Vance European Trip

You may wish to comment on Vance's relatively optimistic report he conveyed to the Tuesday SCC on his talks in Europe, including the fact that the allies will in the end come along with the U.S. in boycotting the Olympics.

Alternate Games

In your public appearances, you can expect closer questioning on the boycott and the possibility of alternate games. Given the complexities, and the fact that many nations will want to wait until the late May deadline before announcing their summer Olympic decisions, you may wish to discuss tactics with the President, the fine tuning of responses to such questions.

Iran

It is still too early to know whether we have been double-crossed or whether Bani-Sadr is in fact sticking to the gentlemen's agreement and has some cards to play in the near future. Publicly we are sticking with the President's statement of last Sunday cautioned against undue pessimism and noting that we are at a delicate stage in our efforts to secure release of the hostages. If asked about Iranian charges raised during the work of the commission, we are taking the line that we will respond to any such charges at a time we believe most appropriate.

Rhodesia

Rhodesian elections begin Wednesday and run through Friday, the 29th. The British have steered this extremely delicate process with the sure and arrogant hand of former empire. (At times the South Africans have seemed to take a more liberal approach to the election outcome and their willingness to live with a Mugabe government than have the British.) Nonetheless, the process of Lord Soames has survived the grimmest predictions to the point of elections.



OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE,

REMARKS OF THE PRESIDENT

AT

THE ANNUAL DINNER OF THE

SUPREME LODGE OF THE ORDER OF AHEPA

The Sheraton Park Hotel

(8:02 P.M. EST)

THE PRESIDENT: Thank you very much. Today at noon, on the south entrance to the White House I welcomed 21 young Americans who walked up the stairs with gold medals -- (Applause) -- and they had gold medals around their necks and I thought as they walked up, wouldn't it be wonderful if we have a permanent summer Olympic site in Greece. (Applause.)

How many of you know where AHEPA was founded? (Applause.) More than 50 years ago, this great organization was founded in Georgia. (Applause.) And, more than 50 years ago, I started my own life in Georgia. I have to admit that AHEPA made a much greater impression on the nation than did I. (Laughter.) But we have a lot in common, and tonight I want to talk about a few things that have been on my mind since I found that I was going to be able to talk to you tonight.

The English poet Shelley said, and I quote from him, "We are all Greeks. Our laws, our literature, our religion, our arts have their roots in Greece." There is even more evidence that what Shelley said is true today. The Greek concept of democratic government -- of individual freedom and responsibility -- has helped mold not only the world in which we live, but the world which someday we hope to build together.

This is the eve of one of our great democratic traditions. The first primary elections will be held tomorrow. This, in our country, as you well know, is a family affair. When I informed my mother confidentially back in 1975 that I was going to run for President, her response, as you may know, was "President of what?" (Laughter.)

She learned in a hurry, and she spent a lot of time in New Hampshire in 1976. And now she goes back to visit old friends four years later. (Applause.)

MORE

It is an important, integral part of our political life, and as you well know, the tradition of democratic election was born in Greece. This annual AHEPA dinner is another great democratic tradition. Our nation is made up, and I thank God for it, of people from every corner of the world; from every religious and ethnic group. So our unity, our strength, comes not from homogeneity, not from the fact that we are just alike, but because no matter how diverse or how different we are, one from another, we strengthen our belief in freedom, in opportunity for all people, in the worth of an individual human being, and in the democratic principles which you honor here tonight.

Many forces tend to fragment our nation. These cause me, as President, great concern. This is not a new problem. The problem is as old as Thucydides, and the danger too is the one about which he wrote: while everyone looks out for one's personal problems or personal needs, our common cause may be lost. Recent world events have shown us how precious democracy is; how precious human freedom is; how dangerous is the world in which we try to practice human freedom.

Soviet troops in Afghanistan at this moment attempt to subjugate a freedom-loving and deeply religious people. And this is a painful reminder of the period in which we live. It also is a reminder of the time shortly after World War II, when a threat from the same source was of deep concern to Greece and to the adjacent countries. The United States' resolve, expressed in the Truman Doctrine, and the unity of the allies, my allies, your allies, the allies of the people of Greece today, halted that threat. And today, in a vastly different world, United States' resolve, and unity among Greece, the United States, and other allies will help to preserve the freedom and independence of human beings and of nations which are threatened by subjugation.

I know how concerned all of you are here tonight about Cyprus, and I share this deep concern with you. We have been disppointed that this dispute has not been readily or easily or quickly resolved. As soon as I became President, I sent Clark Clifford as special emmisary to go to Greece, go to Turkey, and to Cyprus. And since then our Secretary of State, Deputy Secretary of State, our Vice President and myself have negotiated at long hours with the Prime Minister of Greece, the Prime Minister of Turkey, the President of Cyprus and other leaders on that troubled island. We continue to make concrete proposals for the settlement of the difficult issues which deprive people of their basic human rights.

As you know, neither the Cypriate leaders, nor Greeks or Turks desire the United States to be an active, publicly-acknowledged intermediary. But we continue to support, openly and privately, the efforts of the Secretary-General of the United Nations to bring together the two disputing parties, and to finally resolve these issues. Agreement between them is an essential element in a just and a lasting settlement. Although we do not want to intercede directly either between Turkey or Greece, we are directly involved in discussions when asked, and we have been very gratified in the last few days to learn that both Turkey and Greece have finally resolved one of the most difficult issues affecting the Agean Sea area, and that is, concerning civil aviation. And we hope that this progress,

MORE

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Press Mine to cornect these "types" before
any mailings to greek - Americans.

although slow and although fumbling, and although sometimes not certain, will now spread to other issues. We have seen encouraging signs about this in recent weeks.

Not related directly to these issues, we support the reintegration of Greek armed forces into the NATO military command. We seek to strengthen our own defense agreements with the nation of Greece, our long-time staunch ally in a critical area.

MORE

As you know, and to repeat the first comment I made, I will continue to lead the efforts of our own country and of others to secure a permanent home for the summer Olympics in Greece. (Applause.) Your President, Nick Symrnis, was in the group that went along with some of my other close friends to Greece to bring back the torches from Mount Olympus for the winter Olympics in Lake Placid. This is the first time that that flame had ever been brought from Greece to the United States. Prime Minister Karamanlis arranged for our U.S. delegation to visit a proposed site. And he sent me a map by one of my chief aides of the area around Olympia where he proposes that a thousand or more acres be dedicated permanently to the International Olympic Committee for these permanent facilities. Such a move would return the games to their homeland, where they belong, and would help to restore the true spirit of individual athletic excellence and friendly competition for which the Olympic games were revived back in 1896.

I think all of you realize that the Olympic games this summer should not be held in Moscow because Russia is an invading nation. (Applause.) To do so would violate those very principles of peace and of brotherhood and of non-political alignment of those who participate in the games -- exactly the kind of defect that would be corrected with a permanent site established as I have just described.

As an American, as a President, I realize from the history of our country that Greeks came very early to America to the benefit of all other Americans. The first houses, you know, restored in Williamsburg belonged to a Greek-born friend of both Thomas Jefferson and Benjamin Franklin. Many more Greeks came later, seeking opportunity and freedom as did the ancestors of many other Americans.

Perhaps no other group, however, found opportunity to build their dreams so quickly as did our Greek immigrants through their hard work, the practices which they brought with them and their courage and dedication.

Greeks coming here in the early 20th century, for instance, among 23 different ethnic groups ranked 18th in educational achievements when they arrived. Yet, by the 1970 census, no ethnic group surpassed Greek Americans born in this country in their level of education. (Applause.) It is no accident that one-third of all the Rhodes scholars in the Congress today -- two out of six, you know -- happen to be Greek Americans. (Applause.)

MORE

Senator Sarbanes and Congressman Brademas. I don't know what happened to the other Greek Congressman, but they, like I, are continuing our own education in politics. This rapid rise in educational achievement was not an accident. It was not a statistical aberration. It reflects the Greek-American's love of learning, strong sense of family, and concern for young people.

The church has also played a central role in preserving your cultural heritage, while strengthening family life, love of the young, and deep awareness of obligations to improve ourselves and help others. You also grew up with an awareness, because of your own heritage, that education was not just something that one learns as college, but the ongoing process of a lifetime of study and experience, and the sharing of trials and tribulations, challenge, achievement, accomplishment, with others whom we loved.

You learned very early in life, because you had to, the satisfaction of doing a good job, even when it meant a lot of drudgery, of surmounting obstacles, not alone, but together; and sharing the joys and the laughter of everyday life. Like many of you, after military service, I returned home to the community of my father, and we established a business. It wasn't easy. The first year my partner, Rosalynn, and I, had a total income of less than \$200. But we continued to work, and to learn, and to share, as a family. And that mutual achievement was the basis for the progress that we later made.

Out nation's founders never promised us that freedom would be easy or comfortable, or that opportunity would ever come without sacrifice. They believed, as you and I believe, that our freedom and our opportunity are worth the price; that the weight of responsibility is infinity lighter than would be the weight of oppression.

As I talk to you tonight, our nation is faced with international dangers that are both serious and complex. They impose on you and me an additional burden of responsibility, and an additional need to assess our own strength, to achieve unity of purpose, and not to violate the principles which have been the guiding light for our own lives and for the lives of our ancestors. 53 innocent Americans are now being held captive, illegally, at this moment, deprived of their freedom. But there is not a single American who is not aware of their plight, and deeply concerned about their lives, and equally important, about their freedom.

Though we are increasingly hopeful that their long ordeal may soon be over, there is no certainty about it. They will never be forgotten. And I think it is a tribute to our country and to our principles that we do have 220 million Americans deeply concerned about 50 human beings; not famous human beings, but American human beings. It is a test of our priorities, and it is a test of our commitment to basic human rights.

Soviet troops are still in Afghanistan, a diametrically opposite kind of philosophy being exerted by military force in an attempt to stamp out freedom, with a callous disregard for human life. The United States has responded to these challenges with

firmness, with restraint, and with resolve. Unlike our adversary, we have acted as responsible members of the international community, basing our actions on law -- (Applause.) -- basing our actions on international law.

MORE

Every action we have taken has protected our nation's interests and principles and has enhanced the prospect for peace. We are winning support from other countries because we are doing the right thing, and the world knows it.

As the President of a strong and peace-loving people, I have sought peace in every way open to me. I have sought peace not through weakness, but through strength. (Applause.)

Americans have indeed been tested under fire and we have passed the test. We have stood up for individual human rights and for the right of nations to be free and independent.

As President, I have had to make some very difficult decisions that involved sacrifices now and which will involve sacrifices in the years to come. We do face challenges and we do face dangers. But also we face opportunities in this country which are unparalleled in history. If we keep our country strong, if we continue to meet each challenge with courage and with conviction, if we can preserve the peace, we may at last see throughout the world the hungry fed, the ignorant know the truth, the sick healed, and a world built where all people have freedom and justice and opportunity.

Like Plato, we Americans seek a perfect world which we see in our dreams. We are disappointed that we have not yet built that perfect world for our children and for others. Yet all around us is evidence that tyranny and oppression can be changed to freedom.

The ancient ideals of Greece, the spirit of liberty, the love of learning, the urge for independence, surviving the human breast despite all that despots can do. The eager immigrants like your parents and grandparents, and like my parents and grandparents continue to come here to this country fleeing persecution, seeking opportunity, proving that in the United States of America freedom and democracy are now and will always be a beacon of hope in a hungry and desperate world. Thank you very much. (Applause.)

(AT 8:25 P.M. EST)

OFFICE OF THE VICE PRESIDENT

WASHINGTON February 29, 1980

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

RICHARD MOE

SUBJECT:

TALKING POINTS FOR LUNCHEON WITH THE

PRESIDENT -- MONDAY, MARCH 3, 1980

I.

o UN Commission

o Hostages

USSR/Afghanistan (see attached) II.

III. Economic Initiatives

o Process

-- Timing

-- Consultations

-- Need for consensus

o Substance

-- balanced budget, including reestimate

-- CPI adjustment

-- spending limit or cap

-- structural reforms

- -- rationing/tax/import fees
- -- credit controls
- -- trade expansion

IV. Politics

o Report on visits to Ohio, Illinois, Alabama

o This week will visit Arkansas, Texas, Oklahoma, Illinois, Wisconsin

o Should emphasize that while we're running a national campaign, EMK can't contest us in more than one state at a time

V. Thailand/Kriangsak (see attached)

VI. France/COCOM (see attached)

Schmidt Visit (see attached) VII.

VIII. Rhodesia/Zimbabwe (see attached)



INSERT FOR VICE PRESIDENT'S LUNCHEON WITH PRESIDENT Monday, March 3, 1980, 12:00 Noon

Thai-Kriangsak Resignation

You are tentatively scheduled to meet with Ambassador Mort Abramowitz just before your luncheon with the President. Kriangsak's resignation, its impact on Thai stability and in turn the rippling impact on U.S. interests in the region will be a principal focus of discussion, together with the Indochinese refugee situation.

USSR/Afghanistan

Vance met with Dobrynin on Friday following the Foreign Policy Breakfast with the President. It is clear that the Soviets are increasingly uncomfortable with international reaction to their invasion. At the same time it is clear that they have given no indication, in fact, of any plan other than to continue with their military occupation in increasing numbers. I think the United States has positioned itself properly in saying that we do not plan to take the lead but that we welcome efforts by others to see if the USSR is interested in pulling its troops out of Afghanistan in return for guarantees of that country's neutrality.

As you will appreciate, I have had no readout from the Friday breakfast. However, it is quite possible that a decision has been taken for Vance to meet with Gromyko. (State has been carrying the idea of having such a meeting on the fringe of your presence with Vance in Belgrade at the time of the Tito funeral. However, given Tito's incredible strength and survival power, a separate scenario may have to be developed for an early meeting with Gromyko.)

France - Embargo of COCOM Technology

In a somewhat surprising, positive move the French government, in its words "as an act of allied solidarity," has instructed French firms not to sign contracts with the Soviets involving COCOM-embargoed exports. At the same time, a classic French move, they have advised that if there is a leak from U.S. sources on this policy decision, the decision risks reversal.

Schmidt Visit

Helmut Schmidt arrives in the United States on the evening of March 4 for a day-long round of talks in Washington March 5

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including an afternoon meeting and dinner with the President at the White House. Because Schmidt is in his own 1980 election campaign he does not have the freedom of action that he might prefer for this meeting with the President. CDU opposition is taking a very strong pro-U.S., anti-USSR line, which is motivating the German Chancellor to take a similar line while at the same time looking for a way to end the confrontation with the USSR and to avoid imperilling detente. The most recent German policy statement was given by Defense Minister Hans Apel on February 28 to the effect: "political solutions must be found to allow the Soviet Union to withdraw from Afghanistan." Mr. Apel, addressing the Hamburg Social Democratic Party's Working Group on Security, said Moscow must be persuaded to withdraw its forces and "political possibilities created to enable the Soviet Union to do this." He stressed West Germany's support for the United States in the crisis over Soviet intervention in Afghanistan and said any attempt by the Soviet Union to break U.S.-West German solidarity was doomed to failure.

Rhodesia/Zimbabwe

State will have issued a statement by the time of your luncheon to the effect that the elections in Zimbabwe appear to have been successfully completed and urging the necessity for the political process to go forward -- this statement is of importance to the British.

Iran/Hostages

We will provide you with the latest update on the hostage and UN commission situation prior to the Monday luncheon.

SECRET

OFFICE OF THE VICE PRESIDENT

WASHINGTON

SECRET

Memo No. 726-80

February 29, 1980

MEMORANDUM FOR DICK MOE

FROM:

Denis Clift

SUBJECT:

Foreign Policy/National Security Insert for

Vice President's Luncheon with President

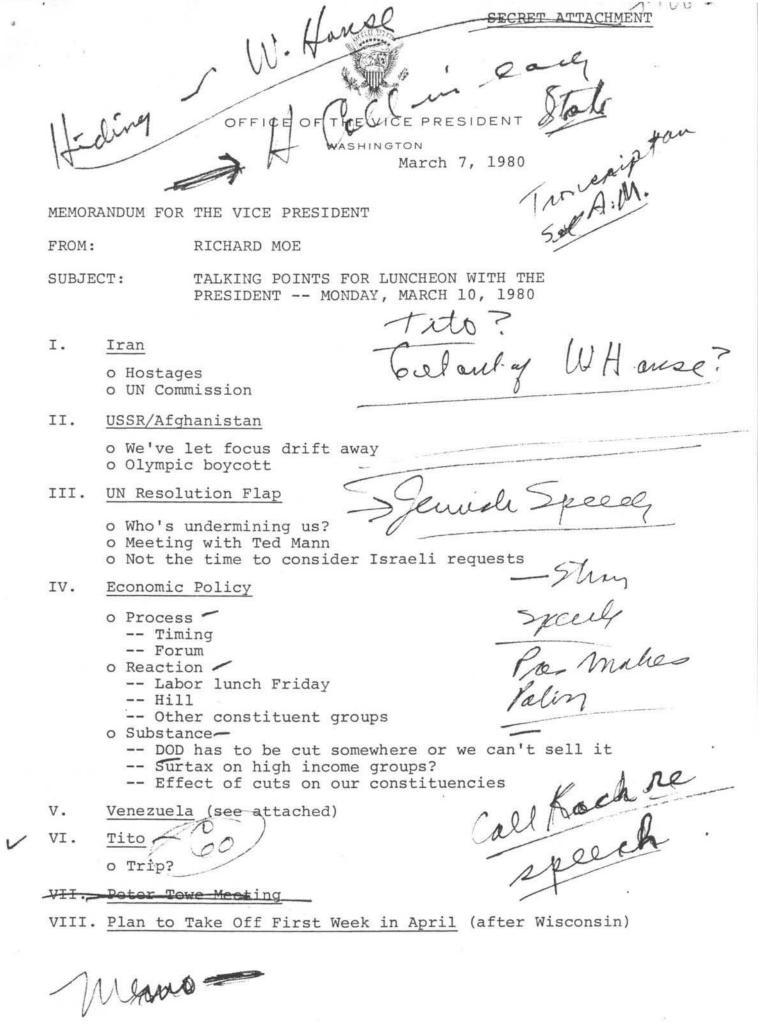
I am attaching at Tab A a proposed insert for the paper you are preparing for the Vice President's use with the President on Monday, March 3.

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INSERT FOR VICE PRESIDENT'S LUNCHEON WITH PRESIDENT

Monday, March 10, 1980

Iran

Hopefully by the time of your lunch the U.S. hostages will have been transferred from the militants to the Revolutionary Council. We will have an update on the latest developments Monday prior to your lunch with the President.

Middle East

You may wish to briefly review for the President the message carried by Ambassador Ghorbal of Egypt in his meeting with you Monday morning.

On the UN resolution, Andy Young chose some very good words to put the issue in perspective last Thursday as reported by UPI: "It's terribly unfortunate when people try to score cheap points on an issue that has little or no consequence. The politicians that are saying it's a monumental blunder are the politicians who are running against him and who have yet to offer an intelligent solution to the problems of the Middle East. I don't think it will hurt President Carter in the primaries next week."

Proposed Visit by Israeli Minister of Energy: A quiet check on Friday with the NSC and State indicated that the Administration was going to work both on Evron and, via Sam Lewis, on the Israeli leadership for a postponement of Minister of Energy Yitzhak Modai's proposed visit to implement the U.S.-Israeli oil agreement. We will update this for you Monday morning.

USSR/Afghanistan

Last Thursday, Secretary Vance noted that in response to instructions from the President State was again disseminating the facts on the continuing Soviet build-up and military activity in Afghanistan. I think it very important that we keep full coverage and a steady flow of information on the factual situation in Afghanistan -- the bureaucracy's tendency is to lose interest in a subject after a while. You may wish to comment favorably on the fact that the President gave State a nudge last week and to suggest that Zbig be asked to maintain a careful daily reading of the factual information we are making available on the Soviet invasion. If the U.S. loses interest, we can hardly expect support from other capitals however sympathetic they may be.

ELASSIFIED BY A. DENIS CLIFT REVIEW ON MARCH 7, 2000

NILYC-00-082 AB PER 5/20/04 HSC LETTER BY ANARA, DATE (6/5/04)



Venezuela

You may wish to note that the Venezuelan Minister of Energy had a good visit to Washington last week, that you and Charles Duncan met with him on Friday, that he has signed an agreement on cooperation with the U.S. for technology transfer required to assist Venezuela in production of its heavy oil resources. Frank Press has separately expressed his satisfaction with the visit noting that there are a good number of areas where we can benefit from cooperation with Venezuela.

Tito

Press reports from Yugoslavia on Friday indicate that Tito's condition has "stabilized" and that he may survive for some time longer -- a remarkable constitution.

Canada

You will have just met with Ambassador Peter Towe who is bringing one, possibly two letters for the President from Prime Minister Trudeau, and you will wish to convey the letters to the President.

OFFICE OF THE VICE PRESIDENT WASHINGTON

Memo No. 745-80

March 7, 1980

MEMORANDUM FOR DICK MOE

FROM:

Denis Clift

SUBJECT:

Foreign Policy Insert for Vice President's Luncheon with President

I am forwarding at Tab A a recommended insert for the paper you are preparing for the Vice President's use with the President on Monday, March 10.

CLASSIFIED BY A. DENIS CLIFT REVIEW ON MARCH 7, 2000

NL10-06-085



Correct profice of the VICE PRESIDENT WASHINGTON

March 14, 1980

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

RICHARD MOE

SUBJECT:

TALKING POINTS FOR LUNCHEON WITH THE PRESIDENT -- MONDAY, MARCH 17, 1980

I. Economic Policy Announcement

o Public reaction -

o Hill reaction -

o Market reaction -

o Need to keep on offensive next ten days _

III. USSR/Afghanistan -

IV. Tito (see attached)

V. Report on Trips to

- o Illinois
- o New York
- o Philadelphia

VI. This Week:

o Will be in New York Thursday-Monday

VII. UN Flap

VIII. US/Canadian Relations (see attached)

o Trudeau letter

- o Meeting with Trudean
- o Fisheries agreement
- o Gas pipeline



INSERT FOR VICE PRESIDENT'S LUNCH WITH PRESIDENT Monday, March 17, 1980

St. Patrick's Day

Rosalyn Carter will be marching in the New York parade. The President will be receiving Foreign Minister Brian Lenihan at the White House later in the day for the presentation of shamrocks (you filled in for the President in this ceremony last year).

US-Canadian Relations

Following your departure for Charleston on Friday, Peter Towe delivered Prime Minister Trudeau's letters to President Carter. I immediately passed the originals to Zbig for delivery to the President, and I would assume he will have read them by the time of your lunch on Monday. A copy of the letters is at Tab A together with the notes I did following your meeting with Peter Towe.

You indicated that you wanted to discuss these issues with the President including:

- -- the desirability of a meeting between the President and the Prime Minister,
- -- your wish to obtain the President's approval for you to contact Senator Church and Secretary Vance on moving ahead with the fisheries agreement,
- -- your interest in meeting with Charles Duncan before March 18 to discuss the Alaskan Natural Gas Pipeline and the need to give top priority to US financing.

The substance of the Prime Minister's letters on international issues is very positive and supportive of U.S. policy. Clearly, Trudeau has attached importance to this correspondence with the President. It is important correspondence and I am certain the President will want to ensure not only that he has the best possible staffing on the issues raised but also that his replies convey his personal touch. Trudeau is a smart gent, and I think he will react very positively if this is the case.

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Tito Funeral Arrangements

Ambassador Eagleburger's most recent cable (Tab B) on Yugoslav planning for President Tito's funeral continues to shorten the lead time that we can expect at the time of the funeral. Paragraphs 5 and 6 indicate that the remains will be brought to Belgrade "the night of the day his death is announced. The body will lie in state for two days ... and the government of Yugoslavia assumes that foreign delegations will arrive in Belgrade during the course of the second day."



PRIME MINISTER . PREMIER MINISTRE

OTTAWA, K1A OA2 March 12, 1980

Dear Juny,

May I say again how much I appreciated your telephone call to congratulate me on the outcome of our recent elections. There are a number of issues I look forward to discussing with you in coming weeks and months. Ideally, I would have liked to do so in a personal meeting reasonably soon. I realize, however, that you are committed to staying in or near Washington until the hostage situation in Iran is resolved. The most recent news is particularly disturbing and all Canadians share in the general disappointment at the events of the last few days in Tehran.

I thought that I might share with you some early thoughts on the situation in Afghanistan. I do not have any difficulty in adhering to the general Western position as I understand it, that the Soviet invasion of Afghanistan dealt a heavy blow to detente. It seems to me that it is correct to take steps to

Mr. Jimmy Carter, President of the United States of America.

DECLASSIFIED

NLJC-06-081 PCR 5/25/0C NSC LTR BY On NARA, DATE 6/9/06 leave the Soviet Union in no doubt that such behaviour has its price and that this lesson requires a coordinated Western approach designed, among other things, to complement the equally negative response of many Third World countries. The 104 votes in favour of the General Assembly's resolution on Afghanistan were a convincing demonstration of Third World concerns. It will be important, I believe, to continue to do all we can to harmonize Western and Third World reactions.

I am glad to see that Western response does not justify press speculation about a return to the Cold War, but that those elements of our relations with the Soviet Union, demonstrably in the Western interest, have been left in place. Surely we have to strike a balance between signalling the dangerous strains created by the Soviet action in Afghanistan and abandoning all hope of achieving over time a set of relations with the Soviet Union which promote détente both as a concept and as a reality.

As we move forward, you may count on the support of the Canadian government for a coordinated approach to the problems of the post-Afghanistan environment. We will endorse such counter-measures as may be broadly agreed upon to drive this lesson home including the various restrictions already in place, a more stringent embargo on sales of high technology goods to the U.S.S.R., and a policy on the Olympic Boycott acceptable to as many of our friends and allies as possible. At the same time, Canada will play its part in the continuing discussion of a diplomatic solution to the Afghanistan problem, and examine what contribution we are best equipped to offer in shoring up countries like Pakistan and Turkey, now even more vulnerable to Soviet pressure.

Our two governments will also be addressing a number of bilateral issues in the coming weeks and months. The state of financing for the Northern Gas Pipeline has a particular urgency for both of us and I am writing to you separately on that point. It seems to me that the delay in the ratification of the East Coast Fisheries and Maritime Boundary Agreements, the environmental problems surrounding coal conversion, and the concern in Canada over tanker traffic on the West Coast are among the other questions which should receive priority attention. You no doubt have your own, additional priorities and I look forward to pursuing solutions with you in the months ahead.

With warm regards and personal best wishes a

Yours sincerely,

Jim 5. T.



PRIME MINISTER · PREMIER MINISTRE

OTTAWA, K1A OA2 March 12, 1980

Dow Jimmy,

Two and a half years ago, representatives of our two governments signed the agreement on principles for a northern natural gas pipeline project. The pipeline offers substantial economic advantages to both our countries and provides the United States with access to Alaskan gas. The Canadian Government remains committed to the pipeline and I know from statements you made when we last met March 3/in Washington, and since, that the United States Administration remains determined that the project proceed as quickly as possible.

1979/

The lack of progress on the financing of the Alaska portion of the line is, however, a cause for concern. Failure to establish a basis to assure the financeability of the Alaska portion will lead to delays that could jeopardize the entire project.

Mr. Jimmy Carter, President of the United States of America.

DECLASSIFIED

NL C-06 085 PER 5/24/06 NEC UTR BY C NARA, DATE 6/9/06 For some time now efforts have been directed to beginning construction of the pipeline in the south, rather than in Alaska as was originally intended, the so-called "pre-build" concept. Hearings are under way before the National Energy Board in Canada and the Federal Energy Regulatory Commission in the United States to authorize construction of these pre-built sections to carry Alberta gas to United States markets prior to the completion of the line and the arrival of Alaska gas. Both governments have expressed support for the pre-build concept. However, the Canadian Government cannot, under the Northern Pipeline Act, authorize the construction of any part of the line, including pre-build, until it is assured that the entire line will be completed.

The Foothills Company, owner of the pipeline in Canada, has expressed, to our government and to yours, grave concern about the delays and is reluctant to invest more money until the uncertainties are resolved. Failure to resolve the Alaska financing promptly could add more than a year's delay to the construction of the pre-build sections and, therefore, could conceivably lead to the indefinite postponement of the whole project.

I know that you will continue your efforts to resolve this serious problem standing in the way of the pipeline project.

With warm regards,

Yours sincerely,

OFFICE OF THE VICE PRESIDENT

WASHINGTON

Memo No. 757-80

CONFIDENTIAL

March 11, 1980

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift

SUBJECT:

Follow-Up to Meeting with Peter Towe

Alaska Natural Gas Pipeline

Towe underlined Trudeau's concern that time is slipping by and that the U.S. meeting scheduled for March 18 plans to do no more than discuss financing for the design of the Alaskan section. Trudeau wants the President to know (letter to come) that the Canadian sponsors may say that they may have to withdraw from the project. Towe feels that Charles Duncan has got to do some "head knocking" with the U.S. companies, tell them that the President wants this project to succeed and that they should get on with it. The Ambassador's talking points are at Tab A.

You informed Towe that you would schedule a half hour meeting with Duncan in the near future to go over this, at the same time emphasizing the priority the Administration attaches to the project.

U.S.-Canadian Fisheries Agreement

Towe stressed the adverse impact on bilateral relations if the U.S. does not proceed with Foreign Relations Committee hearings on the U.S.-Canadian fisheries and boundaries agreement. He emphasized that the basic problem that we face is one Senator strongly opposed to the agreement -- Claiborne Pell -- with other less interested Senators not wishing to run counter to Pell's desires.

You noted that you would discuss this with the President in your next luncheon, and following that if the President agreed that you would take it up with Church and Secretary Vance. And, you made the point that following Canada's help to us in Iran the climate is better "for doing a favor for Canada."

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Acid Rain

Towe stated the Prime Minister's concern over the fact that we were proceeding with coal plants that would contribute to the fall of additional acid rain over Canada. The Ambassador acknowledged that we have considerable pollution control going into the plants but that the Prime Minister sees this as "a small step in the wrong direction." You told the Ambassador that you would have EPA send you a report so that you would understand the issue better (I have asked for State and EPA to combine their efforts on such a report). Following the meeting Towe said that this was probably the least important of the problems he had brought to you, but that he at least wanted to call it to your attention.

East-West Pipeline

Towe said that the Prime Minister had serious reservations about the Northern Tier Pipeline, that he thought that our current swaps arrangements were serving us well and that he hoped that we would not go ahead with an uneconomical pipeline before considering alternatives. He added that Congressman Bonker was very upset over the Northern Tier choice. You received this information from Towe, and in replying you suggested that it would be a good issue for the President and Prime Minister to take up at an early meeting, underline the importance of such a meeting not only for a review of bilateral issues but also for a review of major international issues in the wake of Iran and Afghanistan.

Towe agreed on the desirability of an early meeting, he said he thought the Prime Minister would probably be addressing this in the letter, but he added that it would be good if the meeting could be at a "neutral site" given the number of times that the Prime Minister has already come to Washington. (I would add that the neutral site formula is patterned after practices the French have adopted with us. However, I genuinely think the Canadians have a point. We do owe them a visit. Trudeau has been to Washington officially half a dozen times at least during his years as Prime Minister. The most recent visit by a U.S. President to Canada was Richard Nixon's visit in April 1972.)

RECOMMENDATION

That you schedule an early meeting with Charles Duncan, before March 18.

Cy to: Gail Harrison

CONFIDENTIAL

ALASKA HIGHWAY NATURAL GAS PIPELINE

TALKING POINTS

- 1. The Canadian Government is encouraged that a meeting has now been scheduled on March 18 between project sponsors, Prudhoe Bay producers and Administration observers with the object of cooperating to accelerate implementation of the Alaska Highway Gas Pipeline. This meeting appears to offer an opportunity which should not be missed to ensure that financing of the Alaskan segment is back on the rails. If this can be achieved, it will remove a serious impediment to pre-build and the project as a whole.
- 2. The arrangement currently to be discussed on March 18, however, reportedly deals only with financing and completing final project design and does not commit both the producers and sponsors to a financing plan for construction of the entire project. Such limited agreement would make it extremely difficult for the Canadian Government to approve pre-building of the western and eastern segments as now scheduled.
- 3. The Canadian sponsors are concerned about the effect the financial arrangements for the Alaskan segment will have on determining the timetable for the completion of both prebuild and the entire project. Specifically, the Canadian sponsors are concerned that the producers may not have the same imperative as the sponsors to proceed with the timely completion of the line.
- 4. As a result of sustained bilateral efforts over the past year, significant progress has been achieved on many of the critical problems affecting the project. Nevertheless, the Canadian Government has been concerned about the lack of progress on financing and apparent divergences of interest between project sponsors and gas producers which have raised basic questions of confidence about whether and when the entire project will proceed.



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