WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer MJD 1/14/2008

File Folder NSC 00010 28 MAY 1981 (2/2)

FOIA F03-003/1 SKINNER

Box Number 1

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
48873	MEMO	ROBERT SCHWEITZER TO RICHARD ALLEN RE TALKER FOR MEETING R 10/8/2010 M109/1	2	6/1/1981	B1
48874	MEMO	ROBERT KIMMITT TO RICHARD ALLEN RE NSC MEETING R 10/8/2010 M109/1	1	5/27/1981	B1
48875	MEMO	RICHARD ALLEN TO NSC RE MEETING R 10/8/2010 M109/1	2	5/28/1981	B1
48876	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE ARMS TRANSFER POLICY R 5/11/2010 M109/1	2	5/19/1981	B1
48877	DRAFT	POLICY STATEMENT RE CONVENTIONAL ARMS TRANSFERS R 5/11/2010 M109/1	5	ND	B1
48878	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE VENEZUELA R 5/11/2010 M109/1	2	5/13/1981	B1
48879	MEMO	RICHARD ALLEN TO NSC RE MEETING R 10/16/2012 M109/1	5	5/28/1981	B1
48880	PAPER	RE TECNONLOGY TRANSFER LEVELS	7	ND	B1

The above documents were not referred for declassification review at time of processing

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

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]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer MJD 1/14/2008

File Folder NSC 00010 28 MAY 1981 (2/2)

FOIA F03-003/1 SKINNER

Box Number 1

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
48881	PAPER	RE BUDGET ESTIMATE	1	ND	B1
48882	DRAFT	NSDD RE CONVENTIONAL ARMS TRANSFER POLICY ***R 5/11/2010 M109/1***	4	ND	B1
48883	PAPER	RE CENTRAL AMERICA & THE CARIBEAN ***R 10/16/2012 M109/1***	4	ND	B1
48884	PAPER	RE CENTRAL AMERICA & THE CARIBEAN ***PAR 10/16/2012 M109/1***	14	ND	B1
48885	PAPER	RE CENTRAL AMERICA & THE CARIBEAN (W/CHARTS) ***R 5/11/2010 M109/1***	8	ND	B1

The above documents were not referred for declassification review at time of processing

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

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]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

NSC/S PROFILE ~~CONFIDENTIAL~~ ID 8103009

RECEIVED 27 MAY 81 16

TO ALLEN FROM KIMMITT DOCDATE 27 MAY 81

SCHWEITZER 27 MAY 81

UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURES SCHWEITZER 01 JUN 81

MR 11/4/08

KEYWORDS: VENEZUELA FMS

NSC ARMS TRANSFERS

SUBJECT: BACKGROUND PAPER FOR 28 MAY NSC MTG ON F-16 AIRCRAFT FOR VENEZUELA

ACTION: FWD TO PRES FOR INFO DUE: 03 JUN 81 STATUS C FILES IFM O

FOR ACTION	FOR CONCURRENCE	FOR INFO
ALLEN		FONTAINE
		BAILEY

COMMENTS

REF# LOG 8102970 8102993 NSCIFID NSC00010 (B / J)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	- 6/02	per Nance note, return to Kimmitt		
Kimmitt	S 6/02	any further action (6/3)		
	C 6/2	NOAR per Kimmitt		RK
	C 6/3	discussed at NSC mtg per RNA		dfc SC/AC/FO

DISPATCH _____ W/ATTCH FILE ____ (C)

Includes memos ~~both~~ from ~~staff~~ to APNSA and from APNSA to Pres.

#3009
addon

6/3/8

Subj was discussed
at sic mtg.

(per Florence)

13

expressed for
record pur

3009 4

6.2.81

NATIONAL SECURITY COUNCIL

NSC/S

This action may be closed. Further work will be done in papers generated as a result of the NSC discussion.

Bob Kimmitt

~~CONFIDENTIAL~~

48873

MEMORANDUM

3009 Add-on

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

June 1, 1981

INFORMATION

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ROBERT SCHWEITZER

SUBJECT: TALKER -- Arms Transfer Policy: F-16s for Venezuela (C)

Following talker prepared for your uses at today's NSC meeting.

-- Arms transfer policy proposed by SecDef and Sec-State is fine.

-- What is needed is faithful implementation by the services.

-- Case in point is the Venezuelan F-16s.

- This first introduction of a top-of-the-line US fighter into Latin America came about not on the policy parameters contained in the statement of the two Secretaries, but rather on the fact that the Venezuelans, who had been convinced by the USAF that this was the only aircraft they should buy, would react in anger if now denied the sale.

- Without any prior discussion of policy choices, the President was placed in the box of being told he must approve earlier promotional efforts by US representatives, or cause a serious policy problem.

-- I believe we could all agree on a foreign policy statement wherein the individual services would obtain formal prior approval from State, Defense, and the White House before undertaking future sales endeavors to foreign countries.

-- We also should agree on what our policy should be with respect to anticipated requests from other Latin American nations who cannot afford the F-16 and will seek unrealistic "favorable" terms -- or even outright grant aid. Peru, Colombia, Honduras are likely early requestors.

-- On the one hand, the Carter policy of telling the Latin nations we would not sell them arms was a failure.

- We lost influence as we confused and alienated our former Latin friends.

~~CONFIDENTIAL~~
Review 6/1/1987

~~CONFIDENTIAL~~

DECLASSIFIED
NLRR M109 # 48873
BY KML NARA DATE 10/8/10

- And the Latins went to Europe to buy less quality for higher prices, thus defeating further the Carter objective of inducing them to spend the money on other needs of their peoples.

- It is also true that each squadron of F-16s we sell reduces the unit cost to the USAF.

-- On the other hand, we cannot continue a practice where service and other military service representatives "sell" Third World nations on high high-cost sophisticated systems before a policy to do so has been agreed upon here in Washington. (C)

Norman Bailey and Bob Kimmitt concur.

RJF 7

MEMORANDUM

~~CONFIDENTIAL~~ NATIONAL SECURITY COUNCIL 3009

48874

May 27, 1981

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

THROUGH: ROBERT L. SCHWEITZER RLS

FROM: ROBERT M. KIMMITT Bob

SUBJECT: NSC Meeting -- Arms Transfer Policy/ F-16s for Venezuela (C)

At Tab I is a paper for tomorrow's NSC discussion of arms transfer policy and sale to Venezuela of F-16A aircraft. The departmental memoranda on these two topics are at Tabs A and B, respectively. (C)

The arms transfer policy statement proposed by the Secretaries is sound. You have a package (#2921) containing a redraft of the statement into an NSDD, which could issue after NSC discussion of the policy. NSC discussion is necessary to ensure that the departments understand that faithful implementation of the policy requires avoidance of early commitments that later lock the President into narrow decisions. (C)

A case in point is F-16s for Venezuela. This first introduction of first-line U.S. fighters into Latin America is based not on the policy parameters contained in the Secretaries' statement, but rather on the fact that the Venezuelans, who have been convinced by U.S. representatives that this is the aircraft they need, would react very sharply if it were now denied to them. In effect, the President is being told that he must approve earlier promotional efforts by U.S. representatives or cause serious bilateral problems with Venezuela. This hardly presents him with policy choices, and a strong statement at the NSC meeting would make clear that he expects the departments to avoid activities that place him in this position. (C)

RECOMMENDATION:

That you incorporate the paper at Tab I into the President's materials for tomorrow's NSC meeting. (U)

Approve _____ Disapprove _____

Roger Fontaine concurs. RF

~~CONFIDENTIAL~~
Review May 27, 1984

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

48875

NATIONAL SECURITY COUNCIL MEETING

Thursday, May 28, 1981
1:30 p.m. (60 Minutes)
The Cabinet Room

FROM: Richard V. Allen

I. PURPOSE

Discuss (1) the proposed conventional arms transfer policy statement submitted by Secretaries Haig and Weinberger and (2) the Secretaries' recommendation to sell F-16A aircraft to Venezuela. (C)

II. BACKGROUND

A. Arms Transfer Policy

Secretaries Haig and Weinberger have submitted a proposed conventional arms transfer policy statement to supersede PD-13 (Tab A). The statement, which could issue as an NSDD, rejects PD-13's overly restrictive approach by recognizing that well-reasoned arms transfers to friends and allies are a vital complement to our own defense efforts. To be effective, however, the policy must apply at all levels of the government. Otherwise, overly aggressive promotional efforts by U.S. representatives will severely limit available options later in the policy process.

B. F-16s for Venezuela

An example of overly aggressive promotion of a sale is reflected in the Secretaries' recommendation to sell F-16A fighters to Venezuela. This sale would represent the first introduction into Latin American of first-line U.S. fighters, reversing a policy that goes back at least until the Nixon Administration. The principal justification advanced for the sale is not that it comports with the new policy, but rather that the Venezuelans expect it to be approved because of earlier actions by U.S. representatives. The military justification for the sale is weak, and there are indications that

even the Venezuelans are split over whether to buy F-16A fighters or the less expensive, less capable FX intermediate fighter (Northrop's F-5G and General Dynamics' F-16/79). (C)

III. ISSUES FOR DECISION

-- Compliment the Secretaries on producing a first-class arms transfer policy statement.

-- Note, however, that faithful implementation of the policy requires that it be observed at all levels of the government. Specifically, U.S. representatives must not take actions regarding major sales that might later severely limit available options at the time of decision.

-- Ask Secretary Haig to evaluate the proposed sale of F-16s to Venezuela in light of the new policy.

-- Ask Secretary Weinberger and General Jones whether alternatives, such as the FX, were discussed with the Venezuelans, or whether a strong effort was made only in support of the F-16A sales.

-- Ask Secretary Haig whether approval of this sale might raise unrealistic expectations on the part of other Latin nations less able than Venezuela to pay for first-line U.S. fighters. (C)

48876

~~CONFIDENTIAL~~

THE SECRETARY OF STATE

WASHINGTON

May 19, 1981

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.
Caspar W. Weinberger

Subject: Conventional Arms Transfer Policy

We have completed and attach for your approval a draft Policy Statement on Conventional Arms Transfers. This policy statement would supersede Presidential Directive No. 13 of 13 May 1977 and the Conventional Arms Transfer Policy Statement made by President Carter on 19 May 1977.

The attached statement, which was developed on an interagency basis and cleared by ACDA, OMB and the NSC staff, makes the following points:

-- arms transfers are an essential complement to US security commitments and increased defense capabilities;

-- the USG will retain policy control and direction to assure that transfers serve US interests;

-- our approach is pragmatic and flexible to allow us to tailor our transfers to specific situations;

-- the Administration is more favorably disposed to industry's marketing efforts in line with US policy interests and

-- the US remains prepared to consider specific proposals for multilateral restraint under the proper circumstances but not to act unilaterally.

This policy differs from that of the last Administration in that it:

-- abandons the Carter Administration principle that arms transfers are inherently bad and that the burden of proof rests with the proposer of a sale;

-- abandons artificial controls like dollar ceilings; and

~~CONFIDENTIAL~~

GDS 5/15/87

-- eschews across-the-board restrictions and substitutes a case-by-case approach to decision-making.

We recommend that you approve the Policy Statement and that it be issued by the White House in your name.

Approve _____

Disapprove _____

Attachment:

Policy Statement on
Conventional Arms Transfers.

48877

DRAFT

~~CONFIDENTIAL~~

POLICY STATEMENT ON CONVENTIONAL ARMS TRANSFERS

The challenges and hostility toward fundamental United States interests, and the interests of its friends and allies, have grown significantly in recent years. These trends threaten stability in many regions and impede progress towards greater economic and political development.

The United States cannot defend the free world's interests alone. The United States must, in today's world, not only strengthen its own military capabilities, but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance. Such transfers complement American security commitments and serve important United States objectives. Prudently pursued, arms transfers can strengthen us.

The United States therefore views the transfer of conventional arms and other defense articles and services as an essential element of its global defense posture and an indispensable component of its foreign policy. Applied judiciously, arms transfers can:

-- help deter aggression by enhancing the states of preparedness of allies and friends;

-- increase our own armed forces' effectiveness by improving the ability of the United States, in concert with its friends and allies, to project power in response to threats posed by mutual adversaries;

-- support efforts to foster the ability of our forces to deploy and operate with those of our friends and allies, thereby strengthening and revitalizing our mutual security relationships;

-- demonstrate that the United States has an enduring interest in the security of its friends and partners, and that it will not allow them to be at a military disadvantage;

-- foster regional and internal stability, thus encouraging peaceful resolution of disputes and evolutionary change; and

-- help to enhance United States defense production capabilities and efficiency.

Attainment of these objectives in turn requires effective United States Government control and direction over arms transfers. Because of the diversity of United States security interests, this Administration will tailor its approach to arms transfer requests to specific situations and exercise sufficient flexibility to respond promptly to changes affecting the mutual interests of the United States and its allies and friends. We will review such requests with care.

The United States will evaluate requests primarily in terms of their net contribution to enhanced deterrence and

defense. It will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships. In making arms transfer decisions the United States will give due consideration to a broad range of factors including:

-- whether the transfer will enhance the recipient's capability to participate in collective security efforts with the United States;

-- the degree to which the transfer responds appropriately to the military threats confronting the recipient;

-- whether the transfer will promote mutual interests in countering externally supported aggression;

-- whether the transfer is consistent with United States interests in maintaining stability within regions where friends of the United States may have differing objectives;

-- whether the transfer is compatible with the needs of United States forces, recognizing that occasions will arise when other nations may require scarce items on an emergency basis;

-- whether the proposed equipment transfer can be absorbed by the recipient without overburdening its military support system or financial resources; and

-- whether any detrimental effects of the transfer are more than counter-balanced by positive contributions to United

States interests and objectives.

All requests will be considered on a case-by-case basis. Those for coproduction, or the transfer of sensitive or advanced technology, will receive special scrutiny, taking into account economic and industrial factors for both the United States and other participating countries, the importance of arms cooperation with NATO and other close friends and allies, potential third party transfers, and the protection of sensitive technology and military capabilities.

Particular care must be taken to avoid any adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. Therefore, careful consideration will be given to lower-cost alternatives including adaptations of military equipment for sale abroad, recognizing that first-line systems may not suit the needs of many countries. This consideration of the full range of available American alternatives will take place at every stage of review.

United States Government representatives overseas will be expected to provide the same courtesies and assistance to firms that have obtained licenses to market items on the United States Munitions List as they would to those marketing other American products.

The policy changes being initiated should not be seen as heralding a period of unrestrained military transfers. The United States retains a genuine interest in arms transfer

restraint, and remains prepared to consider specific proposals directed toward that end. There has, however, been little or no interest in arms transfer limitations manifested by the Soviet Union, or the majority of other arms producing nations. In the absence of such interest, the United States will not jeopardize its own security needs through a program of unilateral restraint. At the same time, recognizing the special role that its major allies can play in strengthening common friends, it will seek to develop complementary policies with those allies.

The realities of today's world demand that we pursue a sober, responsible and balanced arms transfer policy, a policy that will advance our national security interests and those of the free world. Both in addressing decisions as to specific transfers and opportunities for restraint among producers, we will be guided by principle as well as practical necessity. We will deal with the world as it is, rather than as we would like it to be.

This policy statement supersedes Presidential Directive No. 13 of May 13, 1977, and the Conventional Arms Transfer Policy Statement by the President of May 19, 1977, which are hereby rescinded.

S/S 8114212
XR 8114213
8112428

~~CONFIDENTIAL~~ (Entire Text)

THE SECRETARY OF STATE

WASHINGTON

48878

May 13, 1981

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.

Subject: F-16A Aircraft for Venezuela

The Venezuelan Air Force has officially requested planning and review data for the possible purchase of up to 24 F-16A fighter aircraft. We should not provide these data unless we are prepared in principle to approve a sale of such aircraft. A sale to Venezuela would represent the first introduction of US aircraft of this level of capability into the Latin American region, though F-16s have been sold to or authorized for a number of NATO allies, Australia, Korea, Spain, Sweden, Austria, Egypt, and Israel. Should we not approve this request, Venezuela might turn to the French for advanced Mirages.

Prior to mid-1980 the F-5E was the most capable fighter the US would sell in the Latin American region. Last year the marketing of relatively more advanced intermediate export fighters (F-5G and F-16/79) was approved for a number of Latin American countries, including Venezuela. The F-16A would take us a step beyond the F-5G and F-16/79 class in terms of capability, principally because of the F-16A's more powerful engine.

Venezuela is one of our leading oil suppliers and trading partners, with which we need to maintain close relations. For its part, Venezuela is concerned about growing Cuban military capabilities, and sees a need to replace its aging Mirage III and CF-5 aircraft with more advanced aircraft.

Our willingness to sell F-16As to Venezuela might enhance a number of US policy objectives aimed at insuring security and stability in the Caribbean and Central America. These include maintaining and perhaps increasing Venezuelan security and economic assistance to

~~CONFIDENTIAL~~

GDS 5/1/87

El Salvador and Jamaica; the supply of Venezuelan military equipment, training, and credit to Caribbean nations; a Venezuelan role in defense of Caribbean sea lanes of communication; and closer interaction between the US and Venezuelan Armed Forces.

Approval, however, would make it difficult to turn down subsequent requests for F-16 aircraft from other major friends in the Latin American region. For example, if we are successful in getting Congress to repeal the current ban on military sales to Argentina, that country might be interested. It would be particularly difficult to turn down a request from Colombia, since the US has traditionally maintained an even-handed approach on arms transfers to that country and Venezuela. The two nations view each other as potential adversaries because of a border dispute in the Gulf of Venezuela. However, the high cost of the F-16A might make it unattractive to Colombia and most other potential customers in the region. Given budgetary stringencies, we do not anticipate that Foreign Military Sales financing will be available for the purchase of advanced aircraft in the region. Since Colombia is less able to pay cash than Venezuela, there could be some Colombian resentment, though we do not believe it would be serious enough to warrant disapproval of the Venezuelan request.

Approval of the F-16A for Venezuela would be consistent with the Administration's forthcoming formal policy statement on conventional arms transfers, which is now being reviewed on an interagency basis before submission to you for approval. The policy statement will emphasize our interest in meeting the legitimate defense needs of our allies and friends. It will also include references to a recipient's absorptive capacity and economic situation, neither of which poses a problem in the case of Venezuela. The policy statement will make reference to regional stability, which we feel would not be endangered if we maintain an even-handed approach on possible subsequent requests for the F-16A from other major Latin American countries.

I recommend that you approve in principle the sale of up to 24 F-16A aircraft to Venezuela. Defense and ACDA concur.

Approve _____ Disapprove _____

NSC/S PROFILE ~~TOP SECRET/SENSITIVE~~ ID 8190101

RECEIVED 30 DEC 81 18

TO MEMO FOR RECORD FROM ALLEN DOCDATE 28 MAY 81

UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURES
MR 11/4/08

KEYWORDS: CARIBBEAN CHINA P R

SINAI MFC

MINUTES NSC

SUBJECT: MINUTES OF 28 MAY NSC MTG

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES IEM O

FOR ACTION FOR CONCURRENCE FOR INFO

COMMENTS

REF# LOG NSCIFID NSC00010 (B / B)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH _____ W/ATTCH FILE _____ (C)

NSC/S PRC ~~TOP SECRET~~/SENSITIVE ID 8103049

RECEIVED 28 MAY 81 14

TO PRES FROM ALLEN DOCDATE 28 MAY 81

UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ENCLOSURES
NSD 11/14/08

KEYWORDS: CHINA P R ARMS TRANSFERS
CARIBBEAN MIDDLE EAST
TAIWAN SINAI

SUBJECT: AGENDA FOR 28 MAY NSC MTG / Background Papers

ACTION: FOR INFORMATION DUE: STATUS C FILES IFM O

FOR ACTION FOR CONCURRENCE FOR INFO

PRES

COMMENTS

REF# LOG 8102970 8102993 NSCIFID NSC00010 (B / C)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	C 8/19	noted by Pres		

DISPATCH _____ W/ATTCH FILE _____ (C)

Includes memo to Pres from APNSA:

3049

THE WHITE HOUSE

WASHINGTON

48879

~~TOP SECRET~~/SENSITIVE

NATIONAL SECURITY COUNCIL MEETING

Thursday, May 28, 1981
1:30 - 2:30 p.m. (One hour)
The Cabinet Room

FROM: Richard V. Allen

I. PURPOSE

The President will chair a meeting of the National Security Council at 1:30 p.m. on Thursday, May 28, 1981. Agenda items will include (1) China Policy (for preliminary discussion), (2) Multinational Force for the Sinai, (3) Conventional Arms Transfer Policy and (4) Caribbean Basin Policy.

Participants will include the Vice President, the Secretary of State, the Secretary of Defense, the Director of Central Intelligence, the Counsellor to the President, the U.S. Ambassador to the United Nations, the Chief of Staff to the President, the Deputy Chief of Staff to the President, the Assistant to the President for National Security Affairs, the Deputy Secretary of State, the Deputy Secretary of Defense, the Chairman, Joint Chiefs of Staff, the Director, Arms Control and Disarmament Agency, and the Associate Director for National Security and International Affairs, Office of Management and Budget.

II. BACKGROUND

A. China Policy (for preliminary discussion).

The Secretary of State departs for an official visit to China on June 10, 1981. Prior to his departure, there are important policy decisions to be made. Among the more important are:

(1) Technology Transfer Levels for China

(2) Arms Sales to Taiwan

(3) Relationships between China, Cambodia and Vietnam as these affect the United States

Review on May 27, 2011
Extended by Richard V. Allen
Reason: NSC 1.13(a)

(4) China/Taiwan relations as these affect the U.S.

(5) Security Relations with Peking

This NSC meeting will simply outline the problem areas to principals at the NSC, with instructions that definitive answers to these policy problems should be available at the next NSC meeting, tentatively scheduled for June 4, 1981.

More details on this agenda item are shown at TAB A.

B. Multinational Force in the Sinai

Ambassador Sterner has made important progress in obtaining Egyptian and Israeli agreement to the structure of a multinational force to police the Sinai. Even as diplomatic progress is being made, however, the budgetary aspects of the force remain inadequately addressed. Estimates of the multinational force have increased from $60 million per year to nearly $200 million per year. Moreover, it is becoming clear in the negotiations that the U.S. will have to pick up most of the bill. A comprehensive cost assessment or a meaningful budgetary strategy is mandatory. I have asked Secretary Haig and Secretary Weinberger to be prepared to give you an initial look at the problem we are facing.

Further details are shown at TAB B.

C. Conventional Arms Transfer Policy

Secretaries Haig and Weinberger have submitted a joint memorandum to you recommending a conventional arms transfer policy. The NSC staff has developed a proposed National Security Decision Directive (NSDD) predicated on their proposals. As demonstrated by the Saudi AWACS and Venezuelan F-16 cases, a firm policy is required. These two sales will be discussed during this agenda item.

The proposed NSDD to be discussed at the NSC meeting is shown at TAB C.

D. U.S. Policy in Central America and the Caribbean Basin

This is a follow-on of the agenda item covered last week. Secretary Haig will present the broad outline of a provisional plan for meeting the Cuban threat in Central

America and the Caribbean. To meet that threat requires strong efforts to deal internally with the challenge, i.e., measures to control or prevent armed insurgency and to promote improved political, economic and social conditions. The plan to be discussed includes initiatives to generate support for our policies in the U.S., with our Allies and in world opinion generally.

The Senior Interdepartmental Group (SIG) meeting involving the larger question of actions necessary to alleviate the Cuban problem has just been completed. We expect to take up that action at our next NSC meeting on June 4, 1981.

The agenda paper for this item is shown at TAB D.

III. QUESTIONS FOR DISCUSSION

A. China Policy

(1) Al (Haig), when are we going to begin our arms sales to Taiwan? What are we going to sell them? What are we going to say to Peking?

(2) Al (Haig), how far are we going to go in our discussions with the Chinese concerning joint operations in Cambodia and Vietnam?

(3) Cap (Weinberger), is it in our national interest to sell arms and high technology to China? What is in it for us?

(4) Al (Haig), does the U.S. have a role in getting Peking and Taiwan together, or is it to our best interest to stay out of it?

B. Multinational Force in the Sinai

(1) Al (Haig), what is your assessment of whether or not there is any possibility of getting a more equitable distribution of costs between Israel, Egypt and the U.S.?

(2) Cap (Weinberger), how do you plan to fund various construction projects as well as the U.S. contingent?

(3) Cap (Weinberger), why can't we employ a greater reliance on electronic and other non-human means of monitoring the situation in the Sinai, thus saving money?

(4) Bill (Schneider), what impact will this unplanned expenditure have on the budget for FY 1982, and how will it be absorbed?

(5) Point out that it is very likely that whatever the cost estimates are now, they will probably go higher due to inflation and unforeseen costs.

C. Conventional Arms Transfer Policy

(1) Compliment both Secretaries on producing a first-class arms transfer policy statement.

(2) Note, however, that faithful implementation of the policy requires that it be observed at all levels of the government. Specifically, U.S. representatives must not take actions regarding major sales that might later severely limit available options at the time of decision.

(3) Al (Haig), what is your evaluation of the proposed sale of F-16s to Venezuela in light of the new policy?

(4) General Jones, were alternatives, such as the FX, discussed with the Venezuelans, or was there a strong effort made only in support of the F-16A sales?

(5) Al (Haig), wouldn't approval of the F-16 sale raise unrealistic expectations on the part of other Latin American nations less able than Venezuela to pay for first-line U.S. fighters?

D. U.S. Policy in Central America and the Caribbean Basin

(1) Bill (Casey), how much time do we have in El Salvador and Nicaragua?

(2) Al (Haig), I notice from the newspapers that the U.S. is going to spend billions in Central and South America. How much do you estimate the two policy packages will cost?

(3) Al (Haig), since Cuba is the overriding force in all of this, shall that paper be merged with this paper?

(4) Al (Haig), should the Brazilians be included in the Caribbean Basin plan? The Colombians?

(5) Al (Haig), what is the step-by-step procedure involving the other proposed sponsors of the plan?

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name
EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer
MJD 1/14/2008

File Folder
NSC 00010 28 MAY 1981 (2/2)

FOIA
F03-003/1
SKINNER

Box Number
1

6

ID	*Document Type* *Document Description*	*No of pages*	*Doc Date*	*Restrictions*
48880	PAPER RE TECNONLOGY TRANSFER LEVELS	7	ND	B1

The above documents were not referred for declassification review at time of processing

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

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]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name
EXECUTIVE SECRETARIAT, NSC: MEETING FILE

Withdrawer
MJD 1/14/2008

File Folder
NSC 00010 28 MAY 1981 (2/2)

FOIA
F03-003/1
SKINNER

Box Number
1

6

ID	*Document Type* *Document Description*	*No of pages*	*Doc Date*	*Restric-tions*
48881	PAPER RE BUDGET ESTIMATE	1	ND	B1

The above documents were not referred for declassification review at time of processing

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

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]
B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

TAB C 35

THE WHITE HOUSE

WASHINGTON

4888Z

NATIONAL SECURITY DECISION
DIRECTIVE NUMBER

CONVENTIONAL ARMS TRANSFER POLICY

The challenges and hostility toward fundamental United States interests, and the interests of its friends and allies, have grown significantly in recent years. These trends threaten stability in many regions and impede progress toward greater political and economic development.

The United States cannot defend the free world's interests alone. The United States must, in today's world, not only strengthen its own military capabilities, but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance. Such transfers complement American security commitments and serve important United States objectives. Prudently pursued, arms transfers can strengthen us.

The United States therefore views the transfer of conventional arms and other defense articles and services as an essential element of its global defense posture and an indispensable component of its foreign policy. Applied judiciously, arms transfers can:

-- help deter aggression by enhancing the states of preparedness of allies and friends;

-- increase our own armed forces' effectiveness by improving the ability of the United States, in concert with its friends and allies, to project power in response to threats posed by mutual adversaries;

-- support efforts to foster the ability of our forces to deploy and operate with those of our friends and allies, thereby strengthening and revitalizing our mutual security relationships;

-- demonstrate that the United States has an enduring interest in the security of its friends and partners, and that it will not allow them to be at a military disadvantage;

-- foster regional and internal stability, thus encouraging peaceful resolution of disputes and evolutionary change; and

-- help to enhance United States defense production capabilities and efficiency.

Attainment of these objectives in turn requires effective United States Government control and direction over arms transfers. Because of the diversity of United States security interests, this Administration will tailor its approach to arms transfer requests to specific situations and exercise sufficient flexibility to respond promptly to changes affecting the mutual interests of the United States and its allies and friends. We will review such requests with care.

The United States will evaluate requests primarily in terms of their net contribution to enhanced deterrence and defense. It will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships. In making arms transfer decisions the United States will give due consideration to a broad range of factors including:

-- the degree to which the transfer responds appropriately to the military threats confronting the recipient;

-- whether the transfer will enhance the recipient's capability to participate in collective security efforts with the United States;

-- whether the transfer will promote mutual interests in countering externally supported aggression;

-- whether the transfer is consistent with United States interests in maintaining stability within regions where friends of the United States may have differing objectives;

-- whether the transfer is compatible with the needs of United States forces, recognizing that occasions will arise when other nations may require scarce items on an emergency basis;

-- whether the proposed equipment transfer can be absorbed by the recipient without overburdening its military support system or financial resources; and

-- whether any detrimental effects of the transfer are more than counterbalanced by positive contributions to United States interests and objectives.

All requests will be considered on a case-by-case basis. Those for coproduction, or the transfer of sensitive or advanced technology, will receive special scrutiny, taking into account economic and industrial factors for both the United States and other participating countries, the importance of arms cooperation with NATO and other close friends and allies, potential third party transfers, and the protection of sensitive technology and military capabilities.

Particular care must be taken to avoid any adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. Therefore, careful consideration will be given to lower-cost alternatives including adaptations of military equipment for sale abroad, recognizing that first-line systems may not suit the needs of many countries. This consideration of the full range of available American alternatives will take place at every stage of review.

United States Government representatives overseas will be expected to provide the same courtesies and assistance to firms that have obtained licenses to market items on the United States Munitions List as they would to those marketing other American products.

The policy changes being initiated should not be seen as heralding a period of unrestrained military transfers. The United States retains a genuine interest in arms transfer restraint and remains prepared to consider specific proposals directed toward that end. There has been, however, little or no interest in arms transfer limitations manifested by the Soviet Union, or the majority of other arms producing nations. In the absence of such interest, the United States will not jeopardize its own security needs through a program of unilateral restraint. At the same time, recognizing the special role that its major allies can play in strengthening common friends, it will seek to develop complementary policies with those allies.

The realities of today's world demand that we pursue a sober, responsible, and balanced arms transfer policy, a policy that will advance our national security interests and those of the free world. Both in addressing decisions as to specific transfers and opportunities for restraint among producers, we will be guided by principle as well as practical necessity. We will deal with the world as it is, rather than as we would like it to be.

This directive supersedes Presidential Directive No. 13 of May 13, 1977, and the Conventional Arms Transfer Policy Statement by the President of May 19, 1977, which are hereby rescinded.

TAB D

39

48885

EXECUTIVE SUMMARY OF STRATEGY PAPER FOR THE NSC ON

U.S. POLICY IN CENTRAL AMERICA AND THE CARIBBEAN

ISSUE

This paper seeks NSC approval of a multifaceted and comprehensive long-term U.S. strategy for restoring stability in Central America and the Caribbean. It also seeks NSC guidance in principle on the blend of political, economic and military instruments to be used to implement the strategy and the overall level of resources and policy commitment the NSC is prepared to approve. Subject to the President's approval of the general strategy and level of effort, we will prepare detailed program proposals and specific cost estimates for further NSC consideration.

DISCUSSION

Armed insurgency, strongly supported by Cuba, threatens U.S. interests in Central America and the Caribbean. Our overriding goal is to defeat Cuban-supported insurgency and reduce Cuban influence, and to do so in such a way that preserves other important U.S. interests in the hemisphere and around the world. Just as the challenge is a multifaceted one, so must be our strategy to meet the challenge. While Cuban support of insurgency is an immediate problem that must be addressed, we must recognize that the insurgency has its roots in the long-standing political, economic and social problems which provide an all-too-fertile ground for subversion and violent change. Therefore, we need a carefully balanced and integrated strategy in which anti-insurgency and anti-Cuban efforts will be accompanied by prompt and decisive actions in the political and economic realms. Such a strategic approach is necessary not only to address all aspects of the challenge, but also to maximize domestic and international support for our efforts. We are particularly concerned that a policy largely based on -- or seen to be based on -- military measures would generate such opposition among the American public, the Congress and our Allies as to jeopardize their support and ultimately the strategy itself.

THE STRATEGY

As detailed in the full paper below, U.S. strategy would address three broad strategy dimensions, each of which we have divided into "strategic elements" with supporting "illustrative courses of action" and "preliminary evaluations." We have used the caveats "illustrative" and "preliminary" to underscore that, subject to Presidential approval of the general strategy, detailed courses of action will be prepared, evaluated and submitted to the NSC for consideration. In outline, our proposed strategy is:

A. Efforts to deal internally with the challenges.

Strategic Element: Measures in Central America and the Caribbean to Control or Prevent Armed Insurgency (effective security assistance to friendly governments, aid to forces opposing Cuban-backed governments, upgraded DOD and CIA intelligence and surveillance capabilities)

Strategic Element: Effective U.S. Support for Improving the Political, Economic and Social Conditions of Central America and the Caribbean, the Breeding Ground of the Insurgency Virus (increased economic assistance, a "Reagan Plan for Caribbean Basin Cooperation," support for early and credible elections, assistance to the government in curbing abuses against the people by the militaries)

Strategic Element: Measures to get Nicaragua back on the Course Toward Pluralism and Away from Castro (steps to assist the existing government back to moderate paths or to replace it with moderate forces)

B. Efforts aimed at the sources: i.e. to alter Cuban and Soviet behavior.

Strategic Element: Measures vis-a-vis Cuba to end or Curtail Cuban Support

Strategic Element: Measures to Induce the Soviet Union to Withdraw its Support of Cuban Adventurism

NOTE: U.S. policies in this dimension of the strategy will be studied in a separate policy paper commissioned by the SIG given the global nature of Cuban and Soviet support of insurgencies and the far-reaching implications of any U.S. measures against Cuba or the Soviet Union.

C. Initiatives to generate support for our policies.

Strategic Element: Consultations with Allies on U.S. Policy toward Cuba, Central America and the Caribbean (quiet diplomatic missions to seek political support for our balanced strategy and cooperation in increased assistance to the region)

Strategic Element: Consultations with Congress (a legislative action program aimed at fostering support for economic and security measures and, if necessary, for sanctions against Cuba and Nicaragua)

Strategic Element: A Worldwide Information Campaign (a massive effort, perhaps kicked off with a major Presidential address setting forth U.S. policy for the region)

OPTIONS ON RESOURCES AND LEVEL OF EFFORT

In concluding that a broad and integrated strategy is needed, we recognize there are any number of combinations of courses of action and variations of emphasis. The full NSC paper below presents two illustrative general policy combinations which represent: (a) a high-priority enhanced (above inherited levels) policy commitment, but attentive to costs to U.S. programs in other parts of the world; and (b) a top-priority, high-intensity, all-out policy commitment. A highly tentative estimate to indicate a rough order of magnitude between the two packages would put cost to the U.S. in terms of additional economic and security assistance to the region in FY 1982 at some $330 million in the "enhanced" package and $530 million in the "all-out" package. In subsequent years official assistance could be augmented by, or partially substituted by, resource transfers to the region resulting from a major Administration initiative to establish a new approach to fostering stable regional economic development through a Caribbean Basin Cooperation Agreement.

RECOMMENDATIONS

1. That the NSC approve the general strategy presented in this paper on U.S. Policy in Central America and the Caribbean:

APPROVE_____ DISAPPROVE_____

2. That NSC guidance on the relative priority, resource levels and policy commitment that it intends are most closely approximated in:

Package A_____

Package B_____

3. That the NSC authorize the Department of State to consult with Congress, our Allies, and key countries in Latin America and the Caribbean concerning our proposed policies:

APPROVE_____ DISAPPROVE_____

4. That the NSC authorize the Interagency Group subsequent to the above consultations to develop specific courses of action, risk assessments and funding requirements within the general guidelines of the approved Package and return to the NSC for further consideration before actions are undertaken:

APPROVE_____ DISAPPROVE_____

4

48884

STRATEGY PAPER FOR THE NSC

U.S. POLICY IN CENTRAL AMERICA AND THE CARIBBEAN

I. Strategic Overview

The most aggravated insurgent situation in the Caribbean and Central America exists in El Salvador, where substantial U.S. security assistance efforts are already underway to buy time and to stabilize the immediate threat. The insurgency challenges faced by Guatemala and Honduras are less advanced, but will increase unless effectively countered. In Nicaragua and Grenada, Cuban influence has already reached an unacceptably high level. In Costa Rica, traditional democratic institutions are being undermined by severe economic problems. Similar economic difficulties undermine the democratic institutions of the other islands of the Caribbean, offering potentially fertile ground for Cuban subversive efforts.

U.S. interests call for a Central America and Caribbean of stable, prospering and moderate states friendly to the United States and free of significant influence from powers hostile to us. Cuba's objectives in the region are to overthrow existing governments, replace them with Marxist regimes and diminish U.S. influence. Cuba, with indirect Soviet support, has trained, coordinated, supplied and advised insurgents and would-be insurgents throughout the region. The SIG has directed that actions vis-a-vis Cuba to end or curtail its support for Central American insurgents be studied separately as part of a broader U.S. policy for addressing Cuban and Soviet support for Marxist insurgent groups around the world. This study will be forthcoming shortly.

For twenty years successive U.S. administrations have sought to cope with the Cuban challenge, most usually on an ad hoc and random basis. It is time that the United States developed a broad and enduring program for dealing with the Cuban threat. We have spoken publicly of our intentions in this regard, and our credibility will suffer if we do not match our words with effective action. Cuban adventurism must be met on our own front yard not only to defend our local interests, but also to defend our global stakes in the rule of law and international order; a failure to deal with the Cuban problem will only embolden our adversaries and undermine our Allies and friends worldwide.

It is important that we understand the precise nature of the threat. There exists throughout much of the region long-standing and deep-rooted political, economic, and social problems which provide an all-too-fertile ground for subversion and violent change. Cuba, with Soviet encouragement and support, is successfully exploiting these conditions, using a range of military and political instruments.

But just as the challenge is multifaceted, so must be our response. It is our view that to succeed we must adopt a carefully balanced and integrated strategy in which anti-insurgency and anti-Cuban efforts will be accompanied by prompt and decisive actions in the political and economic realms. Such a strategic approach is necessary, not only to address all aspects of the problem, but to maximize domestic and international support for our efforts. Indeed, we are particularly concerned that a policy largely based on -- or seen to be based on -- military measures would generate such opposition among the American public, the Congress and our Allies as to jeopardize their support and ultimately the strategy itself.

II. Strategy Dimensions and Elements

A successful strategy for dealing with the Cuban challenge must be both balanced and comprehensive. Three basic dimensions are necessary:

A. Efforts to deal internally with the challenge, i.e. measures to control or prevent armed insurgency and to effectively support improved political, economic and social conditions;

B. Efforts aimed at the sources, i.e. measures to alter Cuban and Soviet behavior through inducements or sanctions;

C. Initiatives to generate support for our policies in the U.S. public and Congress, among our Allies and in world opinion generally.

We have divided these three broad strategy dimensions into eight "strategic elements," with supporting illustrative courses of action and preliminary evaluations.

1st Strategic Element: Measures in Central America and the Caribbean to Control or Prevent Armed Insurgency

Illustrative Courses of Action

-- DOD security assistance and training to correct serious deficiencies in the armed forces of El Salvador, Guatemala and Honduras; CIA programs to strengthen its liaison relationships throughout the region and its intelligence-gathering capabilities, and provide covert assistance, training, and equipment.

-- upgraded DOD and CIA intelligence capabilities and surveillance re infiltration of arms and supplies;

-- security and training assistance to the security forces of the Caribbean islands.

Preliminary Evaluation

Training and materiel security assistance for the armed forces is do-able, although overt and covert roles would have to be clarified between DOD and CIA. Congressional approval is necessary and probably would be forthcoming in the strategy context here. In furtherance of our overall strategy, U.S. military presence and visibility in-country should be as low and as unpublicized as possible. If kept in balance with other elements of the strategy, the risks are manageable.

2nd Strategic Element: Effective U.S. Support for Improving the Political, Economic and Social Conditions of Central America and the Caribbean, the Breeding Ground of the Insurgency Virus

Illustrative Courses of Action

A. Increased U.S. and international economic assistance to Central America and the Caribbean deliberately designed and packaged to help neutralize insurgent propa-

ganda, enhance U.S. and Western credibility and improve the image of the respective governments:

-- Significant increases above previous economic assistance levels for Central America are necessary, for political, psychological and propaganda impact, as well as on strict economic grounds.

-- Economic assistance programs in the Caribbean should be examined and increased as necessary; existing assistance mechanisms should be reviewed to determine their responsiveness to U.S. interests;

-- the U.S. should take the lead in arranging increased economic assistance for Central America and the Caribbean from other donor nations and international financial institutions.

-- appropriate performance standards must be developed to assure that economic assistance programs are seen by the people of Central America and the Caribbean to be directed at improving their standards of living.

B. Develop a "Reagan Plan for Caribbean Basin Cooperation." Many expert observers doubt that, regardless of levels of outside official economic assistance, the tiny-to-small economies of the Caribbean and Central America will ever become self-sustaining without a special relationship to the markets of North America. The Administration could explore a new Caribbean Basin Cooperation Agreement providing for:

-- One-way free trade with the U.S. and Canada (no doubt there would have to be transitional quantity safeguards on some sensitive products such as textiles, Puerto Rican rum, some vegetables).

-- Some trade concessions by Mexico and Venezuela (and possibly Brazil) to the other members.

-- Stabilization loans to primary producers when prices fall below a certain trend; all members would participate in financing.

-- Political conditionality -- i.e., cut off if a country does not move toward pluralism.

-- Initiative to be taken jointly by Mexico, Venezuela and U.S. (and possibly Brazil).

C. Quietly but firmly help authorities of each government develop early and credible electoral processes to legitimize them in the eyes of their own people and U.S. and world opinion; elections -- not negotiated power-sharing with the left -- is the political solution that meets our policy goals while at the same time providing a positive focus for our consultative and information programs.

-- the U.S. must heavily emphasize in all public discussions of El Salvador the electoral process that is getting underway and seek means (e.g. international supervision or oversight) to enhance the credibility and fairness of the process both in El Salvador and abroad.

-- in Guatemala and Honduras we must impress upon the governments that our economic and security assistance is sustainable only if accompanied by firm and effective government measures setting up credible processes leading to early national elections. The U.S. should assure the continued progress in Honduras toward elections and insist with Guatemalan authorities that they take prompt steps toward elections.

[redacted]

D. Quietly but firmly help the authorities of each government to curb the excesses of their militaries which serve to alienate their populations and feed the insurgencies.

-- develop programs and training courses with Central American militaries for this purpose; identify appropriate and inappropriate military behavior; codes of conduct; military civic action programs; prevention of crimes against the population by the military, and punishment of crime when it occurs; propaganda campaign putting military in a favorable light.

Preliminary Evaluation

We believe that in the strategy context outlined here, Congress will support substantially increased economic assistance for Central America and the Caribbean. A major Administration initiative toward a special economic relationship with the Caribbean Basin would be a dramatic demonstration of long-term United States commitment to the region. Quiet but firm U.S. pressure on the Central American governments in

the areas of economic and social progress, political reform and curbing military excesses is indispensable to the strategy; U.S. assistance should be linked to satisfactory performance. We cannot appear to be supporting a return to extreme right military dictatorships in Central America. In the Caribbean we must act now to increase support of the existing democratic structures before they are over-whelmed by economic and social problems. Our purpose here is not to engage in mindless coercion of governments over isolated inconsistencies with our values which ignore our larger concern for measured progress in broad terms toward political and economic stability. We believe that our initial expressions of support without exacting quids pro quo have established our bona fides and good faith and that we will be able to achieve the changes we seek through quiet, balanced diplomacy. CIA activities in support of democratic forces are completely defensible and highly desirable.

3rd Strategic Element: Measures to get Nicaragua back on Course toward Pluralism and away from Castro: A Carrot and Stick Approach

Illustrative Courses of Action

A. In a forceful, private demarche to appropriate Nicaraguan leaders, delivered by our Ambassador after consultations with you, explain our Cuban denial policy and the unacceptability of (1) Cuban security links with Nicaragua and (2) emergence of a Marxist-Leninist, one-party state in Central America; invite Nicaragua to move toward free elections together with its Central American neighbors; offer resumption of U.S. assistance to and cooperation with a pluralistic, moderate Nicaragua. Our goal is to push the existing government back to moderate paths or promote its replacement by moderate forces.

B. Openly promote and encourage democratic institutions in Nicaragua. Work with Central American neighbors to support Nicaraguan moderates against the Sandinistas; if the demarche is unsuccessful, provide covert assistance to groups dedicated to establishing democracy in Nicaragua. If efforts to moderate the present Nicaraguan government are unsuccessful, we would intensify efforts to overthrow it.

Preliminary Evaluation

The prospects of a demarche to Nicaragua are poor. Nicaragua is a special case in that the insurgency triumphed, and the problem is now excessive Cuban influence and growing radicalization of the regime. The Soviet and Cuban commitment to a Leninist-Marxist state in Nicaragua is high. Nevertheless, for reasons analogous to our approach to Cuba -- to protect our flank on the left -- a demarche to Nicaragua appears to be a necessary square to fill. In the context of the constructive U.S. strategy outlined here, U.S. concerns about the course of developments in Nicaragua may be shared sympathetically by some other regional players, such as Venezuela and Costa Rica. A U.S. public policy of staying in the background and letting Venezuela and others take the lead in urging early and free elections in Nicaragua is feasible. Covert operations of assisting Nicaraguan moderates entail risks. Assistance to exile groups associated with the Somoza regime would be particularly dangerous and unwise.

4th Strategic Element: Measures vis-a-vis Cuba to end or Curtail Cuban Support: A Carrot and Stick Approach

NOTE: Measures vis-a-vis Cuba will be examined in the context of the separate policy paper commissioned by the SIG. With regard to Central America and the Caribbean, the objective would be to put an end to effective Cuban support for insurgents before Cuban-supplied assistance reaches the area. A related issue is that of interdicting on the scene in Central America the infiltration of Cuban assistance to insurgents. Direct action in the target area itself against infiltration from Cuba, while not as directly challenging as would be measures directed against Cuba itself, would nevertheless be a high-risk operation. On balance, we believe the potential gains outweigh the risks. Infiltration from Cuba cannot be allowed to go unchecked, and can only be stopped by a reorientation of policy which makes clear that we will no longer tolerate Cuban exports of arms, troops and assistance to third world countries. Such a policy can only be successful if it is backed by the means to enforce this pledge and the will to use them decisively.

5th Strategic Element: Measures to Induce the Soviet Union to Withdraw its Support of Cuban Adventurism

NOTE: Measures vis-a-vis the Soviet Union will be examined in the context of the broader policy paper commissioned by the SIG. With regard to Central America and the Caribbean, we would make clear to the Soviet Union that we will no longer tolerate Cuba's support for insurgency in Central America and emphasize that the USSR cannot avoid responsibility for Cuban actions which they are in a position to influence. It is not clear, however, that we would need to invoke linkage formally. There is some evidence that the Soviet Union will not go to the mat for Cuba at a time when they are preoccupied with events in Afghanistan, Poland and elsewhere. If this is true, our insertion of this matter as a major issue in US-Soviet relations would be unnecessary and perhaps counterproductive in that the Soviets might require corresponding concessions from us elsewhere in return for easing off Central America -- a decision they may have already made. Consequently, there is no compelling need to approach the Soviets formally at this time. In the normal course of our dialogue, however, we should let it be known that our expectations of restraint encompass not only their behavior but that of their clients as well. Moreover, during the next six months we should measure Soviet reactions to our efforts and reconsider a formal demarche if the need arises.

6th Strategic Element: Consultations with Allies on U.S. Policy toward Cuba, Central America and the Caribbean

Illustrative Courses of Action

-- Subject to NSC approval of the strategy, diplomatic missions will be quietly dispatched to European allies and key Caribbean, Central and South American countries to consult on U.S. policy toward Cuba, Central America and the Caribbean. The approaches will follow-on from the earlier missions which alerted them to Soviet/Cuban support of insurgency. The principal purpose of the new approaches will be to counter fears of U.S. over-emphasis of a "military solution"; the emissaries will emphasize the U.S. commitment to political solutions through impartial elections and to sharply increased U.S. economic initiatives to attack the social and economic roots of discontent. They

will also reiterate that the U.S. will not tolerate Cuban support for insurgency in Central America and the Caribbean. The emissaries will seek political support from the countries visited for our policies and their cooperation in increased economic assistance for the region.

Preliminary Evaluation

This element is an essential and integral part of our strategy. The emphasis should be to place into the broader strategic context of overall U.S. policy in Central America the U.S. determination to counter Cuban-supported armed insurgency which was the principal message of the Eagleburger and related consulations.

7th Strategic Element: Consultations with Congress

Illustrative Courses of Action

-- Subject to NSC approval of the strategy, we will prepare a legislative action program beginning with briefings and consultations with Congress aimed at fostering support for economic and security assistance measures and, if necessary, for sanctions against Cuba and Nicaragua.

Preliminary Evaluation

Only a balanced U.S. strategy as presented above will be likely to obtain and sustain Congressional support. A careful Legislative Action strategy must be developed and implemented in order to maximize the likelihood of Congressional support.

8th Strategic Element: A Worldwide Information Campaign.

Illustrative Courses of Action

-- We will need to develop a massive information campaign to inform U.S. and world opinion of the challenges in Central America and the Caribbean and U.S. policies to counter the challenges.

-- The campaign could be kicked off with a major Presidential address definitively setting forth the enlightened, statesmanlike and clear U.S. policy for the region.

Preliminary Evaluation

We need to develop a major campaign: to present to American and foreign opinion an image of a Central America (a) on the road to democracy, moderation and economic development, and (b) struggling against Soviet/Cuban subversion; and to represent U.S. policy as firm, constructive and well-motivated.

III. Viable Policy Combinations

The strategy presented in this paper is a balanced and integrated one which addresses concurrently the three basic dimensions of the challenge. The previous Administration in its concentration on the underlying and regional causes of insurgency failed to address in time the fact of Cuban and Soviet support and, indeed, failed to attack even the domestic root conditions with adequate resources. We have considered the opposite approach of a "quick fix" solution, i.e. trying to end the problem through slamming the door on Cuban/Soviet support (either through negotiations or by force) or through military defeat of the insurgents on the ground. We will be studying further in a subsequent policy paper measures vis-a-vis the Soviet Union and Cuba. However, we have concluded that unless root social, economic and political causes are effectively addressed, insurgency will remain an ever-attractive alternative for the alienated populations.

In concluding that a broad and integrated strategy is needed, we recognize there are any number of policy combinations, and variations of relative emphasis on policy elements are possible. Below we present two illustrative general policy combinations which represent: (a) a high-priority, enhanced (above inherited levels) policy commitment, but attentive to costs to U.S. programs in other parts of the world, and (b) a top-priority, high-intensity, all-out policy commitment.

PACKAGE A: ENHANCED BUT MODERATE

This option would recognize our acceptance of the nature of the threat and our readiness to act to meet it. Considerable resources would be made available, and we would run some risk of Cuban or Soviet reprisal. The objective would be to reduce Cuban influence in the region and to begin effectively to attack underlying causes, aiming for a not particularly dramatic but nevertheless enhanced effort to be sustained over time. Within this approach we would: 1/

-- survey and propose revised economic and security assistance programs, prioritizing from most pressing to least pressing;

-- expand current economic and security assistance efforts to address most pressing needs, in the light of competing needs from other regions;

-- increase MTT and other training throughout the region in response to requests and priority needs;

-- develop a major Administration initiative for Caribbean Basin Cooperation;

-- support early progress toward impartial political elections in Central America;

[redacted]

-- conduct covert, low-risk support to anti-regime elements in Nicaragua;

-- undertake limited indirect efforts (broadcasts, etc.) to expose Castro's failures and promote anti-regime elements in Nicaragua;

[redacted]

-- encourage programs to end military abuses in Central America;

-- increase intelligence and surveillance capabilities in the region;

1/ See note on page 12.

5

-- engage in an extensive consultation and information campaign with U.S. public, Congress and allied and Latin American governments to build support for our policies;

NOTE: Measures vis-a-vis Cuba or the Soviet Union will be examined within the context of the broader policy paper commissioned by the SIG.

PACKAGE B: TOP PRIORITY, ALL-OUT

This option would require an effort to forge a consensus to act decisively against the Cuban threat. We would devote resources as required, and we would seek to substantially reduce or eliminate the threat emanating from Havana and to attack massively indigenous social, economic and political conditions. Under this option we would (above and beyond the measures in Package A):

-- carry out a major assistance effort in which Central America and the Caribbean would have high-priority claim in competition with other regions;

-- destabilize ruling factions in Nicaragua (and Grenada);

NOTE: Measures vis-a-vis Cuba or the Soviet Union will be examined within the context of the broader policy paper commissioned by the SIG. The extent and directness of these measures would be a major variable between Packages A and B.

RESOURCE IMPLICATIONS OF PACKAGES

It is not feasible at this time to project with precision the resource costs of pursuing courses of action along the illustrative lines of Package A or Package B; specific program proposals and detailed program costs will be prepared subject to NSC approval of the overall strategy.

Economic Assistance

The State Department estimates that the realistic U.S. share of additional outside resources necessary to begin to reverse the negative economic growth rates of Central America and the Caribbean (our "ALL-OUT" package) would be an increase

of some $410 million in official economic assistance in FY 1982. While any amount substantially short of that figure would be inadequate to start to turn the economic situation around, an additional U.S. economic assistance figure of $250 million in FY 1982 (our "ENHANCED" package) could probably be presented in such a way as to provide strong evidence of U.S. resolve to support the economic development of the region.

A "Reagan Plan for Caribbean Basin Cooperation", if proven feasible after further study, could in the years beyond FY 1982 augment, or partially substitute for, U.S. oficial resource transfers to the region.

Security Assistance

Tentative estimates of additional security assistance and training in FY 1982 range from an additional $76 million for Central America (and perhaps an additional $5 million for the Caribbean islands) in an "ENHANCED" package to an additional $110 million (plus $10 million for the Caribbean) in an "ALL-OUT" package. The orders of magnitude are thus:

	FY 82 Package A "ENHANCED"	FY 82 Package B "ALL-OUT"
Additional Economic Assistance	$ 250	$ 410
Additional Security Assistance and Training	81	120
	$ 331	$ 530

The above figures (the tentative nature of which cannot be stressed too highly) do not include increased program and operational costs that would result from implementation of other measures and actions discussed in this paper.

IV. Conclusion

Regardless of level of effort, there are a number of initiatives we can and should take:

-- increase our intelligence coverage and operational capacity;

-- emphasize our positive economic and political policies in consultation and information programs;

-- provide more economic assistance;

-- assure progress toward elections and reduction of military abuses;

-- lower our military presence profile in the fight against the insurgency; downplay the U.S. security contribution;

-- rationalize our military command arrangements in Latin America;

-- seek relief from legislative restrictions which constrain our ability to assist paramilitary or police forces and limit our ability to respond to unforeseen contingencies.

These initiatives are needed not only to enhance our flexibility and credibility but to give us the capability to respond to unanticipated developments. The political climate at home and abroad for mounting a high-level counter-Cuban strategy must be developed. We must be prepared to act. What level we respond at is a policy choice; we must, however, have remedial steps to insure we possess the capacity to exercise that choice.

Lastly, there is no necessity of choosing either option in its entirety. Rather than viewing Package A and Package B as sharply different starting point levels, they can also be viewed as graduated steps, beginning with the moderate package without precluding eventual use of more stringent measures. Aspects of each can be blended, owing to preference or in some cases lack of resources. What is necessary, however, is that we fashion an integrated package and make the commitment to carry it out -- with resources, with Allies, with actions. Most important, we must decide how central a role to accord this decision in our foreign policy. Only with such a framework and consensus can we decide on more specific policy alternatives. With NSC approval of the recommendations on page 4 of the Executive Summary, we can proceed to develop detailed program proposals and specific cost estimates for NSC consideration.

Policy Implementation Considerations

First Strategic Element: Measures in Central America and the Caribbean to Control or Prevent Armed Insurgency

SUMMARY

Of the possible courses of action identified in the basic paper under the First Strategic Element, this discussion addresses military materiel and training assistance to Central America and the Caribbean (CIA and DOD intelligence-related programs will be treated elsewhere). A basic assumption of this paper is that reasonable progress is being made on the other elements of the overall U.S. strategy for the region, particularly in reducing the inflow of Cuban support for insurgency.

Our principal conclusions are: (1) Upgrading of U.S. military materiel and training assistance to the region is an essential element in developing an effective long-term U.S. strategy for restoring stability in the area; (2) Total assistance costs resulting from an up-graded U.S. effort in Central America and the Caribbean will remain modest compared to other world trouble spots; (3) Nevertheless, priority attention in the budget process to the security needs of the area is necessary to assure that needed resources are not preempted by much larger programs elsewhere; (4) The security situations in Central America and the Caribbean are very dissimilar and require differentiated security assistance approaches; a common element is the need for concessional security assistance terms in most countries and flexible mechanisms which take into account the special characteristics of the individual countries; (5) Detailed program development and cost estimates will require interagency coordination in Washington and the active participation of our embassies in the area.

The summary table attached to this paper provides rough estimates of FMS and IMET projections for FY 82 and FY 83, as compared to the FY 81 base.

~~CONFIDENTIAL~~
GDS 4/28/87

SECURITY CHALLENGE AND RESPONSE IN CENTRAL AMERICA

The security requirements of the region range from El Salvador's need to combat a full-scale insurgency, the outcome of which is uncertain, to Costa Rica's relatively non-violent, permissive environment which has lent itself to leftist and rightist operations aimed at other countries and, now, the beginnings of terrorism. Guatemala is dealing repressively and unsuccessfully with a low-grade insurgency; Honduras must cope with internal corruption and the flow of arms through its borders to the Salvadoran and Guatemalan insurgencies; and Belize is struggling to work out an acceptable independence formula which would also provide for its security. Nicaragua is treated separately in the basic strategy paper. Panama is a special case given the presence of American troops there to defend the Canal.

U.S. security assistance to Central America must be viewed in the context of the political climate of each country and the degree to which military forces are avoiding blatant abuses that alienate the civilian populations and poison the climate in the United States for the provision of security assistance. While we seek to avoid public condemnations and direct linkages between our security assistance programs and military abuses or political repression, we must impress upon recipient countries the inevitable interrelationship of these factors.

Organizational, intelligence, and command and control deficiencies are at the root of Central American military problems. U.S. training, equipment and advice are crucial. In addition, the key role played by national guard/paramilitary units in rural villages and police units in the cities -- in the case of El Salvador and other countries -- point to the need to seek legislative adaptation or armed forces restructuring to facilitate training for these abuse-prone units and to orient them toward civic action, psyops, rallier programs, and informational activity designed to win popular support and undermine guerrilla strength.

Equipment requirements for Central America will be heavily influenced by the character and extent of insurgent offensive activity in the various countries, the type of weapons received by the guerrillas, and the nature of the

military threat posed by Nicaragua. The sums of the projected FMS and IMET levels by FY 83 (strictly subject to more detailed study) for Central America are a modest $50.0 million and $4.07 million, respectively. In the event of unforeseen emergencies, consideration should be given to drawing from the $100 million dollar MAP (grant) Special Requirements Fund, being requested of Congress for the first time in FY 1982. Another way to meet such emergencies would be to reprogram FMS credits to Central America or within Central America.

EL SALVADOR

The U.S. should continue to counter the foreign-supported insurgency through security assistance -- materiel and training -- to the Salvadoran forces.

To implement the programs, FMS credits over the next 2-3 years should be made available at about the same level as proposed for FY 82 ($25 million), on concessional terms. These credits would be used to equip new units of the armed forces and to improve their mobility and counter-infiltration capabilities. IMET should be increased significantly from the FY 82 levels of $1 million to $1.5 million to upgrade the professional capabilities of the armed forces. Training programs should be shifted as rapidly as feasible from El Salvador to Panama or the U.S. U.S. military presence in the country should be reduced as quickly as possible consistent with achievement of training objectives. We must keep in mind the potential need for higher levels of assistance and training if there occurs an unexpected deterioration.

HONDURAS

The U.S. security assistance should upgrade Honduran counter-insurgency and counter-infiltration capabilities to stem the flow of materiel to El Salvador and to defend Honduras against internal security threats.

In support of these objectives, FMS credits should for the next 2-3 years be increased above current modest levels ($10 million in FY 82) and made on concessional terms. IMET training should be increased from $.7 million in FY 82 to $1.0 million in FY 83. The recommendations of the proposed border surveillance MTT will be useful in planning both training and materiel assistance.

COSTA RICA

A detailed survey of Costa Rican security needs and the most effective way for the U.S. to promote the professionalization of Costa Rican security forces is necessary. IMET training should be expanded from $.06 million in FY 82 to $.3 million in FY 83 and redirected to intelligence, border patrol and counter-infiltration techniques. FMS credits have not been sought or offered in recent years. We would expect a review of Costa Rican security needs to result in a modest one-time requirement (say $5 million for contingency planning purposes) for concessional FMS which, if realized in FY 82, would have to be reprogrammed from other countries. The possibility of requirements in follow-on years would be kept under review.

Guatemala

Assuming Guatemala meets our political conditions for resumption of U.S. security assistance, we anticipate an FMS requirement of $5 million in FY 83 and beyond in the area of transportation and communication equipment and parts. Training programs are needed in the areas of planning, communications, counter-insurgency and civic action, etc. An FY 83 IMET level of $700,000 is recommended with an increase to $1 million in FY 84 and beyond.

Belize

While we should urge the British to retain primary responsibility for Belize's security even after independence, we should begin to establish a security relationship with a small $60,000 IMET program in FY 82 and beyond.

PANAMA

By an exchange of notes at the time of the Treaty, we are committed to providing up to $50 million in FMS credits over a ten-year period. Panama has so far showed no urgency to utilize the credits. While there are no immediate security threats in Panama, a GOP estrangement from Cuba, which may now be developing, could give birth to leftist dissidence. Until Panama undertakes requisite force planning, FMS planning levels of $5 million annually beginning in FY 82 and

beyond seems adequate, but will have to be increased in later years to meet our ten-year commitment by FY 89. IMET programs at the FY 82 level of $300,000 should be adequate for future years.

MATERIEL AND TRAINING ASSISTANCE FOR THE CARIBBEAN

Unlike Central America, active insurgency is not currently a problem in the Caribbean. Potential threats could develop in Jamaica and in the Eastern Caribbean, and over the longer term are possible in Haiti and perhaps the Dominican Republic. Apart from social and economic conditions, addressed elsewhere in the basic paper, the primary security problem is the sorry state -- bordering on non-existence, in some cases -- of government security forces in the smaller EC islands. With some individual exceptions, security forces in the region generally lack equipment, cadre, training, leadership and organization. And they lack the resources to correct these problems. The objective of U.S. security and training assistance is to assist the development on each island of basic security force capabilities to permit them to cope with low-level threats that could develop. Substantial programs are already underway in the Dominican Republic and Barbados; limited programs are in progress in Haiti, Jamaica, Guyana and Suriname; and assistance is planned for the Eastern Caribbean (see table).

For most of the countries of the region, former colonial powers (the UK, Netherlands and France) have primary interest in and responsibility for internal and external security. Canada and Venezuela also have provided limited security assistance. The USG effort should augment -- but not replace -- the security support provided by these other nations.

The U.S. needs to increase substantially (from very low or minimal existing levels) FMS credits (the terms must be concessional in most cases to be useful) and IMET training, with programs for individual countries developed with our Embassies and host country governments to address specific needs. Security cooperation among the Eastern Caribbean islands should be encouraged to the extent possible. In this regard, the more developed and sophisticated countries (e.g. Jamaica, Barbados, Trinidad and Tobago) could perhaps play key roles in training the security forces of the smaller islands. Also, we wish to continue our efforts to encourage cooperation in the Eastern Caribbean on Coast Guard capabilities.

A continuing problem related to the provision of security assistance to several islands is the prohibition under U.S. law against providing FAA-funded assistance to police forces. None of the independent Lesser Antilles islands (except Barbados) have defense forces: they depend on ill-trained and ill-equipped constabularies for both internal and external defense. We have received a legal ruling that the U.S. can provide equipment to police units and training to individual policemen provided the units or individuals are performing clearly non-police functions, such as a coast guard function. However, the restrictions and conditions we are obliged to impose upon recipient governments to assure compliance with the intent of U.S. law are cumbersome and to some degree demeaning to the governments. Moreover, there is a real need to upgrade the capabilities of the constabularies in their nonpolice functions. There are five options for treating this issue: (1) going for repeal of Section 660 of the FAA preventing assistance to police forces (2) getting an exception for Caribbean Basin countries or countries worldwide that lack separate defense forces from the purview of Section 660; (3) getting an exception to 660 for assistance limited to anti-terrorist training and equipment; (4) continuing to work within the confines of existing legislation, inter alia using funds from sources other than FAA, such as funding training from FBI or CIA budgets.

Obviously, in the short term we are limited to Option 4. Even within that limitation, we might consider encouraging the smaller states to establish separate anti-terrorist, internal security units which would not have on-going civil law enforcement responsibilities, and which we could therefore assist. We would still have to consider whether the UK or some U.S. agency would be better qualified to provide training to such a unit.

FMS and IMET levels for most of the Caribbean states would, given their tiny sizes and populations, be exceedingly modest, even after a sharply upgraded effort. Programs in the relatively larger (but still small) countries of the Dominican Republic, Jamaica, Haiti, the Bahamas and, perhaps, Suriname and Guyana could be more substantial. Even so, we estimate that for all the Caribbean countries, FMS and IMET levels by FY 83 would be, respectively, $22.5 million and $2.12 million.

Finally, the political situations in Haiti, Guyana and Grenada pose special problems requiring their consideration in elaborating detailed program proposals.

Attachment:
Summary Table on FMS and IMET levels

FY 01 - 03
($ Million)

COUNTRY	FY 01 EST.	FY 02 (Requested)	FY 02 (Enhanced)	FY 03 (Proposed)
Central America				
Costa Rica	-	-	5.0 (5.0)	-
El Salvador	10.0	25.0 (17.0)	-	25.0 (25.)
Guatemala	-	-	-	5.0
Honduras	5.0	10.0 (4.5)	-	15.0 (8.)
Panama	-	5.0	-	5.0
Sub Total	15.0	40.0 (21.5)	5.0 (5.0)	50.0 (33.)
Caribbean				
Bahamas	-	1.0	-	1.0
Dom. Rep.	3.0	7.0 (4.0)	-	9.0 (6.)
*Eastern Caribbean	5.0	7.5 (4.5)	-	10.0 (10.)
Haiti	.3	.3	-	.5
Jamaica	1.5	1.0 (1.0)	-	2.0
Sub Total	9.0	16.8 (9.5)	-	22.5 (18.)
TOTAL	24.0	56.8 (31.)	5.0 (5.0)	72.5 (51.)

*Includes Barbados, Dominica, St. Lucia, St. Vincent

( ) = Direct FMS Credit on Concessional Terms

~~CONFIDENTIAL~~
GDS 4/20/07

AND THE CARIBBEAN
FY 01 - 03
($ Million)

COUNTRY	FY 01 (est.)	FY 02 (Requested)	FY 02 (Enhanced)	FY 03 (Propo
CENTRAL AMERICA				
Belize	–	–	.06	.07
Costa Rica	.03	.06	–	.3
El Salvador	.44	1.	–	1.5
Guatemala	–	–	–	.7
Honduras	.53	.7	–	1.0
Panama	.39	.5	–	.5
Sub Total	1.39	2.26	.06	4.07
CARIBBEAN				
Bahamas	.04	.06	–	.06
Barbados	.08	.1	–	.2
Dominica	.03	.06	–	.06
Dom Rep	.42	.6	–	.8
Guyana	.02	.04	–	.05
Haiti	.11	.41	–	.5
Jamaica	.05	.07	–	.15
St. Lucia	.05	.06	–	.1
St. Vincent	.04	.06	–	.1
Suriname	.03	.07	–	.1
Sub Total	.87	1.53	–	2.12
TOTAL				