to include new efforts at bringing security assistance activities (and thus all government controlled arms transfers) within the overall purview of State. Thus, OMB has structured this year's review at the Executive level to include -- at least conceptually -- the linkage between government sponsored arms transfers and the rest of our foreign affairs budget.

Perhaps your best objective for the briefing would be to clarify in your own mind the various types of foreign assistance and how they are related within a budget review by the President. There are, or course, several issues included in the book (I have clipped a few you may want to review briefly), but the OMB pitch will be mainly oriented toward the problem of relating them to one another to arrive at a coherent set of options for the President.

OFFICE OF THE VICE PRESIDENT

June 2, 1977

Mr. Vice President,

Subsequent to the preparation of the attached memo, a new set of Review Books were published by OMB. The principal change involves the issue of Development Assistance and the President's commitment to double foreign aid by 1982.

A threshold question is what type of assistance comprises foreign aid. Traditionally, it was funds earmarked for development and given to international institutions (multilateral assistance) or to individual countries (bilateral assistance). The latter includes disaster relief and food aid. OMB suggests that Security Supporting Assistance, although military in nature, might also be included in foreign aid; therefore, the choice of which foreign aid programs to double must be carefully made.

OMB points out that in any case development assistance is on the rise and if FY 78 requests are enacted there will be a major increase in the levels of funding for the programs.

Ign Shark

NGC-07-026 AUG-07-026 AUG-07-026 BY W NARA, DATE 6/12/07

OFFICE OF THE VICE PRESIDENT

WASHINGTON

INFORMATION

Memo No. 1211-77

TOP SECRET/SENSITIVE/CODEWORD/XGDS

July 8, 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift

SUBJECT:

Significant Foreign Policy Developments,

July 8

I am attaching at Tab A the Situation Room's compilation of important telegrams received this morning.

The cover sheet summarizes the contents, and the full text of each telegram follows.

I have arranged with the Situation Room to receive this compilation for your information, and I will be forwarding it to you on a regular basis.

TOP SECRET/SENSITIVE/CODEWORD/XGDS

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BY CZ NARA, DATE D

INFORMATION

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Memo No. 1313-77

July 30, 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift 5

SUBJECT:

Interview with Murrey Marder

During your foreign policy interview with Murrey on August 1, you may wish to point to the current status of the London summit follow-up as a good example not only of the Administration's many foreign policy initiatives but the positive results already being realized from those initiatives.

Preparations for the London summit were central to your first overseas mission -- now, six months later, what are the results?

Henry Owen has prepared a useful review of steps being taken to follow-up on the London summit (Tab 1) -- he has specifically included (Tab B) a summary for use with the press.

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FOR 6/5/07 State HT

BY CO NABADATE E/12/07

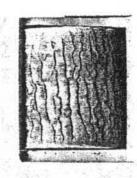
THE WHITE HOUSE WASHINGTON

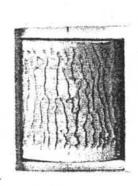
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Mr. Vice President-

you may be interested in The attached memo, which Summarizes Summit Follow-up.

Hany Owen





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THE WHITE HOUSE

CONFIDENTIAL-GDS

WASHINGTON

July 26, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY OWEN PO

SUBJECT:

Summit Follow-Up

In the wake of Bob Strauss' visit to Brussels and Chancellor Schmidt's visit to Washington, it is clear that progress is being made in fulfilling many of the pledges that you and others made at the Downing Street Summit. (See summary at Tab A, based on Treasury and State's submissions.) There are evident advantages in making this progress better known — the more so since at least one article has appeared recently in a US newspaper questioning whether Summit pledges are being ignored. (I was also struck, when briefing Congressional members of the Trilateral Commission about the Summit last month, by how many of their questions were about follow-up.) Knowledge of Summit follow-up might be shared more widely as follows:

- 1. You might discuss post-Summit accomplishments at a press conference. My recommendation would be that you defer this until after the International Group or Cabinet meeting referred to below, either of which would provide a good occasion for speaking on this issue. Meanwhile, Bob Hormats and I can brief reporters individually, as the occasion arises. In case you prefer to speak about this subject at an early press conference, I attach abbreviated notes at Tab B.
- 2. When the International Preparatory Group meets here September 30 to review post-Summit progress, I could bring the Group's members to your office at the end of the meeting. They could summarize for you their discussion of Summit follow-up, and this could be reported in the press. I will submit an action recommendation to you about this a week or two before the meeting.
- 3. You might ask Secretaries Vance and Blumenthal to report on post-Summit progress at a cabinet meeting, and this meeting could also be reported in the press. If you do not meet with the International Preparatory Group, this subject might be discussed at a Cabinet meeting in early October, since the IMF-IBRD meeting in the last week of September may produce good post-Summit news (approval of the new IMF facility). If you do meet with the International Preparatory Group, the subject might be discussed at a Cabinet meeting a month or two later, in order to pick up intervening developments. I will submit a specific recommendation to you when I know whether you will meet with the International Preparatory Group.

Attachments: Tab A: Memorandum on Post-Summit Progress

Tab B: Notes for Press Conference

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POST-SUMMIT PROGRESS

1. Macro-Economic Policy

- (a) Growth. The US will more than make its pledged 5% target. Prime Minister Fukuda is planning stimulative measures to achieve Japan's 6.7% Summit target, but there may be some shortfall since these measures will require time to take effect; the more important problem is that Japan's trade surplus is still too large, but some remedial measures are being taken. Chancellor Schmidt said in Washington that the FRG will probably achieve a 4.5% growth rate (it pledged 4.5 to 5% at the Summit); US Treasury experts believe that Germany's growth will be about 4% in 1977.
- (b) Stabilization. Although the other four countries face serious problems, they are holding to the stabilization policies pledged at the Summit. Britain and Italy are roughly meeting the stabilization targets spelled out in their letters of intent to the IMF, although their governments' weakness prevents them from effectively tackling some important structural problems. France is following a program of moderately restrictive monetary and fiscal policies combined with wage restraint; this program may weaken as the elections approach. Canada is making some progress, albeit slowly, in reducing inflation.
- (c) Youth Unemployment. The recent OECD Ministerial Conference agreed that an international conference will be held on youth unemployment, to facilitate the exchange of views on this subject pledged at the Summit.

2. International Indebtedness

- (a) New IMF Facility. Negotiations about the new IMF facility proposed by Witteveen are proceeding and seem likely to result in about a \$10 billion fund to make loans to deficit countries. A key meeting will be held at the Ministerial Meeting in early August. If all goes well, the new facility could be approved at the annual meeting of the Bank and Fund in September.
- (b) IMF Quotas. Proposals have been made by the IMF management for a seventh increase in IMF quotas. There is general agreement that there should be some increase, but disagreement as to how much and whether quotas should be reallocated to



reflect changes in member countries' economic positions. These differences may be reconciled at the Interim Committee's meeting in February 1978; given the time required for negotiation and ratification, the new quotas are unlikely to come into being before mid-1979.

3. Trade

- (a) Protectionism. The Summit nations have lived up to the Downing Street pledge to avoid protectionist actions, with a few exceptions.
- (b) Tokyo Round Negotiations. In early July the European Commission and the US Special Trade Representative reached agreement on a timetable that will, if it is fulfilled, ensure the substantive progress in designated areas (tariffs, non-tariff barriers, and agriculture) pledged at the Summit for end-1977.
- (c) Illicit Payments. The ECOSOC working group that has been addressing this subject has recommended that an international conference be convened in 1978 to negotiate an agreement banning illicit payments.
- (d) Export Credits. The agreement banning competitive undercutting in official export credits has been renewed for another six months; we intend to use this period to try to get others to tighten and extend the terms of the agreement.

4. Energy

- (a) Non-Nuclear Energy. A Ministerial Meeting of the International Energy Agency will be held this fall, at which the US will seek agreement on specific commitments in fulfillment of the Summit pledges to reduce energy consumption, increase energy production, and carry out joint energy research and development.
- (b) Nuclear Study. The two months preliminary nuclear study is nearing completion; the International Fuel Cycle Evaluation Program of studies agreed at the Summit should begin soon thereafter, if the French agree.

5. North-South Relations

(a) Increased Aid. The recent OECD Ministerial Meeting agreed to develop a program to improve common efforts to help developing

countries meet basic human needs. Reviews of US aid are underway to help determine how best to carry out this program.

- (b) World Bank. The general increase in World Bank resources called for at the Summit has been proposed by Bob McNamara to the Bank's Executive Directors; discussion of these proposals has been delayed until September by the US desire to get Congressional action on IDA appropriations out of the way first.
- (c) Common Fund. At the recent CIEC meeting the Summit nations made clear their willingness to join in negotiating and supporting a common fund to finance individual commodity agreements that would stabilize prices around market trends.
- (d) World Development Program. The World Bank is launching this study, called for at the Summit, looking to completion in mid-1978.



PRESS CONFERENCE NOTES ON SUMMIT FOLLOW-UP

 Domestic Economic Policy. US more than fulfilling its target (5% in 1977, 6% from last quarter 1976 to last quarter 1977). Japanese government has stated its determination to adopt policies necessary to achieve its 6.7% target. Chancellor Schmidt said in Washington FRG will make lower range of its 4.5 to 5% target. Regardless of how exact figures come out, both Germany and Japan are working hard to fulfill Summit growth targets without inflation and to reduce their trade surpluses.

UK, France, and Italy are following effective stabilization policies to which they committed themselves at the Summit.

Recent OECD Ministerial Conference agreed to hold international meeting to exchange views and experience on youth unemployment, as pledged at the Summit.

- International Indebtedness. Negotiations going forward on new IMF facility to make loans to deficit countries, as pledged at Summit. Hope agreement can be reached this fall.
- 3. Trade Negotiations. In early July, Bob Strauss and European Commission agreed to timetable which, if fulfilled, will ensure substantive progress pledged by Summit in designated areas (tariffs, non-tariff barriers, agriculture) by end of 1977.
- 4. <u>Illicit Payments</u>. ECOSOC Working Group has recommended that an international conference be held in 1978 to negotiate an agreement banning illicit payments.
- Nuclear. Preliminary study of nuclear energy and non-proliferation agreed at Summit is being completed. Should be followed shortly by fuller International Fuel Cycle Evaluation Program agreed at Summit.
- 6. North-South. At recent OECD Ministerial Meeting, industrial countries agreed to develop program for aid to meet basic human needs. At CIEC, industrial countries made clear their willingness to carry out Summit pledge to support common fund to finance individual commodity agreements that would stabilize prices around market trends. World Bank is launching World Development Program study, called for at Summit, to assess actions by developed and developing countries in relation to each other and to our larger goals; should be completed by mid-1977.

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BY CONARA, DATE 6/12/18

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THE VICE PRESIDENT
WASHINGTON

October 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

The Vice President

SUBJECT:

Foreign Missions - Canada, Mexico and the

ASEAN Nations

In giving attention to the domestic and foreign policy roles I might play most effectively in the coming months, I have consulted with Cy Vance and Zbig Brzezinski on foreign assignments that would contribute in a positive way to your overall foreign policy objectives. I have also taken into account the need to shape any proposed foreign schedule so as to avoid interfering with important domestic requirements.

As a result of this assessment I would recommend that I undertake working visits in your behalf to Canada this year and Mexico and the ASEAN nations of the Pacific early in 1978.

Canada and Mexico

Your meetings at the beginning of the Administration with President Lopez Portillo and Prime Minister Trudeau demonstrated the importance you attach to genuine improvements in relations with our neighbors in Mexico and Canada. Since those meetings, the US-Canadian Pipeline Agreement has been signed -- a development of importance to both countries and one signaling improved understanding and cooperation, not only in the energy field, but, more broadly, in our entire relationship.

While there has not been a similar, single bilateral development in our relations with Mexico, as a result of your early initiative, the US-Mexican consultative mechanism was established in May, a bilateral trade agreement has been

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NLJG-07-026 per 6/5/07 State 117 by 10 NABADANE 6/12/07 negotiated, and both countries are giving earnest attention to such key issues as illegal migration, energy and North-South relations. During his visit to Washington last month for the Panama Canal treaties signing ceremony, Mexican Foreign Secretary Roel urged that I schedule a trip to Mexico in the near future to continue this process of close consultation.

Cy Vance and Zbig have endorsed the idea of working visits by me to Canada and Mexico in the belief that such visits would pay real dividends in our relations with each country, and would serve to again emphasize how sincere your Administration is in the actions it is taking to improve relations with our neighbors to the North and South.

Canada. I would propose to visit Canada in December with meetings in Ottawa with Prime Minister Trudeau and members of his government and with a visit to one of the mid-West provinces. My current thinking would be to go to Edmonton, Alberta, one of the provinces that will benefit from the new US-Canadian pipeline. A visit to Edmonton would demonstrate, first of all, that your Administration, unlike past Administrations, has a better understanding of Canadian interests and recognizes that a visit to Canada should involve more than a brief in and out round of talks in Ottawa.

With your approval, I would take the occasion of the visit to Edmonton to deliver a substantive speech on the importance your Administration attaches to good US-Canadian relations, a speech which would examine our bilateral interests, our energy interests in the broader context of the international energy situation, and our hemispheric interests.

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Mexico Subject to your approval, I would propose to visit Mexico this coming January for talks in Mexico City with leaders of the Mexican government on the key issues currently before the United States and Mexico. I would also propose travel to at least one other location in Mexico to highlight activities of bilateral importance. State has advised

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that the Mexican Government would be pleased if I were to make a brief tour of one of the new oil producing areas, perhaps Tehuantepec, a suggestion I tend to favor.

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If you approve, I believe it would be most effective if both visits were to be announced at the same time. This would highlight the priority attention your Administration continues to give to both Canada and Mexico.

ASEAN Nations

A working visit to Southeast Asia in February 1978 (during the Congressional recess) would be timely and important in advancing United States policy interests. It would reaffirm in a tangible way the commitment of your Administration to Southeast Asia and the Pacific as well as Japan, strengthen our relations with ASEAN, and enhance our bilateral relations with key states.

Indonesia and the Philippines. The timing would be particularly suitable for the two top-priority states, Indonesia and the Philippines. Indonesia will be moving toward, but still have enough time before, its March Presidential elections, so a visit would be a boost for Suharto yet not be seen as U.S. interference. Our dialogue with the Philippines on a new base agreement should be at a stage where a visit -- which Marcos would welcome -could induce him to agree to specific proposals acceptable to the U.S. despite opposition from some of his lieutenants. An issue to be considered in visits to both of these countries is their deficient human rights records which elicit substantial criticism from certain members of Congress. I believe this can be turned to U.S. advantage. The trip would offer the opportunity for a high-level discussion of human rights problems, and there is a reasonable likelihood that both governments will make further progress on their problems in anticipation of the visit.

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Singapore, Malaysia and Thailand. For both symbolic and substantive reasons, I believe it is important to include all the ASEAN countries in the proposed visit. Taking into account their proximity and the fact that the Prime Ministers of Malaysia and Singapore have just met with you in Washington, it should be possible to have a meaningful round of talks in each of the capitals with the total schedule for Singapore, Malaysia and Thailand involving no more than two-and-one-half to three days.

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Pacific Trust Territories. Given the fact that we are
presently engaged with the Trust Territories in the Micro- nesian Status Negotiations, I believe there might be con- siderable merit in my making a brief stopover in Saipan, en route to the ASEAN countries, to emphasize possibly in an appearance before the Congress of Micronesia the importance you attach to a continuing U.S. role in the Pacific, and to successful negotiations not only protecting our interests but also reflecting the will of the peoples of the Trust Territories.
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East-West Center Speech on Pacific Policy. En route back to Washington, I would propose to stop in Hawaii accepting an invitation from the East-West Center to deliver an address on your Administration's Pacific policy. The timing would be excellent following the talks with the ASEAN leaders.
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OFFICE OF THE VICE PRESIDENT

WASHINGTON

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December 3, 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift

SUBJECT:

Budget Review -- Foreign Affairs, Monday,

December 5, 2:00 p.m.

The review of the 1979 foreign affairs budget by the President -- as outlined by OMB -- appears to be somewhat better organized than the Administration's initial review of the '78 budget in May of this year.

Basically, the budget breaks down into three major considerations. The first is U.S. support for multilateral/international organizations (IMF, IAF, OPIC, etc.) The second is U.S. unilateral security assistance and cooperative efforts (FMS, grant MAP, military training, foreign exchanges, etc.). The third consideration is management and operational expenses involved in running the various U.S. components involved in these programs (State, DOD overseas advisory groups (MAAGs), Eximbank, AID, etc.).

OMB has given good marks generally to the agencies' initial attempts at zero-based budgeting (ZBB), with some exceptions (AID being the most notable). Disagreements on substantial programs follow conventional lines in that OMB, in its quest for the perfect management tool, has sought to turn broad Presidential policy statements into OMB guidance to the agencies concerning the consistency of the U.S. approach to various country programs -- often at the expense of overriding political considerations. The policy baggage of previous Administrations, especially in the area of security assistance, has impacted significantly on both '77 and '78 budgets, especially in terms of U.S. commitments given to governments still in power and the time lag between these program commitments and actual transfer of goods and services. Therefore, the 1979 budget, in addition to being the first ZBB oriented one, will be -- for better or worse -- the first real benchmark for broad U.S policy guidance concerning U.S. security and development assistance overseas.

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The OMB review is divided into five budget categories:

- -- International Development and Other Assistance
- -- International Security Assistance
- -- Conduct of Foreign Affairs
- -- Foreign Information and Exchange Activities
- -- International Financial Programs

I have highlighted the items of greatest potential issue and the operative conclusions.

Under the first category, the two most contentious issues involve U.S. arrearages in support of International Financial Institutions (IFIs), and the Agency for International Development's (AID) management of their programs. In the first instance, Congressional appropriations actions have, in recent years, consistently undermined U.S. commitments to various IFIs. The cumulative affect of of these actions has resulted in a \$1.2 billion arrearage at a time when these organizations have been proffered by the Administration as a viable alternative to many bilaterally oriented U.S. aid programs. The second issue of note is primarily OMB-derived and consists of calling AID to task for its poor management and inefficient application of programs under its control (this is also true, according to OMB, for the PL480 program). I have clipped appropriate portions addressing each issue.

Under the second category, International Security Assistance, the main focal points -- as in the 1978 budget review -- are the Middle East and Greece-Turkey, with our steadily growing list of base agreements involving multi-year commitments as a new issue of some concern. OMB draws the President's attention to the now-familiar problem of the gap between Israeli military capabilities and Israeli needs in terms of the current level of U.S. assistance; but OMB has elected to pass the political buck to the President by pointing out the problem, and deferring to him on any significant reduction in our commitment. Concerning Greece-Turkey, the OMB and NSC recommendation advocates 1978 FMS funding levels for Greece and Turkey, pending Congressional approval of the DCAs. State believes this tactic to be unrealistic politically and supports FMS funding for 1979 levels in the expectation that the Greek lobby will prevail in achieving these levels for Greece regardless of whether or not the DCAs are approved. The base negotiations (clipped

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at first part of the "International Securit, Assistance" section) addresses the differing views as to how to reconcile annual budget cycles and Congressional appropriations prerogatives on the one hand with the necessity of structuring multi-year bilateral agreements to meet the concerns of host nations as to longer term U.S. commitment. In addition, there are disagreements of note concerning U.S. assistance to Lebanon and to Portugal (clipped) which you should be aware of.

The third category, "Conduct of Foreign Affairs," involves basically State's operating budget, which supports 135 embassies and 119 consulates abroad, as well as such appendages as ACDA and the International Trade Commission. OMB recommends a smaller increase in personnel than does State, with correspondingly less budget authority and outlays. The President will no doubt look at employment increases with some interest (clipped).

The fourth category, Foreign Information Exchange Activities, is essentially agreed upon between State and OMB and requires, I believe, little attention.

The fifth category, International and Financial Programs, includes Eximbank, U.S. contributions to IMF, and foreign military credit sales. The only one of these at issue is U.S. support for the Eximbank. Jim McIntyre has provided a memo to the President explaining the Eximbank problem in some detail (clipped to back of book). Portions are highlighted for your review.

Two brief comments: First, the Security Assistance section will require the most careful attention. OMB is proposing levels and cuts which in several important instances would have a major and adverse affect on U.S. policy with the countries involved. Secretary Vance can be expected to take the lead on such countries as Greece, Turkey, Portugal and the Philippines in questioning OMB's assumptions and arguing for levels supportive of U.S. policy objectives.

Secondly, on page II-5, there is reference by OMB to your "promise of a new terminal to Iceland" earlier this year. This language, of course, is incorrect. (I would add that State and Defense are still actively considering how we might help fund a terminal building which would be Iceland's in peacetime and in the hands of the U.S. in time of war.)

INFORMATION

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Memo No. 1849-77

December 19, 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift | 1

SUBJECT:

Budget Appeals on Foreign Aid, Energy and NASA, Monday, December 19, 1977

OMB has prepared the attached book for the President's December 19 budget appeal session on Foreign Aid, Energy and NASA.

In Foreign Aid: Secretary Vance (Tab A) seeks restoration of \$125 million to the overall AID level.

On multilateral assistance he asks for restoration of \$25 million for the African Development Fund.

In Security assistance he asks to keep MAP funding as well as FMS for the Philippines. He asks for restoration of the \$8 billion (sic - read million) request for Cyprus Relief, as well as restoration of security supporting assistance for Jamaica and Jordan.

I have touched base with Gail Harrison on Energy and NASA, and she notes that you have the papers you require on these issues.

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Memo No. 102-78

February 21, 1978

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift/Gail Harrison \(\sqrt{1} \)

SUBJECT:

Foreign Visits Schedule

The revised memorandum for your signature to Zbig at Tab A would recommend that the Kaunda visit be postponed until the second half of 1978 and that the visits at Tab II be put off at least until 1979 with the decision on each to be taken in the context of the President's 1979 calendar.

RECOMMENDATION

That you sign the memorandum at Tab A.

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February 21, 1978

MEMORANDUM FOR ZBIGNIEW BRZEZINSKI

FROM:

THE VICE PRESIDENT

SUBJECT:

Foreign Visits Schedule

I appreciate the opportunity to review your revised memorandum of February 10, 1978. Before we submit the memorandum to the President, I would suggest that it would be helpful to make two additional changes:

- -- Kaunda Visit let us recommend to the President that this be moved to the second half of 1978.
- Tab II Visits I concur with your recommendation that these visits be postponed to 1979. Further, I think it is important that we take the decision on each of these visits in the context of the President's 1979 calendar which we will be addressing later this year. Accordingly, I suggest that Tab II be revised to recommend to the President that Nouira, Boumediene, Daoud, Zayid and Nordli not be scheduled at least until 1979 with the decision on each to be taken in the context of the 1979 calendar.

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Per 6/5/07 State/fir

BY WARA DOLL 6/12/07

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OFFICE OF THE VICE PRESIDENT WASHINGTON

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Memo No. 565-78

August 24, 1978

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift

SUBJECT:

State Department Views on Proposed Executive Order on the Environmental Effects Abroad of

Major Federal Actions

On August 23 Warren Christopher called asking to bring to your attention very serious State Department reservations on possible decisions by the President regarding provisions of the proposed Environmental Executive Order.

State's concerns relate to two provisions:

- -- Provision 3 Whether chemically hazardous products and facilities producing these products should be covered by the Order;
- -- Provision 4 Whether the Order should include an option to prepare an Environmental Impact Statement in the case of nuclear and toxic chemical exports.

At Warren's request, I discussed the matter in detail with Bob Hormats who has been closely involved for State throughout the Executive Order drafting process. State believes that CEQ's recommendations on Provisions 3 and 4, if approved by the President, would have a devastating impact on the US business community and US exports, and an equally adverse impact on the President's nuclear non-proliferation policy.

On Provision 3, Hormats notes that because of our policy across the board, our exports are already in a serious situation and this is reflected in the balance of payments problem. We already have a vast variety of export restrictions, e.g.: for reasons of foreign policy, stratetic considerations, human rights, corrupt practices -- which cumulatively have had a major impact on the business community.

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BY NARA, DATE 6/12/07

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CEQ's recommendation on Provision 3 would mean that almost any industrial plant, a coal plant, a chemical plant, any operation that could generate air or water polution or chemical toxics would come under the Order. We would be making it harder and harder for our businessmen to strike a deal, there would be time delays, buyers would turn to other countries with "a devastating impact on US exports and the dollar."

On Provision 4, were we to require even the option for an Environmental Impact Statement on nuclear exports, it would undermine further our reliability as a supplier; it would deny us the nuclear non-proliferation leverage we retain if we are a reliable supplier. It would, therefore, run counter to the objectives of the President's nuclear non-proliferation policy. Countries would turn increasingly to more reliable suppliers.

Given the pending lawsuits, the position of members of the Congress on the need for an Executive Order and the position of US environmental agencies, State concurs in the need for an Executive Order but believes very strongly that we should avoid the restrictive language proposed by CEQ on Provisions 3 and 4 because of the major damage that would be done to our foreign trade and our economic position.

MEMORANDUM

OFFICE OF THE VICE PRESIDENT WASHINGTON

INFORMATION

SECRET/SENSITIVE/XGDS

Memo No. 1041-78

November 2, 1978

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MEMORANDUM FOR THE VICE PRESIDENT

FROM:

Denis Clift

SUBJECT:

Foreign Policy and Defense Issues

As you move into the last days of the campaign, prepare for a few days off and look to the months ahead, I thought it would be useful if I were to touch on some of the more important foreign policy and defense issues -- issues that will require attention by the White House - and by you - in mid-November.

Middle East

On November 2 Secretary Vance went to New York for talks with Begin. There are five or six important issues requiring attention with the Israelis:

- -- the need for language in the preamble linking the bilateral Egyptian-Israel peace treaty to the broader purposes of the Camp David framework;
- -- the need for a security provision stating that the treaty may be reviewed by mutual agreement;
- -- a priority of obligations provision, to assure that Egypt will honor this treaty whatever else Egypt's treaty obligations with Arab nations may be;

[None of the above are overly difficult; as soon as there is agreement on them, the treaty will be in fairly good shape];

-- the need to address details of normalization;

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- -- the need to work out acceptable language on oil fields and on the provisions of the military annex;
- -- the need for language covering the contingency of a UN force pullout and assurances of some sort that the US will help put together a substitute multilateral force; and
- -- the need for US-Israeli understandings on US assistance to Israel. This last point will be an Alphonse-Gaston exercise. Current US thinking is to avoid appearing overly eager, indicating to the Israelis that as soon as the treaty and annexes are in shape, we will be prepared to discuss assistance in a sympathetic manner.

Current estimates by the US delegation are that some seven to ten additional days of detailed work will be required in the Washington peace talks before the documents can be initialed by the delegations and forwarded to the Egyptian and Israeli governments for approval.

Begin, as you know, has suggested publicly that the signing of the treaty might be on December 9, possibly in Oslo, just before he and Sadat receive their Nobel Peace Prize. In my opinion, this scenario would put the President in a most unsatisfactory, indeed demeaning, position. President Carter has made this peace treaty possible. The signing ceremony should be orchestrated in a way that has him participate in the limelight and, in Sadat's words, as a full partner in the peace process. He should not witness the signing and then immediately be left in the dust as Begin and Sadat receive their prize.

I honestly see any Oslo scenario as unsatisfactory, almost an embarrassment. Early attention should be given to this; otherwise, the December 9 scenario will gain greater status and will be harder to reverse. My recommendation would be to put at least a week between the signing and the peace prize presentation, with the signing in the Middle East. In this scenario, the President would participate in the signing, possibly make one or two other stops in the area and then be back in Washington at the time of the peace prize presentation.



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