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**Case file Number(s):** 035823 (1 of 10)  
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# WITHDRAWAL SHEET

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**File Folder** FO006-01 (035823) (1 OF 10)

**FOIA**

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243469	PAPER	POLITICAL SCOPE PAPER WITH TAB	6	ND	B1

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11/1/2011

June 29, 1981

MEMORANDUM FOR MR. RICHARD V. ALLEN  
THE WHITE HOUSE

Subject: Briefing Books for Ottawa Economic Summit

Enclosed for your review and comment are economic and political briefing materials prepared for the Ottawa Economic Summit. The materials are a first draft, cleared by the IG on a working level. They are intended to be a menu from which final materials can be selected and prepared for the Summit. Additional copies of the books have been separately transmitted to the Office of the Vice President.

*for*   
L. Paul Bremer, III  
Executive Secretary

Attachments:

As stated.

NSC #8103925

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TO ALLEN

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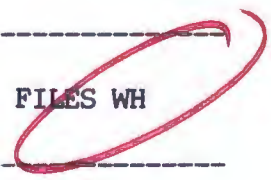
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KEYWORDS: OTTAWA SUMMIT

*Tuesday*

SUBJECT: BRIEFING BOOKS FOR OTTAWA ECONOMIC SUMMIT

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BRIEFING BOOK

OTTAWA ECONOMIC SUMMIT  
Briefing Material (Political)

First Draft

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# WITHDRAWAL SHEET

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POLITICAL SCOPE PAPER

Drafted: EUR - SVogelgesang *SV*

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EUR/NE - Robert Funseth

EUR/RPE - Paul Laase

EA/J - Gerald Sutton (info)

P - David Weisz

E - Gordon Streeb (info)

S/P - Phil Kaplan (info)

EB - Ruth Gold (subs)

*SV for*

RELATIONS WITH  
THE USSR



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BULLET PAPER - RELATIONS WITH THE SOVIETS

-- The allies welcome the Administration's firmness and confidence, but are concerned our approach may be overly confrontational and insensitive to their interests.

-- We want to demonstrate that our approach is consistent, responsible, and that we are sensitive to their concerns.

-- But we expect our allies to do their part in efforts to right the military balance and improve Western competitiveness in the developing world.

-- These efforts are urgent priorities if we are to meet the challenges posed by Soviet military growth and interventionism.

-- Our approach is not unremittingly hostile, however, and we are pursuing an active dialogue with the Soviets at all levels.

-- That dialogue has thus far not been easy. Rather than cosmetic improvements we are seeking concrete solutions to the most acute sources of tension -- Afghanistan, Kampuchea, and Cuban involvement in regional disputes.

-- The Soviets have shown little flexibility, and have tried to split us from our allies by charging we have broken off dialogue.

-- We will continue to seek concrete solutions in our exchanges in Moscow. We hope the allies will exert complementary pressure.

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TALKING POINTS - RELATIONS WITH THE SOVIETS

-- OUR RELATIONS WITH THE SOVIETS WILL BE AT THE CENTER OF U.S. FOREIGN POLICY. THE REASON IS CLEAR: THE USSR REPRESENTS THE PRINCIPAL THREAT TO WORLD PEACE TODAY.

-- WE ARE DETERMINED TO MEET THE CHALLENGE POSED BY MOSCOW'S UNRELENTING MILITARY BUILD-UP AND INTERVENTIONISM IN THE DEVELOPING WORLD. TWO AREAS REQUIRE PRIORITY ATTENTION:

- (A) REDRESSING THE MILITARY BALANCE ACROSS THE BOARD;
- (B) IMPROVING OUR ABILITY TO COUNTER MORE EFFECTIVELY EFFORTS BY THE SOVIETS AND THEIR PROXIES TO EXPAND THEIR INFLUENCE IN DEVELOPING AREAS.

-- WE HAVE MADE CLEAR WE ARE PREPARED TO TAKE THE LEAD IN THESE AREAS. BUT WE CAN NOT -- AND CAN NOT BE EXPECTED TO -- BEAR THE FULL BURDEN.

-- YOUR INTERESTS, AS WELL AS OURS ARE AT STAKE. YOUR MEANS COLLECTIVELY EXCEED OUR OWN. THE U.S. PEOPLE WOULD NOT UNDERSTAND IF OUR CLOSEST ALLIES WERE PERCEIVED TO BE DOING LESS THAN THEIR FAIR SHARE IN DEFENDING OUR COMMON INTERESTS.

-- OUR APPROACH TO THE SOVIETS IS NOT, HOWEVER, ONE OF UNRELENTING HOSTILITY. OUR ULTIMATE GOAL IS A MORE STABLE, MUTUALLY SATISFACTORY RELATIONSHIP. I HAVE MADE THIS CLEAR TO PRESIDENT BREZHNEV.

-- WE RECOGNIZE THE IMPORTANCE OF A CONSTRUCTIVE DIALOGUE WITH MOSCOW. WE ARE WORKING TO ESTABLISH SUCH A DIALOGUE,

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AT MY LEVEL, AT SECRETARY HAIG'S LEVEL, AND THROUGH NORMAL DIPLOMATIC CHANNELS.

-- WE HAVE MADE CLEAR IN OUR EXCHANGES THAT WE SEEK NOT COSMETIC IMPROVEMENTS, BUT CONCRETE SOLUTIONS TO THE MAJOR SOURCES OF INTERNATIONAL TENSION: ISSUES LIKE AFGHANISTAN, KAMPUCHEA, CUBAN INTERVENTIONISM.

-- WE HAVE STRESSED THAT ONLY THE RESOLUTION OF SUCH ISSUES CAN ESTABLISH THE FOUNDATIONS FOR THE KIND OF RELATIONSHIP WE SEEK.

-- I REGRET THAT THUS FAR WE HAVE SEEN LITTLE EVIDENCE OF SOVIET FLEXIBILITY. INSTEAD, THEY HAVE ACCUSED US OF BREAKING OFF DISCUSSIONS IN HOPES, I BELIEVE, OF SOWING DOUBTS ABOUT OUR APPROACH AMONG YOU.

-- THE SOVIETS MAY NOT LIKE WHAT WE HAVE TO SAY, BUT WE WILL KEEP SAYING IT. AND I HOPE THAT THEY WILL CONTINUE TO HEAR IT FROM YOU AS WELL.

-- NOTHING CAN BE WORSE THAN FOR MOSCOW TO CONCLUDE THAT BY INTRACTIBILITY AND BLUSTER THEY CAN SPLIT US AND ACHIEVE THEIR OBJECTIVES.

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6/19/81 Ext 28040

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EUR:JDScanlan }  
S/P:PKaplan }  
EUR/PP:SVogelgesang }  
PM:JAzrael }  
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U.S.-SOVIET RELATIONS

BACKGROUND

Our major allies have welcomed the Administration's firmer, more confident approach toward the Soviet Union. They share our concerns over the unparalleled growth of Soviet power over the past decade and particularly over Soviet willingness to use force -- either directly or through its proxies -- to expand its influence. They are thus prepared to follow a strong U.S. lead in an effort to impose greater restraint on Soviet actions and to improve the West's ability to defend its vital global interests.

Because of their geographic proximity to the Soviet Union and the relatively greater importance to their economies of trade with the East, however, Allied leaders tend toward a more cautious approach in dealing with Moscow. They reflect their electorates' concern -- abetted by intense Soviet propaganda efforts -- that the Administration's Soviet policy is overly confrontational and does not fully take into account allied interests. At the same time, they retain latent doubts about U.S. consistency over the long-term.

U.S. OBJECTIVES

-- To strengthen Allied perceptions that our Soviet policy is consistent, responsible and sensitive to their concerns.

-- To encourage Allied leaders to take a more active role in meeting their defense commitments and to support our efforts to engage the Soviets in a constructive dialogue leading to concrete resolution of outstanding issues.

DISCUSSION OF ISSUES

Our more vigorous efforts in the military sphere and active engagement in regional issues have impressed and reassured the Allies, even those who have differed with us on specific issues. They will welcome assurances in Ottawa that we will persevere in our firm approach toward the USSR.

At the same time it will be important to reassure the Allies that our approach is not one of unrelenting hostility. The Soviets have worked hard at creating such a perception through their propaganda and private contacts with Allied leaders. They have portrayed us as consciously seeking to exacerbate tensions so as to build domestic and allied support for a rearmament program aimed at achieving military superiority. They have

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also charged us with breaking off meaningful dialogue with the Soviet Union. Such charges have had their effect among Allied populations and thus on their leadership, complicating our efforts to maintain support for TNF modernization in Europe and elicit greater cooperation from the Allies elsewhere.

The message we seek to convey in Ottawa is that we must and will continue to improve our capabilities to defend Western interests. At the same time we fully appreciate the need for -- and are already seeking to engage the Soviets in -- a dialogue aimed at concrete resolution of the major sources of international and bilateral tensions, not at mere cosmetic improvements. We should stress that such a dialogue can only succeed, however, if we and our allies together build our political, military and economic strength and demonstrate our determination to meet the Soviet challenge. This is the way to establish the more stable, satisfactory relationship with Moscow we seek.

To avoid creating false expectations, however, we will need to emphasize that we do not expect the U.S.-Soviet dialogue to be an easy one. Thus far, our exchanges at the head-of-state and Foreign Minister level have produced little evidence of Soviet flexibility. We should emphasize that it is the Soviet Union which has created the most serious current sources of tensions by its past actions, and that it remains the primary obstacle to resolution of those problems through its inflexibility. The West must demonstrate that neither Soviet intractability, nor cosmetic gestures, will lead it to acquiesce in Soviet aggressive behavior or return to business as usual.

We should also make clear that the U.S. neither can nor should be doing everything itself. Allied interests are if anything more threatened than are our own by Soviet efforts to expand its influence. Building on our own renewed commitment to greater defense efforts and our willingness to deal more firmly with the Soviets and their proxies, we should make clear that we expect complementary actions by our closest allies. At the same time we should encourage the allies to support in their own contacts with Moscow our efforts to engage the Soviets in a serious dialogue aimed at concrete solutions to the major sources of tensions.

#### OTHER LEADERS' OBJECTIVES

Other leaders will be most concerned with two elements of our approach to East-West relations -- East-West trade and arms control. Both are dealt with in separate papers.

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POLAND

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BY ds NARA DATE 11/4/2019

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BULLET PAPER ON POLAND

-- The Party Congress reaffirmed Kania's leadership and avoided radical extremes that might have provoked the Soviets.

-- There is labor calm within Poland and improved prospects for long-term social peace.

-- Faced with the unity of the Polish people and of the Western alliance, the Soviets may now accommodate themselves to the changes within Poland.

-- We can best help Poland by helping it overcome its current credit squeeze.

-- Having ourselves freed up the remaining \$100 million in CCC guarantees this year, we should now urge the other Western creditors to take steps to enable Poland to utilize the \$1 billion in remaining Western credit lines. At the same time we should urge the Soviets to do more.

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TALKING POINTS ON POLAND

-- Poland is calm and its people increasingly unified.

-- Following a Party Congress that avoided radical extremes, the Soviets are reviewing their options and we doubt that they will resort to military force.

-- The unity of the Polish people and of the Western alliance remain key deterrents to rash Soviet action.

-- It will be important to maintain Western unity in the face of Soviet threats.

-- It will also be important to helping overcome Poland's continuing economic crisis for the West to take steps to permit utilization of outstanding credit lines. The U.S. has, for its part, freed up the remaining \$100 million in CCC guarantees for this year.

-- At the same time we should urge the Soviets to offer more economic assistance to Poland.

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RDS-3 6/19/87

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POLAND BRIEFING PAPER

SETTING

The Summit takes place against the background of a successful Party Congress in Poland which confirmed the leadership of Kania and Jaruzelski and the "renewal" process in the Party and nation. While there was an eighty percent turnover in the Central Committee, the new personnel seem aware of the need to avoid challenging the Party's leading role or otherwise pushing internal reforms to the point of provoking the Soviets.

Within the country at large, labor calm prevails as Solidarity, about to hold its own Congress, intensifies its cooperation with the Government. Given a PZPR Central Committee that is now in tune with the national consensus and given also the continued strong support of the Church now led by newly elected Primate Cardinal Macharski for moderation and compromise, the chances for achieving social peace appear better than they have been in the past year.

Faced with an increasingly unified Polish people and Western alliance, the Soviets, who have so far refrained from definitive comment on the Congress, must be carefully weighing their next steps. Given the reasonably moderate nature of the Congress and the prospect of armed Polish resistance and stern countermeasures from NATO in the event of military intervention, the Soviets will most likely eschew military force while maintaining a moderate level of political pressure on Poland.

The Poles still face a severe economic crisis, but, following the consolidation of economic Ministries and the planning process, the prospects for meaningful economic reform appear marginally brighter. The harvest, which has just begun, promises to be better than in recent years. This should lead to a decrease of tension growing out of food lines and a decreased need for agricultural imports. Poland, however, still faces the need for the import of feed grains and industrial raw materials and, despite the relief provided by rescheduling, is in desperate need of new credits. While the Soviet Union could help in this regard, the most realistic

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With House Calendar, Sept 11, 2008  
BY NARA DATE

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source of such help remains the West.

#### U.S. OBJECTIVES

- Exchange assessments on the situation.
- Seek continued NATO unity on countermeasures, avoiding quibbling over details that could detract from that unity.
- Push for a continuation of a low political profile so as not to increase tensions in Poland or to provoke the Soviets.
- Urge the EC Governments to take steps to permit Polish utilization of outstanding credit lines.
- Seek a consensus on Western strategy to get the Soviets to offer more economic assistance to Poland.

#### OTHER LEADERS' OBJECTIVES

- Exchange assessments on situation.
- While key Allies (the FRG, UK, and France) may support us on avoiding a reopening of discussion of Western countermeasures, others may seek a green light for going ahead with projects with the Soviets that have been held in abeyance.
- Most will express a willingness to offer Poland tightly tied export credits and press the U.S. to extend new credits.
- There will be little enthusiasm for pressing the Soviets to provide further economic assistance to Poland.

#### DISCUSSION OF ISSUES

1. Countermeasures. Some, including key Allies like the FRG, who are anxious to return as quickly as possible to business as usual with the Soviets on the commercial front, will press to conclude contracts that have been held in abeyance as part of a potential countermeasure package. They may also seek more rapid movement on arms control, particularly TNF, arguing that there is some merit in holding out carrots to the Soviet Union and offering them something to lose. In this regard, they will point to our lifting of the grain embargo and negotiation of new grain contract in London. While there is some merit in this carrot approach, it will be important to avoid uncoordinated actions which could detract from the perception of Allied unity in Soviet eyes and to ensure a high

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degree of reversibility in any new deals with the Soviets.

2. New Credits. Western governments have shown little enthusiasm for new credits to Poland, with only the French offering an additional \$50 million, if others also contribute. We have taken a firm position against offering additional U.S. financing this year and should urge that efforts at this point be focused on finding ways for Poland to utilize over \$1 billion in outstanding Western credit lines. We can point to our compromise enabling the use of the remaining \$100 million in CCC guarantees and urge the other governments to do the same.

3. Soviet Aid. Reports on extent of Soviet aid are inconsistent and hard-currency assistance is probably limited to less than \$1 billion this year. The Poles have told us that the Soviets refuse any further aid. Given a settling down of the situation in Poland and an easing of Soviet fears about an unravelling, they may now be willing to do more to project an image of ;the good ally. We will want to seek with the EC governments an agreement on how to press the Soviets to do more. The key Allies see no merit in pressing the Soviets directly but seem willing to try to deliver the message indirectly through the Poles and other CEMA countries. While this is less than ideal, it is preferable to no action at all and isolation of the U.S. among the creditors.

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Drafted: EUR/EE:VSGray *MS*  
6/19/87, X20575  
S/S No. 8118517

Clearances: EUR/EE:PSBridges *PSB*  
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MIDDLE EAST



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THE MIDDLE EAST

- Both Egypt and Israel desire to resume autonomy negotiations.
- We are studying how best to move the peace process forward once a new Israeli government is formed.
- We appreciate the importance of avoiding stagnation and recognize the harm that Israel's settlements policy causes.
- Our meetings with the Israeli Prime Minister and Sadat this summer will give us an opportunity to discuss the problems which have thwarted agreement.
- We continue to hope that our allies and friends will do nothing which could undercut our efforts.
- We also hope to have the support of our allies in our efforts to establish a multinational force in Sinai.

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TALKING POINTS: THE MIDDLE EAST

-- BOTH EGYPT AND ISRAEL HAVE INDICATED A DESIRE TO RESUME NEGOTIATIONS WITHIN THE CONTEXT OF THE CAMP DAVID FRAMEWORK.

-- WE ARE ACTIVELY STUDYING HOW BEST TO MOVE THE PEACE PROCESS FORWARD ONCE A NEW ISRAELI GOVERNMENT IS FORMED SO AS TO AVOID THE DEADLOCKS WHICH OCCURRED IN PREVIOUS NEGOTIATING SESSIONS.

-- WE APPRECIATE THE IMPORTANCE OF AVOIDING STAGNATION, OR THE IMPRESSION THEREOF; WE ALSO RECOGNIZE THAT ISRAEL'S SETTLEMENTS POLICY ADVERSELY AFFECTS OUR EFFORTS TO ACHIEVE AGREEMENT BY DISCOURAGING PALESTINIANS AND OTHER ARABS FROM SUPPORTING THE AUTONOMY CONCEPT.

-- OUR MEETINGS THIS SUMMER WITH SADAT AND THE ISRAELI PRIME MINISTER WILL GIVE US A NEW OPPORTUNITY TO DISCUSS THE PROBLEMS WHICH TO DATE HAVE PREVENTED AGREEMENT. WE ALSO PLAN TO TALK WITH THE SAUDIS AND THE JORDANIANS WHO WE BELIEVE CAN CONTRIBUTE TO REFINING OUR APPROACH.

-- IN THE MEANTIME, WE CONTINUE TO HOPE THAT OUR ALLIES AND FRIENDS WILL DO NOTHING WHICH COULD UNDERCUT OUR EFFORTS DESPITE WHATEVER RESERVATIONS THEY MIGHT HARBOR ABOUT PROSPECTS FOR SUCCESS.

-- WE ALSO HOPE TO HAVE THE SUPPORT OF OUR ALLIES IN OUR EFFORTS TO ESTABLISH A MULTINATIONAL FORCE IN SINAI WHICH IS ABSOLUTELY NECESSARY IF THE TREATY OF PEACE BETWEEN EGYPT AND ISRAEL, THE BEDROCK OF THE PEACE EFFORT, IS TO BE SUCCESSFULLY IMPLEMENTED.

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THE MIDDLE EAST

Generally, our allies are very skeptical about the Camp David process although they are supportive of the Egyptian-Israeli peace treaty. They are discouraged by Begin's bellicose stands, his annexationist ideology and Israeli settlement policy on the West Bank and in Gaza, which they feel undercuts the Camp David effort. They are concerned that the past year's stalemate in the peace process will lead to stagnation and eventually a Middle East crisis in which their economic interests will be in greater peril than our own. This concern has been among the chief motivations for the EC's initiative, started 1980, Japan's invitation to Arafat, and a general reluctance among the allies to give wholehearted support to our Middle East peace policies. However, the election of Mitterand, who supports the Camp David process, may decrease somewhat EC enthusiasm to push ahead with its peace initiative this fall and give us some breathing room.

We need to reassure the allies that we fully recognize the dangers to Western interests inherent in the continuation of the Arab-Israeli dispute and the harm that Israel's settlements policy inflicts on our peace efforts. We will want to get them to indicate their continuing support for our peace efforts notwithstanding their reservations. We will want to discourage the Japanese and others from giving further legitimacy to the PLO in the absence of a fundamental shift in that organization's approach to Israel. We have asked Canada to participate in a multinational force in Sinai in implementation of the Treaty of Peace. The Canadians are leaning against participation, although as of this writing we have managed to stave off a formal negative decision. If the Canadians are still undecided at the time of the summit, we will want to use this opportunity to urge again their participation in the force.

After the formation of a new Israeli Government, we expect to explore actively how we can move the peace effort forward. Both Egypt and Israel desire a resumption of these negotiations. We are examining ways of restructuring the talks in an attempt to avoid the frequent deadlocks that characterized the negotiations in 1979/80. Your meetings with Sadat and Begin, as well as with the Saudis and Jordanians this summer and fall will present further opportunities to achieve some understanding of how we might best proceed.

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The U.K., in particular, will continue to urge us to give consideration to taking a new approach involving acceptance of Palestinian self-determination. Generally, the Europeans would like us to be more forceful with Israel. The FRG rather than France may now prove to be Britain's strongest supporter on this issue. Japan also shares the view that the United States needs to do more with Israel to advance negotiating prospects and end Sadat's isolation. Canada with large oil reserves of its own and a lesser stake in the area will steer a middle course.

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*JK*  
Drafted:NEA/IAI:TKattouf:def/mgk

6/19/81:X23672

Cleared:NEA/IAI:JLHirsch *JK*

P:RBaker *JK*

S/P:Dross *JK*

PERSIAN GULF

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BULLET PAPER ON THE PERSIAN GULF

-- Against the background of turmoil in Iran, the Soviet invasion of Afghanistan and the industrial world's dependence on oil, this region has become a vital concern of our countries.

-- The US response to this situation is economic, political and military: increased aid and commerce, bilateral cooperation and force capability in the region.

-- We want to foster regional defense cooperation for those countries to be able to contain local and intra-regional threats.

-- The Gulf Cooperation Council, made up of six conservative Arab states, is a positive step toward improving regional political cooperation.

-- We, together with our allies, need to be prepared to counter and deter direct Soviet aggression, since regional states do not have the capability to do so.

-- Within a larger defense budget, the US is implementing a strategy based on an ability to project forces into the region; some logistical prepositioning will also be necessary.

-- We need the cooperation of our allies to complement our efforts in the region.

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TALKING POINTS ON THE PERSIAN GULF

-- AGAINST THE BACKGROUND OF CONTINUING TURMOIL IN IRAN, THE SOVIET INVASION AND OCCUPATION OF AFGHANISTAN AND THE DEPENDENCE OF THE INDUSTRIAL AND THIRD WORLDS ON PERSIAN GULF OIL, THIS REGION IS OF VITAL CONCERN TO ALL THE COUNTRIES ATTENDING THIS SUMMIT.

-- GIVEN THE HIGH STAKES AND THE HEAVY BURDEN INVOLVED, WE MUST ALL DO MORE TO COOPERATE WITH THE COUNTRIES IN THE REGION TO DEFEND THEMSELVES AND TO INCREASE OUR CAPABILITY TO DETER POTENTIAL SOVIET AGGRESSION.

-- OUR COOPERATION WITH REGIONAL STATES SHOULD TAKE THE FORM OF POLITICAL CONSULTATIONS TO DEAL WITH THE CAUSES OF INSTABILITY, ECONOMIC ASSISTANCE AND TECHNOLOGY TRANSFER THROUGH OFFICAL AND COMMERCIAL CHANNELS FOR THEIR DEVELOPMENT AND SUPPORT FOR REGIONAL DEFENSE.

-- THE RECENTLY FORMED GULF COOPERATION COUNCIL, WHETHER OR NOT IT EVENTUALLY DEVELOPS A FORMAL SECURITY FUNCTION, IS A POSITIVE STEP TOWARD THE POLITICAL COOPERATION WE HAVE LONG SUPPORTED IN THE INTEREST OF IMPROVING THE OVERALL SECURITY ENVIRONMENT IN THE REGION.

-- SINCE THE REGIONAL STATES DO NOT HAVE THE CAPABILITY TO COUNTER AND DETER DIRECT SOVIET AGGRESSION, THE US AND OUR ALLIES MUST BE PREPARED TO DO SO. THIS MEANS MAINTAINING A SIGNIFICANT AIR AND NAVAL PRESENCE IN THE AREA AND INCREASING OUR ABILITY TO PROJECT ADDITIONAL FORCES WHEN NECESSARY.

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-- THE US IS IMPROVING THE RAPID DEPLOYMENT FORCE BY DESIGNATING CERTAIN UNITS TO BE UNDER ITS CONTROL, IMPROVING OUR STRATEGIC MOBILITY BY UPGRADING OUR C-5 AND C-141 FLEET, AND ACQUIRING ACCESS TO FACILITIES WE NEED IN THE REGION AND ON THE WAY THERE.

-- STILL, WE CANNOT DO EVERYTHING OURSELVES, IN A REGION WHICH CONCERNS US ALL. WE NEED ADDITIONAL ALLIED EFFORTS TO CONTRIBUTE TO THE SECURITY OF SOUTHWEST ASIA THROUGH INCREASED ECONOMIC AND TECHNICAL ASSISTANCE, POLITICAL CONSULTATIONS AND COOPERATION, MILITARY DEPLOYMENTS AND SECURITY ASSISTANCE.

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By: [Signature] DATE: 11/21/2017

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BRIEFER ON THE PERSIAN GULF

Background/Setting

Despite their greater dependence on Persian Gulf oil, most of our allies look to the U.S. to respond to the security threat from the Soviet Union in this region. With some notable exceptions, the countries in the region are reluctant to appear to be cooperating too closely with the U.S. The Israeli raid on the Iraqi reactor has heightened the sensitivities of Arab states to this relationship.

At the same time, most regional states are eager to cooperate with the U.S. in the economic and technical fields to attack the basic causes of local instability and to consult and cooperate with us discreetly in the political and military fields to contain intra-regional threats to their security. Against the ultimate threat from the Soviet Union, however, the regional states realize that only the U.S. can provide an adequate defense. They are looking to this Administration for indications of greater reliability and staying power.

U.S. Objectives

-- To increase our economic, technical, political and military cooperation with countries in the region to enable them to deal with local instability and intra-regional threats to their security.

-- To increase our own capability to deter and respond to Soviet threats.

-- Encourage our allies to increase their political presence military deployments and security assistance and, in view of our own budget constraints, efforts for economic development in the region.

Discussion of Issues

While the specifics of our strategy to deter a Soviet attack are still evolving, our general approach is to maintain a capability to project sufficient power into the region to prevent the Soviets from attaining their objectives. This means maintain a significant presence in the area and developing a responsive capacity to deploy additional forces when necessary.

We have already taken a number of steps to respond to the security threat. We have begun to increase security assistance to certain countries (FMS and ESF for Turkey and Pakistan, F-15 enhancements for Saudi Arabia). We have consulted a number of friendly countries on en route access to the Persian Gulf and have worked closely with the U.K. and France on naval coordination and other military matters. And we have sensitized our NATO partners to the need to do more to cover our European flank if

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resources are needed in the Gulf area.

Our own presence includes the Mideast Force destroyers in the Gulf and two carrier battle groups full time in the Indian Ocean, a marine amphibious unit most of the time and periodic tactical and ground force deployments. We are improving the Rapid Deployment Force by designating certain units under its operational command, improving our strategic mobility by upgrading the C-5 and C-141 fleet, procuring eight fast logistic ships and prepositioning equipment on ships in the region. We are acquiring access agreements en route and in the region and have requested almost \$500 million in FY-82 to improve facilities at Diego Garcia and in Oman, Kenya, and Somalia.

Thus, while relying mainly on a geographical projection of our forces in an emergency and sensitive to the political problems of the area, we are working on ways to strengthen our peacetime presence there.

#### Other Leaders' Objectives/Views

The other leaders will generally share our view of the Soviet threat in the region, but only the UK and France have so far taken concrete actions to complement our military steps. Germany and Japan have increased economic and technical assistance to certain states. All our allies, dependent (except Canada) on Gulf oil, are sensitive to local political attitudes and will be apprehensive about a too-prominent military profile in the region. They may also express concern that our focus on Southwest Asia may draw support away from the NATO front.

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