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### **Ronald Reagan Library**

Collection Name COBB, TYRUS (NSC): FILES Withdrawer

DLB 3/30/2005

File Folder CANADA 1986 (11/21/1986-12/01/1986) FOIA

F00-093

Box Number 92134 DONALD MUNTON

		26	
Document Description			Restrictions
ALEXANDER PLATT THRU STEPHEN DANZANSKY TO JOHN POINDEXTER, RE: MAHCINE TOOL VOLUNTARY RESTRAINT AGREEMENTS	1	11/21/1986	B1
R 1/7/2011 F2000-093/1			
POINDEXTER TO REAGAN, RE: MACHINE TOOL VOLUNTARY RESTRAINT AGREEMENTS	1	ND	B1
R 1/7/2011 F2000-093/1			
STATUS OF THE MACHINE TOOL VRA NEGOTIATIONS	5	ND	B1
PAR 7/5/2006 F00-093			
COBB TO ALTON KEEL, RE: YOUR MEETING WITH AMBASSADOR GOTLIEB	2	11/21/1986	B1
COPY OF #6455, MULRONEY TO REAGAN WITH SLIGHT ANNOTATION	2	11/12/1986	B1
RE: CANADA	1	ND	B1
BIO R 1/22/2008 NLRRF00-093	1	5/10/1985	B1
HAL TO TY	1	11/26/1986	B1
	ALEXANDER PLATT THRU STEPHEN DANZANSKY TO JOHN POINDEXTER, RE: MAHCINE TOOL VOLUNTARY RESTRAINT AGREEMENTS  R 1/7/2011 F2000-093/1  POINDEXTER TO REAGAN, RE: MACHINE TOOL VOLUNTARY RESTRAINT AGREEMENTS R 1/7/2011 F2000-093/1  STATUS OF THE MACHINE TOOL VRA NEGOTIATIONS PAR 7/5/2006 F00-093  COBB TO ALTON KEEL, RE: YOUR MEETING WITH AMBASSADOR GOTLIEB  COPY OF #6455, MULRONEY TO REAGAN WITH SLIGHT ANNOTATION  RE: CANADA  BIO R 1/22/2008 NLRRF00-093	ALEXANDER PLATT THRU STEPHEN DANZANSKY TO JOHN POINDEXTER, RE: MAHCINE TOOL VOLUNTARY RESTRAINT AGREEMENTS R 1/7/2011 F2000-093/1  POINDEXTER TO REAGAN, RE: MACHINE TOOL VOLUNTARY RESTRAINT AGREEMENTS R 1/7/2011 F2000-093/1  STATUS OF THE MACHINE TOOL VRA NEGOTIATIONS PAR 7/5/2006 F00-093  COBB TO ALTON KEEL, RE: YOUR MEETING WITH AMBASSADOR GOTLIEB  COPY OF #6455, MULRONEY TO REAGAN WITH SLIGHT ANNOTATION  RE: CANADA  1  BIO R 1/22/2008 NLRRF00-093  HAL TO TY 1	ALEXANDER PLATT THRU STEPHEN DANZANSKY TO JOHN POINDEXTER, RE: MAHCINE TOOL VOLUNTARY RESTRAINT AGREEMENTS R 1/7/2011 F2000-093/1  POINDEXTER TO REAGAN, RE: MACHINE TOOL VOLUNTARY RESTRAINT AGREEMENTS R 1/7/2011 F2000-093/1  STATUS OF THE MACHINE TOOL VRA NEGOTIATIONS PAR 7/5/2006 F00-093  COBB TO ALTON KEEL, RE: YOUR MEETING WITH AMBASSADOR GOTLIEB  COPY OF #6455, MULRONEY TO REAGAN WITH SLIGHT ANNOTATION  RE: CANADA  1 ND  BIO R 1/22/2008 NLRRF00-093  HAL TO TY 1 11/26/1986

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
6696 REPORT	MEETING WITH CANADIAN MINISTER OF DEFENSE	1	ND	B1
6697 PAPER	RE: ADVANCED CRUISE MISSILE TESTING	1	11/25/1986	B1
6698 PAPER	RE: ADVANCED CRUISE MISSILE TESTING	1	11/25/1986	B1
6699 MEMO	COBB/LINTON BROOKS TO KEEL, RE: LETTER TO THE PRESIDENT FROM PM MULRONEY RE SALT COMPLIANCE  R 1/7/2011 F2000-093/1	2	11/28/1986	B1
6700 LETTER	MULRONEY TO REAGAN	1	11/27/1986	B1
6701 FORM	TRANSMITTAL FORM WITH NOTES  R 1/7/2011 F2000-093/1	1	11/28/1986	B1
6702 LETTER	ALLAN GOTLIEB TO KEEL	1	11/27/1986	B1
6703 LETTER	DUPLICATE OF #6700	1	11/27/1986	B1
6704 EMAIL	COBB TO RBM, RE: CANADIAN LETTERS <b>R</b> 1/7/2011 F2000-093/1	1	11/29/1986	B1

#### Freedom of Information Act - [5 U.S.C. 552(b)]

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F00-093

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DONALD MUNTON

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ID Doc Type	Document Description	No of Pages	Doc Date	Restrictions
6705 LETTER	DRAFT LETTER REAGAN TO MULRONEY	1	ND	B1
	R 1/7/2011 F2000-093/1			

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8369

#### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

Fle CANANT

ACTION

November 21, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

THRU:

STEP**PEN** I DANZANSKY

FROM:

ALEXADER H. PLATT

SUBJECT:

Machine Tool Voluntary Restraint Agreements

November 20 was the six month anniversary of the President's NSDD on machine tools which, inter alia, directed the negotiation of voluntary restraint agreements (VRA's) with the major exporters of machine tools to the United States: Japan, Taiwan, Switzerland and the Federal Republic of Germany. A Section 232 national security determination was delayed six months until the completion of these VRA's. Attached for your signature is a memo to the President (Tab I) forwarding a report from the USTR on the status of negotiations with these countries as of November 20 (Tab A).

The report states that an <u>ad referendum</u> agreement has been reached with Japan, that a <u>second VRA</u> with Taiwan is expected on Monday, that the Federal Republic of Germany has sent a letter of assurance regarding machine tool exports and that Switzerland refuses to cooperate with the U.S. VRA program.

Until the Taiwan VRA is concluded, it is impossible to assess whether the VRA program has been a success. Steve Danzansky will chair an interagency meeting on Tuesday to review the overall program. Recommendations to the President on how best to proceed will follow from that meeting.

#### RECOMMENDATION:

That you sign the attached information memo to the President on progress on the machine tool VRA program, informing him that recommendations will be forwarded for his decision, following a full assessment of the program.

Approve Disapprove Jim Relly, Peter sommer and Ty Cobb concur.

Attachments

Tab I

Memo to President
Tab A USTR Report

CONFIDENTIAL DECLASSIFY ON: OADR DECLASSIFIED

NLRRFOO-093#16688

BY RW NARA DATE 1/7/1/

#### THE WHITE HOUSE

WASHINGTON

#### INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

JOHN M. POINDEXTER

SUBJECT:

Machine Tool Voluntary Restraint Agreements

#### Issue

Status report from the United States Trade Representative on the machine tools voluntary restraint agreements program.

#### Facts

On May 20, you signed a National Security Decision Directive in response to a report from the Secretary of Commerce under Section 232 of the Trade Expansion Act of 1962 on the effect of machine tool imports on national security. In your NSDD, you delayed a finding under Section 232 for six months. You also directed the United States Trade Representative to negotiate a series of voluntary restraint agreements (VRA's) with the major machine tool exporting nations: Japan, Taiwan, the Federal Republic of Germany and Switzerland. The deadline for a report back to you on the success of those negotiations was Thursday, November 20.

#### Discussion

Ambassador Yeutter reports (Tab A) that as of November 20 the United States has successfully reached an ad referendum VRA agreement (negotiated by the Department of Commerce) with Japan, the major exporter of machine tools to the United States . An additional VRA with Taiwan is expected by Monday. The Federal Republic of Germany has sent a letter of assurance regarding the export of machine tools, and the Government of Switzerland has refused to cooperate in the program.

Until the agreement with Taiwan is reached on Monday, it will not be possible to assess the overall success of the VRA program in reaching the objectives outlined in your NSDD in May. A more detailed assessment and recommendations will be forwarded to you for your decision following that full assessment.

Attachment

Tab A USTR Report

Prepared by: Alexander H. Platt

DECLASSIFIED

CONFIDENTIAL DECLASSIFY ON: OADR MLRR FOD-093#6689

# THE UNITED STATES TRADE REPRESENTATIVE Executive Office of the President Washington, D.C. 20506

November 20, 1986

#### MEMORANDUM FOR THE PRESIDENT

THROUGH:

Rodney B. McDaniel, NSC

James Frierson, USTR

FROM:

Ambassador Clayton Yeutter lig Medicel & Juilly Cele.

SUBJECT:

Report to the President on Machine Tool VRA

Negotiations

Enclosed is the Report of the U.S. Trade Representative on the status of the machine tool voluntary restraint agreement (VRA) negotiations with Japan, Taiwan, the Federal Republic of Germany and Switzerland. This report was prepared pursuant to the President's National Security Decision Directive (NSDD) Number 226 of May 21, 1986.

#### STATUS OF THE MACHINE TOOL VRA NEGOTIATIONS

#### I. Summary

Since the President announced on May 20th his decision to seek voluntary restraint agreements (VRAs) on exports of certain machine tools from Japan, Taiwan, Switzerland and the Federal Republic of Germany (FRG), the U.S. Government has held in-depth discussions with each of the four countries. The Commerce Department initialed an ad referendum VRA with Japan on November 20. While we have not yet reached agreement on a VRA with Taiwan, there is a high probability of concluding such an agreement by early next week.

Negotiating VRAs with the FRG and Switzerland has not been possible. Apart from an unwillingness to sign a VRA, each has a legal impediment to doing so. The FRG lacks the authority as a member of the European Community to enter into a VRA, and Switzerland does not have domestic legal authority to enforce VRAs. The FRG has given us a letter describing their expectations for future machine tool exports to the U.S. Further written clarifications by the FRG building on this letter may be possible and may be sufficient to achieve the objectives of the President's National Security Decision Directive (NSSD). Switzerland has given us no written communication of any kind on this matter and has no intention of doing so.

DECLASSIFIED IN PART

NLS <u>F00-693</u> # 6090

By AH, NARA, Date 7/5/06

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## -L'UNFIDENTIAL-

#### II. Status of Each VRA

#### A. JAPAN

The United States and Japan reached <u>ad referendum</u> agreement on November 20 on voluntary restraints for Japan's exports of the four categories of machine tools cited in the NSSD. The VRA, if approved in final by the appropriate authorities of both governments, will run from January 1, 1987 through December 31, 1991. Under the VRA, Japan will restrict exports to the United States as follows:

United States/Japan Machine Tool VRA Market Share Levels

Machine Tool	VRA LEVEL (as a percentage of U.S. consumption)
Machining Centers	51.54%
Milling Machines	3.15%
NC Lathes	57.47%
NonNC Lathes	4.81%
NC Punching/Shearing Machines	19.25%
NonNC Punching/Shearing Machines	9.14%

These levels are generally consistent with the levels set forth in the National Security Decision Directive.

Any shipments of machine tools from Japan that surged in 1986 above 1985 levels are to be counted against Japan's 1987 allocation.

The other key elements of the agreement reached with Japan are:

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FOIA(b) (1)



- 2. As long as the VRA is determined by the United States to be effectively implemented and enforced by Japan, no action will be taken under Section 232 to adjust imports of Arrangement products from Japan.
- 3. The U.S. has assured Japan that other countries will not be allowed to increase their market shares at the expense of Japan due to the VRA.
- 4. The Japanese will use administrative guidance, rather than export licensing, to restrain three categories of lower technology machine tools, e.g., milling machines and NonNC lathes and NonNC punching and shearing machines. Japan's exports of these machine tools account for a small share of U.S. markets.
- 5. The U.S. Attorney General will send the Japanese government a letter stating that the Department of Justice will not take action against Japanese firms restraining exports under the VRA since Japan is legally compelling Japanese firms to do so.

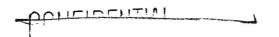
The U.S. and Japanese negotiating teams will present the <u>ad</u> <u>referendum</u> agreement to their appropriate authorities for final approval and will prepare final documents for signature. Formal signing of the VRA is envisaged for early December.

#### B. TAIWAN

Three negotiating sessions with Taiwan have narrowed, but not yet fully bridged, the gap between the United States and Taiwanese positions. Taiwan is now considering a close-out U.S. proposal, the terms of which offer levels permitted under the NSDD, but which are higher than previously offered. The U.S. proposal also spells out that 56 units of machining centers, a level somewhat over the NSDD level, can be admitted during the last two months of 1986 to deal with units ordered prior to initiation of the negotiations.

Taiwan's strongest resistance to earlier U.S. proposals has been based on the restrictions proposed by the United States on higher technology machine tools, namely, machining centers and NC lathes. Taiwan has a large share of lower technology machine tools. Because its industry has recently begun to invest in producing higher technology machine tools, Taiwan wants room to expand in those market niches.

In order to accommodate Taiwan's concern about its industry's recent emphasis on NC milling machines, a concession in the form of special licenses for two years is being offered. It consists of special licenses being issued for an additional 60 NC millling machines in 1987 and an additional 30 of these for 1988. Imports of these machines are permitted on the condition that they are



designated for U.S. original equipment manufacturers (OEMs) who will add the controls in the United States.

The Taiwanese have carefully monitored our negotiations with Japan and have indicated they will only accept a VRA that is no less favorable than what we negotiate with Japan. Now that we have successfully concluded negotiations with Japan, we are in a position to conclude negotiations with Taiwan. It is our expectation that we can successfully conclude these negotiations early in the week of November 24.

A comparison of the U.S. close-out offer with Taiwan's previous offer follows below:

United States/Taiwan VRA Market Share Levels

Machine Tool	NSSD Target	U.S. Close-out Offer	<u>Taiwanese</u> <u>Previous Offer</u>
Machining Center	4.64%	4.64%	6.69%
Milling Machine	19.29%	19.29%	19.29%
NC Lathes	3.23%	3.23%	4.05%
NonNC Lathes	24.7%	24.7%	24.7%

#### C. FEDERAL REPUBLIC OF GERMANY

The FRG cannot formally negotiate on VRAs since it has delegated such authority to the EC Commission under the Treaty of Rome. Thus, our several meetings with the FRG have been cast as "information sessions" about U.S. national security concerns regarding imports of machine tools from the FRG.

While the FRG is unable to enter into a VRA on machine tools, it has argued that German exports of machine tools to the United States are down as are new orders for machine tools. These facts, together with the appreciation of the German mark vis-avis the dollar, reduce the potential levels for future FRG exports to the United States. Indeed, convinced that the foregoing conditions will keep FRG exports within the import restraints set out in the NSSD, the FRG argues that its future exports need no longer be a concern.

The FRG has recorded its views in a formal letter to us. The letter also contains an offer to meet for a further exchange of information and views if either country so desires. While the letter does not constitute an agreement between the two governments, it might be possible to build on this letter with additional written communications to ensure that U.S. NSDD objectives are met.

The NSDD objectives for the FRG are as follows:

Machine Tool	NSDD Target
Machining Center	1.58%
Milling Machine	NA ,
NC Lathes	2.7%
NonNC Lathes	3.42%
NC Punch Shear	3.35%
NonNC Punch/Shear	7.9%

#### D. SWITZERLAND

Switzerland has made it clear in a number of meeting with U.S. officials that it does not enter into VRAs. Switzerland considers that such agreements violate free trade principles. Moreover, Switzerland lacks domestic legal authority to enforce VRAs. Switzerland has therefore remained adamant and insists that any U.S. Government action affecting Swiss exports, even in the name of national security, will lead Switzerland to take us promptly to the GATT. Moreover, in a meeting with Deputy USTR Woods, the Swiss Minister of Trade threatened to pull machine tools from its export controls program (covering trade with the Eastern bloc) if U.S. quotas are placed on imports of Swiss machine tools.

The NSDD objective for Switzerland is as follows:

Machine Tool	NSDD Target
NC Punch/Shear	7.32%

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6691 MEMO

2 11/21/1986 B1

COBB TO ALTON KEEL, RE: YOUR MEETING WITH AMBASSADOR GOTLIEB

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6692 LETTER

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6693 TALKING POINTS

RE: CANADA

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#### Allan Ezra GOTLIEB

**CANADA** 

Ambassador to the United States (since December 1981)

Addressed as: Mr. Ambassador

A lawyer and career civil servant, Allan Gotlieb has risen through the government ranks to his present post—his country's senior diplomatic position. He has gained experience in a wide range of areas, including foreign affairs, labor matters, immigration, communications, and international law. In 1981 Gotlieb was a member of the Canadian delegation to the Ottawa Economic Summit. His posting to Washington is only his second foreign assignment—the first was to Geneva some 20 years ago.



Gotlieb holds degrees from the University of California, Harvard, and Oxford; he was a Rhodes scholar at Oxford. He joined the Department of External Affairs in 1957, and during the early 1960s he served in Geneva with the UN European Office and the Conference of the UN Committee on Disarmament. On his return to Ottawa, Gotlieb became head of the Legal Division in the Department, and during 1967-68 he was a legal adviser and an assistant under secretary of state for external affairs. He then served successively as Deputy Minister of Communications, Deputy Minister of Manpower and Immigration, and Under Secretary of State for External Affairs. In the last post he undertook a bureaucratic reorganization that was viewed by the press as an effort to restore the External Affairs Department's primacy in foreign policy formulation.

Gotlieb, 57, has written extensively on international law and politics. He is a noted art historian and collector. He and his wife, the former Sondra Kaufman, are active in social circles in Washington and New York. Mrs. Gotlieb has written two gourmet cookbooks and three novels. She also writes a humor column titled "Letter from Washington" for The Washington Post twice a month. The Gotliebs have two daughters and a son.

> CR M 85-12656 10 May 1985

NLRR FOO -93 #6694 BY GI NARA DATE 1/22/08

8404

#### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

November 24, 1986

MEMORANDUM FOR BILL HENKEL

JACK COURTEMANCHE

FRED RYAN

FROM:

FRANKLIN L. LAVENTIL LIN

SUBJECT:

1987 U.S.-Canadian Schedule

Attached is a note from Ty Cobb outlining dates and a rough scenario for next year's consultations with Canada.

The three sets of dates were formally proposed in a letter from Prime Minister Mulroney to the President. They envision, as in the past, that the First Lady would attend.

We would like to formally accept the invitation before the holidays. From the NSC's point of view, the April dates work best. Please let me know your thoughts.

Attachment

cc: Ty Cobb

#### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

MEMORANDUM FOR FRANK LAVIN

November 13, 1986

FROM:

TY COBB///

SUBJECT:

President's Trip to Canada

Canadian Ambassador Allan Gotlieb called to provide the official Canadian suggestion for the President's trip to Canada next Spring. As you know, President Reagan and Prime Minister Mulroney have agreed to annual summits.

The GOC has proposed three sets of dates: 1) March 22-23; 2) March 29-30; and 3) April 5-6. All are Sunday-Monday combinations and envision no more than a 24-hour visit. A rough scenario would encompass the following events:

-- Late afternoon day 1: Arrival in Ottawa

Arrival ceremony

President-PM tete-a-tete (PM's

Office)

Evening day 1:

Major social event (probably formal

dinner followed by entertainment)

Morning day 2:

Plenary Session

Afternoon day 2:

Working Lunch

President addresses Canadian

Parliament

(approximately 2:00 p.m.)

Departure (approximately 3:00 p.m.)

The GOC would like to get our concurrence with one of the proposed dates and the rough scenario. I understand that the PM will be writing soon to the President regarding the substance and logistics of the summit.

File mad 10645 27

## SECRET

26 Nov 86

Ty-

George Bader asked me to advise you how we were handling Clark's proposition to Shultz that the US not request to test the ACM. We plan to ask SecDef to straighten this out with Beatty during the DPC (4-5 Dec). If this is unsuccessful, we can fall back to your suggestion -- a SecDef to Beatty letter on the issue. For the time being, I believe that SecDef and Beatty can work a successful outcome, particularly since these tests do not fly until about Feb 88.

For your info, attached is a copy of SecDef's report of the President following his mid-September meeting with Beatty. Also enclosed are the talking and background points for SecDef during the DPC. We plan to stay in close touch with State and you on this one, as you both have requested.

Hal

Attachment

Copy to: DAS Medas

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6696 REPORT

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**B**1

MEETING WITH CANADIAN MINISTER OF DEFENSE

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6697 PAPER 1 11/25/1986 B1

RE: ADVANCED CRUISE MISSILE TESTING

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6698 PAPER

1 11/25/1986 B1

RE: ADVANCED CRUISE MISSILE TESTING

Freedom of Information Act - [5 U.S.C. 552(b)]

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6699

### NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

8478 3

SECRET

ACTION

November 28, 1986

MEMORANDUM FOR ALTON G. KEEL

FROM:

TYRUS W. COBB/LINTON BROOKS

SUBJECT:

Letter to the President from PM Mulroney re

SALT Compliance

Canadian PM Mulroney has forwarded a letter to the President (Tab A) laying down a strong marker on his dissatisfaction with our decision to break out of SALT numerical constraints. He further notes that Canada's agreement to test ALCMs was tied closely to our conforming with the SALT II agreement.

Mulroney has consistently lobbied the President to continue compliance with the SAL and ABM treaties. He has also been under considerable domestic pressure to terminate the agreement permitting cruise missile testing over Canada, particularly if we request permission to test the ACM there. As you know, Defense Minister Beatty told Cap in September that if we could delay our formal request to test the ACM until December he would insure a positive Canadian response. The GOC has interpreted our exceeding the SALT numerical contraints as providing a rationale for refusing to permit ACM testing over Canada.

There is no requirement for an early Presidential response to Mulroney or to other Allied leaders. However, we feel that a thoughtful letter from the President sometime in December stressing the extent to which the GOC has influenced our decision to move forward with arms control proposals stressing deep reductions of strategic offensive missiles would be appropriate. The President could stress that such a bold decision as eliminating ballistic missiles in 10 years represents a victory for Mulroney in his quest for movement toward a safer and more stable system of deterrence. The President could note that we are confident that the Prime Minister will certainly wish to continue the cruise missile testing program which will be so essential in promoting a shift to this new deterrence regime.

SECRET

Declassify on: OADR

DECLASSIFIED

NLRR F10-043#6699

BY RW NARA DATE 1/2/4

SECRET

#### RECOMMENDATION

That you mention the letter to the President but that no further action be taken for the next 10 days to allow time for the SALT II breakout furor to subside.

Approve\_\_\_\_

Disapprove\_\_\_\_

Jack Matle concurs

Attachment

Tab A Incoming Letter from Mulroney

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6700 LETTER

11/27/1986 B1

MULRONEY TO REAGAN

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SPECIAL INSTRUCTIONS/REMARKS:

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ATTACHED IS CABLE LETTER FROM
PRIME MINISTER MULRONEY EXPRESSING CONCERN
REGARDING YOUR DECISION TO CEMSE ASIDING BY
CLASSIFICATION

SALTII. HE APPEARS TO LINK TO OUR.

CRUISE MISSILE TESTING IN CANADA.

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6702 LETTER

11/27/1986 B1

ALLAN GOTLIEB TO KEEL

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6703 LETTER

1 11/27/1986 B1

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#### THE WHITE HOUSE WASHINGTON

November 28, 1986

FOR:

ROD McDANIEL/BOB PEARSON

FROM:

Wilma Hall

Subject:

Cable Letter from

Prime Minister Mulroney

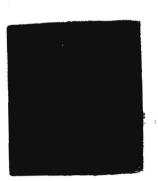
Attached just received from the President with handwritten note: "Let's get a warm letter off to him explaining our position."

Dr. Keel is away from the office at the momemt -- am forwarding back to you so that you can get action underway. Dr. Keel will see package immediately upon his return to office.

Many thanks.

SECRET Declassify on: OADR





#### National Security Council The White House

	The White Ho	use	
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Bob Pearson			
Rodney McDaniel	2	M	
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Al Keel			
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F.G. CALMON

## STATEMENT BY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS ON THE USA BREACH OF SALT II LIMITS

November 28, 1986

The United States took action today that places the number of U.S. strategic nuclear delivery vehicles in excess of a specific limit of the SALT II Agreement. President Reagan had announced last May that the USA would no longer be bound by the unratified SALT II Agreement and would no longer, as it proceeded with its modernization program, dismantle older systems to stay within Salt II limits.

The Government viewed with serious concern the Administration's announced intention in the spring and deplores the implementation of that decision today. Our views have repeatedly been conveyed to the USA Administration. We have most recently made our case in a letter from the Prime Minister to the President this week, and in my discussions with Secretary George Shultz last week. The Government recognizes that SALT II is not a perfect agreement and acknowledges that the USSR has not satisfactorily responded to charges of its own non-compliance with provisions of SALT II. At the same time, we believe that even an imperfect regime of restraint on the strategic arms race is better than no restraint at We have taken note of stated U.S. intentions to all. exercise restraint and not to exceed the levels of Soviet strategic delivery vehicles. I call on both sides to exercise restraint.

Our hope remains that the USA and USSR will agree, in the Geneva negotiations, on a new arms control accord that will radically reduce, and not put a cap on the level of their strategic arsenals. Until such an accord is attained, however, we consider the interests of nuclear arms control and strategic stability are best served by both the USA and USSR continuing to abide by the provisions of the SALT II Agreement.

#### INTEROFFICE MEMORANDUM

11/29/86 13:41:48

Date:

1-Dec-1986 08:50 EDT

From:

jnet%CPUA::NSTC

NSTC@jnet%CPUA@MRGATE F.G CHUNDR

Dept: Tel No:

TO: DOAN

Subject: Canadian Letters

Received: From CPUA(NSTC) by VAXB with RSCS id 9807

for DOAN@VAXB; Sat, 29-NOV-1986 13:40 EST

TO: NSRBM MSG: FROM: NSTC --CPUA --CPUA To: NSRBM --CPUA

NSWRP --CPUA

NOTE FROM: Tyrus Cobb SUBJECT: Canadian Letters

1. To clarify any misconceptions on the recent spate of letters from Canada,

here's where we stand:

- (a) SALT/CM TESTING: The PM wrote to the President November 27. Brooks and I sent a lengthy cover memo to Keel laying out our game plan for answering. Al had already shown letter to RR, who noted "Lets get a warm letter off to him explaining our position". Linton and I are drafting, will coordinate thru Bob and Lint's ACSG, who will touch base with my counterparts. Due date is today noon, but we will not have coordinated response until mid-week (delay is better--we had hoped to wait a couple weeks). Letter will keep GOC commitment on CM testing at forefront. (Action #8501, switched to Brooks, w/Sommer/Doan concurring).
- (b) CANADIAN SUMMIT: PM wrote to the Pres last week suggesting agenda/timing of RR visit to Canada. I tasked State to provide me a draft answer. Unfortunately, they sent over as crosshatch instead of backchannel info. I killed crosshatch (#012786); will work with Canada mafia in mid-December.
- (c) BIOETHICS: PM also wrote to RR on major bioethics conference. Last year was held in France; this time in Canada. White House Science Advisor had lead last round, with us for concurrence; think they should have lead again. So informed Secretariat.

cc: NSPRS --CPUA

--CPUA NSJFM NSREL

--VAXB DOAN

NSDAM --CPUA --CPUA

NLRR F00-093#6704

BY RW NARA DATE 1/7/11

NOTE FROM: Tyrus Cobb
SUBJECT: Draft Response to Mulroney

CONFIDENTIAL

Re

38

Dear Brian,

- CANGOT

I do appreciate your letter of November 27 and have studied it very carefully. You have very clearly laid out your concernes over our decision to exceed the SAL II numerical constraints on........... In the same spirit of candor and closeness you cite, I would again like to lay out the rationale behind the decision I took in May not to be further constrained by....

(Para II--Lay out rationale behind SAL breakout).

Brian, you note that you are aware of Soviet active ities which are questionable under the SAL Agreement. They are more than just questionable. In fact, the USSR has already exceeded the SAL cap on SNDV limits, at one time maintaining at inventory of 2540 vehicles, well above the level of 2,504 agreed to. (Further on Soviet violations).

The United States has sought the advice and counsel of its key Allies every step of the way as we develop our arms control negotiating positions and reach crucial decisions regarding our strategic modernization programs. Your counsel has been particularly valuble to me in these deliberations, Brian. Thus when I went to Rekyjavik I very much had in my mind the direction which you and other Allies had persuaded me to take. You asked that we take bold measures to reduce significantly the levels of strategic offensive weapons. This General Secretary Gorbachev and I agreed to do. You asked that we focus our attention on achieving an agreement on land-based INF missiles—this we did by gaining Soviet adherence to the long-standing NATO proposal for a Zero-Zero solution in Europe. At the same time we secured a global limit of 100 INF missiles on both sides, and got Soviet agreement to constraints on Short-range INF, as you and the other Allies had asked me to do.

More importantly, you and the other key Allied leaders have pressed me to move the superpowers to establish a more secure and stable form of deterrence, one that did not rely on the fear engendered by the threat of annihilating the earth's population or that depended so much on weapons capable of executing a massive first strike. Your principal concerns were always fixated on the Soviet land-based ICBM force, which constituted the most threatening and destabilizing weapons.

I bilieve that a transition to a safer form of detterrence--one based on a mix of offensive and defensive systems--responds directly to your concerns. Perhaps more importantly, I am proposing a shift to a reliance on offensive weapons which are suitable only for a retaliatory strike. These are the slow-movers, bombers and cruise missiles in particular, which hardly constitute first strike weapons and therefore represent a better foundation on which to base our deterrent strategy.

This also plays away from the key Soviet advantage, whose force relies on the preponderence of those heavy ICBMs, and relies more on those areas where Western technological expertise provides us an advantage. Brian, you and the other Allied leaders deserve much of the credit for moving with us to this safer world. In that sense, I am sure you realize how important it will be that the United States maintain its advantages in such key areas as cruise missile technology. There is no doubt in my mind that Canada will continue its commitment to assist in the ALCM/ACM testing program which is so essential to the shift to a safer and more reliable form of deterrence which you have advocated.

CONFIDENTIAL

NLRR F00 - 093#6705

RY RW) NARA DATE 1/7/1/