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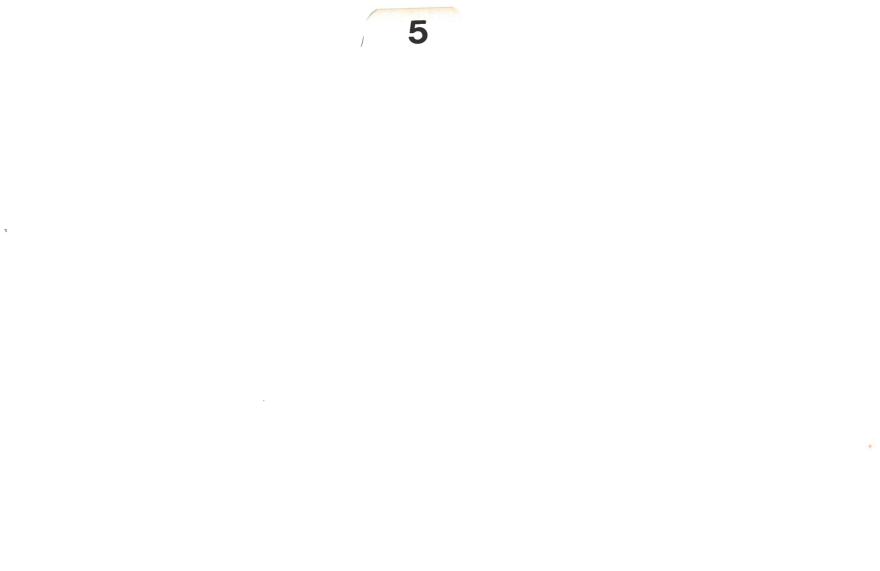
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# URUGUAY ROUND AND INTERNATIONAL TRADE ISSUES

# Your Objective

-- Commitment to successful completion of the Uruguay Round of trade negotiations. The Mid-Term Review of the Uruguay Round, scheduled for December, can provide an important political impetus to the negotiations. U.S. goals for the Mid-Term Review are substantive agreements on (1) a framework for long term market-oriented reforms in agriculture; (2) a framework of principles and procedures for negotiations on trade in <u>services</u>; (3) an outline of an agreement for improved protection of trade-related <u>intellectual property</u>; and (4) <u>institutional improvements</u> in the GATT. A key overall objective is to achieve greater LDC acceptance of GATT obligations and responsibilities.

#### Watch Out For

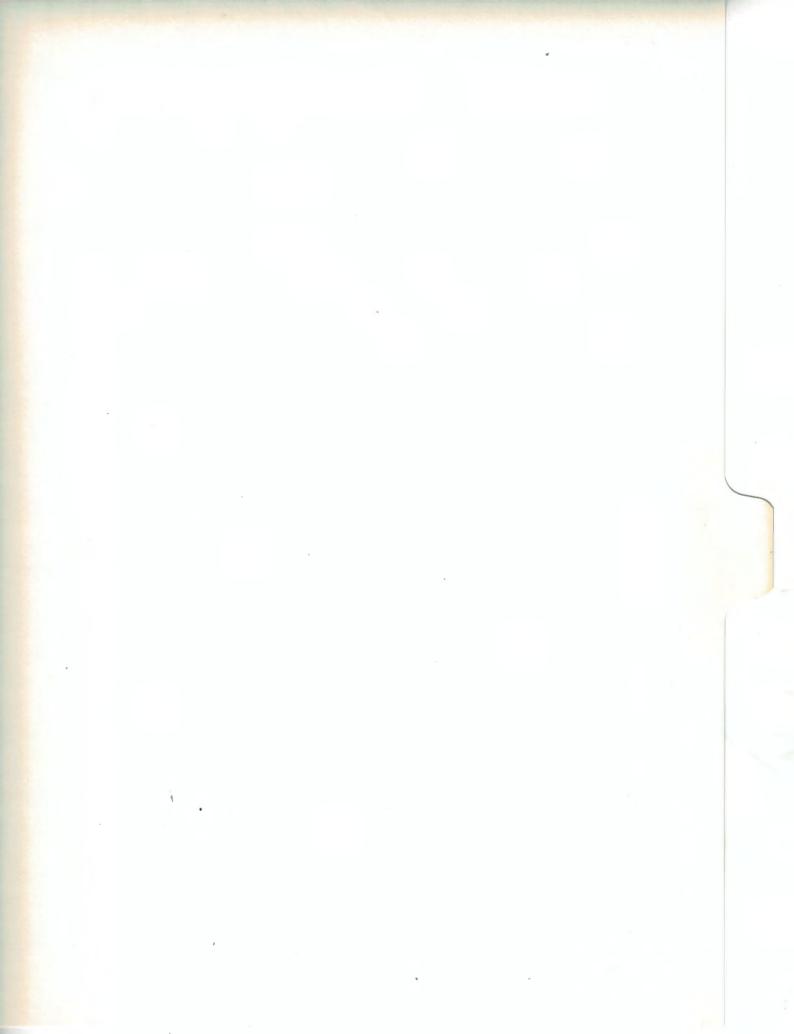
- -- Arguments by European and Japanese participants that Summit discussions of substantive Uruguay Round issues will establish an unnecessary "parallel process" and prejudge the outcome of negotiations in Geneva.
- -- Questions from Summit Heads on the prospects for a revised Omnibus Trade Bill and on the content of a bill you would be willing to sign.
- -- Concerns of Japan about the U.S.-Canada Free Trade Agreement.

(Points to be made follow at next page.)

# URUGUAY ROUND AND INTERNATIONAL TRADE ISSUES

- -- SUMMIT GOVERNMENTS HAVE A RESPONSIBILITY TO PROVIDE POLITICAL LEADERSHIP FOR THE TRADE NEGOTIATIONS; WE HAVE ADDRESSED THESE ISSUES AT OUR PREVIOUS MEETINGS.
- A SUCCESSFUL MID-TERM REVIEW WILL (A) REINFORCE BUSINESS
  CONFIDENCE IN THE FUTURE OF THE MULTILATERAL TRADE REGIME;
  (B) CURB PROTECTIONIST PRESSURES ON GOVERNMENTS; AND (C)
  PROVIDE AN ORIENTATION FOR MY SUCCESSOR'S TRADE POLICY.
- -- SUCCESSFUL MID-TERM REVIEW WILL ESTABLISH MORE SECURELY WITHIN THE GLOBAL TRADING SYSTEM THE MARKET-ORIENTED POLICIES WE HAVE ALL PURSUED THESE PAST EIGHT YEARS.
- -- NEGOTIATIONS ON TRADE IN SERVICES, INTELLECTUAL PROPERTY PROTECTION, AND TRADE-RELATED INVESTMENT MEASURES WILL SUPPORT EXPANSION OF THE INDUSTRIES THAT WILL DRIVE FUTURE ECONOMIC AND EMPLOYMENT GROWTH. FUNDAMENTAL MARKET-ORIENTED REFORMS IN AGRICULTURAL TRADE CAN REDUCE GOVERNMENT FISCAL BURDENS, INCREASE MARKET OPPORTUNITIES FOR PRODUCERS, AND REDUCE TRADE FRICTIONS AMONG OUR GOVERNMENTS. PROGRESS IN ALL OF THESE AREAS REQUIRES SUBSTANTIAL RESULTS AT THE MID-TERM REVIEW.
- --- (IF RAISED) I AM COMMITTED TO A RESPONSIBLE TRADE BILL THIS YEAR THAT WILL STRENGTHEN AMERICA'S INTERNATIONAL COMPETITIVENESS AND CREATE EVEN MORE NEW JOBS FOR AMERICANS. READY TO ASSIST CONGRESS ON A NEW BILL. WHETHER WE END UP WITH A BILL DEPENDS ON DEMOCRATIC LEADERSHIP IN CONGRESS.

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# BACKGROUND PAPER NEWLY INDUSTRIALIZED ECONOMIES (NIEs)

# Your Objective

-- To encourage NIEs to make a greater contribution in correcting global imbalances and to take a more active role in maintaining the well-being of the world economy. EC and Canada support.

# Watch Out For

-- Japanese view that Summit country dialogue with NIEs too one-sided; could portray our concerns as "NIE bashing." May propose new institutional arrangements, such as formal OECD contacts with NIEs or an "OECD Pacific." This is premature.

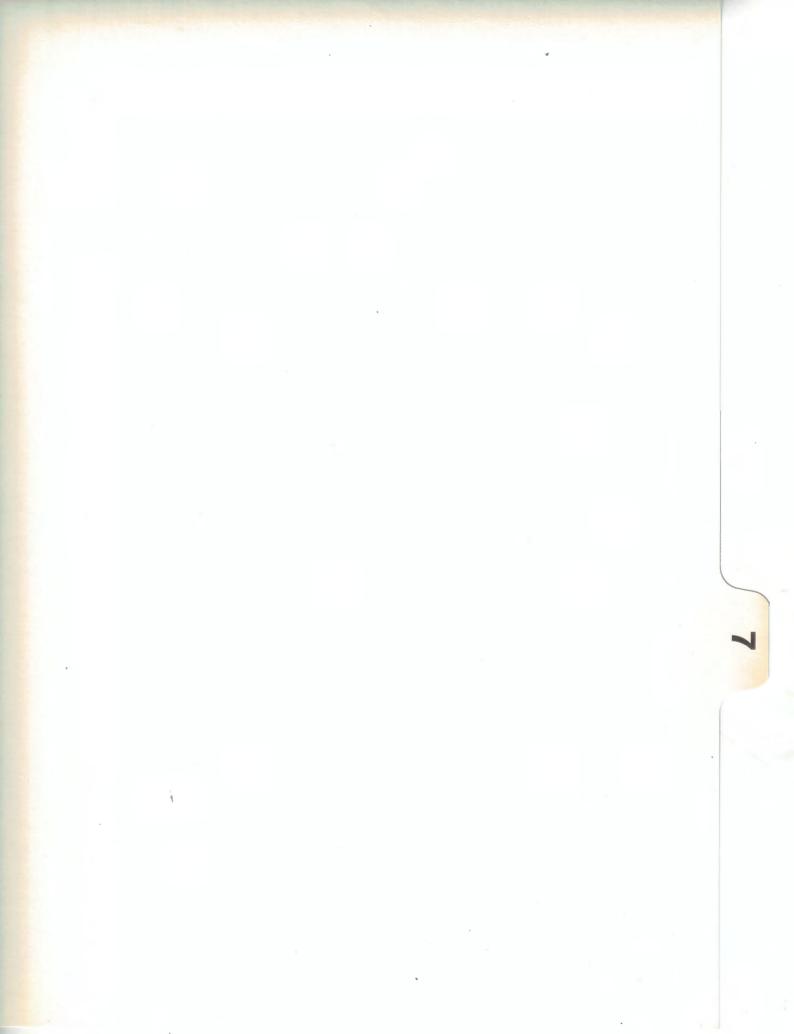
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# POINTS TO BE MADE NEWLY INDUSTRIALIZED ECONOMIES (NIEs)

- -- NIES' ECONOMIC DEVELOPMENT HAS BEEN IMPRESSIVE. SHOULD COMMEND THEM FOR WHAT THEY'VE ACCOMPLISHED. EXPORT GROWTH HAS BEEN SPECTACULAR.
- -- BUT CONTINUED LARGE TRADE SURPLUSES PREVENT REDUCTION OF IMBALANCES FOR OTHERS.
- -- CHANGES ARE NECESSARY TO INTEGRATE NIES MORE FULLY INTO THE WORLD ECONOMY: THEY NEED TO OPEN THEIR ECONOMIES TO TRADE AND INVESTMENT.
- -- OUR DIALOGUE WITH THE NIES SHOULD BE CONSTRUCTIVE NOT CONFRONTATIONAL.
- -- ADJUSTMENT POLICIES ARE NEEDED FOR ALL OF US. NIES SHOULD BE WILLING TO CHANGE ECONOMIC, TRADE, INVESTMENT, AND EXCHANGE RATE POLICIES TO REDUCE THEIR TRADE SURPLUSES.

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# BACKGROUND PAPER SHARED RESPONSIBILITY FOR MUTUAL SECURITY

# Your Objective

-- To promote wider understanding that the collective responsibility among Summit countries for assuring Western security must be met through more than just military means -economic means must also be used.

#### Watch Out For

-- Efforts to separate defense burdensharing from the broader issue of collective responsibility for mutual security.

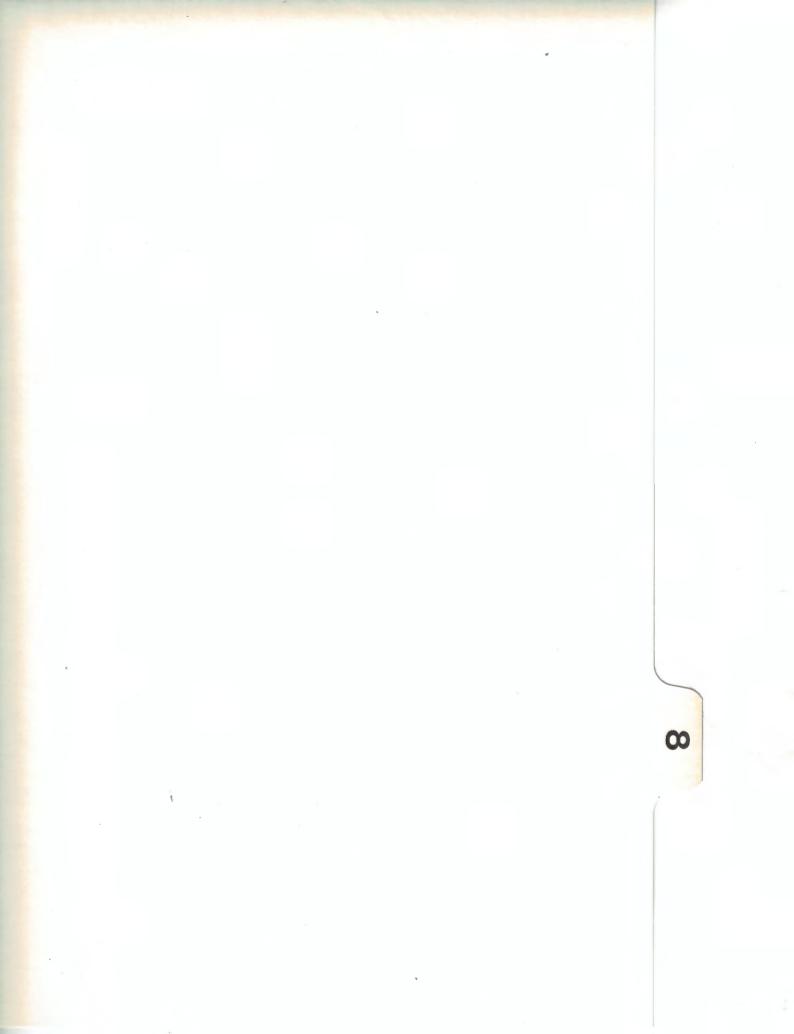
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# POINTS TO BE MADE SHARED RESPONSIBILITY FOR MUTUAL SECURITY

- -- WOULD LIKE TO SAY A WORD ABOUT HOW OUR COMMON ECONOMIC AND SECURITY INTERESTS RELATE TO EACH OTHER.
- -- WE AND OUR MINISTERS HAVE BEEN MUCH INVOLVED IN DISCUSSIONS ON DEFENSE BURDENSHARING.
- -- WE KNOW THE DIFFICULTIES OF JUDGING WHEN THE DEFENSE BURDEN IS EQUITABLY SHARED, EVEN THOUGH WE ALL CAN ACCEPT THE PRINCIPLE THAT THERE SHOULD BE FAIR SHARING.
- -- I SUGGEST THAT WE LOOK AT BURDENSHARING AS PART OF A BROADER RESPONSIBILITY THAT WE SUMMIT COUNTRIES SHARE TO ENSURE SECURITY OF OUR ALLIANCE.
- -- TO ME, THIS SECURITY IS PROVIDED FOR BY THE INTEGRATED USE OF ALL ELEMENTS OF POWER THAT WE HAVE AT OUR DISPOSAL. IN PARTICULAR, WE MUST LOOK BEYOND THE TRADITIONAL ELEMENT OF MILITARY POWER.
- -- WE OFTEN OVERLOOK THE ECONOMIC DIMENSION, BUT WITHOUT STRONG, FLEXIBLE ECONOMIES WE WOULD BE IN JEOPARDY.
- -- AS WE CONSIDER OUR SECURITY OBJECTIVES AND RESPONSIBILITIES, LET'S KEEP IN MIND THAT SOME OF US MAY BE MORE ABLE TO HELP ON THE ECONOMIC FRONT THAN ON THE MILITARY.
- -- ONE EXAMPLE IS THE <u>PHILIPPINES</u>. KNOW THAT EACH OF US STRONGLY SUPPORTS DEMOCRACY AND ECONOMIC GROWTH IN THE PHILIPPINES. MANY HAVE INCREASED ASSISTANCE SIGNIFICANTLY, AS WE HAVE. INSURGENCY, ECONOMIC CHALLENGES REMAIN; ALL NEED TO DO MORE.

- -- PHILIPPINE GOVERNMENT MUST CONTINUE WITH ECONOMIC REFORMS TO MAINTAIN ROBUST, PRIVATE SECTOR-LED GROWTH. WE NEED TO ASSURE EXTRAORDINARY FINANCING NEEDED FOR SUSTAINED GROWTH AND ECONOMIC RESTRUCTURING.
- -- LOOKING FORWARD TO CONTINUED DIALOGUE ON HOW WE CAN BEST RESPOND TO PHILIPPINE NEEDS.
- -- ANOTHER EXAMPLE IS <u>AFGHANISTAN</u>. THE NEED FOR RESETTLING UP TO 5 MILLION REFUGEES IN THE COMING MONTHS IS GREAT.
- -- ALL OF OUR NATIONS WILL CONTRIBUTE GENEROUSLY TO THIS EFFORT, BOTH DIRECTLY AND INDIRECTLY THROUGH THE UN PROGRAM.
- -- WE SHOULD CALL ON OTHERS, INCLUDING THE USSR, TO DO
- -- A BRIEF REFERENCE TO THIS NOTION OF SHARED RESPONSIBILITIES IN OUR COMMUNIQUE WOULD PROMOTE A WIDER UNDERSTANDING OF OUR SECURITY RELATIONSHIP.

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# BACKGROUND PAPER NARCOTICS

# Your Objectives

- -- Commitment for improved international cooperation to counter all facets of drug issue: production, trafficking, financing, education, prevention, treatment and rehabilitation.
- -- Summit agreement to convene U.S.-led task force to improve cooperation in fight against drugs.

#### Watch Out For

- -- Concern that joint efforts to combat money laundering will mean relaxation of European banking secrecy.
- -- Reluctance, particularly from French, to have Summit endorse task force proposal.

(Points to be made follow at next page.)

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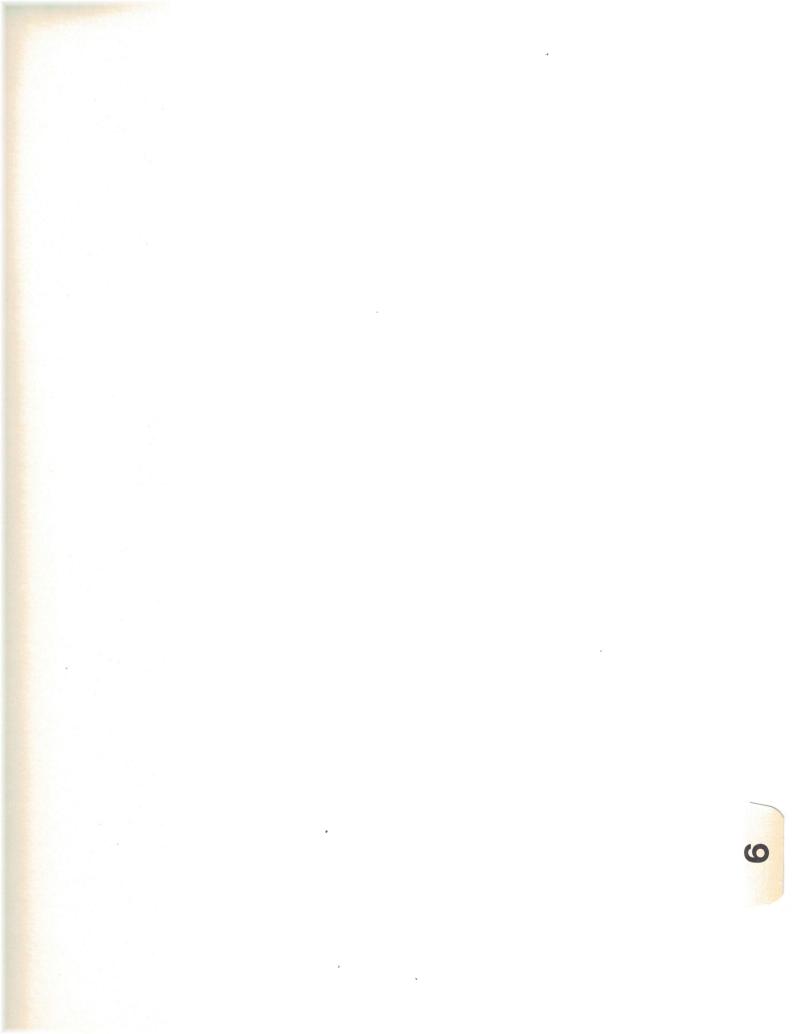
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# POINTS TO BE MADE NARCOTICS

- -- ILLICIT DRUG PRODUCTION, TRAFFICKING AND ABUSE CONTINUE TO THREATEN WELL-BEING OF OUR COUNTRIES. NO COUNTRY CAN DEAL EFFECTIVELY WITH PROBLEMS ALONE.
- -- WE SHOULD UNDERSCORE NEED FOR IMPROVED INTERNATIONAL COOPERATION TO ADDRESS ALL FACETS OF DRUG ISSUE: PRODUCTION, TRAFFICKING, FINANCING, EDUCATION, PREVENTION AND TREATMENT.
- -- WE SHOULD RECOMMIT TO IMPLEMENTING RECOMMENDATIONS IN 1985 EXPERTS REPORT, AS WELL AS THE GOALS OF THE INTERNATIONAL CONFERENCE ON DRUG ABUSE AND ILLICIT TRAFFICKING.
- -- SHOULD ALSO PLEDGE TO WORK FOR QUICK RATIFICATION OF THE PROPOSED U.N. CONVENTION AGAINST THE ILLICIT TRAFFIC IN NARCOTICS.
- -- I PROPOSE WE CONVENE A TASK FORCE TO EXAMINE WAYS OF IMPROVING COOPERATION IN THE FIGHT AGAINST DRUGS. I AM PREPARED TO HOST THE FIRST MEETING.
- -- THE TASK FORCE SHOULD EXAMINE WAYS TO FURTHER THE WORK PRODUCED BY OUR EXPERTS AFTER THE BONN SUMMIT (1985) INCLUDING COORDINATING EFFORTS TO CURB LAUNDERING OF ILLICIT DRUG PROCEEDS, CONTROL ON PRECURSOR CHEMICALS, IMPROVE INTELLIGENCE SHARING, ENHANCE JOINT INVESTIGATIONS AND REDUCE DEMAND.
- -- I KNOW OUR FOREIGN MINISTERS WILL DISCUSS SUPPORT FOR MULTILATERAL EFFORTS AND THAT FINANCE MINISTERS WILL DISCUSS MONEY FLOW AND DRUG MONEY LAUNDERING.

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# BACKGROUND PAPER EAST-WEST ECONOMIC RELATIONS

# Your Objective

-- Reaffirm consensus that measured and prudent approach to East-West economic issues is necessary to allied security.

# Watch Out For

- -- Arguments (especially from FRG) that West must support Soviet economic and political reform by radically expanding East-West economic relations.
- -- Complaints that U.S. approach to COCOM technology transfer controls is too restrictive.

(Points to be made follow at next page.)

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#### POINTS TO BE MADE EAST-WEST ECONOMIC RELATIONS

- -- ECONOMICS SECONDARY IN SOVIET RELATIONSHIP. READY TO DO MORE BUSINESS, WITHIN NATIONAL SECURITY LIMITS AND HUMAN RIGHTS CONCERNS.
  - TECH TRANSFER CONTROLS NOT OBSTACLE TO EXPANDED TRADE: WIDE RANGE OF NON-STRATEGIC SALES PERMITTED.
  - SOVIET HUMAN RIGHTS PRACTICES ARE AN OBSTACLE: SOVIETS
    HAVE NOT DONE ENOUGH ON EMIGRATION TO QUALIFY FOR MFN.
  - EAST-WEST ECONOMIC COOPERATION CANNOT BE DIVORCED FROM COMMITMENTS TO HUMAN RIGHTS MADE IN HELSINKI ACCORDS.
  - TOO SOON TO SAY HOW FAR GORBACHEV WANTS TO GO IN ECONOMIC AND POLITICAL REFORM, HOW FAR HE CAN GET, OR THE CONSEQUENCES.
    - WE SHOULD NOT OBSTRUCT SOVIET EVOLUTION TOWARDS A FREER AND MORE PEACEFUL PARTNER: BUT WE MUST NOT SUBSIDIZE SOVIET EVOLUTION INTO A STRONGER ADVERSARY.
- -- SOVIETS WANT GREATER INTEGRATION WITH WEST, THROUGH EXPANDED TRADE, JOINT VENTURES, ACCESS TO THE GATT.
  - MORE TRADE IS FINE -- ON STRICTLY BUSINESS TERMS. MUST
    ENSURE THAT LENDING TO USSR IS ON COMMERCIAL TERMS.
  - o WE ARE LEAVING DECISIONS ABOUT JOINT VENTURES UP TO FIRMS, PROVIDED OUR LAWS AND REGULATIONS ARE COMPLIED WITH.
  - O WE OPPOSE SOVIET GATT MEMBERSHIP BECAUSE SOVIET ECONOMY IS STILL SO FAR FROM GATT NORMS. USSR WOULD NOT BE CONSTRUCTIVE FORCE IN GATT.

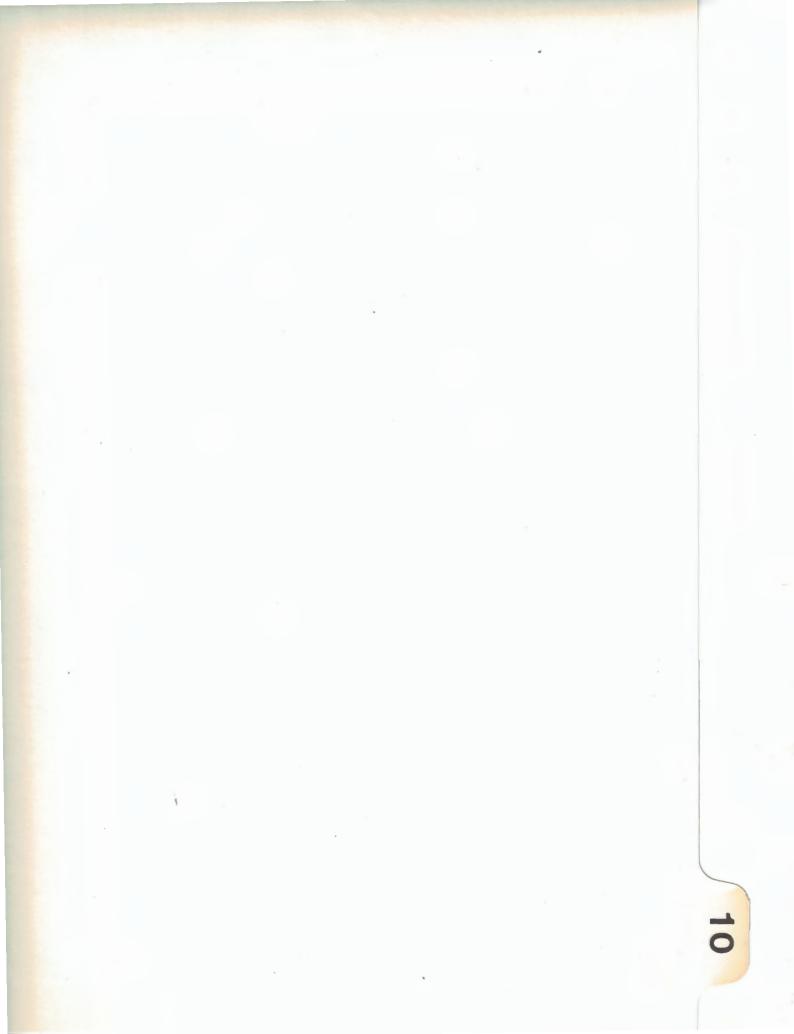
- -- DUBIOUS ABOUT ARGUMENTS THAT THE WEST SHOULD ACT TO ENSURE THE SUCCESS OF SOVIET ECONOMIC AND POLITICAL REFORM BY RADICALLY EXPANDING TRADE AND ECONOMIC RELATIONS.
  - O MUST ACT ON MOSCOW'S REAL PERFORMANCE, NOT ON HOPES.
  - SOVIETS WANT A STRONGER ECONOMY. TOO SOON TO GAUGE IF REFORMS WILL MAKE USSR BETTER INTERNATIONAL PARTNER.
  - O OUR ECONOMIC LEVERAGE IS MARGINAL; GENUINE SYSTEMIC SOVIET REFORM DEPENDS ON THE SOVIETS, NOT US.
- -- ECONOMICS HAS GREATER POTENTIAL IN OUR RELATIONS WITH EAST EUROPE. ECONOMIC RELATIONS SHOULD DEEPEN IN TANDEM WITH IMPROVED HUMAN RIGHTS PERFORMANCES, WITH GENUINE ECONOMIC REFORM AND THE ENHANCED DOMESTIC POLITICAL CONSENSUS SUCH REFORM ENTAILS.

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# BACKGROUND PAPER - ENVIRONMENT

# Your Objectives

- -- Obtain a commitment from <u>all</u> Summit participants to ratify the Montreal Protocol on ozone-depleting substances by the fall of 1988. (U.S. ratified April 21. Canada and Japan will soon. EC target is September, but whether France, Italy, UK will ratify by then is uncertain.)
- -- Give impetus to international scientific work and economic analysis on global climate change to lay a sound basis for evaluation of policy options.

# Watch Out For

-- Any attempt to cast the U.S. as a villain on acid rain.

(Points to be made follow at next page.)

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# POINTS TO BE MADE ENVIRONMENT

- -- GLOBAL CLIMATE CHANGE AND CONTROL OF OZONE-DEPLETING CHEMICALS ARE SIGNIFICANT ECONOMIC ISSUES AFFECTING ENERGY, INDUSTRY, AGRICULTURE, HEALTH, NATURAL RESOURCES.
- -- ALL OF US MUST RATIFY THE MONTREAL PROTOCOL ON OZONE SO IT CAN ENTER INTO FORCE JANUARY 1. WILL YOU ALL BE ABLE TO RATIFY BY THIS FALL?
- -- WE NEED A SOLID INTERNATIONAL PROGRAM OF SCIENTIFIC WORK AND ECONOMIC ANALYSIS ON THE CAUSES AND EFFECTS OF GLOBAL CLIMATE CHANGE TO LAY A SOUND BASIS FOR CONSIDERATION OF POLICY OPTIONS.
- -- (IF RAISED) A CALL FOR A CLIMATE CONVENTION IS PREMATURE UNTIL THE ANALYSIS COMPLETE.
- -- (IF RAISED) ACID RAIN IS AN ENVIRONMENTAL CONCERN WE HAVE ADDRESSED AND WILL CONTINUE TO ADDRESS SERIOUSLY. THIS IS NOT AN APPROPRIATE FORUM TO CALL FOR SPECIFIC MEASURES.
- -- (IF RAISED) RATHER THAN ANY BROAD ENDORSEMENT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT ("BRUNDTLAND") REPORT, WE SHOULD SUPPORT THE CONCEPT OF "SUSTAINABLE DEVELOPMENT" AND CALL FOR FOLLOW-UP CONSISTENT WITH UNGA RESOLUTION 42/187.

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# BACKGROUND PAPER EDUCATION

# Your Objectives

- -- Agreement on the importance of education for long-term economic progress.
- -- Agreement that private incentives of individuals, families and employers are the appropriate driving force for human (as for other) investment.

Watch Our For

- -- Emphasis on increasing role of central government in funding schools. -
- -- Attempts to portray government-operated schools as the only way to facilitate appropriate investments.

(Points to be made follow at next page.)

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# POINTS TO BE MADE EDUCATION

- -- WE KNOW WHAT WORKS IN EDUCATION AND WE'RE BEGINNING TO MAKE PROGRESS AGAIN IN THE U.S. WITH A RENEWED FOCUS ON THE BASICS, PARENTAL CHOICE AND INVOLVEMENT, HIGH STAN-DARDS, AND ACCOUNTABILITY FOR RESULTS.
- -- COMPETITION ALLOWS STUDENTS AND FAMILIES THE FREEDOM TO SELECT AMONG SCHOOLS AND PROVIDES MARKET INCENTIVES FOR SCHOOLS TO PERFORM. WIDER USE OF VOUCHERS IS ONE WAY WE ARE PROMOTING COMPETITION.
- -- WE RECOGNIZE THE NEED TO BREAK UP ADMINISTRATIVE BUREAUC-RACIES -- "THE BLOB" -- AND FREE UP PRINCIPALS, TEACHERS AND PARENTS TO EDUCATE OUR CHILDREN. GREATER LOCAL CONTROL, FLEXIBILITY AND ENTREPRENEURSHIP WILL BETTER ALLOW US TO MEET THE CHANGING NEEDS OF AN INDUSTRIAL SOCIETY.
- -- AT THE SAME TIME, WE ARE INCREASINGLY AWARE OF THE CENTRAL IMPORTANCE OF EDUCATING OUR CHILDREN IN THE FUNDAMENTAL PRINCIPLES AND VALUES OF A FREE SOCIETY. IMPARTING THE BASICS OF GOOD CHARACTER AND CITIZENSHIP IS ESSENTIAL TO MAINTAINING THE STRENGTH OF OUR WESTERN DEMOCRACIES.

POLITICAL ISSUES

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# POLITICAL ISSUES BACKGROUND PAPERS/POINTS TO BE MADE

- 1. EAST-WEST RELATIONS
- 2. ARMS CONTROL
- 3. EASTERN EUROPE
- 4. TERRORISM
- 5. AFGHANISTAN
- 6. MIDDLE EAST PROCESS
- 7. PERSIAN GULF
- 8. CENTRAL AMERICA
- 9. SOUTH AFRICA
- 10. ASIA (CAMBODIA/KOREA)

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# BACKGROUND PAPER EAST-WEST RELATIONS

# Your Objectives

- -- Sum-up with Allied leaders your overall approach to East-West relations and highlight the accomplishments since the 1985 Geneva summit.
- -- Emphasize that Allied unity and steadfast pursuit of security, human rights, and other objectives have brought present successes, and provide the best basis to maintain a productive course. Stress your commitment to continued progress in all areas.
- -- Emphasize that changes in Soviet Union and Eastern Europe offer us opportunities, provided we stick to our long-term objectives.

# Key Background Points

- -- Over past eight years, Allies have supported a consistent approach to East-West relations: take necessary steps for our own defense, pursue arms control where it enhances security, emphasize human rights.
- -- Soviets grew willing to negotiate on INF, withdraw from Afghanistan, consider changes in human rights; but many steps taken for domestic reasons, and our policies of past years clearly chart course for the future: strength, realism, dialogue.
- -- Moscow summit achieved two important objectives:
  - consolidated the results already achieved;
  - o prepared the ground for further concrete progress.
- -- On arms control, now in good position for push on START. Expect to complete work on Nuclear Testing this fall, and prepare testing Treaties for ratification. Also, will be pressing ahead with allies toward mandate for new Conventional Stability Talks with Warsaw Pact.
- -- Soviets now willing to discuss once-taboo human rights issues. Pre-summit resolution of individual cases, increase in emigration rate are welcome steps.
- -- On regional issues, Soviet withdrawal from Afghanistan is hard-won success. Some prospects for movement in southern Africa. We don't expect major shifts, but we will continue dialogue and push for constructive Soviet steps.

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-- The half-dozen <u>bilateral</u> agreements signed in Moscow part of revival of direct contact. Working on the basis of reciprocity and genuine mutual interest, expect to see further agreements.

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(Points to be made follow at next page.)

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# POINTS TO BE MADE EAST-WEST RELATIONS

- -- SINCE I'VE BEEN COMING TO THESE SUMMITS, OUR COUNTRIES HAVE ESTABLISHED A FIRM BUT FLEXIBLE APPROACH TO EAST-WEST RELATIONS. WE'VE SEEN ITS EFFECTIVENESS WITH INF AND IN AFGHANISTAN.
- -- FIRST, WE'VE PROVIDED FOR OUR OWN DEFENSE AND SUPPORTED THOSE WHO PURSUE FREEDOM AROUND THE GLOBE. SECOND, WE'VE SOUGHT ARMS REDUCTIONS. THIRD, WE'VE PURSUED HUMAN RIGHTS, REGIONAL ISSUES, AND BILATERAL RELATIONS AS VITAL AND INTEGRAL PARTS OF OUR AGENDA.
- -- MY RECENT MEETINGS IN MOSCOW SHOWED JUST HOW FAR WE'VE COME. BUT, RATHER THAN LOOKING AT WHERE WE'VE BEEN, WE SHOULD FOCUS ON WHERE WE'RE GOING NEXT.
- -- ON <u>ARMS CONTROL</u>, WITH YOUR FULL SUPPORT, WE GOT AN INF TREATY WHICH PROVIDES FOR REDUCTIONS AND STRINGENT VERIFICATION. THE TASK NOW IS TO BUILD ON THESE PRECEDENTS TO COMPLETE A START TREATY.
- -- TOGETHER WITH OUR ALLIES, WE MUST ALSO PUSH AHEAD ON OUR OTHER PRIORITIES: NEGOTIATIONS ON CONVENTIONAL FORCES AND ON CHEMICAL WEAPONS.
- -- ON <u>HUMAN RIGHTS</u>, THE SOVIETS HAVE TAKEN SOME POSITIVE STEPS WHICH WE'VE ACKNOWLEDGED. BUT UNTIL ALL SOVIET CITIZENS HAVE THE BASIC RIGHTS OF FREE TRAVEL, FREE SPEECH, AND FREE RELIGION, WE'LL KEEP PRESSING FOR SUSTAINED PROGRESS AND INSTITUTIONAL REFORM.

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- -- ON <u>REGIONAL ISSUES</u>, THE BEGINNING OF SOVIET WITHDRAWAL FROM AFGHANISTAN IS CLEARLY AN IMPORTANT STEP. WE MUST REMAIN VIGILANT TO ENSURE TROOP WITHDRAWAL IS COMPLETED ON SCHEDULE, AND LOOK FOR CONSTRUCTIVE STEPS ON OTHER REGIONAL ISSUES.
- -- THE CHANGES TAKING PLACE IN THE SOVIET UNION AND IN EASTERN EUROPE HAVE NOT ALTERED THE FUNDAMENTAL DIFFERENCES BETWEEN OUR SOCIETIES. NOR SHOULD THEY OBSCURE THE SOVIET BUILDUP OF CONVENTIONAL AND NUCLEAR WEAPONS. THESE FACTORS LIMIT THE SCOPE OF WHAT WE CAN ACCOMPLISH THROUGH NEGOTIATION.
- -- MY <u>BERLIN INITIATIVE</u> OF A YEAR AGO REMAINS A VALID CHALLENGE TO THE SOVIETS TO LOWER BARRIERS IN BERLIN. I AM PLEASED THAT THE UK, FRANCE, AND FRG HAVE JOINED IN BACKING THIS INITIATIVE.
- -- AS ALWAYS, THE KEY TO MOVING FORWARD IS CLOSE CONSULTATION AND WESTERN SOLIDARITY. OUR RECENT SUCCESSES PROVE THE VALUE OF STANDING TOGETHER TO MEET CHALLENGES.

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# BACKGROUND PAPER ARMS CONTROL

#### SHORT RANGE NUCLEAR FORCES (SNF)

#### Your Objective

-- Guard against post-INF euphoria, but draw on same unity that brought us INF Treaty to modernize remaining European nuclear forces as agreed in NATO's Montebello Decision.

# Key Background Points

- -- 1983 Montebello Decision reduced U.S. nuclear weapons in Europe and committed Alliance to continued modernization of remaining forces. NATO Summit reaffirmed forces be kept effective and up to date.
- -- Some in FRG insist tying SNF modernization to SNF negotiations. For now, U.S. won't negotiate on SNF.

#### STRATEGIC ARMS REDUCTION TALKS (START)

#### Your Objective

-- Ensure allies that U.S. will continue intensive efforts to complete START Treaty.

# Key Background Points

- -- 50% reduction agreed in principle with Soviets, but key issues remain: mobile ICBMs, submarine-launched cruise missiles (SLCMs), and Soviet insistence on further limits on ballistic missile defenses.
- -- Building a solid, unambiguous, effectively verifiable agreement should not, and will not, be rushed.

#### DEFENSE AND SPACE (D&S) TALKS

#### Your Objective

-- Seek support for U.S. approach on SDI and ABM treaty.

#### Key Background Points

-- As agreed at Washington Summit, we are working on an agreement committing U.S. and USSR to observe the 1972 Anti-Ballistic Missile (ABM) Treaty, while conducting Treaty-permitted research, development and testing as required, and not to withdraw from Treaty for a specified period of time.

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-- Work on joint draft text of separate agreement has been difficult. We're trying to satisfy valid Soviet concerns, but will reject Soviet constraints that would cripple SDI.

### CONVENTIONAL ARMS CONTROL IN EUROPE

# Your Objective

-- Maintain support of European allies for conventional stability negotiations as a top priority.

#### Key Background Points

- -- Deliberations with East on a negotiating mandate, and with Allies on substantive proposal, showing progress. NATO emphasis is on Soviet ground forces, to cut Soviet capability for surprise attack and large-scale offensive operations.
- -- Warsaw Pact continues to seek negotiation of tactical nuclear capabilities as part of conventional negotiations, but may soon relent. We remain firm against this. East is anxious to get talks going. We've insisted on need for balanced outcome to Vienna CSCE meeting, i.e. substantial progress on human rights.

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(Points to be made follow at next page.)

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# POINTS TO BE MADE ARMS CONTROL

- INF VINDICATES ALLIANCE POLICIES OF STRENGTH AND UNITY. WE MUST APPLY ITS LESSONS TO NEXT ARMS CONTROL PRIORITIES AND MAINTAIN AN EFFECTIVE DETERBENT GIVING SOVIETS INCENTIVE TO NEGOTIATE.
- NATO AGREES ON IMPORTANCE OF MODERNIZING ITS NUCLEAR FORCES IN EUROPE. NATO SUMMIT REAFFIRMED THAT FORCES WILL BE KEPT UP TO DATE WHERE NECESSARY.
- WE RECOGNIZE ALL COUNTRIES BORDERING USSR, INCLUDING JAPAN, HAVE SPECIAL CONCERN WITH SOVIET SNF THREAT. BUT SOVIET NUCLEAR FORCE THREAT IS GLOBAL, SPANS SPECTRUM OF WEAPONS, AND MENACES ENTIRE FREE WORLD. TO COUNTER THREAT, WE NEED MOST ADVANCED WEAPONS.
- U.S. WILL CONTINUE WORKING TO ACHIEVE 50% REDUCTIONS IN STRATEGIC NUCLEAR FORCES. WE WILL ALSO CONTINUE WORK ON AN AGREEMENT ON DEFENSE AND SPACE ACTIVITIES AND A PROTOCOL TO ENHANCE CONFIDENCE IN NATURE OF EACH SIDE'S STRATEGIC DEFENSE ACTIVITIES.
- WE WILL NOT ACCEPT CONSTRAINTS WHICH WOULD CRIPPLE SDI.
- IN ADDITION, WE WILL CONTINUE TO WORK WITH YOU IN PURSUING OUR GOALS OF ELIMINATING CHEMICAL WEAPONS AND ACHIEVING CONVENTIONAL STABILITY IN EUROPE.
- CHALLENGE IS TO MAKE TIMELY DECISIONS TO IMPROVE OUR SECURITY, AND OUR ALLIES, THROUGH VERIFIABLE ARMS CONTROL AND THROUGH DEFENSE MEASURES, SPREADING DEPLOYMENT BURDEN AMONG OUR COUNTRIES. NSC/State Waivers du 3/16/2020