.N. to its account under -- its escrow account, or -- it's called the 778 Account under the U.N. Security Council resolution that established it.

It will pay this fee in recognition of the fact that 20 percent of the oil was Iraqi.

Q: Why off-load the rest of the oil, then, if they're paying a fee?

Mr. Bacon: It will be off-loaded and transported -- the rest of the oil we determined was legally Shell's. So they will get all the oil, but they're paying a fine for the 20 percent of Iraqi oil.

Q: And just to clarify, this was a Russian tanker but it was under contract to Shell? What was the --

Mr. Bacon: Well, it was a Russian tanker that was transporting a fairly large amount of oil -- 78,000 metric tons of oil -- for Shell, as I understand it.

Q: The oil -- was the oil mixed or was it in separate compartments?

Mr. Bacon: I understand it was mixed.

Q: It was?

Mr. Bacon: Yeah.

Q: Ken, you said that the only information you had on this was the chemical analysis. Why was the ship pulled over in the first place if you didn't have sort of probable cause?

Mr. Bacon: Well, I think -- I think the Maritime Interdiction Force did have probable cause based on past experience.

Q: And what company owned this ship? Is it the same company that owned the previous ship that was seized?

Mr. Bacon: I thought I had the name of the company here, but it's -- I'll get it for you. I had it in some information here, but I don't have it right in front of me.

Q: Ken, could you spell the name of the ship?

Mr. Bacon: The ship is called the Akademik -- A-K-A-D-E-M-I-K, Pustovoyt -- P-U-S-T-O-V-O-Y-T.

Q: Thanks. The chemical analysis, was it conducted by U.S. Navy or whom?

Mr. Bacon: It was conducted in a private laboratory in California.

Q: And when was it detained? What date?

Mr. Bacon: The ship, I believe, was detained on April 5th or 6th.

Q: And when was it -- yesterday, was it --

Mr. Bacon: It was diverted on Saturday the 22nd.

Q: Have the Russians made any comment on the finding?

Mr. Bacon: I'm not aware that they have. We have been in contact with the Russians and, obviously, explained what was going on.

Q: Normally the ship is also turned over to the host nation.

Mr. Bacon: That varies. And in this case, the ship will go on its way.

Sometimes, the ships do go on their way.

Q: So, Ken, was this considered a violation, then? I mean, that sounds like an -- I mean, it sounds like you're saying it was a violation but you had some caveat to it.

Mr. Bacon: The issue here is -- (pause) -- we determined that there was no evidence that Shell willfully violated the sanctions, so Shell had ended up with Iraqi oil, unbeknownst to itself. And based on that, and based on the chemical -- the fact that this was only chemical analysis, we could -- we did not have a complete tracking of this oil from the day it left Abu Flus, the refinery, or loading area, in Iraq at the Shatt al-Arab, until the time it was put onto the Akademik and then carried out of the Gulf.

We decided to handle them in this way, but the important thing to focus on is the future policy, and the future policy, as I said, makes it clear that it's the responsibility of the ship's crew or owners to document to the satisfaction of the Maritime Interdiction Force that any Iraqi portion of a cargo was purchased legally.

Now, you understand that Iraq sells oil under the oil-for-food program. These are legal sales, and any oil that's sold under the oil-for-food program can be transported like Iranian or Kuwaiti or Saudi or any other type of oil. It, in addition, smuggles oil illegally. The difference between the two is that the revenues from the oil sold under the oil-for-food program go into special audited accounts to benefit the Iraqi people for buying food, primarily, whereas the oil that is smuggled generates revenues that either go into the pockets of Saddam Hussein and his supporters or family or to pay for military operations or modernization or any other way he wants to spend the money. So it's unaudited money that can be used by Saddam Hussein to rebuild his military force.

Q: Therefore, it was not legally purchased oil, and it is -- it was smuggled oil --

Mr. Bacon: They could not -- they could not document that it was legally purchased oil, that the Iraqi portion was legally purchased.

Q: Is it your belief, or the Maritime Interdiction Force's belief that the Akademik acquired this oil in Iraq, not -- as opposed to being Iraqi oil, or did they acquire it from somebody else who had smuggled it out of Iraq into Iran?

Mr. Bacon: We know it's Iraqi oil. That's what we determined. We could not be convinced to our satisfaction that it was legally purchased Iraqi oil. So that's what led to the disposition of this case.

Q: I understand the Iranians have started seizing ships in their waters, cargo ships of oil. How do you read this? Is this cooperation with the U.N., or are these ships who just didn't pay their passage fee through Iranian waters?

Mr. Bacon: Well, there are two theories. What's appeared in the Iranian press is that they are seizing ships because they are polluting a resort area on Qeshm Island, and therefore, as of a week or so ago, they had, I think, stopped 10 or 12 ships. That's what the Iranians have said publicly about this. There's been a lot of speculation that they're seizing the ships because they have not paid the fees to the Iranian Revolutionary Guard. Usually the Iranian Revolutionary Guard takes a fee of about \$50 a metric ton of oil, and they usually then get -- the ships will get a certificate, a receipt that they've paid the money, and frequently get false papers asserting that the oil is Iranian oil rather than Iraqi oil. So there is some speculation that one of the reasons they are stopping these ships is because they scooted by without paying their fees.

Yes?

Q: I'm, I guess, confused. It's always been pretty clear to me that the Maritime Interdiction Force stops ships that have illegal Iraqi oil on them. Why do you need to clarify the policy here? What is it that -- what argument did Shell make? How did they misunderstand it?

Mr. Bacon: I think the special circumstances here were that our determination was based primarily on chemical analysis, and we didn't have the confirming tracking data that we have in most other cases.

And because of that, we reached an agreement with Shell with their complete cooperation, to handle it the way we did.

Q: In the future, if another -- if a ship comes out and it has Iraqi oil and they can't prove where it comes from and you don't have tracking data, it's going to be handled differently; it's going to be sold and treated as if it was --

Mr. Bacon: No. If they can't prove where the oil -- there is only one test. They have to be able to prove that the Iraqi oil was purchased legally. If they can't prove that -- it's their responsibility to prove it to the Maritime Interdiction Force working for the U.N. If they cannot prove that they purchased the Iraqi oil legally, the Maritime Interdiction Force will seize the entire cargo.

Q: And up till now, the policy has been what?

Mr. Bacon: Well, the policy -- in the past, the Maritime Interdiction Force has seized entire cargos, part of which consisted of Iraqi oil. The difference here, as I explained, were the special

circumstances based on the chemical analysis.

Q: Shell initially said that it was Iranian oil -- period -- and there was no Iraqi oil.

Mr. Bacon: As I said --

Q: Did they change their story?

Mr. Bacon: -- we have no reason to believe that they willfully violated the sanctions. The question is: How did the oil get into an Iranian oil supply, and did it get there legally or illegally? No one was able to prove that it had come there legally.

Q: Oh, so they were not aware that they had Iraqi oil, whether it was legal or not?

Mr. Bacon: That was -- yes, that's right.

Q: Is this the first fine Shell's paid?

Mr. Bacon: I don't know the answer to that question.

Q: Is there a rolling total of fines other companies have been slapped with?

Mr. Bacon: Well, this is a U.N. operation. I don't have those figures. But I am sure the U.N has carefully audited books on the revenues that go into the escrow account, the 778 account.

Q: Ken, Shell is going to get all this oil, as you said?

Mr. Bacon: Yes.

Q: But as you are saying, in the future this will not be handled this way.

Mr. Bacon: That's right.

Q: A company will not get all the oil.

Mr. Bacon: That's right.

Q: (Inaudible.)

Mr. Bacon: Yes?

Q: Ken, I wanted to clarify that point. This oil is being off-loaded in Omani --

Mr. Bacon: Omani waters.

Q: -- port or waters. And it's being off-loaded to another -- to a Shell ship?

Mr. Bacon: To another ship.

Q: That will deliver it to Shell?

Mr. Bacon: That is my understanding.

Q: And this --

Q: So they're not going to lose any of the oil?

Mr. Bacon: Right.

Q: -- and this \$2 million fine --

Q: (Inaudible) -- the two million.

Q: -- is that the equivalent of 20 percent of the cargo?

Mr. Bacon: Approximately. Yes.

Q: Okay. And so that's what the fine is based on?

Mr. Bacon: Right. It's based on the percentage of oil that was determined to be Iraqi.

Q: So they're paying for that 20 percent twice?

Mr. Bacon: Right. Essentially.

Q: So henceforth, any vessel found to have illegally -- smuggled Iraqi oil will be lost to the company that owns it?

Mr. Bacon: That is right. In other words, the crew or the owners of the ship have an assertive responsibility to prove, under challenge, if they are challenged by the Maritime Interdiction Force, that any Iraqi oil on the ship was purchased legally. And if not, all petroleum products will be subject to the enforcement actions.

Q: But not the ship?

Mr. Bacon: Pardon?

Q: You won't take away the ship, right? You'll just take away the oil.

Mr. Bacon: As I said, the disposition of the ship is handled differently by different countries. As you know, these ships are diverted to countries within the Gulf region and some handle them -- they're handled in different ways.

Q: Ken, is it possible that Iraqi oil is somehow getting into the Iranian oil system and, therefore, a tanker buying innocently from Iran could pick up some Iraqi oil in the cargo and then find themselves losing it all under this rule, this new procedure?

Mr. Bacon: The world oil producers have developed precise ways of tracking oil. You have to track the oil in order to get the money you're owed for the oil. So we're quite confident that Iran should know what oil it's produced and how it fills its tanks or storage facilities, and that Iraq knows what oil it produces and where it goes. And what we are saying is that using that system, shippers and companies must be confident that any Iraqi oil they buy was purchased legally, and if they can't prove that, if they're stopped and queried by the Maritime Interdiction Force, then they will be subject to losing the entire cargo.

Q: One last item, if I could. Elian Gonzalez -- I'm sorry to say -- and family have apparently left Andrews Air Force Base --

Mr. Bacon: That is correct.

Q: -- for the Wye River facility. Did the military play any role in this situation -- transport or anything of that nature? And will the military in any way be playing any role of any kind -- (laughter) -- in this Gonzalez situation from this point on, that you are aware of?

Mr. Bacon: The answers are: no, no and no.

Q: Darn! (Laughter.)

Q: Thank you.

Mr. Bacon: You're welcome.

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