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Cover Art:

President Reagan, President Lopez Portillo, and Italia Morayta (interpreter) at Camp David luncheon.

(White House photo by Michael Evans)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.



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## SPECIAL (See Center Section)

Presidents Reagan and Lopez Portillo at White House Welcoming Ceremony.

The President with John Gavin, U.S. Ambassador to Mexico, and President Lopez Portillo following the afternoon's horseback ride at Camp David.

President Reagan greets President Lopez Portillo before the evening barbeque at Camp David.

Presidents Reagan and Lopez Portillo exchange toasts during the evening barbeque.

(White House photos by Michael E. ...)

# Visit of Mexican President Lopez Portillo

*Mexican President Jose Lopez Portillo y Pacheco made an official visit to the United States June 7–9, 1981. Following are remarks made at the arrival ceremony on June 8, an exchange of luncheon toasts on May 9, and President Reagan's remarks made on the departure of President Lopez Portillo on May 9.*

## ARRIVAL CEREMONY, JUNE 8, 1981[1]

### President Reagan

I warmly welcome President Lopez Portillo on behalf of the people of the United States. But I also want to convey my personal greetings because of my personal respect and affection. The relationship we've built as individuals is indicative of a new dimension that we are bringing to the friendship between our two countries.

Our planned meeting of 2 months ago, which I was looking forward to with great anticipation, was abruptly cancelled. And I want to thank you for the consideration you've shown in visiting us here in Washington. You've done us a great honor in your visit to the White House.

You will recall the last time we met was in the Museum of Art, part of Mexico's rich cultural past—that was in Ciudad Juarez. We were surrounded there by magnificent pieces of art, part of Mexico's rich cultural past. It was appropriate that we should meet in such a place, for art transcends time and material consideration.

The same is true of the friendship between the peoples of Mexico and the United States. In a world filled with neighbors who resort to violence, neighbors who've lost sight of the shared values and mutual interests, the goodwill between Mexico and the United States is a blossom whose beauty we meet here to cherish and protect.

God made Mexico and the United States neighbors, but it is our duty and the duty of generations yet to come to make sure that we remain friends. I welcome you today with the pledge that this Administration will sincerely and diligently strive to maintain a relationship of mutual respect and cooperation between our two nations, and the decisions which affect both sides of our border will be made only after the closest consultation between our governments.

Our very proximity is an opportunity to demonstrate to the world how two nations, talking together as equals, as partners, as friends, can solve their problems and deepen their mutual respect. You are a scholar, a man of art, and a political leader of a proud and independent nation. There are many items of importance on our agenda. I look forward to a far-reaching exchange of views that will cement the ties between us. The personal friendship we're developing must be equaled by the closeness between our two peoples.

### President Lopez Portillo[2]

Under the sign of friendship which began in Ciudad Juarez, it is now for me a great pleasure to be here in the capital city of your great country. We are very sorry that we did not see you in Tijuana as we had planned. But I am very happy that we are meeting now here at the White House, and it also pleases me enormously to see that you have totally recovered from the attempt that was brought on by absurd violence. I am very happy to see that you have enormous capacity of recovery. And in your health and in your strength, I can see the good health and the strength of your nation.

There are few countries in the world that have so many items to deal with among themselves as the United States and Mexico. We are not only neighbors, we are also the representatives of two worlds. Literally and geographically speaking, we represent the north and the south along 3,000 kilometers of border. Therefore, there are structural matters between us that have been shaped by our history and our geography.

We also represent the relationship between the developing world and the world that has already been developed. And we are also immersed in a regional context that shapes our relationship.

I come here now as a friend without any prejudice to talk over these matters with you and to prove with my coming that there can be friendship among friends and that this friendship can have as its main pillar and basis the rule of reason. In an absurd world, the reasonable thing to do can be the possible thing to do. And what is reasonable is based on respect and on the law.

There are many problems that we have to deal with. We will be very happy to find our similarities. And when we do not have coinciding opinions, and it is very possible that in this world of plurality there may be times when we do not have coinciding opinions, then we will talk things over without arrogance. Arrogance is a very dangerous deviation of those who are in a weaker position. The other very dangerous aspect is submission. We will select the road of respect and the rule of reason without any submission and without any arrogance.

I believe that few times in our history has there been an opportunity for good understanding as there is today to understand each other well and to deepen and make headway in our relationship. I feel that you have great good will and a friendly feeling. I feel that you are a decent individual and an honest one. I shall make a great effort to respond to the kindnesses that you have with me.

We have established a friendship which no doubt will be both symbolic and solid. I am absolutely certain that we will be able to achieve what our two peoples and nations want of us. We want to be understood, and, in turn, we want to understand. We want to respect, and we want to be respected. We want a solid relationship that will seek out the mutual interest of two countries that are neighbors and friends. I am very certain that if we go beyond rhetoric and prejudice, we shall be able to achieve our goals. And this will be for the good of both countries.

## LUNCHEON TOASTS, JUNE 9, 1981[3]

### President Reagan

Some years ago when I was Governor of California, I was inspecting areas in our State which had been enormously damaged by one of those natural catastrophies that we sometimes see on the Pacific Coast—great mud slides that can sweep away a man's home in a matter of moments.

One of these belonged to an old gentleman from your country who was standing in the middle of what, before the slide, had been his living room. We were both knee-deep in mud. It must have been heartbreaking for him because his home had obviously been newly furnished. Now it was a scene of ruin. With quiet dignity and the utmost sincerity, he said: "Governor Reagan, mi casa es su casa,"—my house is your house. I was deeply moved, and I realized that I was a witness to what was purely and traditionally Hispanic—personal pride and courage in the face of adversity.

Today, the entire nation is happy to have you with us here in the White House, and since this house belongs to all of them, may I say on behalf of my fellow citizens, mi casa es su casa. [Applause]

From the moment of our meeting on the Friendship Bridge at Ciudad Juarez last January, I was certain that we would make our relationship more than symbolic, not only because our peoples expect certain cordiality between their leaders but because the leader of the Mexican people exemplifies so well the proud culture and heritage of his people.

When you took that highly symbolic step across the boundary to grasp my hand, I knew that our future relationship would be that of personal friends. Your concern and good wishes during my period of hospitalization were deeply appreciated. The Vice President told me of your concern for my health and of your most generous offer to travel to Washington for this meeting even though protocol called for me to visit you.

At your first meeting, you gave me a splendid example of your own artistry, drawings of horses etched on glass, drawn by you that are now proudly displayed behind my desk in the Oval Office, and I value greatly the volumes on beautiful art of your country. But it would be difficult to match the gift that arrived at our ranch shortly before my inauguration—El Alamino, a magnificent horse, your personal mount. That was more than friendship, you took me into your family. [Laughter]

But I remember, too, that you presented me with a bound volume of a book that you wrote on Quetzalcoatl. It has much to say about your people. It also says much about the man who leads them today. I found especially relevant to your land the words of Quetzalcoatl to his new-born son: "You are made with the fibers of joy and sorrow, of laughter and tears. You are at the edge of all the possibilities and soon you will have the strength to choose. You will be the course and the measure of the richness and the misery. You will be the eagle and the serpent. With your pain, you will maintain the conscience of the universe, with your laughter, the dignity of Man."

**The President and guests are entertained by the Army Strolling Strings during a White House luncheon.**

Later in the book, Quetzalcoatl, perplexed by the problems of governing, said something we can both relate to: "Despite its regularity, this world is a confused sphere of arbitrary things."

The art of politics is sometimes frustrating, but there are other times of confidence and optimism and your visit has been such a time. I listened very carefully to you in our meetings, noting the content and the spirit with which you spoke. Your presence inspires confidence that we can calm any of the tensions that inevitably arise between two such close neighbors. During your election campaign in 1976, you traveled through all 31 of Mexico's states, spreading new hope. The message you brought to the Mexican people is something that can serve as a cornerstone for our relationship as well. If problems arise between us, we must always remember we are the solution. There is nothing that with mutual respect and honest communication we cannot work out together.

I look forward to our next meeting in Cancun, Mexico, in October. In saluting you today, I thank you for your generosity, but more, I thank you for the continued good will between our two peoples that your visit represents. And so I ask all of you to join me in a toast to Jose Lopez Portillo, the President of Mexico.

### President Lopez Portillo[2]

I must confess that I am moved. I must confess that I have spoken before an auditorium in this same place three times before, and I have never been so moved as I feel today. It is true that I had always been sincere but also cautious. I had always spoken frankly, but I have always measured the weight of each one of my words because the relationship, for some reason or another had always been a tense one. A relationship between neighbors that are so different are always difficult. It is difficult for the one side and for the other. But I confess for the first time now I have felt totally relaxed. For the first time a President of the United States has used with me that very generous formula of "my home is your home." [Applause] And for we who understand the greatness and dignity that are behind that expression, what I have heard from the President today has deeply moved me. As I can understand very well that he felt deeply moved also when he heard that old man who had no roof over his head and who was offering him his home, because a home is the environment of respect for the intimacy of the

uman being. And when one gives one's ntimacy in friendship, it is that that he s giving.

We understand this to be so, and we hank you for this. But I must also say hat it has not only been the external ehavior but also the substantive part of ur relationship that has always been enerous, kind, and affectionate.

If all the powerful people in the orld were to truly understand what espect means to the weak people, the orld would totally change. It is not on- to give, not only to help; the most im- ortant thing of all is to respect. He ho gives without respect is usually of- nsive. Very frequently I am reminded nd I remind others that the first civic xpression that we learn as children is ne one that was said by one of our reat men and presidents, the counter- art, so to speak, of Abraham Lincoln. e said: "Respect for the rights of thers is peace." The first word that we lexicans learn in our civic behavior is ne word "respect." And this is the way hich we have been treated. We have en treated with respect and with iendship, and these are basic qualities us.

On that basis, everything can be ilt. One can coincide, one can be sent, uman beings are made in many and arious different ways and shapes. And our plurality, we should learn to coex- t and to tolerate one another. olerance in itself is respect. And when human relationship is built on respect, is indestructable. We have spoken out many things. Fortunately, we ave agreed on most of them. We have ssented on some. But with the reatest respect we have agreed to talk out the matters on which we dissent order to find appropriate solutions.

Intolerance has not come to cancel it opportunity, and that is very impor- nt for a good relationship between untries such as ours. It is important ecause it is a representative sample of hat is happening in the world—the elationship between the countries that ave been able to develop and the eveloping nations. And in a geographi- l analogy, we could say that this is an xpression of the North-South relation- ip. We are the most significant rela- onship between the North and the South. That is why I have felt so happy and so grateful that you have accepted our invitation to come to Cancun; because we do not only have concepts in mind, but we have direct experiences and reciprocal experiences. I am very certain that the special characteristics of our relationship—North-South relationship, that is, United States-Mexico—can be taken to generalization and that it will be useful, that it can be useful, and this is what we fervently wish—it can be useful for the rest of mankind.

We want appropriate communications so that political will can be expressed. And political will has been expressed here and now today in the United States as regards to Mexico and with reference to Mexico as regards to the United States with an environment of good will, peace, respect, and consideration for each other.

I believe that in Cancun we can be a stimulating example to help and participate in the detente of this world which is so complex and at times so absurd, because if the disasters brought on by nature that creates all these thing for human beings are absurd in themselves—these disasters that leave old men without a roof over their heads but still with their dignity, nature, in that case, as nature has its own strength and will, cannot be controlled by us. But there is something that leaves man without a roof over his head and which is not nature, and I'm talking about passions, ambition, intolerance, violence—vices all of human will. And it is up to the will of the human being to correct these mistakes. Perhaps we can do nothing against nature, but we can do a great deal with our will if we're talking about good will, and I do believe that good will is possible. And I believe that in Cancun, we shall have the opportunity to say that it is possible and to confirm that we're speaking the truth.

I would hope that we will know how to lay bridges that will make it possible for all men and women in the world to say to each other: "My friends, this is your home." To the health of President Reagan and his beautiful wife; to the friendship of Mexico and the United States; to your health.

**PRESIDENT REAGAN, JUNE 9,1981**[4]

I just want to express my appreciation for President Lopez Portillo's changing his schedule and coming to Washington to accommodate us. The talks that we've had were frank, they were valuable, and they led to a closer relationship between our two countries. In addition to that, I'm very proud, personally, to say that we have a warm and a close personal relationship between the two of us.

Our frank agreement or discussion revealed basic agreement on the need to strengthen the economies of the less-developed nations, to bring about social and economic development of their peoples. We agreed that this was the best way to assure the region's future stability, and we'll be exchanging ideas on how best to bring about such development. We agreed that the special nature of our relations required a special framework for doing business. We decided to form a bilateral foreign secretary's commission to assure integrated handling of matters of common concern. It will be cochaired by Secretary Haig and Secretary Castaneda. They will submit a report by December 31, 1981.

Because trade problems are essentially and especially urgent, we also decided to set up immediately a Cabinet-level trade committee to recommend how to go about dealing with outstanding bilateral trade questions. The committee will be cochaired by the Mexican and United States Secretaries of Commerce and the U.S. Trade Representative. The committee will begin work as soon as possible.

We also agreed to address outstanding fisheries problems on a similar urgent basis. An important agreement providing for supply of substantial quantities of U.S. grain to Mexico during 1982 was signed by Secretary Block for the United States and Secretary de la Vega for Mexico. Attorney General Smith briefed the Mexican party in detail on the various options we're now considering to deal with the undocumented migrant problem. And I assured the President that the United

States would take Mexico's interest in this problem fully into consideration, as well as the interests and rights of the individual migrants themselves.

I had the great pleasure of informing the President that the legislature has acted—the Congress has acted—and we are going forward with construction of the Otay Mesa additional border crossing to relieve the logjam that we have at the San Ysidro crossing there. It is badly needed on the California Baja border. And we agreed that it would be an important boost to tourism in both directions.

President Lopez Portillo formally invited me to participate in a meeting of heads of government, an international meeting to be held in Cancun, Mexico, in October, and I happily accepted that invitation. I look forward to the informal discussion of North-South questions which will occur at that meeting and as well as additional meetings that we have spoken of.

[1]Made on the South Lawn of the White House (text from White House press release).

[2]President Lopez Portillo spoke in Spanish, and his remarks were translated by an interpreter.

[3]Made at a luncheon in the East Room of the White House (text from White House press release).

[4]Made on the North Portico of the White House (text from White House press release).■

# The United States and Mexico

*by Everett E. Briggs*

*Statement prepared for delivery before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on June 10, 1981. Mr. Briggs is Acting Deputy Assistant Secretary for Inter-American Affairs.*[1]

The just-concluded 2-day session at Camp David and at the White House is the fifth presidential-level meeting for the United States and Mexico in the 4½ years Jose Lopez Portillo has been in office. It is the second time this year that President Reagan has met with his Mexican counterpart, and the two expect to be meeting again later this year at a time and place to be determined. Since January 20 there have been several telephone exchanges, as well as visits by special emissaries.

The frequency of these high-level encounters and the pace of diplomatic activity reflect a new appreciation of the intensity and importance of the unique relationship between our two countries. This relationship is as complex, extensive, intertwined, and interdependent as any for the United States.

There is scarcely an agency of our government that is not involved in programs which directly or indirectly affect the relationship. Contacts between experts on both sides are constant; individual agencies have a wide variety of agreements and arrangements with their counterparts on issues ranging from housing and health to culture, tourism, aviation, narcotics control, customs cooperation, environmental protection, science and technology, to name just a few. Our Embassy in Mexico is the largest in the world because so many agencies find it necessary to be represented there: 11 in all.

There exists a long-time, active relationship between our Congress and the Mexican legislature, and within a few days a delegation of distinguished American Congressmen and Senators will go to Mexico for the annual meeting of the U.S.-Mexico Interparliamentary Commission—that in addition to frequent visits back and forth by individual members or delegations interested in specific issues.

Under the leadership of Governor Clements of Texas, periodic meetings of border governors from both sides are now taking place—a development we welcome and which contributes directly to improved understanding and increased possibilities for cooperation at the local level.

There are literally thousands of binational organizations; hardly a week goes by without a conference on U.S.-Mexican relations sponsored by academia, foundations, or private enterprise. Transit—tourism and business—between the two countries is the heaviest in the world: over 800,000 persons legally cross the border daily. This accounts for the fact that 12% of our worldwide consular resources are dedicated to Mexico, at our Embassy and 10 consulates.

We now have upward of 12 million Americans of Mexican extraction, and the historical, cultural, and political impact of this fastest growing portion of our population is a fact of life neither legislators nor policymakers can ignore.

Such is the environment within which U.S.-Mexican relations prosper as well as occasionally encounter difficulties, as is inevitable, given that we are both proud, individualistic, and independent-minded nations, each with a role to play on the world scene and our own ideas of our national interests. But as next-door neighbors with a shared interest in prosperity and progress, we share a common determination to cooperate where possible, to minimize and isolate differences where they cannot be avoided, and to consult closely on all issues which arise between us. This is the Administration's approach.

The bilateral component in our relationship overshadows all else, and the three main categories are economic relations (principally trade), migration, and border relations. I should like to address each of these, as well as regional issues, a component of secondary importance to the overall relationship, but one which requires special sensitivity on both sides.

### Trade and Investment

During the past few years, trade between the United States and Mexico has grown dramatically. It increased 50% from 1979 to 1980, reaching almost $28 billion, and making Mexico our third-ranking trading partner after Canada and Japan. Trade has tripled in 4 years and if the upward swing continues, as

ve have every right to expect, Mexico vill be in second place.

Considering the size of this trade nd its rapid growth, we have had few erious problems. Because Mexico is not member of the General Agreement on 'ariffs and Trade (GATT) and has not dhered to the negotiated code of conuct on countervailing duties and export ubsidies of the multilateral trade egotiations (MTN), and given our own rade laws and our traditional, ıultilateral approach to foreign trade, ıere is the potential for serious trade isputes to arise between us. If these ocur, there may be some interruption of ·ade in specific products, but overall ·ade should continue to grow.

According to U.S. Department of ommerce statistics, U.S. exports to Iexico in 1980 reached $15.1 billion, up 3% over 1979. U.S. imports increased ) $12.5 billion, up 42%, with oil and atural gas accounting for slightly over )%. The main U.S. exports were gricultural products, capital goods, and ıtermediate goods. The U.S. bilateral ·ade surplus was $2.6 billion, up from 1 billion in 1979. For Mexico, total exorts of goods and services generate ore than 15% of GDP, and almost twoirds of Mexico's trade is with us, so ır trade policy has a tremendous imıct on the Mexican economy. As Mexo's export potential grows, market ac·ss issues and export promotion easures (such as export subsidies) will ·come increasingly important to .S.-Mexican relations.

U.S. agricultural exports to Mexico st year swelled to $2.5 billion, more ıan doubling from a year earlier. Mexo became our third largest agricultural ‹port market, accounting for 7% of our )tal agricultural exports. Grain and :her bulk commodities were crucial in ıis increase. These exports took place ıder a bilateral U.S.-Mexico grain greement, negotiated in early 1980, exıded later in the year, and renewed )r 1981. We have agreed to enter into a milar pact for 1982. Under the agreeıent, the U.S. Government facilitates ıe purchase of agreed-upon quantities, ıainly by offering tenders. The two overnments cooperate on resolving ·ansportation problems—getting the rain across the busy border and ırough congested ports.

The Mexican Government decided ıst year that the time was inopportune )r it to join the GATT or the subsidies ode, noting that these would place unue restraints on Mexican development policy, without the nontariff measure codes of conduct and the MTN trade concessions offering sufficient advantages to outweigh these restraints.

What this means, under our own laws, is that U.S. petitioners requesting the imposition of countervailing duties on Mexican products need only to prove the existence of subsidies and not that these subsidies cause or threaten injury. Such findings then trigger the imposition of countervailing duties. The indications are that barring some bilateral agreement or Mexican adherence to GATT, several Mexican subsidies will be countervailable.

In fact, on April 10, 1981, countervailing duties of 5% were levied on imports of leather wearing apparel from Mexico. The U.S. Department of Commerce determined that Mexican manufacturers of leather wearing apparel are receiving subsidies from the Government of Mexico. Mexican exports to the United States of this product between January 1979 and May 31, 1980, were worth $26 million. We are consulting with Mexico on this problem.

Mexico is worried about U.S. graduation policy. Graduation refers to the phasing out and eventual elimination of special and differential trade treatment for advanced developing countries. It has been U.S. policy to apply graduation to the Generalized System of Preferences (GSP—the system by which certain listed products from Mexico and other developing countries enter the United States duty free, unless those products are especially sensitive or extremely competitive). Mexico ranks fourth among the 140 beneficiaries of the U.S. GSP program. Its utilization of GSP has doubled over the last 5 years, increasing to $509 million in 1980. Graduation this year eliminated GSP on two Mexican items worth only $14 million; petitions on other items were turned down. Mexico regained eligibility on over $14 million in previously ineligible products and gained eligibility on 47 items newly added to the list, 3 of which

## Mexico—A Profile

### Geography

**Area:** 764,000 sq. mi. **Capital:** Mexico D.F. (pop. 15 million, 1980 est.). **Other Cities:** Guadalajara (2.4 million), Monterrey (2 million), Cuidad Juarez (680,000), Puebla (600,000).

### People

**Population:** 69 million (1980 est.). **Annual Growth Rate:** 2.7%. **Ethnic Groups:** Indian Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. **Religion:** Roman Catholic 97%. **Language:** Spanish. **Literacy:** 74%. **Life Expectancy:** 65 yrs. (1975).

### Government

**Official Name:** The United Mexican States. **Type:** Federal republic. **Independence:** First proclaimed Sept. 16, 1810; republic established 1822. **Constitution:** Feb. 5, 1917. **Branches:** *Executive*—President (Chief of State and Head of Government). *Legislative*—bicameral Congress (66-member Senate and 300-member Chamber of Deputies). *Judicial*—Supreme Court, local and federal systems. **Political Parties:** Institutional Revolutionary Party (PRI), National Action Party (PAN), Popular Socialist Party (PPS), Authentic Party of the Revolution (PARM); three other parties—the Socialist Workers Party (PST), the Mexican Democratic Party (PDM), and the Mexican Communist Party (CPM)—and four political associations registered. **Suffrage:** Universal over age 18. **Administrative Divisions:** 31 states and the Federal District.

### Economy

**GDP (1980):** $128 billion. **Per Capita GDP:** $1,800. **Annual Growth Rate:** 7.4%. **Annual Inflation Rate:** 28%. **Natural Resources:** Petroleum, silver, copper, gold, lead, zinc, natural gas, timber. **Agriculture:** Corn, cotton, coffee, sugarcane, vegetables. **Industries:** Food processing, chemicals, basic metal and metal products, petroleum. **Trade:** *Exports*—$15.3 billion: petroleum, coffee, cotton, fruits and vegetables, sulfur. *Partners*—U.S. (64%), EC, Japan. *Imports*—$18.6 billion: grains, machinery, equipment, industrial vehicles, intermediate goods. *Partners*—U.S. (65%), EC, Japan. **Average Exchange Rate (1980):** 23.5 pesos = US$1.00

### Membership in International Organizations

U.N., International Atomic Energy Agency, International Civil Aviation Organization, Seabeds Committee, Inter-American Defense Board, Organization of American States, Latin American Free Trade Association, INTELSAT.

### Principal Government Officials

**Mexico:** President—Jose **Lopez Portillo**; Minister of Foreign Relations—Jorge **Castaneda** de la Rosa; Ambassador to the U.S.—Hugo B. **Margain. United States:** Ambassador to Mexico—John Gavin. ■

should result in substantial Mexican exports to the United States.

Another important trade and investment area has been the in-bond industry program, initiated by the Mexicans in 1965 to reduce serious border unemployment aggravated by the 1964 termination of the *bracero* program. Participating factories produce articles in Mexico, primarily from imported U.S. components, and are given tax, duty, and regulatory exemptions. Assembled goods—70% electronic and 10% apparel—are exported mainly to the United States, under sections 807.00 and 806.3 of the U.S. tariff system subject only to duties on the value added abroad on U.S. goods exported for assembly or processing. Value added in these plants in Mexico in 1980 reached $778 million.

The program is controversial. American labor contends that the program costs U.S. jobs, but defenders of the program contend that it exports only the most labor-intensive part of production, reserving for U.S. workers the best paying portion of the production cycle. Moreover, there are often "twin plants" on the U.S. side of the border, providing jobs in otherwise somewhat depressed areas. Finally, the wages paid to in-bond plant workers are often spent on the U.S. side of the border.

Energy is an important part of our trading relationship with Mexico. Last year, oil and natural gas accounted for over 50% of U.S. imports from Mexico. The United States received an average of 560,000 barrels per day (b/d) of crude and gas liquids, worth a total of $6 billion, and an average of 300 million cubic feet per day of natural gas, worth approximately $500 million annually.

The United States will likely receive more Mexican oil this year than ever before. In 1981, weather permitting, Mexican oil exports to the United States will probably reach 744,000 b/d by the second quarter, out of total oil exports of 1.5 million b/d. Production, now near 2.6 million b/d, might reach 2.9 million b/d by summer, with the yearly average to be slightly above 2.75 million b/d. Production and export figures could vary, of course, if the present softness in the world oil market continues.

Mexico has followed OPEC [Organization for Petroleum Exporting Countries] pricing patterns for crude oil. U.S. oil companies deal directly with PEMEX, the Mexican national oil company, with no direct U.S. Government involvement, an arrangement our companies and PEMEX prefer. Mexican natural gas sales take place under a government-to-government framework agreement negotiated in 1979. Under the agreement, a consortium of U.S. companies imports 300 million cubic feet per day at a price set according to the price of a basket based on crude oil prices. Over most of the last year, under an Energy Regulatory Administration ruling, Mexico has received a price equal to the border price of Canadian gas.

Mexico's energy policy has emphasized careful control of production and export levels, so that oil revenues will not exceed the capacity of the economy to absorb them. The Mexican national energy program (announced in late 1980) sets export limits through 1990 of 1.5 million b/d for oil and 300 million b/d for gas. The program is less explicit on production levels but seems to discourage sharp increases in production of oil and gas.

Mexican leaders have emphasized their belief that Mexico must diversify its oil markets to avoid making any one country (meaning the United States) overly dependent on Mexican oil. The national energy program says that oil exports to one country will not exceed 50% of total oil exports. They have also tried to use oil to gain technology, investment, and trade on favorable terms from other countries, including France, Sweden, and Japan, while exempting the United States from this linkage.

U.S. investment is important in Mexico's economy. Out of total foreign investment in Mexico of approximately $7.5 billion, the U.S. share is worth over $5 billion, or 69%. The U.S. share has remained fairly constant over the last few years, with the U.S. total growing to match sharp increases in the overall total. Mexico has strict regulations governing foreign investment, but has tried to utilize those regulations with sufficient pragmatism so that development is encouraged, not discouraged.

### Migration

The question of illegal immigration is one of the most sensitive and complex of U.S.-Mexican issues. The Administration has been studying the problem. It has exchanged views with the Mexican Government on a frequent basis at the diplomatic and technical levels. In 1977 the Carter Administration proposed a legislative package to deal with immigration issues. There was no concensus at the time, and Congress established a select commission to review immigration and refugee policy. The commission's report, published in February 1981, recommended:

- Legal status for those here illegally, based on criteria such as length of residence and absence of grounds for exclusion;
- Enforcement of strenghtened immigration laws and regulations; and
- Enactment of sanctions against employers of illegal aliens.

The Reagan Administration has set up a task force to examine the commission's recommendations and to advise the President on structuring the Administration's policy. The task force's conclusions are expected momentarily.

We have reviewed extensively with the Mexicans both the select commission's findings and the various alternatives open to us and explored in a general way the possibility of some joint actions both to improve legal travel and curtail illegal movement. We expect these exchanges will continue.

One of the most difficult aspects of the migration problem is the lack of reliable or consistent data. Estimates of the number of illegal aliens in the United States range from 500,000 to 12 million, and the annual flow probably has ranged from half a million to several million. We also lack firm information about length of stay, type of jobs, etc. Some recent studies conclude that more and more illegal immigrants are taking skilled employment, meaning Mexico may be losing some of those whom it needs for its own development. One thing seems certain: Mexicans constitute the largest proportion, probably well over a half, of illegal migrants.

### Border Relations

In general, these can be characterized as excellent. Citizens' groups along the border regularly proclaim that they understand each other and are able to resolve most local problems without interference from the bureaucrats in the distant capital cities who are out of touch with reality. In fact, we in the capitals are intensely interested in the welfare of our border citizens and work cooperatively with State and local authorities as well as with our Federal counterparts in seeking solutions to suc

diverse problems as river use; flood control; joint energy development and alternate energy sources; environmental protection and pollution control; improvement of sanitation; cooperative law enforcement efforts, including narcotics, stolen vehicles, tourism, etc. I should like to concentrate on two areas, narcotics and tourism, as illustrative of this relationship.

**Narcotics.** Our antinarcotics program with Mexico has been marked by as high a degree of cooperation as with any country anywhere. While it has not been possible to wipe out the problem altogether, the program has made tremendous progress in lessening the drug flow from Mexico to the United States.

Illicit production of opium and heroin in Mexico became a serious problem for the United States in 1974–75, when Mexican production grew to meet the demand created by disruption of the "French connection." By 1975, 90% of the heroin consumed in the United States was from Mexico.

The U.S.-Mexico cooperative antinarcotics program has stressed two approaches: the most extensive has been the effort to eradicate illicit opium poppies in the fields; a parallel approach has been bilateral law enforcement cooperation in exchange of intelligence, joint investigation, interdiction, and prosecution.

The eradication campaign, primarily a Mexican effort, has met with much success. At first, the Mexicans used manual cutting, but met difficulty in remote mountain areas. In 1975 the Mexicans began to use aerially applied herbicides. Mexico spends approximately $40 million on the program, mainly for herbicides and other operational costs. The State Department provides approximately $9 million per year in assistance funds, mainly to purchase and maintain reconnaissance and spray aircraft for the Mexican Attorney General's office.

The amount of Mexican heroin entering the United States has fallen from 6 tons per year to 1.5 tons, 45% of the total entering the United States. Deaths from overdose from brown heroin have dropped dramatically. This law enforcement cooperative program has immobilized many international narcotics traffickers.

**Tourism.** Tourism earnings are important to both countries. Revenues from tourism have accounted for almost 7% of Mexico's export earnings. U.S. visitors provide between 60% and 70% of Mexico's total earnings from tourism. Tourism income is only 5% of U.S. export earnings, but approximately 25% of U.S. tourism earnings come from Mexican tourists. Under our bilateral tourism agreement with Mexico, we have been working with the Mexicans on exchange of statistics, training, development of third-country tourism, and tourism facilitation. We have also agreed to open a new border crossing at Otay Mesa near San Diego and Tijuana, now scheduled for completion in 1985.

A recent trend has been that Mexican tourism to the United States is increasing faster than U.S. tourism to Mexico. Inflation in Mexico and the overvaluation of the Mexican peso have lessened Mexican competitiveness in tourism. We have suggested that lower airfares and stopover rights for U.S. carriers (carrying U.S. passengers between certain points in Mexico) might encourage U.S. tourism there, and we will be pursuing this approach.

**Border Trade.** As to the border itself, along the 2,000 miles from Brownsville to San Diego most of the goods in our bilateral trade pass. Rail and truck traffic across the border has expanded enormously in the last 3 years and presents both countries with new challenges which will have to be met very soon. Additional border crossing facilities are needed. We are approaching these questions in the cooperative spirit that characterizes our border relations.

### Regional Issues

Although Mexico shares our regional goals of self-determination, democracy, stability, and peaceful, political resolution of conflicts, we have had sometimes well-publicized differences over the best means to achieve those shared goals. The Administration has exchanged views on a close and frequent basis with Mexico on regional developments, especially concerning the Caribbean Basin area, and we intend to continue to do so.

Mexico's decision to break relations with the Somoza regime in May 1979 signaled a new Mexican activism in the region and Mexico has taken several actions to influence events in Central America, including:

- Firm support for the Sandinista regime in Managua;
- Extensive travel by President Lopez Portillo, including to Cuba;
- Encouragement to leftist political groups opposing the Duarte government in El Salvador (while keeping diplomatic ties with the junta); and
- Generous economic assistance to the region through a joint petroleum financing facility with Venezuela.

This last point merits further comment. The purpose of the Mexican/Venezuelan oil facility is to help the oil-poor countries of Central America and the Caribbean (except Cuba, which is not included). Under this arrangement, oil is sold at market prices with concessionary loans financing 30% of sales.

We have had differences with the Mexicans. They have publicly voiced opposition to U.S. military support for the Duarte government in El Salvador. They have questioned our suspension of aid to the Nicaraguan Government and they have continued to maintain cordial relations with Castro (Mexico never broke relations with Cuba, even when the rest of the Organization of American States did). Mexico has, however, stated its opposition to any form of hegemony in the hemisphere and is strongly opposed to interference from outside. Mexico shares our belief that economic and social problems are at the roof of regional difficulties; its oil facility, which has been extended to such countries as El Salvador, Guatemala, Nicaragua, Panama, and Jamaica, has been aimed at helping ease those problems.

The question is how Mexico and the United States can emphasize the many values which unite us in our separate views of the Caribbean Basin. We are working on this. These are the issues that concern both countries and the bounds within which we seek to maintain and enhance a strong and healthy relationship with Mexico based on mutual respect and a realization that our fates and our futures are inextricably bound together.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# Peaceful Progress in Developing Nations

*Commencement address at Fairfield University in Fairfield, Connecticut on May 24, 1981.*

All of us pray today for the Holy Father's full and speedy recovery. Only a few weeks ago, it was my great privilege to have an audience with His Holiness when I visited Rome for the NATO meeting. Our conversation covered many subjects. We talked about the search for restraint and reciprocity in East-West relations, efforts to reinvigorate the Atlantic alliance, and the President's economic proposals. I was struck by the Pope's knowledge of international politics and especially by his keen interest in the people of the developing countries.

Much of the world today is engaged in the drama of development and the search for social justice. That this struggle for a better life merits both our sympathy and our support cannot be in question. Its outcome affects our vital interests and, at the same time, constitutes a moral imperative. I want to explore today our approach to this challenging situation.

Recent American policy toward the developing countries has been influenced by three distortions: first, that we have nothing to offer beyond material assistance; second, that we are defenders of the status quo; and third, that intervention by the Soviet Union and its surrogates does not really matter.

### American Principles

Does America actually have anything to say to the developing world? We sometimes hear it argued that our political institutions and economic system are irrelevant to the modernizing experience. There could be no greater mistake. America *is* important to developing countries. Our principles speak to their aspirations. Our accomplishments speak to their future.

Our own history demonstrates that independence, economic development, and individual liberties thrive together. The American Revolution was the first modern struggle for colonial independence. Once free, our diplomacy was dedicated to keeping us free. For these reasons, we Americans should understand the sensitivity of newly independent nations to anything that compromises their sovereignty.

We should also recognize that the process of modernization means more than simply anticolonialism. It includes the building of political institutions which are the best guarantee of the achievement of human potential. Here the United States offers a successful example of individual liberty, government by the consent of the governed, and a society under the rule of law. We believe that these principles foster the development of the individual, free to dream his own dreams and to work for a better future. This is no idle fantasy; our fathers and forefathers made it a reality.

Another argument we often hear is that the United States opposes change, that we are interested only in the preservation of our prerogatives. But a status quo of poverty and injustice must be repugnant to us as it should be to all nations. Thus we must recognize that historic change may be as desirable as it is inevitable. And we should also recognize that this change is most effective when it is allowed to occur in an environment of peace and stability.

### Soviet Intervention

The third distortion—that Soviet intervention does not really matter—bears directly on this question of peaceful change in the developing world.

Some would argue that a policy to promote peaceful progress in the developing countries through economic and humanitarian assistance is enough. We are told that the developing nations will eventually turn to the West for the help they need—help that only the West can provide. We are urged to ignore Soviet intervention on the grounds that Soviet influence cannot last. It is, therefore, convenient to conclude that America can afford to be passive in the face of Soviet interventionism.

The trouble with this view is not with the facts but with the conclusion drawn from the facts. Yes, the position of the West *will* improve as the developing states turn from their memories of colonialism to their prospects for the future. This trend has already begun, and we are ready to foster it. But we cannot sit idly by in the face of illegal Soviet intervention which seeks actively to reverse this trend. There are compelling reasons for our actions in this regard.

### Reasons for U.S. Action

**First,** we must be active because we want development to succeed. Development is one of the first victims of conflict. Scarce resources are devoted to arms. Energies better spent in building up are wasted in tearing down, and progress toward social justice is halted.

All local disputes are obviously not made in Moscow. Yet the Soviet Union has manifested a peculiar interest in conflict. Internal political struggle in the developing states calls forth the arms that Moscow produces in abundance, bringing an otherwise unattainable political influence. But the costs—and the human suffering—are paid by the local parties. Can we ignore such suffering today while waiting for the Soviets to lose their influence tomorrow? Restraining Soviet intervention is an urgent act—a task of humanitarian concern.

**Second,** we cannot ignore Soviet activity in the developing nations because our passivity alters the calculations of other countries. It makes further Soviet expansion or Soviet-backed destabilization appear to be inevitable. It gives the appearance—and it is no more than an appearance—that Marxism in the Soviet mode is the wave of the future. This has several implications for the policies of the developing states. Domestically, Marxism is seen as *the* vehicle for development, when in fact it is little more than a vehicle for keeping political control in the hands of a small elite. In foreign policy there is a tendency to adopt the slogans and positions of the Soviet Union as a form of accommodation to what is believed to be the wave of the future. We must challenge these myths.

**Third,** we must also recognize that Soviet interventions and meddling are not random. Moscow displays a keen interest in regions where there are

strategic resources or routes vital to the economic well-being and political independence of the West. When the Soviet Union exploits local conditions for its own strategic aims, the problem is no longer local but a strategic threat to our own survival. We cannot ignore this threat.

**Fourth,** illegal Soviet intervention calls into question the whole range of our relations with Moscow. It violates the restraint and reciprocity we seek in our relations and makes a world order, governed by the rule of international law, all the more difficult to achieve.

We are, therefore, concerned by Soviet intervention because:

- It harms the prospects for development;
- It takes a terrible toll of human suffering;
- It alters the calculations of other nations;
- It threatens our strategic interests; and
- It makes unachievable a just and responsible relationship with the Soviet Union itself.

Ultimately, what is in jeopardy is the dream of an international system marked by peaceful change and the resolution of disputes short of war.

And as we assess these realities in the context of the dynamics of the developing world, our perceptions have sometimes been clouded by an artificial distinction between the goal of security and the goal of development. In fact, they reinforce each other. Security is the best environment for peaceful progress. Peaceful progress is the best antidote against outside exploitation of injustice or discontent. Our concern with security is an essential element of our commitment to peaceful progress.

It will not be easy to establish a more effective and responsible relationship with the Third World. And it is a mistake to pretend that we have all of the answers. But we must seek a more active and realistic policy, based on the relationship between security and development.

This relationship—between security and development—is a reflection not just of American interests but of fundamental truths about human, political, and economic development. We are a living, vibrant example of how the human spirit grows. Our legacy to each other and to the developing world must be to provide an environment in which such growth can occur worldwide. We must meet challenges to that growth with firmness and steadfastness.

As you assume the burdens of leadership—and you will be leaders—you will become the trustees of this legacy. I hope you will retain the unity of right reason and faith that you have learned at Fairfield. I hope you will remember, as university graduates, that America is a place where politics and freedom of the mind are compatible. And when you think of your country and its place in the world, I hope you will be guided by the words of Abraham Lincoln, who sought to discover the great principal or idea that had preserved this nation; it was, he concluded, "that sentiment in the Declaration of Independence which gave liberty not alone to the people of this country, but hope to all the world, for all future time."

Press release 155.■

## News Conference of May 22

I want to say I just left Chancellor Schmidt, and I'd like to reiterate some of the observations he made to me, which I received his permission to do, before this group. The first comment would be that the Chancellor emphasized that he was 100% satisfied with the outcome of his visit here to Washington. He stated that he found no surprises which is a confirmation of the already intense level of consultation between Washington and Bonn. He said he found the President to be the man he thought he was: a thoughtful man of deep conviction; a man who recognizes the essentiality of sound, intimate relationships on a bilateral basis between Bonn and Washington; recognition of the importance of the alliance; and a keen recognition of the necessity to maintain an East-West dialogue in the period ahead.

I think the essential bottom line of this visit was a convergence of views between the two leaders. The question of Western policies, vis-a-vis the Third World, was explored in detail between the two leaders and among the staffs of the two sides, and there was a complete convergence there.

The question of the two tracks, the decision of December 1979 was discussed—the equal weight to both tracks and the confirmation that the United States would proceed and was already undertaking preliminary talks with the Soviet Union on the arms control track; the confirmation by the Chancellor that he was in full agreement and endorsed totally the contents of the Rome communique with respect to the two tracks.

I think the area of German defense contributions to alliance security was thoroughly explored. It is recognized that, while in general we in the United States would like to see all parties to the alliance do more in the face of worsening military trends, we also, clearly, recognize the great and continuing contributions of the Federal Republic of Germany to Western defense needs. This is an historic reality of over 10 years' duration.

Lastly, I think the Chancellor was able to effectively raise his concerns that we in Washington, as we undertake the revolutionary economic program of the Reagan Administration, do so with a clear awareness of the impact of American economics and economic policies on our Western family of nations. I think that this was successfully done and that President Reagan assured the Chancellor that we were keenly aware.

This is the essence and the bottom-line issues that were touched upon in the intensive 2 days of discussions, all of which are delineated in more specific and in very detailed terms in the joint statement which has been issued earlier today.

**Q. In the recent time you have been talking to Ambassador Dobrynin three times, and as we understand it, you have been touching in those conversations the subject of theater nuclear forces (TNF) talks with the Soviet Union. Could you enlighten a little bit what your impression was about the response of Mr. Dobrynin in those three talks?**

**A.** I wouldn't limit it to three talks. I've had quite a few more discussions, informally, with the Soviet Ambassador, Mr. Dobrynin. It was the last talk that was held about a week ago that I had in which I debriefed him on the outcome of the Rome discussions of the NATO ministerial and laid out in specific terms the program for the initiation of TNF negotiations, which we view as compatible with reality in the context of preparing ourselves, not only on the U.S. side but within the NATO family as well. And, as you know, there are some studies that we hope to have concluded before formal negotiations commence.

I emphasize that I will discuss the specifics, the modalities, and the timing

for the formal negotiations with Foreign Minister Gromyko at the United Nations, and nothing in those discussions would suggest that the Soviet side is not ready and willing to participate on that schedule, all with a view toward having formal negotiations commence by the end of the year. Of course, this is a two-sided situation. We can't just lay out categorically on our side when these talks will start. It will take a convergence of views, and I'm sure there are considerations on the Soviet side as well.

**Q. One of your recent congressional visitors quoted you as saying there's been a massive flow of arms into El Salvador again. Is this true? Is he quoting you accurately? And are you doing anything or do you plan to do anything about cutting it off at the source?**

A. I think in the first place, that's what I'd call a straw-man attack on a straw man because I never made such a statement. There were only two occasions when such a statement might have been made: one was a meeting before the House Foreign Affairs Committee, and it did not occur there. Another was a breakfast for a group of Republican members, and what I did say was that the flow of arms into El Salvador dropped off after the highlighting of that flow and certain actions that the U.S. Government took.

Then the major level of that flow from Nicaragua to El Salvador, especially the airlift of those arms, had dropped off or perhaps terminated, and that there were now signs that different routes were being used to introduce arms into El Salvador, not at a massive level—and no one has said such a thing—and that there is also some indication that there is a fragmentation of the flow, that it is not just going exclusively to El Salvador, but we find it going into other target areas: Honduras, Guatemala, and recently the revelations about Colombia are very clear to all. I also made the point that the level of arms flowing into Nicaragua itself was substantial and had not terminated.

**Q. When you say that the President is about to maintain the East-West dialogue, is that restricted to talks about strategic weapons, the TNF talks which are about to begin, or do you mean by that a wider scope of dialogue with the Soviet Union? And, if so, could you please tell us what the scope of it would be?**

A. I don't think it's good diplomacy to lay out the content of exchanges conducted in diplomatic channels. But I will suggest to you that we have already, Mr. Dobrynin and myself, been engaged in a number of discussions involving a number of substantive issues, and there are very few that have not been discussed in the context of the affairs that concern the United States and the Soviet Union, both bilaterally and in East-West terms in a broader sense.

**Q. Could you tell us what the preparations are concerning future SALT [Strategic Arms Limitation Talks] talks, which are of interest in context of the TNF talks?**

A. The question was "What is being done about future SALT talks?" And the answer to that is that the U.S. side—and the Soviet Union is aware of this—is engaged in an intensive overall review of the broad strategic arms limitation subject. That review has not been concluded; and until such time as it is concluded and approved specifically by the President, we are not prepared to enter into bilateral discussions with the Soviet Union.

**Q. Last week you said that time was running out in the Lebanese crisis. Now the President is quoted as saying that Mr. Habib has made considerable progress on his mission. Has, in fact, the crisis in Lebanon subsided? And, if so, how did this come about?**

A. No, the crisis has not subsided. It is clear it remains very, very delicate. It is also clear that there are time constraints for a solution. It is also clear that we continue to maintain a level of hope that a peaceful solution will be arrived at.

The great difficulty of situations of this complexity is that public statements by one side or the other, or of officials who are participating in providing good offices or whatever term you care to apply to the U.S. effort, sometimes complicate the outcome you seek. And that hasn't changed with respect to the Middle East situation. So we are being necessarily very circumspect about how we express publicly the details of the talks that have been underway. May I, finally, say that as long as the President's emissary is active in the region, we have hopes that a peaceful outcome is achievable.

**Q. It has been widely understood that you and Secretary Weinberger presented a well-documented picture of the Soviet threat to the NATO assembly recently in Brussels and in Rome. My question is: Wouldn't it be possible and helpful for public opinion in Europe to publish on the same scale a well-documented threat assessment in the same way that may be more successful than the white book on El Salvador that was published?**

A. I think this is a question that involves alliance policy. It is a question, of course, that requires a consensus among the member states of the alliance, and, as you know, it's not a new issue in NATO. During my incumbency I recall that it came up repeatedly. I do recall also that—I think it was 1977—we had some very detailed briefings presented in each of the capitals, that were prepared by the intelligence branch of the NATO staff in Brussels, with a very high impact on those who witnessed it and saw the facts as they were presented.

I think in this case I would not want to get out in front of our NATO colleagues and impose my views publicly but rather suggest to you that this issue has been under discussion.

**Q. This morning it was reported that the State Department had conducted some kind of a review of the charges that Dr. Lefever [Ernest W. Lefever, designate for Assistant Secretary for Human Rights and Humanitarian Affairs] was involved in some element of a conflict of interest. Today we were told the State Department had not conducted any such review, and I'm wondering why not if, indeed, there are members of the U.S. Senate who believe that there is an evident conflict of interest in his case? And what is your position on his appointment at this time?**

A. Clearly, Dr. Lefever is the President's candidate for the important post he's been nominated for, and we continue to have confidence in Dr. Lefever and hope that he will be duly confirmed.

With respect to your other question, I'm not fully up to date on it. I did see the article. We are concerned when allegations are made, whether they are substantiated or not, and I can assure you that we are very much aware of them and are not investigating in the context of the question that you asked or the article, but we are fully aware of them and looking into them.

**Q. We learned this morning that on his way back to Bonn, Chancellor**

**Schmidt would make a touchdown in Paris. Do you want any special message to be conveyed to [French] President Mitterrand, or are you preparing yourself to go to Paris yourself very soon?**

**A.** First, I think the President [Reagan] at the request of the Chancellor provided him a message. I would leave unpublic if it hadn't been stated so already, so the Chancellor has already asked the President if he could convey some message. Clearly, I am very anxious at the earliest possible time when my counterpart is announced and appointed—and I think that happened today, did it not? It was supposed to—to meet with my counterpart at the earliest possible time, but I had nothing definitive on that other than to suggest that your question is both timely and pertinent.

**Q. There has been an undercurrent of criticism from this Administration of some of the European allies on the grounds of an alleged rise of pacifism or antiatomic-weapon feeling in Europe. Is that still a concern of the Administration? Was that issue addressed when the President met the Chancellor, and is there a greater sense of sureness of our allies' staunchness?**

**A.** I don't like to indulge in value judgments about the internal affairs of allied countries. I have seen some of the speculation, as have you, and, incidentally, we have some of that in this country. It's associated with a number of issues, from peaceful uses of nuclear energy, to the MX-basing controversy. It's not unusual in open, democratic societies.

I think the answer to your question is that we have a Rome communique which addresses those aspects of this issue that involve Western European security, which is evidence of the unanimity of view and the dedication of the member governments of the alliance to proceed with the necessary modernization of our theater nuclear capabilities, along with the other aspect of the dual track that we've already touched upon.

While no one is complacent about both justified concerns in opposition and those that are not justified, I don't see any reason for us to be unduly alarmed at this juncture. And I don't think there was any excess laboring with that problem during this visit.

**Q. The Chancellor in Washington raised the prospect or the proposal or the idea of the United States initiating a new Marshall Plan for the assistance and help of the countries in Central America and the Caribbean, with the support of Venezuela and Mexico, under the condition that those countries which would be assisted would not accept arms from the Soviet Union or Cuba. I wonder how your Administration is reacting to that idea.**

**A.** You're talking about the comments of the Chancellor in the Congress?

**Q. Yes.**

**A.** The Chancellor spoke to me about this issue, and I think he had discussed it with the President of Brazil during that President's visit to Bonn last week. It is very compatible—although I don't want to get ahead of reality here—with our thinking here in the State Department and in the inter-Departmental deliberations on this geographic region that have already taken place and have been underway for a period of about, I think, 12 weeks now. We will have something on this in the very near future which will, again, show some convergence of attitude.

**Q. Since we last met, we have had a visit from the Prime Minister and Foreign Minister of Japan. After going back home, our senior ally in Asia lost its foreign minister because of the word "alliance" being used in the communique. And there has been a series of disclosures about American nuclear weapons in Japan. Could you address yourself now as to what the United States expects of Japan in the way of this alliance and to these stories that the United States, in violation somehow of our commitments, had placed nuclear weapons in Japanese waters?**

**A.** I think, first, I would like to describe this controversy as an internal matter in Japan, primarily and exclusively. That doesn't mean that certain unfortunate coincidences of events have not converged to complicate and perhaps intensify this problem.

I don't think it serves any useful purpose for me here in Washington to, if you will, intervene in an important, internal political situation and debate in Japan other than to underline for you that it was not, according to my understanding of the information we have received officially, a consequence of the term "alliance" in the joint statement. It had to do with the timing and the release of that statement and some internal difficulties within the Japanese bureaucracy.

The point I would like to make in answer to your question is this: We still consider that the visit of the Prime Minister to the United States was a highly successful one, that the term "alliance" itself underlines the compatibility of outlook with respect to our basic values, those in Japan and here in the United States. I believe that the period ahead is going to demonstrate a continuing improvement in strengthening the Japanese-American relationships, despite the current problems inside Japan.

**Q. Would you address yourself to these stories about the nuclear weapons?**

**A.** I will, to the degree that I play for you that famous old record of every Administration official that has ever been asked this question since the period of the 1960s, I think perhaps it was that Mr. Ellsberg [Daniel Ellsberg, former Defense Department official] or somebody recalled, I think it was just yesterday, and that is that we do not discuss the presence of nuclear weapons on foreign territory.

**Q. Would you consider to speed up the timetable of negotiations with the Soviet Union if this would make it easier for Western European governments to implement a decision?**

**A.** That is a question that really has no fiber. The simple facts are that if we had started the talks with the Soviet Union, we have a lot of preliminary work to do, both here in the United States unilaterally and within the NATO family—the two studies that were agreed to be conducted in the Rome session. And, clearly, we're after concrete results, not artificially established timetables. I think that this pace that has been agreed upon and the broad outlines of it, which is rather flexible at the far end, as you know—it says "by the end of the year"—provides for the necessary flexibility for the two sides to decide jointly when and where they want to start the formal negotiations.

**Q. On that same point, do you see any problem in the modalities for the TNF talks? For example, would the United States have any objection to the inclusion of forward-based**

**systems, as a matter of discussion? Would we like the Backfire bomber to be included on the Soviet side?**

**A.** Your very question underlines the importance of lining up, if you will, not only the U.S. approach to these and other equally vexing and complicated questions, but to do so in a way that our European partners who have a stake in the outcome are fully cognizant and comfortable with the approach we make.

You will notice that we, again, underline that these negotiations would be conducted within the framework of SALT. It is, indeed, those "gray area" systems, as some have referred to them, that make the conduct of the theater nuclear discussions intimately related to discussions which will ultimately take place in strategic systems. But I can't answer your question today because, quite frankly, we have not concluded how we will approach these questions.

**Q. Do you see a problem? Certainly, you must have a position on whether you would like to have the forward-based systems included or not, or is that still a question in your mind?**

**A.** I wouldn't say it is a question or it isn't a question, and I just don't want to get ahead of our ultimate position which will be presented to the President for his approval.

**Q. There seems to be a widening gap developing in Europe between public opinion there and formulation of U.S. foreign policy here in Foggy Bottom. How do you expect to bridge that gap without publishing some of your assessments of the so-called "common danger" of the Soviet intentions?**

**A.** Not to be too curt or too brash, I think as you know, over the last 5 years that I was in Europe, there was hardly a speech I gave that didn't touch upon that subject and the worsening trends between East and West in the military area.

I think there is a plethora of material available. That's not to belittle your question because it was raised over here as well, and it's a serious question. I think one of the great problems we have is avoiding the dangers of exaggeration of Soviet military power and painting them in 10-foot-tall proportions or in underestimating what have been very serious worsening trends between ourselves in the West and Soviet capabilities. I think the Atlantic Association, just yesterday, published something touching upon that concern, and with some data to support it. I recall not so long ago, Bonn publishing a white paper on this subject—very detailed, very specific. I think it was in 1978, as I recall. It hasn't changed too much since then. It has just continued at the same level of increased spending on the part of the Soviets.

**Q. I think the question is, does the public buy your view?**

**A.** I can't answer that question. It has always been controversial. I remember my arrival in NATO in 1975 when not only would people question whether or not there was an increase in Soviet capability, they questioned whether there was a threat at all.

As I look back, I would say there has been considerable progress in both public and official recognition of the situation. I only refer you again to the NATO communique emanating from Rome and the comparable defense ministers' communique from Brussels. I think this issue is highlighted unequivocally. It has the support of all the member nations.

**Q. As I understand, the Soviets have suggested an international conference on Lebanon. Do we have any interest in participating in such a conference? And if not, can you tell us something about what is the current level of American-Soviet contact over that problem?**

**A.** First, I think we are interested in an international conference which would focus on the Soviet presence in Afghanistan. That's the first order of business, and that's our major concern today.

Secondly, we have discussed the situation in Lebanon with the Soviet Union. We have been in communication with them on it. It's too early to say whether they make a constructive or a counterproductive contribution to the situation.

Thirdly, I think our effort in Lebanon is designed first and foremost to quiet the situation down and to play a role which would permit the parties to return to a status quo ante, if you will, a situation that has prevailed in Lebanon from 1976 until very recently. And that is not an overly ambitious effort, but it's a vitally important one, which would permit longer term efforts in the direction of a return to normalcy in Lebanon and hopefully and always, from the U.S. point of view, the strengthening of the central government of Lebanon and its ultimate control.

**Q. You don't see any use in having a conference on Lebanon now?**

**A.** No.

**Q. The Chancellor and you and the President discussed also the situation in Poland. The Chancellor seems to have a fairly pessimistic view on this situation. I wonder what your assessment is also in projection toward the Polish Party Congress?**

**A.** Yes. I wouldn't necessarily join the premises of your question that the Chancellor necessarily has a pessimistic view of the situation. I don't know. That may be so; it may be not. There was, of course, extensive discussion of the situation in Poland between the President and the Chancellor, and also between the Chancellor's colleagues in the Foreign Office and elsewhere, and me and my colleagues.

Clearly, the bottom line of the consequences of those discussions are reflected in the joint statement, and that is that this is a situation that remains delicate and of great, great significance, a profound significance, and that we are strenuously opposed to outside intervention in this situation.

There are various benchmarks, one of which you mentioned, which could reflect raising levels of tensions once again. But it remains to be seen, and I don't think anyone has an assured assessment on that.

**Q. By saying in your last answer before one that the United States wanted a return to the status quo ante, you're in effect going along with the way Mr. Begin has also described the goal of Israel. But my question is whether the United States also shares the specific goals as outlined by Mr. Begin recently, such as the removal of all the missiles from Lebanon, as well as the new ones placed on the Syrian side of the border and a commitment by Syria not to fire at Israeli planes.**

**A.** I think nothing could be more counterproductive than for me to engage in commenting on positions taken by one side or the other, and I'm not going to do it. It's too important.

**Q. Could you at least, then, give a broader scope of when you say the status quo ante? Is there something you might want to add to that answer?**

**A.** No, other than what I had said before. I think a week or two ago that was reported rather extensively at the time, that we're talking about a return to normalcy. You can't describe Lebanon since 1976 as normal, not by any set of circumstances. But you can quiet down current tensions by a return to that situation as we continue to work on the longer range problems which would involve, in my view, the ultimate creation of a central government which is capable of ruling all of Lebanon, an independent and sovereign Lebanon.

**Q. On the multinational force in the Sinai, could you please confirm that Canada, Australia, and New Zealand have been asked to help the United States in forming the force? And when do you expect the force to be in place?**

**A.** First, I would prefer not to deny it, and suggest there may have been others contacted as well. There have been what I consider to be rather premature discussions of this subject over the last week, and we still have a great deal to be worked out between the parties, and I will just leave it there.

**Q. Did you discuss your policy on terrorism, and does the Chancellor share your definition of terrorism?**

**A.** No, we didn't discuss it, so I can't speak for the Chancellor. I'm not sure I'd presume to do so anyway; he's very capable of speaking for himself.

Press release 154.■

# Secretary Participates in St. Louis Town Hall Forum

*Secretary Haig was the guest at the St. Louis Town Hall Forum, sponsored by the St. Louis Regional Commerce and Growth Association, on May 29, 1981.*[1]

The essence of President Reagan's foreign policy is a policy which some describe as being less than clear at the moment. I will accept the charge that we have not set out some grand design, some conceptual framework which from day-to-day provides a scorecard for contemporary critics.

We have, however, established a fundamental bedrock of national objectives, and that is to recreate a world structure hospitable to the values and ideals of the American people—the freedom and dignity of the individual—and to recognize that necessary and desirable historic change must occur through the accepted rules of international law and the mores of Western civilization rather than through bloodshed, terrorism, and resort to so-called wars of national liberation.

These objectives are structured over what I call "four pillars," the first pillar of which is the attempt to establish a relationship with the Soviet Union built on restraint and reciprocity and a clear recognition that such a goal and such a pillar cannot be structured until the United States reverses the worsening trends in military balances between East and West.

Secondly, we have recognized the imperative of refurbishing traditional alliances and bilateral relationships with those nations in the world which share our values. This can only be done with a new spirit of consultation, built on reliability in the American approach to our relationships with our friends abroad, built on a recognition of traditional friendships, and a need for consistency in manifesting our recognition of those friendships.

Thirdly, to recognize that we have to construct in this changing world a just and responsible relationship with the developing world and to do so with full cognizance that there are changing attitudes in this developing world today. Increasingly, developing leaders in black Africa, this hemisphere, and in Asia are recognizing that a close alignment with Marxist-Leninism in the Soviet model brings with it bayonets and bullets, pervasive presence, and frequently a client-state relationship. Whereas relationships with the Western industrialized world bring economic growth, development, technology, medicine, human development, and participation in a world market community where performance and work dictate rewards.

And, finally, this new foreign policy structured by President Reagan recognizes first and foremost that America cannot once again lead abroad until it cleans up its own economic situation here at home.

I've witnessed the American dollar decline in value over an extended period in Europe and with it American prestige and influence. And the impact of ill-disciplined, runaway double-digit inflation here at home on foreign perceptions of America's ability to carry out its international tasks is sometimes staggering.

So all of these things together represent what I call a four-tiered structure to achieve these objectives I touched upon.

Where do we stand in the task? The jury, of course, is still out. But I think it's a remarkable period in American history, one unique in my 20 years of public service at a relatively high level, where I see a remarkable consensus of the American people, the American Congress, and the American executive branch to roll up our sleeves and to put America back in action again.

It's a source of great comfort and pride to me. It's also a source of certain caution that those of us in Washington who today carry out your tasks have a great responsibility not to abuse this wonderful consensus that has been so hard fought and so long in coming. I'm optimistic that will not happen.

**Q. You mentioned a new and a somewhat different policy to the Soviet Union. I think it is widespread knowledge that Secretary [of Agriculture John R.] Block had talked earlier on in the campaign of perhaps using the food weapon, I think was the word he used—that's been toned down some. I know you and he are talking soon with Soviets and Chinese alike. You in China, probably in a couple of weeks. Is there any hope that we may use that one thing that we produce so well—food—to help us achieve the foreign policy goals that you're searching for?**

**A.** That's a very perceptive question, and I suspect there's more to it

than just the words of it, since we have just lifted the grain embargo on the Soviet Union. And I must be very careful not to say something to contradict that reality.

I have always maintained, and I know President Reagan has always maintained, that food alone—agricultural restraints or sanctions, if you will—are not adequate to exercise the kind of sanction power that you might need from time to time in international affairs. The President himself has expressed repeatedly before his election and before his inauguration that he intended to lift the grain embargo. I spoke about it all around the country because I had had some firsthand experiences in the early 1970s with the application of a grain embargo, and we frankly shot ourselves in the foot.

From the President's point of view, I think that he felt—and correctly—that the value of his word, his commitment, was a very precious commodity that he, himself, would not squander. He did restrain himself for some 4 months and I would think primarily as a result of my counsel to him to go slowly, to be sure that the Soviet Union would not misread the lifting of the grain embargo.

A grain embargo alone is too narrowly based, and in diplomatic terms it could have caused us increasing problems as other partners—those which share our values in Europe and in Asia—were less than strict in their appliance of that sanction. Increasingly, the American farmer would have been the isolated bearer of the burdens of this grain embargo.

I would hope that in the future, should it ever be necessary—for Poland or some other situation—to apply sanctions to the Soviet Union or any other state, that it would be approached in a far more broadly based way—trade across the board and other sanctions across the board, rather than to ask one segment of the American society to bear alone the burden of disciplining an international problem.

**Q. Can we use that food to bargain with the Soviets in perhaps attaining certain kinds of goals, certain attempts to have them see things more clearly in the kind of world that you stated the Reagan Administration would like to live in?**

**A.** I don't discount the importance of America's greatest single and most successful accomplishment and that's from the agricultural sector, because, indeed, that is one of the greatest accomplishments of our American system. But I would not delude myself, and I don't think others should, that a disciplined Soviet or Marxist leader is necessarily going to modify fundamental policy decisions which are based on their own vital national interests even by such an important factor as food—especially if it's a unilateral American attitude. There are other sources available and there are transfer capabilities from other customers of the United States, as we saw in this last grain embargo, where we would restrain wheat, sell it to other countries, it would be refined into flour, and shipped into the Soviet Union. I think you have to be extremely careful in your hopes, and there is also a very important human aspect to that question which I won't go into.

**Q. We point to your China trip in a couple of weeks. There's been some question as to whether or not the Reagan Administration has a China policy. We have the friends in China; we have the friends in Taiwan. Are the two compatible under the Reagan policy?**

**A.** Let me assure you that President Reagan does have a China policy, and I've been exposed to it first-hand from day one so I'm very familiar with it, and it is as follows.

We recognize the strategic imperative of strengthening and improving and normalizing our relationships with the People's Republic of China; there can be no question about that.

Secondly, we see no incompatibility with that and both our legal and moral obligations to abide by the provisions of the Taiwan Relations Act which require a degree of relationship with the people of Taiwan. This is an unofficial relationship in government-to-government terms, and we see these as completely compatible and two tracks which we can pursue successfully. And I hope to confirm that once again with the People's Republic government this coming month.

**Q. Since Africa is probably one of the largest storehouses of raw materials and the future of the industrial world, my question concerns Africa. Since the United States is already committed to free elections in Namibia, which will ultimately lead to independence, has the United States any plans for aid or assistance in the development of an area such as Namibia, thereby precluding another Angola situation?**

**A.** First, let me recall the informal remarks I made at the outset and that was that we clearly must seek a just and responsible relationship with the developing world—and that includes southern Africa and maybe especially southern Africa.

Secondly, let me remind you that this Administration was the highest donor to the recent contributions of the donor nations to Zimbabwe in southern Africa. This Administration was the highest donor to the recent Geneva conference on African refugees—black African refugees—most of whom, unfortunately, were the victims of Marxist-Leninist activity in Africa.

We have set about in the context of the U.N. Resolution 435 to lend all of our weight to the objective of achieving an internationally recognized independent Namibia, and to do so within the framework of 435, but to do so in such a way that we elaborate that framework from the current text of the U.N. resolution to include certain constitutional guarantees.

Those guarantees would provide for the rights of minorities. They would provide for a recurrent vote by the populations—not one man, one vote, one time—and they would provide for nonalignment, true nonalignment, and nonforeign presence in Namibia.

We have stated, and I would restate today, that there's an empirical relationship between the ultimate independence of Namibia and the continuing Soviet and Cuban presence in Angola. Although we intend to proceed unilaterally along the line toward Namibian independence, we cannot ignore this empirical relationship.

Finally, let me tell you that we just had a visit from the South African Foreign Minister in Washington, Mr. Pik Botha; and, while we are not totally satisified that we have a convergence of view, I think we have enough confidence as a result of those discussions to suggest that this process can continue within 435 and in the context of the so-called contact group in Europe—Britain, France, West Germany, and Canada—which has been working on this problem with us.

I remain optimistic, although it's a very complex and difficult task. And ultimately, if we succeed, there will, of course, be incentives to insure that that success is carried forward by necessary assistance to a new government. [Applause]

**Q. The question concerns Afghanistan. Could you give us an update on what the military situation is there now? And also what the Administration's policy is with respect to assistance, direct or indirect, to the Afghan freedom fighters?**

**A.** You used all the right language, and I liked especially your reference to freedom fighters. [Applause] The situation has clearly been something far less than I would anticipate the Soviet leadership expected when they conducted their second intervention in Afghanistan. You know they conducted two.

The first was to install a puppet leader a year before the actual invasion. It was unfortunate that at that time I read in the editorial of an unnamed Eastern newspaper, "Stay Cool in Kabul." And that was Eastern press jargon to suggest that we should not be concerned about that initial Soviet intervention in the installation of a puppet leader in Kabul.

The step from that, unchallenged, to the massive intervention of Soviet forces a year later is a very small step to take. And I would say that we in the West have some obligation and some culpability for that second step having occurred in the first place.

The Soviets are not succeeding. I wouldn't want to suggest the freedom effort is overwhelming and is achieving major military successes, but the control that the Soviets would like to exercise over the countryside in Afghanistan is very, very limited. It involves a circumventerental road which they control periodically and some of the cities which they control, but the countryside is a very risky place for Soviet forces.

The last part of your question I'm going to fall back on an old habit, and that is, never pop off in public about things that you are doing or may want to do or you will create all the pressures that are necessary to prevent you from doing anything at all. [Laughter and applause]

**Q. Along with the plans to increase the U.S. military defenses, are there any associated plans to improve our civil defense posture, particularly as it relates to chemical and biological warfare?**

**A.** First, let me suggest that I would prefer to let my friend, Cap Weinberger, field that question. I can tell you that in general the Defense Department and our own political-military policy planners are very, very conscious of the low state today of our readiness in civil defense.

We are extremely conscious of the great assets applied by the Soviet Union to that sector of their defense capability. Unfortunately, we're dealing with a number of conflicting priorities. I would suspect that as important as this subject is, it is not quite as high on the priority list as some of our other defense needs. But it will get increased resources and increased attention under Cap Weinberger and President Reagan, I can assure you.

With respect to those two more sophisticated areas, we have been engaged, as you know, and just won a very important vote in the Congress—a vote that allocated some $20 million to create a binary offensive capability in the chemical weapons area. We felt this was necessary, because since 1969 the United States has absolutely left untended its chemical weapons inventory while the Soviet Union has built steadily.

It's been our view that you cannot sit down and negotiate unless you have something in your larder with which to talk. That's why we've been totally unsuccessful in that span of 11 years to get the Soviet Union to sit down with us and arrive at some coherent restraints which we would all, of course, seek.

There is no activity in the radiological area because it is banned by international agreement, subscribed to by both the Soviet Union and ourselves.

**Q. How can President Reagan, and I presume with the concurrence of the State Department, justify the supplying of the AWACS [airborne warning and control system aircraft] and other sophisticated—highly sophisticated—weapons to Saudi Arabia as a defense against Russia when the Saudis themselves say that—practically have said it themselves that they want them as an offensive weapon against the very existence of the State of Israel? And even with our being there to watch these weapons and so forth, isn't it quite a danger that they could become used for the purpose of which I have just stated?**

**A.** I think that's a very important and certainly very urgent contemporary question in Washington today. First, let me challenge one of the premises of your question and that is that I am not aware, and I seriously doubt, that there's been any exposition on the part of the Saudi Arabian leadership that would attribute the employment of AWACS to the motives you subscribed it to in your question.

Secondly, I think it's vitally important for Americans to understand that the situation in the Persian Gulf area and in Southwest Asia at large has changed profoundly over the last few years. We've had the collapse of the Shah of Iran, who was the traditional policeman of that area, who frequently combated Soviet-inspired and Marxist-inspired insurgencies in a number of the sheikdoms, and whose very presence and armed forces and overall demeanor were a stabilizing force. With his collapse, the outbreak of the conflict between Iran and Iraq, uncertainties have grown.

We have had, of course, the Soviet invasion of Afghanistan and no prospect at the present time for their orderly withdrawal.

Thirdly, we have had the situation develop in the Horn of Africa which poses a dagger-like threat to the viability of the oil fields in Saudi Arabia which are fundamentally important, not only to U.S. interests but to Western industrialized interests at large.

Fourth, we have seen the takeover of South Yemen by Soviet-inspired insurgencies and recent efforts about 18 months ago, or 24 months ago, to overtake and to overwhelm the North Yemen border with Saudi Arabia.

I think it's vitally important for Americans to understand that Saudi Arabia's security, its general pro-Western orientation—And, if one may ask the question, I ask one to think back as recently as a week ago at Geneva where the Saudi Arabian Government was the leading advocate of no increases in OPEC [Organization of Petroleum Exporting Countries] oil prices and where the Saudi Arabian Government has been involved in high levels of production to actually create a glut designed to drive oil prices down which are in the interest of Western, industrialized societies and developing societies as well.

I think I would suggest that our questioner reflect on the past 3 weeks, the anguishing work of Phil Habib [the President's emissary to the Middle East], who I just left in Washington, who has asked and received great assistance from the Government of Saudi Arabia as we seek to reestablish a *status quo* normalcy in an extremely

dangerous situation which continues to be dangerous today.

I think we must be very, very careful in our value judgments about the importance of this provision of arms to Saudi Arabia which are designed to defend against the threats I just spoke to. I would also emphasize that the AWACS itself is a defensive weapon whose technical capabilities are somewhat more limited than some of the misinformed suggestions that we are reading in the press today.

I don't mean to suggest by that that our friends in Israel do not have reason to be concerned. We have been in the process of discussing this issue with them. I've discussed it with them.

We are in the process now of formulating the modalities for the sale of this system to Saudi Arabia, and I would suggest that prudent people who may be concerned hold their fire until they see and are able personally to assess what these modalities will be. I think you'll find they're far less frightening than the questioner might have suggested.

**Q. Following that meeting with you, President Reagan, and Mr. Habib this morning, did you send him away— back to this shuttle diplomacy—with any special tools or any special instructions that we might want to know about?**

**A.** One of the greatest tools we can give him is not to pop off in public and complicate his tasks at the cutting edge of diplomacy. [Laughter]

I just left President Reagan and Phil, and we had a very long discussion where the President was asked to be brought abreast of the diplomatic efforts undertaken by Phil. These are efforts all in the direction of the objective of peace and stability in the area.

I notice some of the press suggest the mission is a failure. Nothing could be farther from the truth. Four weeks ago when this mission was launched, we were on the verge of conflict, the expansion of which could not be predicted. We've had 4 weeks of, let's say, reasonable peace. We hope and we have perceived that none of the parties appear to want a broader conflict. That's a very good premise from which to continue this effort.

This effort will continue. Mr. Habib only returned home because there was a natural break in the dialogue among the parties, and it gave him an opportunity to bring the President abreast of the situation. He will be returning shortly. We haven't fixed the date yet. The process will continue. We continue to have hope, although it's an extremely complex and anguishing problem, and it still remains in my view somewhat of a longshot. But with each passing day, we've accomplished greater chances for the maintenance of peace which we seek.

**Q. The Strategic Arms Limitation Treaty has been stalled for over a year and a half. What is the policy of this Administration toward those negotiations, and how soon will we see some action?**

**A.** First, I think if you watch carefully, you'll see there has been some action. We have already committed ourselves to a time schedule to initiate discussions—formal negotiations—with the Soviet Union on theater nuclear arms control. These are the systems deployed in Western Europe and deployed in the Soviet Union which threaten Western Europe. These discussions will be conducted within the framework of SALT. I will discuss the actual modalities and timing with Foreign Minister Gromyko this September at the United Nations, and I would anticipate shortly thereafter the formal negotiations would begin.

With respect to what we referred to as SALT II, a lot of Americans seem to think SALT II was stalled out on the rocks of Afghanistan. Let me tell you nothing could be further from the truth. SALT II was dead in the American Congress before Afghanistan, and it fell on its own substantive shortcomings.

Now we are in the process of reassessing. It is President Reagan's policy to support arms control negotiations which are verifiable, which are balanced and just and equitable, and which bring about reductions—actual reductions—in levels of nuclear armament and don't provide functional highways for the continuing growth, which is one of the problems with SALT II.

So I anticipate these studies will continue on the U.S. side, that there will be discussions at the appropriate time, and that that timing itself is also going to be a reflection of that term "linkage," other aspects of Soviet international behavior, as it should be.

**Q. Considering Richard Nixon's background in China, wouldn't he be the best man for Ambassador to the People's Republic of China?**

**A.** Well—[Laughter and applause] Certainly not an unserious or unimportant question—a very important one and very much justified, I think, by the former President's qualifications and background. But I don't anticipate it will be happening.

**Q. Earlier this month an event occurred in which the repercussions have not totally been felt. This event in Europe is the election of France of a Socialist government in which the Communists will obviously have a part. This may represent once again the fall of France.**

**During the years of which the U.S. Government foreign policy has been based on appeasement to the Soviet Union, France has stood up against the Communists—in Africa and in the Arab Horn of Africa and in other Arab nations.**

**What now, since the Government of France has fallen, can the United States do to pick up the slack to stop the Soviet Union from continually expanding?**

**A.** You've got a lot of very tough questions wrapped into one there.

First, let me tell you I would not necessarily accept the premise of your question that there will inevitably be Marxist participation in the Government of France under the Mitterrand electoral mandate. I think a very important aspect of that question will be arrived at in the parliamentary elections which will be coming late in the month of June. But frankly this is an internal question. The important thing to remember is that France is a trusted, a true, and invaluable ally and that the formulation of their internal government is France's business.

Needless to say, we will watch that with great care, and the outcome of the ultimate government will have an influence on ultimate relationships inevitably, as it always does. But I think at this juncture, it's far too soon to draw the kinds of conclusions that your question suggested.

**Q. Can you tell if the United States would be willing to join the Soviet Union in a total withdrawal of forces from Europe?**

**A.** Let me suggest to you there might be some anomalies, very dangerous ones, in that the United States is what?—how many thousand miles away?—and it takes months to build up forces. The Soviet Union is

right on the border, and I could not imagine anything more self-defeating than a concept that would visualize total withdrawal of both sides.

If you're talking about total disarmament by both sides, why, that's another question which I'm afraid has certain ephemeral overtones that are mind-boggling for me to perceive.

If you're talking about the recent proposal in the CSCE [Conference on Security and Cooperation in Europe] made by the Government of France and belatedly supported by the U.S. Government after President Reagan came into office to support a confidence-building set of proposals in a zone from the Atlantic—that is, the European shores of the Atlantic—to the Ural Mountains where there would be notification of force movements that could be worrisome to either side, then we are in the process of supporting and fleshing out such a proposal today. Then I think it has certain values, and that's why I recommended to President Reagan that we join the French and the British and our other Western partners in supporting it.

**Q. What is the current status in the Iran-Iraq situation? Is this a lull before the storm and perhaps Mr. Habib's next assignment, or do you see that it could go into a permanent funk here?**

**A.** There are people being killed. There are people dying every day in this conflict. But the level and the intensity of conflict has been very, very low for an extended period.

American policy has been to be absolutely and strictly impartial in this conflict, and we intend to remain that way for the foreseeable future.

There are a number of efforts underway. I just met with our Swedish colleague, Olaf Palme, this past week in my office, and he has been undertaking, under the auspices of the United Nations, a peacekeeping effort. There have been also peacekeeping efforts by the Arab regimes in the area. Thus far there have been no signs of progress, and I would not predict any progress in the foreseeable future, but I think Mr. Habib will leave the Lebanon situation, delighted at the prospect of returning to that happy retirement that he just left, as a great patriot that he is.

**Q. Poland now owes Western banks $29 billion. The total loans to the Third World and Communist nations are over $500 billion. A default by any of these nations could cause severe economic problems for our economy. What is being done so that we're not at the mercy of a blackmail situation, considering that many of our banks are holding these loans?**

**A.** A great deal has been done. We've already contributed well over $500 million to the Polish Government in commodity credits. We have just joined the other 14 donor nations, which hold these debts you are speaking of, to defer for a year the outstanding interest or the carrying responsibilities of the Polish debt, which is in the order of magnitude precisely as you described it.

In addition to that, during the recent visit of the Deputy Premier to Washington about 3 weeks ago, we gave another $72 million of special rate food commodities. That's a substantial sum already provided to deal with the problem you raise, not only in terms of the internal problem but the debt-servicing problem as well.

We are now, I think, at the end of that road for this year with this recent deferral action. We do anticipate that the Soviet Union has a very heavy obligation, and not to look exclusively to Western industrialized nations to contribute to relieving these internal problems in Poland today.

**Q. A lot of us have been watching Africa for the last 10-12 years, and we've been really concerned about Qadhafi over in Libya and all the things that he's done.**

**We've been reading now in the paper, and is it a possibility that there is a growing lack of support of Qadhafi by the people? And, if there is, would there be any possibility of the people succeeding against Qadhafi?**

**A.** That's a difficult question. You are correct: How could it be otherwise, when the resources—and they are substantial—received by Qadhafi from his natural resources—oil—are almost exclusively diverted to the purchase of armaments, the training of international terrorists, and the conduct of direct interventionism in the neighboring states in northern Africa, the most recent of which being the invasion of Chad.

It's clear that the very modest population of Libya who witnesses these extravagant expenditures for objectives that do not meet their vital interests must be increasingly asking themselves whether or not they have a visionary as the head of state.

I don't have to tell you that we in the West are increasingly concerned about Mr. Qadhafi's lawless activity in a direct military sense and in his support for bloodshed and terrorism worldwide. As recently as 2 weeks ago, he again espoused the right of the Libyan people to destroy their opponents.

We don't mind the rhetoric, but when he applies assets, training, and indulges in work—even in this hemisphere and in these United States—which are reflective of that leadership, then we have a problem and one which we in the Western world are going to have to give increasing attention to and coordinate to deal with.

**Q. Can we expect help from our Western allies in the whole fight against terrorism? Have they pledged their support to that?**

**A.** I think there's a growing consciousness of the problem of international terrorism which is something different than the so-called wars of liberation. It's probably phase one of a war of liberation.

We have continued to be plagued. We've had four major hijackings to deal with since this Administration has been in office. I find a growing sense of concern. There was reference to it in recent communiques among our allies, and I think it's a question of leadership emanating from the United States. I am very comfortable that our Western European partners will work with us.

**Q. My question has to do with the vote earlier this month in the World Health Organization when the United States cast the only opposing vote about the code of marketing breast milk substitutes. Considering your statements of how dependent we are upon the developing nations for resources, how do you perceive this kind of thing affecting diplomatic relations?**

**A.** I think it's difficult to say, and I would make the broad observation that this is a difficult and was an anguishing question for the President and for the Administration—especially for our AID Administrator, Mr. McPherson.

We did feel that the forum is not appropriate to engage in that kind of a restrictive activity; and there are very, very serious and well-meaning people on both sides of that issue, as is always the case on tough decisions. I think it remains to be seen what the consequences

will be of that decision for American diplomacy.

**Q. I understand that the Reagan Administration looks favorably on the new Administration in Jamaica, Edward Seaga, and I was wondering if you could outline basically your policies toward Jamaica as a country and maybe tell us anything about any other planned assistance without popping off in public. And any other thoughts you might have on the Caribbean in general.**

A. I think a reflection of President Reagan's interest in and support for the Seaga government in Jamaica was underlined by the reality that he was our first, official foreign visitor in Washington.

Of course, we are extremely interested in the future development of the Seaga regime, because it represents the first regime that has cast off in the Caribbean basin the extreme Marxist-Socialist approach to government.

Mr. Seaga inherited an economic shambles left to him by his predecessor. So we have been engaged in a broad-front program involving not only federal support for Mr. Seaga but, more importantly, activity in the private sector. At the time of Mr. Seaga's visit, I asked David Rockefeller, in behalf of the President, to chair a group of the private sector here in America. The Canadians have done the same, and they've been coordinating together to get private investment going into Jamaica, and with some promising success.

Just yesterday we got an agreement to provide the convention for Jamaica which the Prime Minister addressed in the Parliament yesterday. So I want you to know that we consider this to be a vitally important issue for the whole security of the Caribbean basin, that Jamaica succeeds as the model state that has cast off the shackles of extreme leftist activity.

[1]Press release 176. ■

## Secretary Participates in Foreign Policy Conference

*Secretary Haig participated in a National Foreign Policy Conference for U.S. Editors and Broadcasters at the Department of State on June 2, 1981.*[1]

First, I want to thank you for that warm reception, the kind I so richly deserve and so seldom receive. [Laughter] You know, I have been basking in the adulation of official Washington recently. Some of it has to do with my rhetoric.

The other day, when I was speaking to a group of editors here in Washington at their annual meeting, I was introduced by Mike O'Neill, of *The New York Daily News*, and he said, "Secretary Haig is the most articulate spokesman we have had in Washington since Dwight Eisenhower." [Laughter] And I said, "Thank you very much, Mike. That probably explains why I've never received a Pulitzer Prize. It may explain why I'll never have to give one back." [Laughter and applause]

But I want you to know things are getting better. There was a story in *The Washington Star* the other night that said, "Haig has now taken to reading the text, and he does it quite well. It's only when he gets to ad libbing in the question-and-answer period that everything becomes a shambles again." [Laughter]

So I want you to know, this afternoon I haven't brought a text; and I said there was a lesson to be drawn from that, as I fired my speech writer the other day.

I think one of the problems is communication and jargon. You know, I think back to my experiences in NATO and I was raised in the military discipline, so sometimes my military jargon is a little different. On this occasion, we had a specialist from *The New York Times* who was doing a study on "the military mind," and he spent 2 days in our headquarters interviewing military figures.

Finally, one night I took him on my helicopter to Bonn, from our headquarters in Mons, Belgium. As he got in the plane with his tablet, he leaned up and tapped the pilot on the shoulder and said, "Say, young fellow, when was the last time you've been out with a member of the opposite sex?"

The fellow looked at him and said, "I think it was about 1950."

He said, "You poor devil."

Then the fellow looked at his watch and said, "Well, it's only 2030 now." [Laughter]

So you see, sometimes it's just a question of the jargon.

There has been some comment recently that perhaps we have some confusion about our conceptual framework for President Reagan's foreign policy; and let me assure you, nothing could be further from the truth. We have, certainly, a fundamental objective that we seek—and that, first and foremost, is to help to structure an international environment that is hospitable, at least, to the values that we Americans cherish—freedom of the individual and the dignity of the individual in society.

We feel also that this can only be achieved in an international environment in which necessary and desirable historic changes occur within the accepted rules of international law and the mores of modern civilization, and not by resort to force, bloodshed, terrorism, and so-called wars of national liberation.

Now we have structured this on fou fundamental pillars: the first of which is to recognize that the fundamental objectives will be unachievable until we establish a relationship with the Soviet Union that is based upon restraint and reciprocity in our dealings with them. We have concluded long since that such restraint and reciprocity must be accompanied by an improvement in the worsening military balances between East and West, and especially the United States and the Soviet Union.

The second pillar that we are structuring our foreign policy on is the recognition that the United States must refurbish traditional alliances—NATO, ANZUS [Australia, New Zealand, U.S. security treaty], and others—that we must establish a relationship with those who share common values with us around the world and do so with a greater level of consultation so that our own policies are perceived to reflect an understanding and sensitivity to the needs of our friends and allies worldwide.

That means that we have to eliminate systematically a number of contemporary aggravations, ranging in number of functional areas from human

rights, nonprofileration, and fundamental economic policies as well.

Thirdly, we believe that in the period ahead—and it is increasingly important in this period ahead—we focus on establishing a just and responsible relationship with the developing world.

In that process, we are acutely conscious of a growing trend in which Third World leaders and Third World people are increasingly leery of close association with the Russian Marxist-Leninist model which has brought with it merely bullets and armaments, a pervasive presence, and, in special cases where a strategic geographic objective is served, a client-state relationship. We are not about to proceed in our efforts to establish a just and responsible relationship with the developing world in such a way that we will have the practical consequences of reversing this growing favorable trend.

That underlines why the United States was one of the major contributors to Zimbabwe's aid requirements this past year. It underlines why this Administration was the highest donor to the black African refugee conference in Geneva 2 months ago. And it underlines why we are dedicated, within the general framework of U.N. Resolution 435, to seek an independent, internationally recognized Namibia—but to do so in a way in which it is clear that we also recognize the sensitivities and concerns of the Government of South Africa in this process.

Lastly, and the fourth pillar upon which we structure our foreign policy today is one in which we clearly recognize that the United States cannot proceed to reestablish its modified, though traditional, leadership role internationally if we preside over an economic shambles here at home and that a key aspect of successful foreign policy is an orderly, productive, domestic economy. That is a fundamental aspect of Reagan foreign, as well as domestic, policy.

As we look at the prospects for the achievement of the objectives I have outlined under the four pillars we have cited, of course the jury is still out—as it will be for some time. But I think we go about our task with the clear recognition that there is an historic change here in America. There is a new consensus among the American people, the American legislature, and the executive branch to roll up our sleeves and get back in an active international role and to provide the assets in the military sector that are necessary to insure our effectiveness in that role.

Now I want to tell you that this Administration, those of us here at the Department of State, and I know the President, are acutely aware that we have a responsibility not to abuse this new-found consensus which is so promising for America. Therefore, we go about our tasks with a great degree of diligence and perhaps not so much conceptual "hoop-la" as some would like.

But while the jury remains out, I am certainly optimistic that we are making progress along all the lines I have just listed.

**Q. The warnings that the Administration gave to you in regards to the weapons to El Salvador have resulted in less weapons coming into El Salvador. However, we still know that some weapons are going. We have the situation in Grenada where a submarine and a big airport—military airport—is being built. What else can the United States do to stop Cuba as a center of subversion for the Central and the Caribbean areas?**

A. I think it's always prudent not to lay out explicitly in a public forum contingency planning and future planning, because it usually reduces your flexibility to execute it in the first instance—and that is certainly not untrue of this particular situation.

It is true that our policies with respect to El Salvador have had the practical consequence of reducing the flow of illicit arms into El Salvador today. But they have not terminated, and, indeed, there are high levels of worrisome armaments flowing, especially into Nicaragua but also into such territories as Guatemala, Honduras, and Colombia.

History never tells what would have happened if you had pursued another course; but several of the local and international figures that I have spoken to recently have suggested that had we done something less than we did in El Salvador, we might be facing another totalitarian regime there today.

I think it is awfully important, with the controversy associated with this issue, that we recognize that the level of assistance to El Salvador has thus far been very, very modest in dollar terms, especially in the security-related area. We are talking on an order of magnitude of military trainers of about 50 to 55—some of whom have already been withdrawn. But this level of assistance is roughly one-third of what we have been providing in the economic support area to that government.

It is clear that Castro's Cuba continues to engage in subversive activity throughout the hemisphere. It is clear that we have laid out clearly the unacceptability of this activity in a long-term sense to the United States and, I think, to many of our allies in the hemisphere. It remains to be seen whether or not the Cuban leadership—which is itself plagued with economic dilemmas of a tremendous character at home—is going to continue to indulge in this activity which is not limited to this hemisphere but which involves the exportation of troops to the Continent of Africa—literally thousands of miles away—where they are also engaged in similar activities.

I would say that it is important for all to recognize that this does not meet the vital interests of those who share our conception of a world that permits peaceful, historic change and welcomes it.

In the period ahead we will be engaged in additional measures designed to deal with this—and we are going to deal with it, not in an exclusively security-oriented fashion but rather with a clear awareness that we must also deal with the situations, the cause, effects, that make insurgency and external interventionism possible and acceptable in the target areas. That means economic and social development. These will be the twin approaches that we will pursue, but I am going to avoid referencing any specific measures.

**Q. I am from Miami. I was with the assembly of the ASNE [American Society of Newspaper Editors], and I asked you about the intervention of Castro in Central America. And now I have to ask you something about the news that appeared this morning in *The Washington Post* about the Soviet tanks that have been sent to Nicaragua and to Central America. That means that the Nicaraguan Government is receiving very heavy armaments from the Soviet Union. Am I correct?**

A. First, I think you are referring to a newspaper report.

**Q. Yes. [Laughter]**

A. I am not being critical, but I am going to be very careful about making reference to newspaper reports which I

haven't had an opportunity to study and don't know the source of that report.

I can say this categorically: We have been watching with increasing concern the levels of sophisticated armaments being provided to the Government of Nicaragua, transshipped from Soviet, Eastern European, Libyan, and ultimately through Cuban assembly areas into El Salvador.

And we are also concerned about the high level of manpower being assigned by the Sandinista government in Nicaragua to purely military duties—both in the active sense and at an extremely high level in the reserve sense. We do not see any threats in the local area that would justify that level of manpower, nor do we visualize a requirement for the sophistication in the level of armaments that we see have already arrived and which we understand are programmed to arrive. Let me just leave it there.

**Q. On the board outside this room, under your name, are 44 policy-level posts in the State Department. There are only 16 names opposite them. Is that enough people to run the store? Are you satisfied with that? And what is holding up the implementation of your staff?**

A. Not at all. But don't let that list deceive you. These are fellows that are through the system, formally confirmed, and are at their desks in a confirmed status.

Almost every vacancy, from the Assistant Secretary level up, has been filled. I think we only have one that remains to be filled. But the process of running them through the Hill confirmation process—with other legislative agenda items facing the committee—

And I would not be exaggerating a bit to suggest that some of our conflict-of-interest rules that have emerged in recent months or years are mind-boggling in the administrative burden that they impose. But we are well-staffed, well-manned, and are functioning every day. Some of our fellows sort of back into the pay table because they haven't had their rank formally assigned. [Laughter]

**Q. Are we sending arms to Afghanistan and, if we're not, why aren't we?**

A. There again, there's an old bureaucratic game that when you're asked about sensitive questions and when you're talking about contingency planning, the very act of discussing them publicly makes it impossible to pursue them. I would have no comment on that subject.

**Q. You don't think that the American people are entitled to the answer to that question?**

A. I think that's a hard way of putting the question which would be tantamount to: "When did you stop beating your wife?" So I'm not going to answer in the context of your question. But I do think that the President has commented on this subject, and I think I commented on it in a recent interview in *U.S. News & World Report* where I said the President said if the freedom fighters were to ask for assistance that we would be very serious about considering meeting that request.

I say the issue involved here is a double standard. It is clear the Soviet Union insists, and has historically and categorically insisted, on its rights to support such freedom movements or liberation movements in target areas of their selection. It hardly seems consistent that they could oppose such activity on the part of the West under similar circumstances.

**Q. One of the first issues you faced as Secretary of State was the Russian grain embargo. At first you were not in favor of pulling that. Since this is over, what's your reaction to its effect?**

A. When the President heard my views on it, when he made his decision, I supported that decision fully and completely. I have the luxury as the Secretary of State to confine my advice to the President to exclusively foreign policy-related considerations. Needless to say, early on I was opposed to lifting the embargo on those grounds.

But the President is President of the United States, and he must make his decisions on a full range of considerations and interests. First and foremost of those interests was the fact that the President had consistently and categorically opposed the grain embargo prior to his election and committed himself to lifting it if he were to be elected.

He does not squander his words lightly, and frankly I don't think he should. I can also suggest consistency in my own view. I was opposed to the grain embargo when it was imposed. I was opposed to it because I had lived with the experiment with the grain embargo in the early 1970s, and we shot ourselves in the foot. It's too narrowly based a sanction. It asks only one segment of the American society to bear the burden of the sanction.

More importantly, it even had long-term foreign policy implications, because had we continued with the grain embargo as some of our Western European partners and other partners worldwide were less enthusiastic—some didn't join in the first place, some dropped off—there would have been an increasing disunity evolve in foreign policy terms, as only a few "hung tough," if you will. Even from that point of view it was a tightly balanced judgment. I think the President made the right decision. I support him fully.

**Q. The EEC [European Economic Community] is going to become involved in Northern Ireland because many of its members see it as a potentially grave threat to both itself and NATO. The British Government is now spending $2½ billion a year in both subsidies and security in Northern Ireland at a time when we hear that it may reduce its naval NATO force as well to about 15 ships. And we have an Irish-American constituency in this country of between 16-20 million people, including, I believe, yourself.**

**Given all these considerations and many more, why does our government—why does the Reagan Administration—insist on treating this as an internal British matter?**

A. I think precisely because it is that. That does not suggest that there aren't external forces involved from time to time in one or another aspect of this anguishing problem. But I think it's clear that this is a problem that must be worked out internally by the parties. It's an historic agony for those parties and has been. One might make the case if there were not a Great Britain playing the role that it's playing there today, we might have to create one to prevent a blood bath.

I think what we are all interested in is patiently and sympathetically to do all we can in an empathetic way to seek a resolution to these historic problems but to recognize that they are internal and that for a public official in my position to make offhand public comments about it only aggravates a problem which needs no aggravation; so I won't do it.

**Q. When President Reagan said that: "We will transcend communism rather than to contain it," was he suggesting a new foreign policy slogan,**

**possibly like detente or containment? And, if so, what does "transcending communism" really mean?**

**A.** I wouldn't presume to speak for the President; he does very well at it himself. But I think he was suggesting that those charges from time to time that we were guilty of fixation with communism are less than enlightened critiques of our concerns.

I think we do believe that recent Soviet activity internationally is probably the greatest threat to world peace that exists today, either directly or in exploiting historic tensions that exist today in this period of transition.

I think he has also made the point—and I have made it—that this is not a Soviet Union that is relieved of the burdens that any nation has; and, in the case of the Soviet Union, they are probably historically unprecedented today—in agriculture, economics, in the areas of systematic effectiveness of the Marxist-Leninist system in the Soviet model.

They are heavily engaged in a no-end conflict in Afghanistan, which certainly did not turn out the way those who proposed that that aggression take place visualized. They are today engaged in the support of 200,000 North Vietnamese troops in Kampuchea in a no-win conflict which is costing the Soviet Union about $200 million a day. They are faced with the mind-boggling complexities of the situation in Poland.

I think all of this suggests that as we pursue our relationship with the Soviet Union, we must do so with a clear recognition that they, too, are plagued with many fundamental challenges and problems. It isn't a simplistic question of building up enough armaments to force them to do our will, as some would suggest our policies represent. That is not the case at all.

The thrust of your question, I think, suggests that perhaps there are other issues with which we will have to deal, and I cited three of them in three of the pillars.

**Q. Would you care to comment on Prime Minister Begin's statement that there is a limit to how long Israel can wait for success in the diplomatic efforts being exercised to solve the Syrian missile crisis?**

**A.** I don't make it a habit at a time like this, when the United States is engaged in an intensive effort to preserve the peace such as it is and shaky as it has been in that difficult area of the world, to indulge in comments about public statements from one or the other parties to the conflict.

I think what we have suggested in our efforts to maintain peace and stability, to at least achieve in the near term a return to the *status quo ante*—and I'm talking about a return to the situation that has existed *de facto* and formally as well since 1976—is to work on those problems and, hopefully, to relieve them.

I do think there is a time limit. There is a time limit because there has been a change in the *status quo*. From that point of view one might say that there is some urgency—although I don't call it an immediate sense of urgency—but there is a time limit to achieving some progress, and I'm hopeful we will.

**Q. Your second pillar was refurbishing traditional alliances. Given your experience as a military commander at NATO and our recent request of Japan that they do a little bit of helping, are you pleased with the European attitude toward its own defense, and isn't it about time Uncle Sam stops being leaned on as heavily by the Common Market, as it were, militarily? Or am I wrong in that assumption?**

**A.** First let me answer your question by suggesting that I believe the worsening trends between East and West require that all of us do a bit more in the defense sector. That is not to suggest that we're totally helpless and behind today but rather that these trends are increasingly worse, and they need tending.

One thing that bothers me frequently is the charge that Americans make that our European partners are not carrying their share of the burden. I heard it for 5 years in my position in NATO-Europe when congressional groups and others would come over, pound the table, and say: "We're going to get equal sharing of the burden."

I would always say, "Let me remind you, my friend, that over the last 10 years, NATO partners in Europe have increased their expenditures for security needs by some 22%." The United States, on the other hand, until this past year where our defense spending increased, had declined and decreased in its contributions to the NATO alliance by 13%.

The point of departure was drastically different, because at the onset of NATO, the United States did bear most of the burden, our Western European partners having been the victims of a conflict that had just been concluded. But as they built up their ability to do so, they have taken increasing burdens.

I think it's important for Americans to remind themselves about this alliance —NATO. When I was in NATO, if I had gone to war, I would have gotten 90% of my ground forces from European powers, 80% of my air forces, and 75% of my naval forces from European powers. It was a very cost-effective operation and remains one for the United States.

I think it was my old friend Jim Schlesinger who had a study made when he was Secretary of Defense to analyze what it would cost the American taxpayer to get an equivalent level of security if we did not belong to NATO and we did it on our own. He estimated that we would have to double our outlay of gross national product to defense needs without the benefits of the NATO alliance we have today, so it's a very cost-effective endeavor.

**Q. I hate to bring you back to a report in the newspaper again. There are, however, some of us who still have a little faith in those journals.**

**A.** So do I, incidentally.

**Q. But I'm talking about the report the other day about the changes in the wind, apparently a leak out of the State Department, in the U.S. relationship with the Government of South Africa. Would you care to comment about the leak? Would you care to comment about what changes might be forthcoming?**

**A.** First, let me suggest that the leaks were atrocious and appalling to me. It has sometimes been to me inconceivable that public officials on the public payroll feel they have a right to protect their constituted leadership from itself because leaks don't just happen; they are in many instances executed in order to set up backwashes and to prevent policy decisions.

With respect to those papers, let me also advise you that these were both outdated and, in some instances, very low-level staff effort papers—in one instance not—and they are not necessarily a reflection of American policy in southern Africa today, nor were they ever.

Having said that, let me establish for you those policies. Those policies today are, under U.N. Resolution 435, to

achieve an internationally recognized independent Namibia at the earliest possible date.

We, however, believe that 435 alone—as it was previously conceived and as we sought to implement it earlier—is not adequate for the purpose. There is no sense in trying to sail again in a leaky ship. We believe that 435 needs to be fleshed out and expanded and that that expansion would involve the provision of constitutional, or at least ironclad, guarantees which will cover the rights of minorities in independent Namibia; that would provide for a franchise regularly exercised and not one man, one vote, one time; and that it would provide for a totally, truly nonaligned Namibia which will not be burdened by foreign presence or foreign troops. We don't think that that's an exceptionally excessive requirement for us to lend our weight—along with the contact group, along with the front-line states, and, hopefully, with the Government of South Africa—to achieve this long-sought goal.

We also seek to do it, incidentally, through these guarantees in such a way that the Government of South Africa can sense that it is in its interests to participate in this process. After all, that's a key aspect of the whole approach. I hope I've answered your question.

**Q. First, let me say, I wish that in 1956 you were Secretary of State. That's for the Hungarian freedom fighters. Then I would like to ask you, first of all, is the United States going into negotiations on a SALT II or a different agreement? And secondly, when are we going to attempt to catch up with the Russians militarily?**

A. I think you want to be careful, and I will answer the last part first. Sometimes there is a great tendency to paint the Soviet military capabilities in 10-foot tall proportions. It has been my experience—and it's a prudent experience—that those involved in those estimates always tend to view the opponent in somewhat more healthy terms, and that's a prudent approach. I wouldn't change it. And in many areas of strength it's true; the Soviet Union has surpassed the United States. In many others, they have not at all. And I would put in the central strategic nuclear area the fact that we are still in an area of rough equivalents. But I would emphasize that were current trends to continue, and were current trends even under SALT II to continue, we would be faced in 1985 or 1986 with rather substantial deficiencies in the American capabilities.

What is necessary is to reverse the trend. How long it will take will depend on a number of imponderables, not the least of which is the level of spending the Soviets are willing to engage in during the period that we have increased ours.

With respect to SALT II, many say that SALT II fell on the rocks of Afghanistan. Nothing could be farther from the truth. SALT II fell on the substantive inadequacies of the agreements themselves. I can tell you because I've testified, and I can assure you that there was not the adequate consensus in the American Senate and House to ratify.

I can also suggest to you without any question that SALT II is not an adequate basis for future arms control negotiations with the Soviet Union. We felt that while it limited certain levels of strategic building, it permitted functional freeways for unusual growth as well.

It is President Reagan's view that he will negotiate SALT agreements with the Soviet Union and wishes to do so. He wants those agreements to be fair, equitable, and to result in actual reductions, not in continuing growth.

We are in the process of studying this issue with great intensity in the bureaucracy today. It involves a number of potential options which could include dramatic changes in the SALT II framework, an entirely different framework in which maybe functional progress in particular areas were sought, or it might involve a whole new approach.

We have not gotten far enough along for me to suggest which way we'll come out on that. I would also suggest that the timing of when we sit down and discuss strategic arms control limitations is going to also take into consideration worldwide, global Soviet conduct and the term "linkage."

As you know, we agreed in the Rome ministerial to begin talks—and they have begun with the Soviet Union on long-range theater nuclear arms control for Europe. We anticipate discussing the precise move into formal negotiations in the September meeting between myself and Foreign Minister Gromyko in New York. Shortly following that, I would anticipate we will be into formal negotiations on this issue within the framework of SALT.

**Q. I think you are the first Secretary of State ever to appear before press briefing like this with Secret Service protection.**

A. Yes. Watch 'em. [Laughter]

**Q. In that connection, knowing that you have already had one attempt on your life that we know about, what is the role of terrorism in foreign policy today? Is it coordinated? Is the Soviet Union the primary source of it? And could you give us any other comments on it?**

A. Incidentally, my wife might have a few other experiences to describe where my life was in jeopardy. [Laughter]

I made some comments early on in my incumbency about international terrorism. I made some comments at the time I was almost blown out of my Mercedes in Belgium about 2 years ago, about international terrorism. Those comments are clearly on the record. I haven't changed my view one bit. And while the Soviet Union clearly doesn't bear the responsibility for all acts of terrorism internationally, it's a hemorrhaging phenomenum.

I did say that they bear a major responsibility, however, because they have been engaged in the funding, training, and philosophic underpinnings which suggest historic change by rule of force is an acceptable code for international behavior.

I know there have been a number of charges about "Secretary Haig doesn't know the difference between terrorism which is just stealing an airplane and perhaps wars of liberation, which is a higher level of insurgency." What I would suggest is that they are all interrelated and that terrorism involves—especially if it is state-supported terrorism of the kind that the Government of Libya is heavily engaged in today with the benefit of high levels of Soviet armament, Soviet advisers technically in their country—that one cannot turn one's face to the responsibilities that this kind of activity brings with it, especially as we have seen.

We have presided in this Department just since we came in in four major international aircraft hijackings. I

# Khmer Relief Efforts

Since autumn of 1979, when widespread famine inside Kampuchea sent thousands of starving Khmer to the Thai border in search of food, the massive response from the international community has been essential to the survival of the Khmer people. Through the end of 1980, Western donor nations had contributed to the Kampuchea relief effort over $450 million, while private Western donations through voluntary agencies amounted to well over $100 million. The Soviet Union and other Eastern bloc countries made substantial bilateral donations as well.

Although the situation is much improved, Kampuchea will be dependent on international relief food at least through 1981. In addition, special emergency needs include health care and elementary agricultural rehabilitation. Failure to continue relief assistance could result in new calamities and a return to the terrible days of 1979. Moreover, some 200,000 displaced Khmer remain in Thailand—in UNHCR [U.N. High Commissioner for Refugees] holding centers and in makeshift camps along the Thai-Khmer border—and these unfortunate people are totally dependent upon international assistance until some more lasting solution is found for them. The United States plans to continue to make significant contributions toward the basic humanitarian needs of the Khmer people in 1981 and into 1982 and is encouraging other donors to do so as well.

## U.S. CONTRIBUTIONS

The U.S. Government contributed $128,861,700 to the relief effort in FY 1980, all but a small fraction of which went to international organizations. In the first 7 months of FY 1981, we have contributed another $38,691,400. In the breakdown that follows, figures are rounded to the nearest $100, with FY 1981 grants listed individually. Contributions for FY 1980 have been combined into a single total.

| Amount | Reason/Date |
|---|---|
| **UNICEF** | |
| $20,307,600 | Total contribution (FY 1980) |
| 4,000,000 | UNICEF "Common Fund" (12/80) |
| 5,800,000 | Reimbursement for food purchased by UNICEF/ICRC (11/80) |
| $30,107,600 | |
| **International Committee of the Red Cross (ICRC)** | |
| $8,560,500 | Total contribution (FY 1980) Support for ICRC in FY 1981 included in $5.8 million granted to UNICEF |
| **World Food Program** | |
| $64,987,100 | Total contribution (FY 1980) |
| 495,400 | Food management in Thailand (4/81) |
| 494,600 | Monitoring, transportation, and warehousing in Thailand (4/81) |
| 10,000,000 | Food for Peace commodities including shipping costs (4/81) |
| $75,977,100 | |
| **U.N. High Commissioner for Refugees (UNHCR)** | |
| $21,435,500 | Total contribution (FY 1980) |
| 1,000,000 | Returnee program (10/80) |
| 9,000,000 | Holding centers in Thailand (10/80) |
| $31,435,500 | |
| **Food and Agriculture Organization (FAO)** | |
| $5,000,000 | Total contribution (FY 1980) |
| 2,000,000 | 1981 Seed rice purchases (12/80) |
| $7,000,000 | |
| **National Council for International Health** | |
| $87,200 | Medical assistance clearinghouse (FY 1980) |
| 15,000 | Continuation of clearinghouse (10/80) |
| $102,200 | |
| **Cambodia Crisis Center** | |
| $80,900 | Startup costs (FY 1980) |
| **American Friends Service Committee** | |
| $589,300 | Total contribution (2 grants) (FY 1980) |
| **CARE** | |
| $ 155,800 | Total contribution (2 grants) (FY 1980) |
| 1,576,400 | Rice seed for Kampuchea (3/81) |
| $1,732,200 | |
| **Church World Service** | |
| $2,400,000 | Total contribution (2 grants) (FY 1980) |
| **International Rescue Committee** | |
| $199,000 | Pediatrics ward at Khao I Dang (2/81) |
| **Pathfinder Fund** | |
| $69,000 | Community-based maternal/child health care in Khao I Dang (11/80) |
| **World Relief Corporation** | |
| $1,000,000 | Total contribution (1 grant) (FY 1980) |

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wouldn't attribute those in every instance to the Soviet Union. I might suggest that in one instance they had a very heavy hand. I think all of these things require very careful analytical thougth. And it makes no sense for people not to face reality. We'll have more to say on this in the period ahead, and I hope with greater specificity and explicity.

**Q. Just what are the basic qualities that you and President Reagan find in Mr. Lefever [Ernest W. Lefever, Assistant Secretary-designate for Human Rights and Humanitarian Affairs] to nominate him for the human rights divisions responsibility in your department?**

**A.** I am not going to tick off the man's academic credentials, which are substantial and are open in public record for anyone to see. He is a man who dedicated a good portion of his life to the very activities he is being asked to assume responsibility for.

One may disagree with his views on that subject, but I don't think anyone can disagree with his qualifications to hold those views and to bring his talents for the work of the American people.

Mr. Lefever is going to be working in this Department. That means that he is going to be loyal to the views of the President of the United States who was elected by the American people. And I think the President has every right to choose whom he selects to serve him, as he seeks to carry out the popular mandate.

[1]Press release 180 of June 3, 1981. ■

**World Vision Relief Organization**

| | |
|---|---|
| $3,103,300 | Total contribution (1 grant) (FY 1980) |
| 4,012,000 | Rice seed and other agricultural inputs for Kampuchea (4/81) |
| $7,115,300 | |

**Office of the U.N. Secretary General's Special Representative for Kampuchean Humanitarian Relief**

| | |
|---|---|
| $150,000 | Startup costs for office (FY 1980) |

**U.S. Embassy Bangkok**

| | |
|---|---|
| $69,000 | Emergency funds for Khmer relief (FY 1980) |
| 30,000 | Contingency funds for Kampuchean Emergency Group in Thailand (10/80) |
| $99,000 | |

**Thai Red Cross**

| | |
|---|---|
| $125,000 | Total contribution (two grants) (FY 1980) |

**Task Force 80 (Thai Supreme Command)**

| | |
|---|---|
| $13,000 | Office supplies for Coordinator (FY 1980) |

**Airlift**

| | |
|---|---|
| $382,500 | Special airlift of medical and other relief supplies in response to the President's 11/13 decision (11/79) |

**Administrative Costs**

| | |
|---|---|
| $550,000 | Travel and administrative expenses of staffing Khmer relief program in Thailand (10/79, 9/80) |
| $167,553,100 | Total contributions to date (4/81) |
| $ 19,308,600 | Pledged to U.N. Joint Mission for Khmer relief for 1981, but not yet allocated |
| $186,861,700 | **Total contributions plus pledges** |

Press release 145 of May 13, 1981. ■

# International Economic Policy Priorities

*by Robert D. Hormats*

*Address before the International Insurance Advisory Commission in New York City on May 19, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.*

International economic issues are increasingly important to the U.S. economy as well as to American foreign policy. Access to reasonably priced energy supplies for ourselves and our allies, for example, is an essential component of our economic well-being and our security. The financial stability of our friends and allies has a direct bearing on our prosperity and our foreign policy interests. Trade issues are central to our relations with many countries, and trade expansion is increasingly important to our economic growth. Inevitably, the Reagan Administration's domestic economic policies will affect – and will be affected by – international developments.

I would like to describe for you today some of the foreign economic policy priorities of the Administration. I will group them under five main headings.

- Strengthening the U.S. economy and improving economic cooperation with the other industrialized democracies; these together are the cornerstones of our international economic policy;
- Reducing the vulnerability of the United States and our friends and allies to disruptions in the international oil market;
- Promoting open trade on the basis of fair and effective rules and helping U.S. exporters to take advantage of international trading opportunities;
- Insuring a smoothly functioning international financial system—with an effective International Monetary Fund (IMF) – capable of facilitating recycling and adjustment and underpinning expanding trade and investment; and
- Building durable and mutually beneficial economic ties with developing nations based on a greater private sector role and supported by an effective and adequate foreign assistance program.

## Strong U.S. Economy and International Cooperation

A strong American economy and close cooperation with other industrialized democracies are the cornerstones of U.S. international economic policy and our foreign policy as well. The success of the President's program to reduce inflation through increased investment and productivity growth will give this nation's competitiveness a powerful boost. It will also facilitate adjustment to high energy prices, which will lead to more efficient use of oil, and enable us better to adjust to changing market conditions, which will reduce protectionist pressures. It will lead to sustained, low-inflation growth at home, thereby improving economic prospects and lowering interest rate pressures abroad. And it will permit us to generate strong domestic support and adequate resources for our security and foreign assistance programs.

We and our industrialized country partners recognize that our economic and foreign policy prospects are inextricably linked. And while differences of approach or emphasis often receive the preponderance of public attention, the fundamental interdependence of our economies and the similarity of our international and domestic objectives make cooperation among us imperative and attempts to work at cross-purposes patently futile and unproductive.

The prosperity of our major trading and financial partners will directly influence our own. In addition, it will improve their ability to muster resources and public support for contributions to the Western security and economic assistance effort. The energy performance of these nations, like our own, will have a direct impact on the world oil market, on which we and they continue to be heavily dependent. Our mutual efforts to reduce oil imports will in turn benefit us all. A common policy toward economic relations with the Soviets can balance our commercial and our security concerns and enable us to respond decisively to such provocations as the invasion of Afghanistan. Our nations can benefit from a common, constructive approach to the developing nations, insuring that as we attempt to meet their interests, they respect ours. And we together must find new types of cooperation in research and development to

bring to our societies and the world the benefits of the prodigious talents of our peoples and the potential of our technologies.

### Energy Policy

The international energy situation represents the single greatest threat to the well-being of this nation, and most others, in this decade. It makes our economies vulnerable to disruptions and our foreign policy and alliances vulnerable to threats.

Strong national and international efforts are required to reduce the unhealthy dependence of the United States and our economic partners on imported oil. We have already seen how rapid oil price rises and occasional supply interruptions play havoc with economic growth and inflation and sow discord among friends.

Due in large measure to efforts to reduce oil use in the face of sharply increasing prices and supply insecurity, U.S. imports of oil have declined dramatically to 6.3 million barrels per day (b/d) from their highs of 8.6 million b/d in 1977. But we cannot allow this progress, or the present softness in the oil market, to lull us into complacency. Much more remains to be done to reduce our vulnerability.

The President's decision to decontrol the price of domestic oil, coupled with the legislatively mandated phased deregulation of natural gas prices, are essential steps in eliciting increased production and discouraging inefficient use of energy. The Administration is also increasing its efforts to resolve regulatory and institutional problems inhibiting the use of nuclear power and will reform regulatory policies to promote greater production and use of other energy resources, particularly coal. And we will explore—in the International Energy Agency (IEA) and at the Ottawa economic summit—ways to reduce impediments to the export and use of such resources.

Yet increased production and more efficient energy use in the United States addresses only part of the energy problem. Supplies can be disrupted, as we have seen, by war and social upheaval and by national shortfalls caused by sudden demand surges. The obvious examples of these dangers stem from the Middle East; less visible is Western European dependence on the Soviet Union for substantial amounts of natural gas, which has the potential for unhealthy influence in a crisis.

We and our allies are preparing to counter threats to our energy security through intensified national action and international cooperation. Nationally, an effective strategic petroleum reserve (SPR) is crucial. I am pleased to report that we have begun to fill the SPR at an annual rate of over 200,000 b/d and hope to reach a level of 750 million barrels before the end of this decade. This could offset the loss of 3 million b/d of U.S. imports for a full year.

Internationally, the International Energy Agency is the prime forum for cooperation with other industrialized democracies. The IEA has an emergency oil allocation system, designed to counter significant shortfalls. This is the keystone of Western energy security policy. In addition, we have learned from the recent past that smaller, or even threatened, shortfalls can lead to harmful price rises. We and our colleagues in the IEA must insure that in the event of supply disruptions, such as those which followed the Iranian revolution, there is no repetition of sharp price increases, which could thwart our anti-inflation program. Nor can we permit oil to be used as an instrument of political pressure on our allies or friends. IEA consultations are underway to try to find appropriate contingency measures for these situations.

We must also develop new sources of conventional and nonconventional energy. Good relations with reliable suppliers must be maintained, and a few might be encouraged to develop additional excess capacity for use during supply interruptions. Investment climates need to be improved; discriminatory policies, such as those favoring domestic investment, can reduce optimal energy investment to everyone's detriment.

And we will continue to help developing nations to reduce their dependence on imported oil. Their inability to do so can only lead to greater instability in the developing world, and disruptions in the international financial and trading systems.

### Trade

We now face challenges arising out of the success—in both foreign policy and economic terms—of the basic policies we adopted after World War II. Our goal then in establishing the General Agreement on Tariffs and Trade (GATT) and urging a more open and market-oriented trading system was to increase both world prosperity and international interdependence through the expansion of trade. World trade expanded fivefold between 1970 and 1980. By 1979 the average tariff levels in the developed countries had fallen to 10.6%. Cuts agreed to in that year, in the Tokyo Round of multilateral trade negotiations, will reduce them to 4.5%.

At the same time, a number of new problems in the trade area have become increasingly important. In order to continue into the future the expansion of trade, which has contributed so much to our prosperity and added stability to the international environment, we will have to deal with these. Our trade policy is based on several key elements:

- Effective implementation of rules already negotiated;
- Negotiating, or improving rules and understandings in new problem areas of trade policy;
- Removal of domestically imposed disincentives to U.S. exports, and improved U.S. export promotion efforts; and
- A prosperous U.S. economy which promotes adjustment.

**First, we intend to insure effective implementation of the "rules of the game" already agreed to.** One of the major accomplishments of the Tokyo Round was to make a start at dealing with what I consider the key trade problem of this decade—nontariff barriers. In an era of relatively low duties, these act as the major impediments to international trade. The "codes" agreed to during these negotiations are being put into effect. We will insist that our trading partners live up to the spirit and the letter of these agreements; we know that they will expect the same of us. We will use these same agreements, now embodied in U.S. law, to insure that our firms and workers are protected against unfair trade practices by other countries.

**Second, we will endeavor to negotiate or improve rules to deal with new trade problems.** A number of areas important to U.S. trade interests hitherto have not been the subject of much international discipline. One good example relates to trade in services.

Trade in services is an increasingly important component of U.S. exports. U.S. service exports have grown nearly 400% since 1971 and are continuing to grow at a rapid rate. Here at home, our services industries provide employment for about 70% of the U.S. workforce. Given these statistics, there is no

wonder that U.S. trade representative Brock recently stated that "service trade is the frontier for expansion of U.S. exports."

At present, no coherent international framework exists for resolving trade problems in services. The Organization for Economic Cooperation and Development (OECD) in Paris has several ongoing projects to identify barriers to such trade. The United States strongly supports this work.

We will seek a political endorsement in June from OECD ministers to continue and to emphasize the ongoing work on services. In the longer term, we hope to pursue liberalized trade in services in multilateral negotiations. If we are successful, the insurance industry will reap substantial benefits. In the interim, we will continue to utilize existing bilateral channels for resolving specific problems.

Another challenge we must meet stems from the increasingly important role of the developing countries in world trade. Our trade with the developing countries has expanded rapidly over the past decade: imports by 25% per year, exports by 18% per year, compared with a 15% increase in trade with the developed countries. The developing countries as a group are now a larger market for U.S. exports than the European Communities and Japan taken together.

Within this group, a small number of countries often referred to as the "newly industrializing countries" account for three-fourths of developing-country trade with the United States. We seek to integrate these more fully into the international trading system. This involves insuring that they undertake obligations commensurate with their stage of development. This will help insure that the poorer developing nations are treated in ways appropriate to their less advantaged positions.

In addition, we will want to insure that the international community vigorously addresses investment incentives and performance requirements, such as those which mandate local content or exports as a percentage of production, and thereby distort trade. Both developed and developing nations will also need to avoid the temptation to negotiate bilateral deals to "lock up" supplies of raw materials or energy in return for commitments of investment or market access in processed goods. These practices serve to undermine the multilateral trading system and contribute to intense international friction.

Finally, we will press hard for agreement to significantly reduce, and hopefully eliminate, the subsidy element in government export credits. The large subsidy element in the export financing of many countries is a waste of scarce resources. It is practically absurd when one considers the fact that a large portion of the benefits of this folly go to industries in Eastern Europe, which compete with us, and the subsidy is paid by the Western taxpayer.

**Third, removal of export disincentives and improved U.S. export promotion efforts are neeessary components of U.S. trade policy.** For too long we have failed to recognize the cumulative adverse impact on U.S. exports of inhibiting U.S. regulations and laws. The trend will be reversed. In this connection, the Administration supports the export trading company bill now before the Congress, as well as legislative action to modify the Foreign Corrupt Practices Act and to reduce the income tax burden on Americans working abroad. We need also to use the resources of State, Commerce, and Agriculture Departments more effectively to promote exports. I can assure you that the Department of State and U.S. ambassadors abroad stand ready to vigorously support U.S. exporters.

Underlying a successful U.S. trade effort must be a successful domestic economic policy. Our efforts to continue the progress made so far in developing a more orderly trading system and our efforts to respond to new competitive challenges will ultimately fail unless they are backed by a vigorous U.S. economy. We often are critical of Japan's vigorous export efforts. And it is true that Japan is frequently insensitive to the impact of their exports on others and that it has not fulfilled adequately its responsibility to open its economy to others.

But we should never lose sight of the fact that Japan's rates of savings and investment, its productivity increases and its technical innovations, are, more than any other factors, the reasons for its success. Unless the United States can reverse its weakening productivity, savings, investment, and research and development picture, even the most aggressive export promotion effort will be fruitless. And the self-defeating notion will take hold that the United States cannot compete and should, instead, shelter itself from foreign competition. Improved growth, investment, and productivity performance will, on the other hand, facilitate our ability to adjust to and compete in dynamic international markets.

### International Finance and Investment

In an increasingly interdependent world, the smooth operation of the financial system is as essential to world prosperity as is trade. The two proceed hand-in-hand. Two aspects of international finance have an especially important bearing on our broader economic and foreign policy interests.

**Role of the IMF.** The first is the central role of the IMF in the "recycling" process. The 1979–80 oil price increase has allowed the Organization of Petroleum Exporting Countries (OPEC) to build current account surpluses, which reached about $120 billion last year. The counterpart to this enormous surplus was a $50 billion deficit among the industrialized countries and a $70 billion deficit among the non-oil developing countries.

It is expected that the OPEC surplus and the industrialized countries deficit will moderate this year. The combined current account deficit of the non-oil developing countries, however, may reach $100 billion this year, and this prospect raises questions about the future financial stability of these countries. Many of these countries have not adequately adjusted their domestic economic policies to the last round of oil price increases. Essentially, they have tried to finance growth, as many did successfully during the mid-1970s, through domestic credit expansion and external borrowing.

What distinguishes the current situation from that of the mid-1970s is that interest rates are now three times what they were and debt service costs now absorb 20% of the developing countries' export earnings, up from 13% in the mid-1970s. Private financial markets have thus far been able to channel adequate funds to deficit countries and undoubtedly will continue to play the predominant role in the recycling process. And the International Monetary Fund, through access to its own resources and its influence on the judgments of the private market, has effectively supplemented this for countries attempting to adjust in order to reduce serious payments imbalances. To strengthen its efforts, the IMF is increasing its resources—in part through

borrowing from OPEC – and tailoring its conditionality guidelines to current requirements.

The United States is encouraging this expansion of the IMF's role and resources. We believe it is especially well placed to encourage countries to adjust their economic policies to current international realities. And this effort will also involve OPEC countries with a very constructive form of recycling.

**U.S. Investment Policy.** The second aspect is U.S. investment policy. This Administration believes that market forces rather than government fiat result in the most efficient distribution of investments. This Administration will not seek to influence the decision of an investor as between investment at home and investment abroad. But when a firm has decided to invest abroad, the U.S. Government will provide maximum support: such as making available information on market prospects, facilitating contacts with appropriate officials, and supporting company efforts to resist unfair treatment. Our policy calls for insistence on national treatment for U.S. enterprises abroad – i.e., that such enterprises be treated no less favorably than local investors; and for prompt, adequate, and effective compensation in the event of expropriation.

In those countries where they exist, we will encourage removal of unjustified impediments and disincentives to foreign investment – for example, in the tax and regulatory area. Our objective is not to force countries to accept U.S. investment but to insure that where investments are made, they are given equitable treatment. One of our major economic goals will be to win support—by working bilaterally through bilateral investment treaties and multilaterally in the OECD and United Nations—for the goal of an open and fair investment system.

### Support for Economic Development

The last area of the Administration's foreign economic policy I would like to discuss with you today is our approach to economic development. The most visible part of our policy in this area is foreign aid. You are all familiar with the grim poverty which is a fact of life in many parts of the developing world and with the traditional humanitarian concerns which have been a strong motivating element in our aid policy from the start. Our aid programs also serve other interests which have been less prominent in our public discussions of foreign assistance policy. They bolster countries of strategic importance to the United States – notably in the Middle East. They are part of our relations with countries which supply critical raw materials. The economic expansion they support reduces the likelihood of long-term social instability in certain countries and increases market opportunities for U.S. goods.

The Administration intends to insure that our policies in this area accord closely with our tangible economic and security interests in developing countries. Our aid allocations will reflect these interests as well as our humanitarian concerns. Historically, our aid has been extended both as direct bilateral assistance and through multilateral institutions. We are examining the balance between these channels, in an attempt to insure that our choice of aid tools reflects the different interests our aid programs should serve.

The overall magnitude of our aid contributions will be affected by the Administration's economic policies, and, in particular, by the drive to reduce Federal budget expenditures. Consequently, this is a good time to recall that our policies toward economic development include other elements besides aid. In fact, while aid is the most important contribution we can make to many of the poorer countries, other elements of policy play a greater role in promoting the prosperity of many other developing nations. I would single out:

- Open markets and smooth adjustment to the exports of developing countries;
- Domestic economic policies that facilitate overall growth; and
- Access to capital markets.

We have dramatically increased our imports of developing-country manufactured goods over the last decade. U.S. imports from developing countries in 1978 were nearly nine times our official aid flows. The same type of relationship holds for all the Western aid-giving nations as a group. U.S. direct investment in the developing countries runs at or above the level of aid, and private capital markets provide bank loans and bond issues in an amount which far exceeds that of development assistance.

These factors suggest that we should pay greater attention to the role of the private sector in the development process. They also suggest that a favorable climate for investment, for attracting capital flows, and for encouraging exports – without trade-distorting subsidies – will be increasingly important in this decade. The Administration, in consultation with the business community, is reviewing what we might do to facilitate private sector involvement in the development process while fully respecting its private character.

### Conclusion

Let me conclude by trying to pick out a few guiding themes for U.S. foreign economic policy.

**First,** we need to recognize the domestic impact of international economic policy, the international impact of domestic economic policy, and the essential relationship of both to our foreign policy and security interests.

**Second,** the Administration believes in the efficiency of the marketplace and has considerable skepticism about the effectiveness of government efforts to supplant it. This belief will affect our views on the policy tools appropriate for pursuing our economic objectives.

**Third,** close ties between the government and the private sector are essential in helping us develop and implement our international economic policy. Likewise, close cooperation with the Congress is essential. As international economic policy becomes increasingly important to our domestic economy and to our international political and security interests, so effective cooperation among the executive branch, Congress, and the private sector become imperative in the making of that policy.

**Fourth,** we are persuaded that the more effective integration of the various considerations which affect economic policy is essential to our well-being, both economically and politically. Energy security, vigorous exports and open and fair trade, a world investment climate which encourages the development of productive enterprises, smoothly functioning financial markets, and the sound economic expansion of the developing countries – these are the key requirements for an improved U.S. and world economy. They also are essential contributions to world peace and fruitful political relations among countries.■

# U.S. Subscription to the World Bank

*by Ernest B. Johnston*

*Statement before the Senate Foreign Relations Committee on April 21, 1981. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.*[1]

I appreciate the opportunity to appear again before the committee to discuss an important part of President Reagan's foreign assistance program: the U.S. subscription to the $40 billion general capital increase of the World Bank [International Bank for Reconstruction and Development (IBRD)].

For over 35 years, World Bank loans to countries of importance to the United States have raised productivity, stimulated economic growth, and contributed to political stability. For example, in its early years, the Bank was instrumental in raising capital to rebuild the war-torn economies of Western Europe and Japan. Today, these countries are again strong and prosperous and are key members of the Western alliance. They are also major contributors to the ongoing work of the World Bank.

### Promoting Economic Progress

More recently, the World Bank has concentrated on the difficult task of fostering economic growth in the developing nations. Here, too, its lending has made a difference. Partially as a result of its work, the economies of such key countries as Finland, Greece, Iceland, Ireland, Singapore, and Spain have progressed to the point where they no longer need Bank assistance. We expect other major borrowers will also graduate from Bank lending during the 1980s.

One reason for the Bank's success in promoting economic progress is that it is fundamentally a market-oriented institution engaged in lending for development. It is not a welfare agency. Its projects must generate a stream of goods and services which exceed in value the cost of the resources utilized. They should also stimulate further growth by creating the conditions for additional investment, both private and public. The Bank is by far the largest multilateral development institution. Although it lent about $7.6 billion in 1980, it provides barely 1% of total investment in the developing countries. Therefore, if it is to be effective, it must act as a catalyst for development. A few examples of projects financed by the Bank in 1980 illustrate the point.

- The Bank lent $63 million to Brazil for a rural development project with a total cost of $184.6 million. The funds will be lent to about 30,000 small farmers and 1,100 nonfarm enterprises. In addition, the project will provide improved agricultural extension services. It is expected that the value of the production of the small farmers will increase by about $30 million annually in constant prices.
- In Indonesia, a $116 million bank loan will help to increase the production of basic food crops by about 234,000 tons a year. In addition, 800,000 farm families will benefit from improved irrigation, drainage, and flood protection systems. The total project cost is $186.7 million.
- A $60 million loan to Korea will be relent to small- and medium-sized private companies to meet the foreign exchange costs of their investment projects. The loan supports the government's policy of promoting a greater regional dispersal of employment opportunities. Twenty-five million dollars is earmarked for small, labor-intensive ventures.
- In Swaziland, a $10 million loan, combined with $5 million in local funding, will improve the access of rural and underprivileged children to education by financing the construction of 31 primary and 6 secondary schools, as well as providing textbooks and teacher training. The loan will create 11,000 new places at the primary level and 2,600 places at the secondary level.
- A $15.5 million loan to Fiji will reduce the country's dependence on imported energy by doubling the size of a dam and financing the costs of additional generating equipment. The total project cost is $50 million, with bilateral donors providing a good part of the rest of the funds.
- A Bank loan of $42.5 million to Tunisia will provide one-third of the funds necessary to expand two ports so that they can efficiently accommodate traffic up to the year 2000. The funds will be used to dredge access channels; construct new quays, jetties, and warehouses; and purchase cargo-handling and workshop equipment.

### Promoting Rational Use of Local Resources

The World Bank does more than lend development capital. For most of its borrowers, it is also an influential adviser on economic policy. With its substantial financial leverage, particularly through the use of program loans, the Bank encourages developing countries to follow policies based on the workings of the market and the rational use of local resources. This serves our long-term interests because it promotes economic efficiency and, thus, growth and stability. It also leads to a more open international economy from which developing and developed nations—including the United States—can benefit.

The general capital increase will double the resources available to the Bank from $40 billion to about $80 billion and permit it to continue its important work through the mid-1980s. Although our share will amount to about $8.7 billion, or 22% of the total, the actual cost to the United States is relatively small. This is because the other donor countries, many of which used to borrow from the Bank, will provide several times more than we do. The budgetary cost is sharply reduced because only 7.5%, or $658 million, of our total subscription will be paid in cash. The rest will be in the form of callable capital guarantees. These would be used by the Bank only if it could not otherwise repay its debts.

In over 35 years, the Bank has never made a call, and the chances of it doing so in the future are extremely remote. The reason is that the Bank's loans are based on sound economic performance criteria and on adequate rates of financial and economic return. As a result of this leveraging, each dollar the United States pays in to the capital increase will support up to $65 in loans to promote economic growth and stability in the developing world.

### Maintaining U.S. Leadership

I want to stress the importance that the U.S. subscription to the increase must not be cut. We have already made the only cut that could responsibly have been made. We plan to stretch our subscription over 6 years instead of requesting appropriations and program limitations for the full amount in FY 1982. This will reduce the impact on the FY 1982 budget by $548 million. But appropriation of the full $658 million over

# S.708: A Viable Foreign Corrupt Practices Act

*by Ernest B. Johnston*

*Statement before a joint hearing of the Subcommittees on International Finance and on Securities of the Senate Committee on Banking, Housing, and Urban Affairs on May 20, 1981. Mr. Johnston is Deputy Assistant Secretary for Economic and Business Affairs.*[1]

Thank you for allowing me to comment to the subcommittee on S.708 and to express the State Department's support for that bill. We believe S.708 will lessen some of the undesirable consequences of the current Foreign Corrupt Practices Act, which create problems in our foreign relations and unnecessarily cut down U.S. exports.

Bribery by American citizens and firms works against the foreign interests of the United States. It harms the good name of this country, and it is contrary to the principles which our people hold dear. Though corruption may be more prevalent in some countries than it is in our own, Americans do not wish to have our citizens associated with it.

Corruption of foreign officials is not in the long-run interest of our companies. Bribery does not add to the number of goods being produced. It does not increase the goods being consumed. It is a cost which either must be shaved off profits, passed on to the consuming public, or shared—for the enrichment of particular individuals at the cost of society. Such payments can also corrode political stability and good relations.

### Side-Effects of the 1977 Act

The 1977 act has had three undesirable and, in some cases, unintended side-effects.

**First,** many U.S. firms do not clearly understand which acts are proscribed under the Foreign Corrupt Practices Act in its present form. This has caused some companies to retrench their export efforts.

**Second,** it has placed U.S. firms at a disadvantage in relation to their foreign competition.

**Finally,** investigation and prosecution tend to raise extraterritorial issues which are difficult to reconcile with widely varying local laws and customs.

Reports from our Foreign Service posts indicate the act has had a restraining effect on U.S. exports, although the amount is impossible to quantify. Congress envisaged that some exports would be lost as a consequence of the act. However, ambiguities associated with the act also have caused law-abiding firms to forgo legitimate and profitable transactions. Business executives frequently err on the side of caution, often on the advice of counsel, in order to avoid any possibility of a violation of the act. For example, last year our Embassy in Muscat reported that a U.S. firm apparently lost a $20–$30 million deal largely because of delays caused by a lengthy internal review to determine the application of the act to the proposed transaction. Clarifications contained in S.708 regarding proscribed acts will greatly facilitate the ability of Americans to make timely decisions and to compete more effectively.

The second side-effect derives from the fact that while U.S. firms are constrained by U.S. laws, foreign firms may operate without such restraints. There is no other exporting country with a law which has the extraterritorial reach of the current act. The current act, because of its broad sweep and lack of clarity, also gives the impression that American business is basically corrupt and a great corruptor of others. S.708 should lessen somewhat the unjustified competitive edge which foreign firms have enjoyed.

Finally, the 1977 law attempted to lay down strict rules for our firms but failed to take sufficient account of varying national standards. Charges against a U.S. firm may bring into question the honor and integrity of local officials without regard to local laws and customs. Simply put, the problem is one of balancing two competing interests: restricting potentially harmful business practices overseas by U.S. firms while refraining from imposition of our own standards on others. The approach in S.708 achieves such balance by excluding actions which are legal in a specific country and by permitting customary, lawful payments to facilitate or expedite transactions. It will go far to meet the genuine concerns of our business people, while reducing our own censorious judgments on standards other countries choose to set for themselves.

### Sections 2 (B)(5) and 10: Illicit Payments Agreement

The State Department agrees completely that we must continue to seek a solution at the international level. The United States has vigorously pressed the negotiation of an international agreement on illicit payments since 1976. Although a U.N. Economic and Social Council (ECOSOC) committee completed lengthy preparatory work on a largely agreed-upon draft agreement on illicit payments in 1979, the ECOSOC and the U.N. General Assembly have each failed

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the next 6 years is necessary if we are to honor our commitments to our allies and to the developing countries. To do less would risk a permanent loss of our veto over amendments to the World Bank charter and a relinquishment of the U.S. leadership role in the Bank. This must not occur.

I want to mention completion of the authorization for U.S. participation—as negotiated—in the fifth replenishment of the Inter-American Development Bank and the second replenishment of the Asian Development Fund. Apart from the value of the work of these regional institutions, full participation is very important because if we expect others to keep their promises to us, we must surely meet our agreements with them.

As I stressed in my March 25 statement, the Administration is committed to an all-out effort to pass the legislation in support of the multilateral development banks. This bill is particularly important because:

- It will improve the prospects for economic growth and political stability in developing countries and thereby help our security and well-being;
- It will contribute to expanded international trade and investment;
- It is cost-effective; and
- It reaffirms the willingness of the United States, even in a time of severe budgetary strictures, to continue in a strong international leadership role.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

for 2 consecutive years to take any action to conclude an agreement. This was largely due to the insistence of the developing countries on linking an illicit payments treaty with the code of conduct for transnational corporations. The United States and its major Western allies consistently opposed such linkage.

At the Venice economic summit in June 1980, the U.S. Government made a commitment to work in the United Nations toward an illicit payments agreement but, if that effort faltered, to seek to conclude an agreement among the summit countries, open to all, with the same objective.

After the fall of 1980, the General Assembly failed to reach agreement on the treaty. The U.S. representative stated that the United States intended to consult with other interested states regarding alternative means of achieving a treaty outside the United Nations. The Administration has been considering the best way to proceed to secure such an international agreement, and we intend to confer with other interested nations in the coming months.

While we cannot now predict the final form of any international agreement, we will strive for positive enforceable, objective criteria that can be clearly applied by governments and adhered to by business. Legislation along the lines of S.708 will significantly enhance our efforts to achieve this objective.

The sense of the Congress will be an important force in our efforts. The Department of State has noted the language in the bill regarding reports to the Congress, and I can assure you that we intend to consult fully with you.

I am pleased to associate the Department of State with the Administration's support of this bill. We look forward to continuing dialogue with Congress as this legislation moves forward. S.708 provides a more realistic standard for U.S. corporate activities overseas, will alleviate an impediment to U.S. exports, and will enhance our efforts to reach an acceptable international arrangement on illicit payments.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# International Investment Issues

*by John T. McCarthy*

*Statement before the Subcommittee on Mines and Mining of the House Interior and Insular Affairs Committee on May 7, 1981. Mr. McCarthy is Acting Deputy Assistant Secretary for Economic and Business Affairs.*[1]

I am pleased to be here today to present the State Department's views on international investment issues as they relate to H.R. 2826 which is now before the committee. The United States has long favored an open international investment climate which we believe has served us well by facilitating capital flows and promoting the efficient allocation of resources throughout the world. When capital is free to move without hindrance, all nations can benefit through expanding world output. The State Department is concerned with the implications of the proposed legislation for U.S. policy in three areas: investment, energy, and strategic materials. Because H.R. 2826 legislation would have a direct impact on investment in certain sectors of the U.S. economy and a potential impact on U.S. investment abroad as well, I would like to begin with brief remarks on the overall U.S. posture toward foreign investment.

## U.S. Investment Policy

U.S. policy for many years has been the same for both inward and outward investment—the United States neither promotes nor discourages international investment flows or activities. This does not imply lack of interest toward international investment; we believe that increasing levels of global investment are essential for all economies to grow and prosper. It means, however, that we seek to minimize government intervention in the decisionmaking process related to individual investments.

This policy rests on our belief in an open international environment for global economic relations in which market forces rather than government fiat result in the most efficient distribution of investments. Such a policy calls for U.S. application of the general principle of national treatment for foreign enterprises—i.e., foreign enterprises are treated no less favorably than U.S. investors in like situations. This is a central element of both our bilateral relationships—in particular under treaties of friendship, commerce, and navigation and our multilateral relationships—especially in the Organization for Economic Cooperation and Development (OECD)—and we attempt to promote the broadest possible acceptance of the principle of national treatment by other governments.

## Government Protection

Among the benefits of increased direct investment flows are more jobs, more capital, transfers of new, improved technology and management skills, increased production, and greater competition.

The government has means of overseeing investment in order to protect national security and other vital interests. U.S. law provides a number of safeguards which are designed to protect our essential security and other interests. The vast bulk of this legislation is nondiscriminatory, applying equally to all investment in the United States regardless of the nationality or ownership. Some of these laws do constitute exceptions to national treatment but are widely recognized as legitimate restrictions justified on essential security or other grounds.

Foreign investment is restricted, for example, in sectors of the U.S. economy relating to national defense, nuclear energy, transportation, and exploitation of federally owned land. A number of states also have their own limited restrictions on foreign investment in such areas as banking, insurance, and land ownership. And, of course, the Congress has provided the President with extensive authority and policy guidance on the control of both imports and exports.

In addition, the U.S. Government monitors trends in foreign investment through the Committee on Foreign Investment in the United States. The purpose of this group, chaired by the Treasury Department, is to monitor the impact of inward investment, including the review of foreign investments which might have major implications for U.S. national interests and to coordinate U.S. policy implementation. The committee

# Economics—Part 1

*This section presents a collection of maps and charts illustrating some of the elements and institutions of the world economy. It is intended as an introduction to the graphic materials on world trade and investment and on development assistance scheduled to appear in subsequent issues. Emphasis in this section is on natural resources and population. The obvious message these graphics convey is that major economic resources and strengths are unevenly divided among the world's nations and regions.*

*The maps on international organizations published in the June 1981 Bulletin used the terms industrial democracies, Soviet bloc, and Third World—terms that have as strong a political as economic connotation. A threefold classification of nations also is used here, but the three classes are identified by terms derived from the domestic economic system and stage of economic development, i.e., "developed market economies," "centrally planned economies," and "developing market economies." A few countries, notably China and Yugoslavia, do not fall precisely into any of the three categories. China is described as "evolving in the direction of market socialism."*

*With the maps on natural resources, our intention is to show the distribution of resources that are essential to the world economy as a whole. Hence our choice of major food-producing areas, mineral fuels that are the main sources of energy, and minerals that are reducible to metals that have many common applications throughout the world. Not included in this section are minerals essential to some advanced technologies and to industries in the United States and other more developed countries. These will be treated in a subsequent section on trade and import dependence.*

*Population is covered in several maps because of its intimate connection with economics. Our purpose is to provide basic facts about population distribution, international migration, and other population movements that affect current world economic conditions and pose problems for the future.*

*Much of this material eventually will be assembled, reprinted, and offered for sale by the Superintendent of Documents. It is written and compiled in the Bureau of Public Affairs by Harry F. Young and edited by John C. Kimball.*

# Countries of the World Classified Economically

This atlas divides the world's nations into the following three economic groups:

**Developed market economies**—technologically advanced countries where the private sector is dominant;

**Centrally planned economies**—U.S.S.R., Eastern European countries (except Yugoslavia), and other countries with state-run economies tied to the Soviet bloc; and

**Developing market economies**—relatively underdeveloped countries trading primarily with developed market economies.

China is in a separate category because of economic reforms currently under way and the special character of its foreign economic relations.

The threefold classification is widely used, partly because it reflects the actual economic blocs that have formed since the end of World War II. However, there is no settled usage as to names and which countries belong in each category. Each international economic organization has its own terminology and modified classification system.

- Developed market economies
- Developing market economies
- Centrally planned economies
- China: evolving toward market socialism


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Boundary representation is not necessarily authoritative

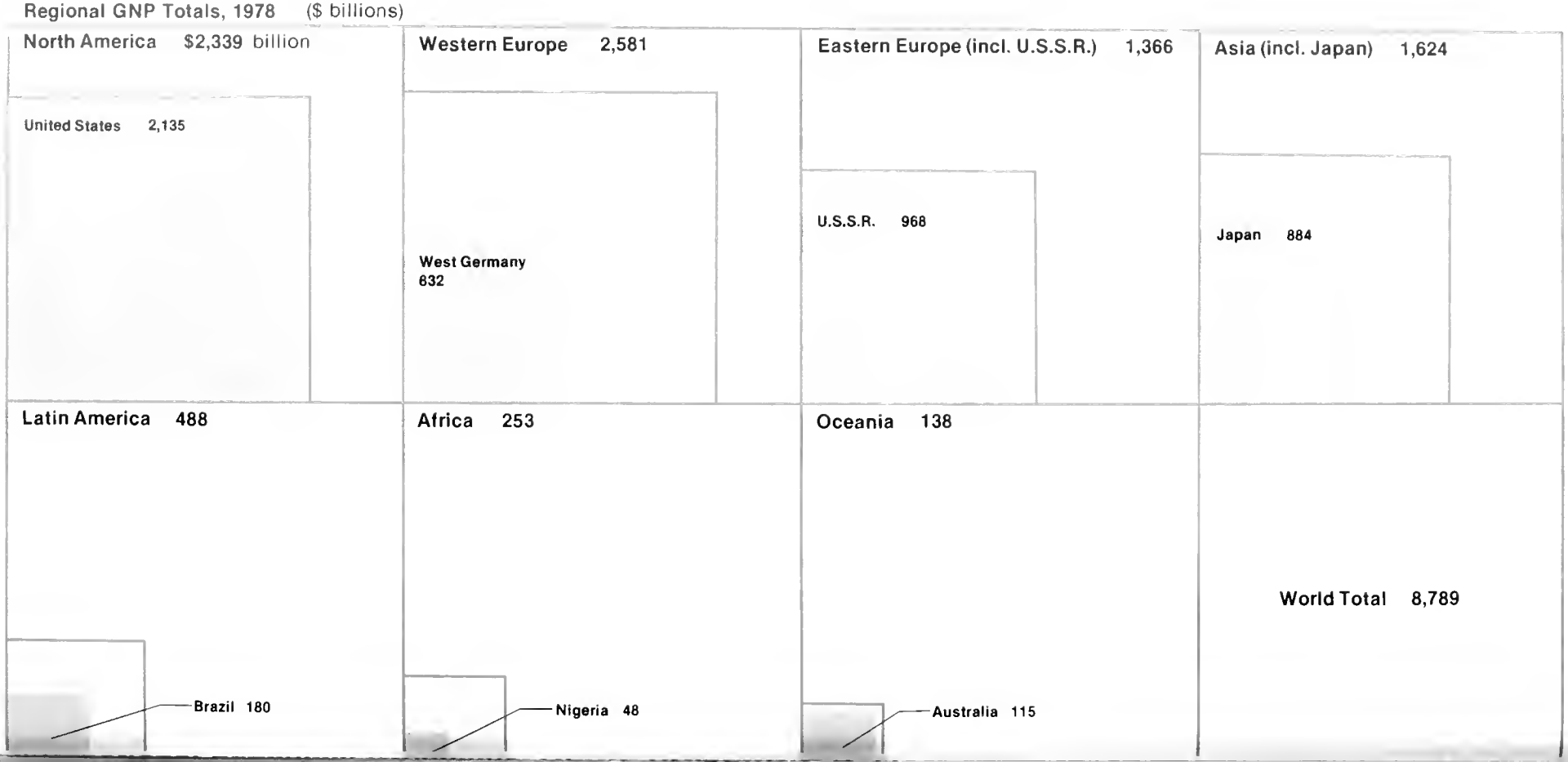
# National Income by Region

Gross national product (GNP) and per capita GNP are significant indicators of national and regional development and economic strength. GNP is based on the market value of all goods and services produced during the year. Per capita GNP is the average value of goods and services produced for each person. In 1978, the U.S. total of $2 trillion was the largest national GNP. In per capita GNP the United States, with $9,770, ranked ninth behind Kuwait ($15,970), United Arab Emirates ($15,020), Qatar ($15,050), Switzerland ($12,990), Luxembourg ($11,320), Denmark ($10,580), Sweden ($10,540), and West Germany ($10,300).

**Per Capita Income, 1978**

| | |
|---|---|
| Kuwait | $15,970 |
| Qatar | 15,050 |
| United Arab Emirates | 15,020 |
| Switzerland | 12,990 |
| Luxembourg | 11,320 |
| Denmark | 10,580 |
| Sweden | 10,540 |
| West Germany | 10,300 |
| United States | 9,770 |
| Brunei | 9,220 |

Adapted from *1980 World Bank Atlas*



Most of the world's countries are members of either the Organization for Economic Cooperation and Development (OECD), the Council for Mutual Economic Assistance (COMECON), or the Group of 77 (G–77). These organizations generally correspond to the three economic classifications on the previous page.

The OECD comprises the developed market economies (with the exception of South Africa). Founded in 1960, it replaced the Organization for European Economic Cooperation designed to implement the Marshall plan for European recovery. The OECD provides for high-level economic consultations by the industrial democracies and for efforts to coordinate economic policy and promote assistance to developing countries.

COMECON consists of most of the centrally planned economies allied with the U.S.S.R. Founded in 1949 as the Eastern European counterpart to the Western European Organization for European Economic Cooperation, it promotes economic specialization and common planning with the ultimate goal of a unified economy. In this way it is more akin to the Western European Common Market than to the OECD.

The G–77 is a loosely organized collection of developing countries, now numbering more than 120 (more than three-fourths of the countries of the world). Meeting as the G–77, developing countries discuss common positions for international economic negotiations. The term originated with the 77 countries supporting a common plan of action during the first sessions of the U.N. Conference on Trade and Development in 1964.

Yugoslavia (sometimes listed with the developed market economies) and Romania (a member of COMECON) are the only European countries meeting with the G–77.

# World Fossil Fuel Deposits

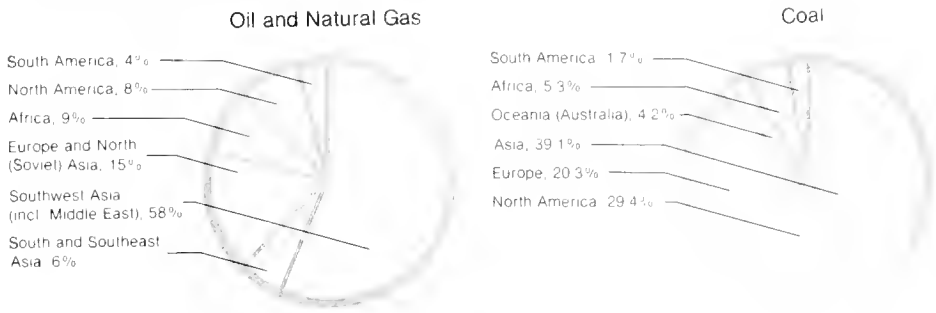
Fossil fuels are the world's main source of energy. Deposits are found in all continents but are not evenly distributed over the globe. At present consumption rates, known oil and natural gas reserves are expected to last for 30 to 50 years, coal reserves for at least 300.

Fossila fuels supplied 90% of world energy needs in 1978 and are expected to supply more than 75% of the needs in the year 2000. The demand for coal has risen steadily since the oil price began its sharp rise in the early 1970s. While coal supplied 18% of world energy needs in 1978 (compared with 54% for oil and 18% for natural gas), it is expected to supply nearly 24% of world needs in the year 2000. It is estimated that the United States will then account for more than 50% of the world's coal output.

Oil and natural gas

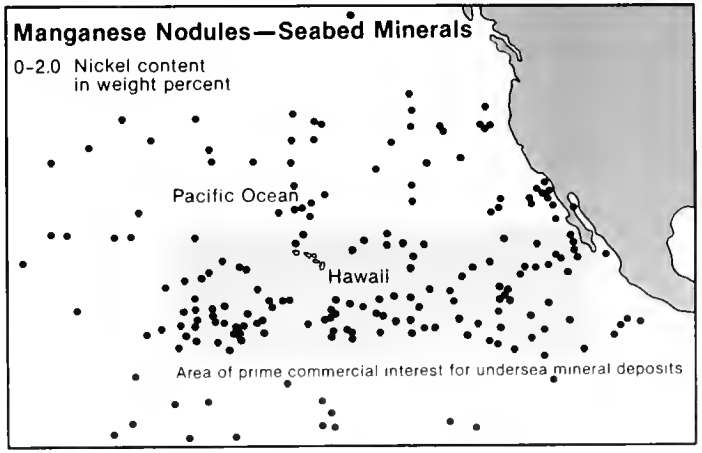
Coal

**Economically Recoverable Reserves**



Iron, copper, and bauxite are the most useful nonfuel minerals. The metals to which thay can be reduced (iron and steel, copper, aluminum and their alloys) are employed for many purposes in technologies throughout the world.

Iron ore occurs in large quantities in many places; the chief deposits are in Europe and North America. Copper ores are also found in all continents, with the largest reserves in southern Africa. Although bauxite occurs widely, most of the known commercial-grade deposits are in tropical or subtropical latitudes (notably Jamaica, Guyana, Suriname, Guinea).




**Seabed Minerals**

A possible future source of useful minerals is the manganese nodules present in large quantities on the ocean floor. These nodules contain several metals currently in great demand—copper, nickel, and cobalt (in addition to manganese). Large-scale mining has not yet begun. The law governing mining on the deep seabed, where most of the nodules lie, is not settled. Nor is there as yet any certainty that such mining will be economically feasible.

# Major Food-Producing Areas

Although cropland makes up about 10% of the Earth's surface; it is not a fixed quantity, as it can be reduced by erosion or diversion to other purposes or enlarged by clearance and drainage. Cropland is unevenly distributed among countries and in relation to population. The United States, the U.S.S.R., India, and China have almost half of the world's cropland. But on a per capita basis, India and China rank far below Australia, Canada, and Argentina. The United States and the U.S.S.R. have an approximately equal amount of cropland per capita.

Some heavily populated countries rely to a large extent on fish products. In Japan, fish account for 25% of protein supplies. The most abundant fishing grounds lie within 200 miles of shore. As fish are harvested here not only by fishermen from the coastal country but from other countries employing long-distance fishing fleets, there has been a long history of fishing disputes and international efforts to clarify fishing rights. Many coastal countries have legislated a 200-mile fishing zone in which other countries are permitted a limited catch.

Based largely on USDA, *A Graphic Summary of World Agriculture*, 1964, and Council on Environmental Quality and Department of State, *Global 2000 Report to the President*, 1980

An important aspect of food production in a crowded world is not just who produces the most, but which countries have a significant surplus to export. The four largest countries—China, India, U.S.S.R., and the United States—predictably produce the most food, but their patterns differ greatly.

China, with nearly one-quarter of the people in the world, produces about one-third of the rice but less than one-eighth of the wheat. The result is that China can export rice, but must import wheat.

The U.S.S.R. is the world's largest wheat producer, but because of generally low farm productivity cannot produce enough food for its own people. Consequently, it has become the world's largest grain importer.

The United States, as the world's largest producer of corn, meat, and soybeans, and the second largest producer of wheat, is the world's largest food exporter. More than one-half of American wheat and soybeans, and one-quarter of American corn and rice are sold abroad.

Other important food exporters are found among countries that do not rank at the top of the total production tables, but which are able to grow significantly more food than is consumed by their own people. These include Canada, Australia, Argentina, and France.

# Population Distribution

Population is the ultimate economic resource. For it is people who create and consume economic values. Population is unevenly distributed over the globe. This is due first of all to the physical barriers such as extreme heat or frost and poor soil which limit the habitable, or densely habitable, areas. Distribution is also influenced by the many historical, cultural, and social factors that affect the birth rate, death rate, and migration.

**THE 10 MOST POPULOUS COUNTRIES**
(WORLD RANK—122 Countries)

| | Income* (per capita GNP) 1978 | Steel Production** 1977 | Net Food Importer or Exporter 1979 |
|---|---|---|---|
| China | 100 | 5 | EX |
| India | 107 | 15 | IM |
| U.S.S.R. | 20 | 1 | IM |
| United States | 5 | 2 | EX |
| Indonesia | 84 | — | IM |
| Japan | 12 | 3 | IM |
| Brazil | 33 | 14 | IM |
| Bangladesh | 121 | — | IM |
| Pakistan | 100 | — | IM |
| W. Germany | 4 | 4 | IM |

* Based on figures in World Bank, *World Development Report*, 1980, excluding oil-exporting Saudi Arabia, Libya, Kuwait.
** U.N., *Yearbook of Industrial Statistics*, 1977.

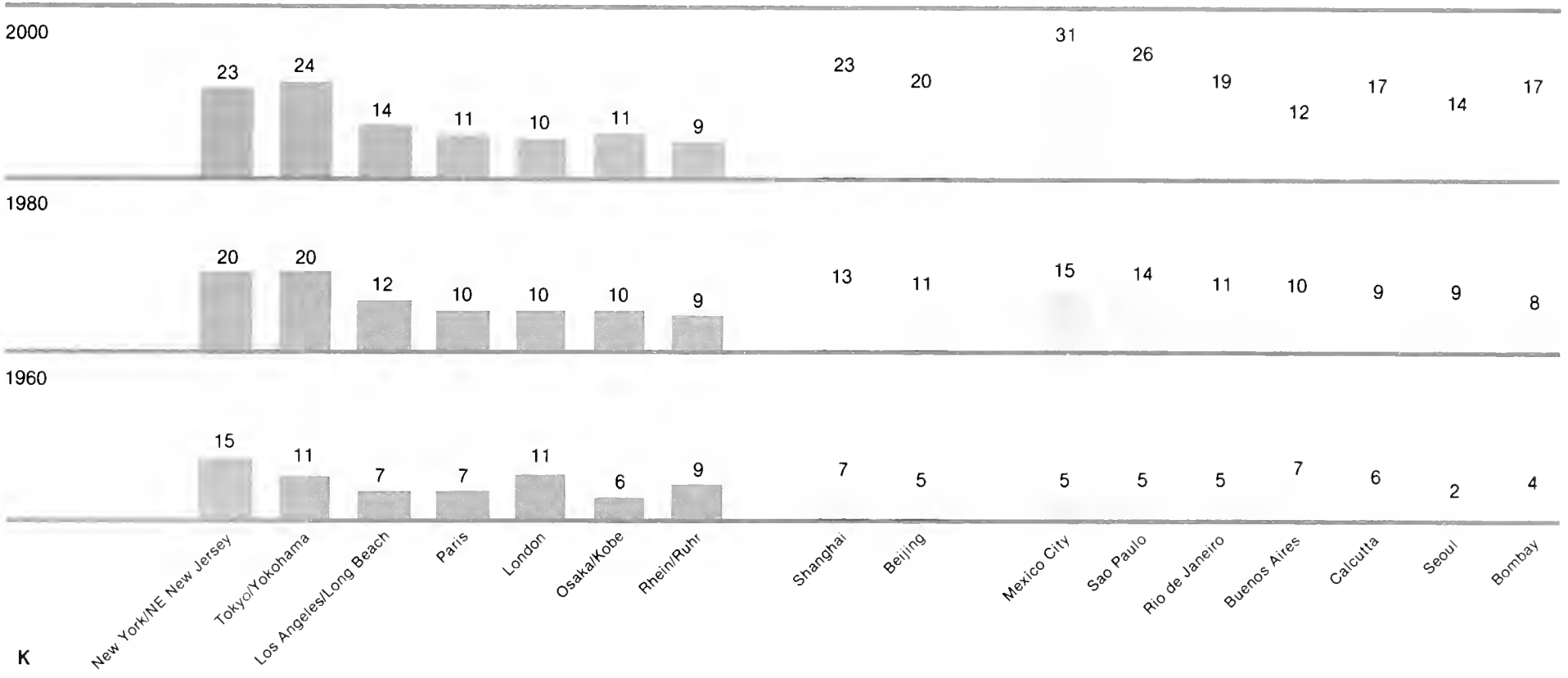
Towns and cities in the 20th century have everywhere grown rapidly. But the most rapid growth is now taking place in parts of the Third World, especially in middle-income Latin American countries where already more than half of the population is urbanized. Estimates are that by the year 2000 three-fourths of the population there will be living in towns and cities. High birth rates are a major source of urbanization. People are also increasingly attracted to urban centers because of better employment and educational opportunities resulting from industrialization.

**Population and Industry**

The world's major industrial regions are located in densely populated areas—Japan, Western Europe, and Northeastern United States.

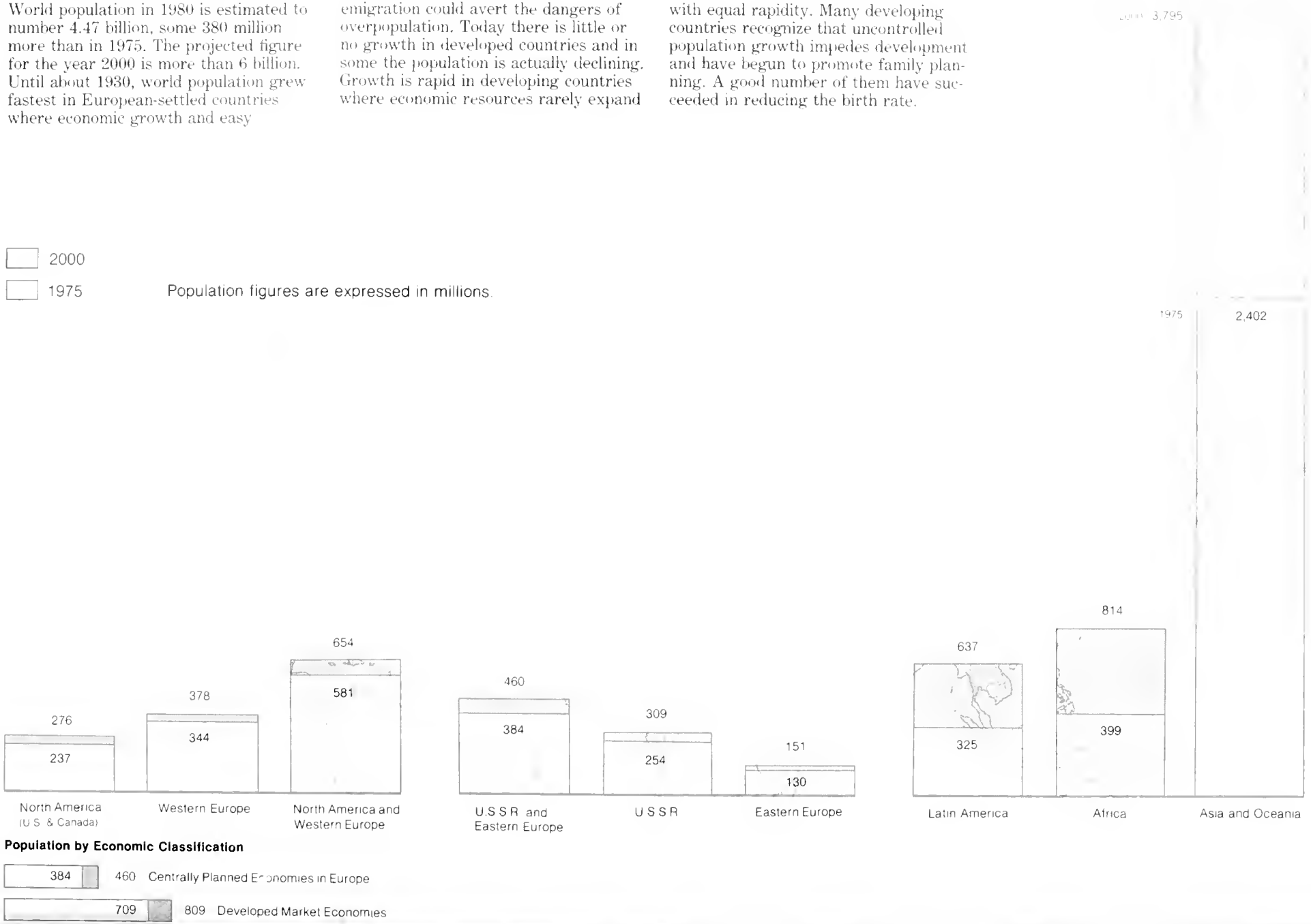
Source: U.N., *Patterns of Urban and Rural Population Growth, 1950–2000,* 1980

**Growth and Projected Growth of Today's 16 Largest Urban Agglomerations, 1960–2000** (rounded millions)



# Population Explosion

World population in 1980 is estimated to number 4.47 billion, some 380 million more than in 1975. The projected figure for the year 2000 is more than 6 billion. Until about 1930, world population grew fastest in European-settled countries where economic growth and easy emigration could avert the dangers of overpopulation. Today there is little or no growth in developed countries and in some the population is actually declining. Growth is rapid in developing countries where economic resources rarely expand with equal rapidity. Many developing countries recognize that uncontrolled population growth impedes development and have begun to promote family planning. A good number of them have succeeded in reducing the birth rate.



Important economic consequences result from international migration, whatever its causes. Permanent migrants provide some countries with the manpower needed for economic growth and help others reduce an overlarge population. Migration also deprives some poorer countries of skills and enterprise needed for their development.

Europe, traditionally the main source of overseas migration, accounted for the largest number of permanent immigrants in the post-World War II era—a total of 10.4 million. This number includes nearly 2 million political refugees from Eastern Europe.

The United States was the principal destination of overseas migration between 1950 and 1974, receiving a total of 6.5 million new immigrants. Included in this total are nearly 2 million political refugees from Europe, Latin America, and Asia. In the 1960s Latin America replaced Europe as the principal source of immigration into the United States, and in the 1970s Asia became the second largest source.

Regions with net migration surplus

Regions with net migration deficit

Figures in thousands

Source: U.N., *Trends and Characteristics of International Migration since 1950, 1979*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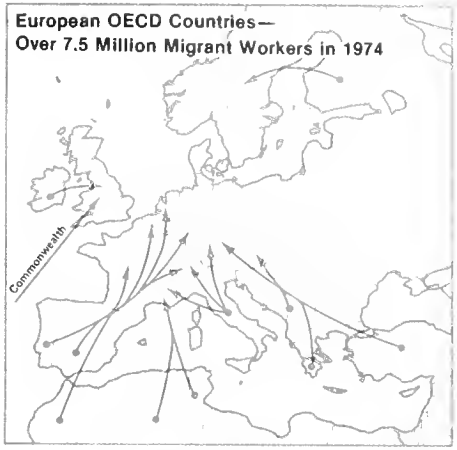
Boundary representation is not necessarily authoritative

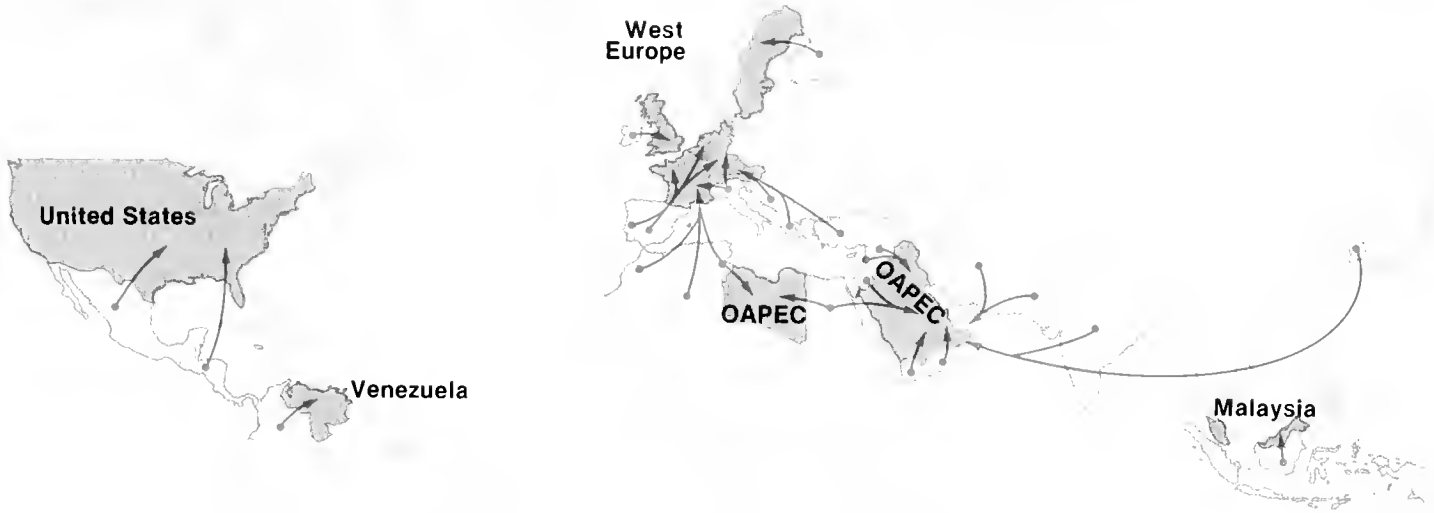
# International Labor Migration

Temporary migration for work purposes plays a vital role in the world economy. Foreign workers performing unskilled labor in developed countries also help reduce the pressure of unemployment and underemployment in their homelands. Some developing countries derive a large share of their foreign exchange earnings from remittances of laborers working in foreign lands. Although most labor-importing countries have a shortage of unskilled labor, the Arab oil-producing countries (members of the Organization of Arab Petroleum Exporting Countries—OAPEC) import many technicians and skilled workers as well as general laborers.




Chief sources of international migrant labor

Main countries or regions employing foreign migrant labor



## G-77

Afghanistan
Algeria
Angola
Argentina
Bahamas
Bahrain
Bangladesh
Barbados
Benin
Bhutan
Bolivia
Botswana
Brazil
Burma
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Comoros
Congo
Costa Rica
Cuba
Cyprus
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gabon
The Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Ivory Coast
Jamaica
Jordon
Kampuchea
Kenya
Korea (North)
Korea (South)
Kuwait
Laos
Lebanon
Lesotho
Liberia
Libya
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nepal
Nicaragua
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Qatar
Romania
Rwanda
St. Lucia
St. Vincent and the Grenadines
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Solomon Islands
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Syria
Thailand
Togo
Trinidad and Tobago
Tunisia
Uganda
United Arab Emirates
Tanzania
Upper Volta
Uruguay
Venezuela
Vietnam
Western Samoa
Yemen (Aden)
Yemen (Sanaa)
Yugoslavia
Zaire
Zambia
Zimbabwe

## COMECON

**Members**

Bulgaria
Cuba
Czechoslovakia
German Democratic Republic
Hungary
Mongolia
Poland
Romania
U S S R
Vietnam

**Associate Member**

Yugoslavia

**Countries With Cooperation Agreements**

Finland
Iraq
Mexico

**Observers**

Afghanistan
Angola
Ethiopia
Laos
Mozambique
Yemen (Aden)

## OECD

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Federal Republic of Germany
Greece
Iceland
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom
United States

NOTE:

**The United States Government has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.**

**The sovereignty of some islands or areas in dispute is not indicated and the status of some boundaries is not depicted.**

**Some names are not authoritative.**

lso oversees the efforts of several overnment agencies such as the )epartments of Treasury, Commerce, nd Agriculture to collect and analyze ata on foreign investment.

### )eclaration and Related Decision on Jational Treatment

n 1976 the United States joined other )ECD member governments in par- icipating in the consensus adopting a eclaration and related decision on na- ional treatment. The declaration and ecision were reviewed and reaffirmed n 1979 by a consensus of OECD coun- ries in which the United States also articipated. The declaration states in art "that Member countries should, onsistent with their needs to maintain ublic order, to protect their essential ecurity interests, and to fulfill com- nitments relating to international peace nd security, accord to enterprises perating in their territories and owned r controlled directly or indirectly by na- ionals of another member ountry. . . treatment under their laws, egulations, and administrative practices onsistent with international law and no ess favorable than that accorded in like ituations to domestic nterprises. . . . "

Since the declaration and related ecision on national treatment were dopted in 1976, progress has been nade toward refining the concept in- luding a listing of those exceptions which now exist and their rationales. Continuing work is in progress with a stated goal of extending the application of national treatment over time. The Department believes that the very ex- istence of the declaration and related decision has dissuaded member countries from implementing new derogations from the principle.

### 1920 Mineral Lands Leasing Act

The Mineral Lands Leasing Act of 1920 provides for a reciprocity test (30 USC 181) in permitting foreign interests to bid for Federal leases of lands for exploration and development of oil, gas, coal, phosphates, and certain other minerals. The Department of Interior administers the act, including the maintenance of a list of countries that have been deemed "reciprocating"—i.e., countries that grant to U.S. interests like or similar privileges for development of their mineral resources.

For its determination of reciprocity, the Department of Interior works with the Department of State to gather information concerning restrictions on mineral leases of foreign countries. For example, the Department of State has assisted in gathering the appropriate foreign statutes through our embassies overseas. Updated information on countries once designated as reciprocating is provided periodically. Information for countries not on a current list of reciprocating countries is sought on an ad hoc basis as needed for new determinations.

### H.R. 2826

H.R. 2826 contains a provision which would place a moratorium on foreign investment in excess of 25% of the voting securities in a mineral resource corporation which meets certain criteria. The Department opposes this provision of the bill on investment, energy, and strategic materials policy grounds.

**Investment.** From the investment policy standpoint, such a moratorium would represent a probable exception to the principle of national treatment to which we have obligated ourselves internationally and toward which industrialized countries have been working for mutual benefit. More generally, the moratorium would be inconsistent with longstanding U.S. policy in support of free capital movements and might encourage the spread of economic nationalism to the detriment of all countries.

In addition, in an era when the United States must increasingly look overseas for important mineral resources, a moratorium on investment in our mineral sector could set an unfortunate example for other nations while at the same time discouraging foreign investment from helping to develop U.S. domestic resources.

**Energy.** We are also concerned about the implications of this provision for U.S. energy policy. A basic tenet of our international energy policy is the need to promote rapid development of alternative energy resources by oil-importing countries. U.S. coal reserves loom large in this picture because of the extensive supplies available. Many resource-poor countries have manifested interest in purchasing coal from the United States and have offered to provide capital in the form of equity investment to finance the expansion of U.S. coal production capacity.

We need this capital for several reasons. First, foreign investment in coal resources companies will stimulate U.S. output and employment. Secondly, it will reinforce foreign confidence in the United States as a reliable supplier of coal and assist foreign countries in expanding their use of coal in substitution for oil, thus assuring us of increased exports and also reducing pressure on the world oil market.

**Strategic Materials.** The proposed moratorium could also have unforeseen and possibly negative ramifications on investments by U.S. nationals overseas, particularly in strategic materials sectors. The United States is the largest investor in foreign countries and has been a major force in world mining development. The book value of U.S. direct foreign investment in mining stood at $7 billion as of 1979.

As we look to a future where the United States is likely to be increasingly reliant on imports for a number of crucial raw materials, it is apparent that we continue to have a major interest in maintaining maximum freedom of investment and capital flows in world mining. Not only will continued U.S. participation in foreign mining enhance the security of our future supplies, but without such investment from the United States and other industrialized countries, it is doubtful that mineral-producing developing countries will be able to meet the sharply increased capital costs of new mining investments.

### U.S. Decision

Given these circumstances the Department believes that it would not be in the U.S. interest to enact a moratorium on certain types of foreign investment in U.S. mining companies as required by H.R. 2826. This action could be wrongly interpreted by other countries as a signal that the United States was moving toward an inward-looking policy on access to its domestic resources which, in turn, could make it more difficult for other governments to resist nationalistic pressures related to natural resources and lead to further foreign restrictions on energy and minerals investment. This would be the wrong direction for the world to move in an era of increasing interdependence and reliance on natural resources as a foundation for modern industrialized societies, and it could

adversely affect long-term mineral prices and the availability of strategic materials to the United States.

To summarize our views on section three of H.R. 2826, the State Department opposes the proposed moratorium as contrary to U.S. international obligations on national treatment of investment, inconsistent with longstanding U.S. policy favoring an open investment climate and on the grounds that it creates a potential precedent and justification for retaliation by foreigners against U.S. investment abroad, particularly in the strategic minerals sectors which are vital to our national interest. If the proposed legislation is motivated by a concern over maintaining U.S. control of our mineral resources, the Department of State believes that adequate authorities are already available under existing legislation, especially the Export Administration Act and regulations established thereunder, which are administered by the Department of Commerce in consultation with the Department of State and other agencies. Foreign-controlled firms operating in the United States are fully subject to, and accountable under, U.S. laws and regulations.

Another provision of H.R. 2826 provides that the Secretary of the Interior, in consultation with other appropriate Departments, should undertake a comprehensive study of indirect foreign investment in mineral resources on lands owned by the United States and to report to Congress. The Department opposes this provision as unnecessary. Legislation need not be enacted for the Administration to proceed.

We urge the Congress in its consideration of this bill to be mindful of the large stake the United States has in the efficient functioning of the international investment system. The Department opposes the legislative requirement for a comprehensive study of foreign investment in mineral resources on United States lands, and we oppose the proposed moratorium on foreign investment in mineral resource corporations. We believe that the United States has more to lose by suspending free investment in our minerals sector than we can hope to gain through a moratorium.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# Strategic Petroleum Reserve

*by Robert D. Hormats*

*Statement before the Subcommittee on Energy and Mineral Resources of the Senate Energy and Natural Resources Committee on May 8, 1981. Mr. Hormats is Assistant Secretary for Economic and Business Affairs.*[1]

This testimony is particularly meaningful for me both because it is my first as Assistant Secretary for Economic and Business Affairs and because it addresses a subject which I consider of profound importance to the interest of the United States. In my judgment, the international energy situation presents the most serious threat to the well-being of this country, and the industrialized democracies as a whole, in this decade. It raises the potential for sharp price increases and supply interruptions, which would seriously disrupt our societies and our economies. And it causes vulnerabilities which could weaken the very foundations of our alliances and our political cooperation.

As this country moves toward the imperative of dramatically reducing its dependence on imported oil over the longer run, we must take bold and purposeful actions to enhance our energy security for the immediate future. Filling the strategic petroleum reserve at the highest feasible rate, especially during this period of market softness, is essential to that security. Failure to do so would be a mistake of historic significance.

I know that many members of this committee need no convincing on this subject. In fact, many of you, quite appropriately, have been critical of the executive branch, in the past, for not filling the strategic petroleum reserve. That is why this is a particularly constructive forum in which to explain, in some detail, the importance of adequate financing for the strategic petroleum reserve in order to reinforce the momentum, recently established, toward achieving overall fill objectives.

## Structure of the International Oil Market

The structure of the international oil market has changed significantly over the last decade. In 1973–74, less than 10% of OPEC's [Organization of Petroleum Exporting Countries] oil flowed outside the majors' channels. The companies were then able to act as buffers between producers and consumers. They had the flexibility to allocate oil, based on changes in demand and supply, among their markets.

Since that time, the situation has changed substantially. OPEC countries have, to state the obvious, steadily assumed greater control over production and price policy. Less obviously, these same countries have assumed increasing control over sales and distribution channels. Today over 45% of crude oil traded by OPEC is handled directly by producers. Trading by the major oil companies has increasingly been reduced by OPEC direct sales to foreign governments. In addition, destination restrictions, by which some OPEC countries prohibit the resale of their oil outside certain designated areas, have become more common. Thus, the ability of the majors to manage a curtailment of production has been significantly reduced.

At the same time, events during the last 2 years have shown us that the potential for disruption is real and ever present. In 1979, when stocks were well below normal, the Iranian revolution caused that country's production to drop sharply—from an earlier peak of 6 million barrels per day (b/d) to less than 1 million b/d for a short period. Companies and governments engaged in defensive stock building. Spot-market prices shot upward.

The war between Iran and Iraq again disrupted world supplies. About 3.8 million b/d were lost almost as soon as the war broke out. Had stocks not been unusually high and consumption on a downward path, or if Saudi Arabia and other countries had not raised their production, prices might have risen further.

## The Present Situation

Given this recent history, we should draw little comfort from current oil surpluses. Our oil lifeline is fragile; it will remain so for years.

This nation, along with other oil importers, is vulnerable to disruptions caused by wars—such as that between Iran and Iraq and the 1973 Arab-Israeli war. We are vulnerable to disruptions from internal turmoil—such as the strikes and chaos during the Iranian revolution. We are vulnerable to deliberate cutoffs of oil designed to app-

ly political pressure by particular exporting countries. And we are vulnerable to disruptions caused by accidents—such as a ruptured pipeline, the sinking of a ship in a strategic strait, or a fire in a major refinery complex.

### Importance of the Strategic Petroleum Reserve

Our reliance on insecure sources of supply has led this Administration to place a high priority on energy security. A great deal of time and effort already have been spent on reexamining energy security alternatives.

One alternative for reducing our vulnerability has already been put into action. The President's prompt action on oil price decontrol will further reduce U.S. oil imports. U.S. imports of crude oil and products peaked at 8.6 million b/d in 1977. Through 1980, they had fallen an incredible 27%. This year will also show another substantial drop. Unfortunately, the reduction in oil imports alone is not enough. We are still vulnerable to supply interruptions.

To cope with this situation the Administration has begun comprehensive reviews of energy security issues. We are examining the emergency sharing program of the International Energy Agency (IEA) to see what changes, if any, may be needed; we are studying our own domestic contingency planning; and we are again reviewing the role the international oil companies can play in conjunction with IEA in alleviating the effects of supply interruption.

Though not yet complete, our energy security review has come to one clear conclusion: that a sizable strategic petroleum reserve is vital to our energy security effort in order to counter the potential effects of an oil-supply interruption.

The Administration is committed to carrying out the existing plan to build a strategic petroleum reserve of 750 million barrels. We believe that protection against unforeseen shortages must begin with an effective reserve. The benefits are significant. A strategic petroleum reserve could:

- Substantially shelter the United States from the effects of a severe supply interruption. A 750-million-barrel reserve and existing private safety stocks could offset the loss of 3 million b/d in U.S. imports for a full year;
- Act as a deterrent to threats of an oil cut-off for purposes of political blackmail; and
- Provide a measure of flexibility in dealing with a supply crisis or in conducting the diplomacy needed to eliminate the cause of the disruption. If we can draw on a strategic reserve for a period of months in the event of interrupted imports, our response to the situation can be a more measured one; our diplomacy can proceed in a less pressured atmosphere, and we may, as a result, have more options available to us.

### International Energy Agency Member Countries

| | |
|---|---|
| Australia | Luxembourg |
| Austria | Netherlands |
| Belgium | New Zealand |
| Canada | Norway |
| Denmark | Portugal |
| Germany | Spain |
| Greece | Sweden |
| Ireland | Switzerland |
| Italy | Turkey |
| Japan | United Kingdom |

United States

### What We Need To Do

Regrettably, despite the clear need, one could not characterize the history of the reserve as smooth and steady progress. As many in this room know only too well, filling the reserve has been an on-again-off-again proposition. While Congress authorized a 500-million-barrel reserve in 1975, as of mid-1980 we had only 92 million barrels in storage.

We are still far from what I would consider an adequate reserve at this moment. However, the fill rate has dramatically increased. Under this Administration, a very successful effort has been mounted to buy oil on the open market. We have already bought enough oil so that the average for the fiscal year will exceed 200,000 b/d, and more purchases are underway. The strategic petroleum reserve now totals above 132 million barrels; excellent momentum has been established.

Now is an ideal time for rapidly building our reserve. The world oil market is slack; oil is widely available at relatively modest prices. I do not need to recall for this committee the sorts of pressures that exist internationally against filling the reserve when the oil market is tight. Many important producers, not to mention our fellow oil consumers, are concerned about the potential price consequences of our filling in a tight market. While I believe we have learned from past mistakes and can manage these pressures more effectively, it remains true that it is far easier to maintain a sustained fill rate in a slack market. Once established, a higher fill rate can be more easily accepted as an ongoing feature of the market.

These steps are required to continue this excellent momentum.

**First**, approval by the Congress of DOE's [U.S. Department of Energy] supplementary request for $1.3 billion for purchases of oil this fiscal year to be delivered next fiscal year. These funds would make up for money which is not being received because the entitlements program was cancelled upon decontrol. The reserve had been partly funded by payments received from U.S. refiners through the entitlements system, which was scheduled to continue through September. Entitlements payments evened out the impact on U.S. refiners and the reserve of differing levels of reliance on price-controlled domestic crude and uncontrolled or imported crude.

**Second**, assured, continuous financing for the reserve for the FY 1982 and beyond.

I realize these programs are expensive, and in a time of budgetary restraint, expenditures for the strategic petroleum reserve loom large. Questions as to whether the reserve should be on-budget or off-budget and whether it should be publicly financed or privately financed have been appropriately raised.

My colleagues from Treasury, DOE, and OMB [Office of Management and Budget] have already addressed the financing question. The overriding concern from my Department's perspective is that there be an assured source of funding to purchase oil for the reserve.

We may never have a better opportunity to act to enhance our energy security. Market conditions are right. Storage is available. The international political climate is favorable.

The strategic petroleum reserve is an important part of our energy security program. It is admittedly expensive. But consider the enormous economic problems and security consequences of facing a major disruption of supplies and not having adequate reserves to protect our strategic interests. It is a risk that the United States cannot afford to take.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

# U.S. Competition in International Coal Trade

*by John P. Ferriter*

*Statement before the Subcommittee on International Economic Policy of the Senate Foreign Relations Committee on April 28, 1981. Mr. Ferriter is Director of the Office of Energy Consumer-Country Affairs.*[1]

Expansion of coal exports serves a multitude of U.S. policy interests, both domestic and foreign. Coal exports help us economically by strengthening our balance of payments and increasing employment in key regions of the country. They bolster our national security by alleviating the dependence of our allies on unreliable sources of energy. Finally, they contribute to our energy policy goal of reducing pressure on world petroleum production and, thus, the potential for harm arising from oil-supply interruptions. Meanwhile, obstacles to expanded coal exports by and large are technical ones which we can and will overcome.

### Developing International Energy and Coal Export Policies

Of primary concern is the continued heavy dependence of a large part of the world, including the United States and most of its allies, on imports of oil. In the first quarter of 1981, the 21 industrial country members of the International Energy Agency (IEA) consumed 35.4 million barrels per day of oil; 55% of this oil was imported. As events of the past several years have demonstrated, interruptions of even a small part of those imports can have very serious consequences for the economies of all oil-consuming countries.

As a result, governments around the globe have committed themselves to reducing their national dependence on oil imports as a matter of highest priority. In pursuing this objective, we in the United States recognized at an early stage that international cooperation was essential and this was a driving force in the creation, in 1974, of the IEA as a forum for such cooperation among the Western industrial countries. The IEA has two principal functions.

**First** is its crisis management function. Recognizing that reduction of oil-import dependence will be accomplished only over the longer term and, hence, that we will remain vulnerable to harm from oil-supply disruptions for some time to come, the IEA has developed a standby emergency system for responding to such disruptions. A primary aim of the system is to prevent self-defeating competition for oil among major oil-importing countries in the face of a disruption. The system provides for coordinated and equitable implementation of demand restraint measures, drawdown of oil stocks, and, as necessary, sharing of oil supplies among member countries.

**Second**, the IEA coordinates member country efforts to reduce long-term dependence on imported oil. This is a very broad effort. Attention is being given both to conservation and to development of alternative sources of energy—coal, nuclear, gas, hydroelectricity, geothermal, solar, biomass, and synthetic fuels. The United States attaches great importance to this effort. Sharing of experiences, information, and analyses and pooling of resources have permitted us and other member countries to improve significantly our individual national energy programs.

### Coal: A Practical Substitute?

We are concerned fundamentally with the extent to which coal, especially U.S. coal, constitutes a practical substitute for imported oil for ourselves and other countries. Coal enjoys a price advantage over oil. Even mined underground, transported long distances over land and sea, and burned in plants fully equipped for environmental protection, coal is, and is generally expected to remain, substantially cheaper than oil on a dollar-per-BTU-generated basis. It is also plentiful. Coal reserves are much larger than oil reserves not only in the United States but throughout the world. Economically recoverable world reserves of coal are estimated at upwards of 600 billion tons. Estimated total coal resources are some 15 times that amount. This compares very favorably with current annual world consumption of about 3.5 billion tons.

Despite these advantages, use of coal has risen rather slowly since 1974. There are three major reasons.

**First**, coal is difficult to transport, handle, and burn relative to other fuels.

**Second**, coal has traditionally been burned near to where it was mined. Trade, at least in steam coal, has been very small. Hence, there remain many countries in the world, even some industrial ones, which have never burned much coal, have little experience with it, and, therefore, are somewhat wary of converting to it.

**Third**, recent events have called into doubt whether the sources of supply of coal are substantially more reliable than the sources of oil. Political and labor unrest in Poland have caused a 50% decline in its coal exports in the last 6 months. South African coal exports may, at some point, be affected by such difficulties too. Australia's exports were seriously disrupted by a coal miners' strike last summer. U.S. exports are currently suffering from the United Mine Workers strike.

In order for coal to fulfill its potential as a substitute for oil, trade in steam coal must increase geometrically. We and our trading partners are giving high priority to achievement of this objective. At the 1979 Tokyo economic summit, participants agreed to a reciprocal pledge not to interrupt coal trade under long-term contracts unless required to do so by a national emergency. That same year, IEA ministers adopted a list of principles for action on coal, aiming at expanding coal demand, supply, and trade. A coal industry advisory board was established in 1980 to counsel the IEA and its individual members in their implementation of the coal principles and is now actively involved in analyzing problems associated with increasing coal use. Finally, the IEA is devoting special attention to coal in its program of reviews of member country energy developments and policies.

We are also seeking to promote use of coal in developing countries through both multilateral and bilateral development assistance programs. Over the past several years, we have significantly expanded coal-related technical assistance in the U.S. bilateral assistance program. Australia and perhaps other donor countries have similar programs.

### Supply and Demand

The United States has enormous coal reserves, about one-quarter of the world total. Current production—840 million tons last year—is the largest in the world and accounts for almost one-quarter of the world total. Even at that level of production, the U.S. coal sector had an estimated 100 million tons of surplus capacity left unused for lack of demand. U.S. bituminous coal exports—

9.9 million tons in 1980—were nearly ouble those of our nearest competitor, ustralia. Only about 30% of nese—26.8 million tons—was steam oal. Analysts project that steam coal xports alone will surpass 100 million netric tons annually some time in the 980s.

As I noted at the outset, coal exorts offer important benefits to the Jnited States. We, therefore, strongly upport examination of means for proioting expansion of U.S. coal exports, especially in response to the substantial ncreases in world demand for steam oal projected to occur in coming years. Ve can identify a number of areas for ction.

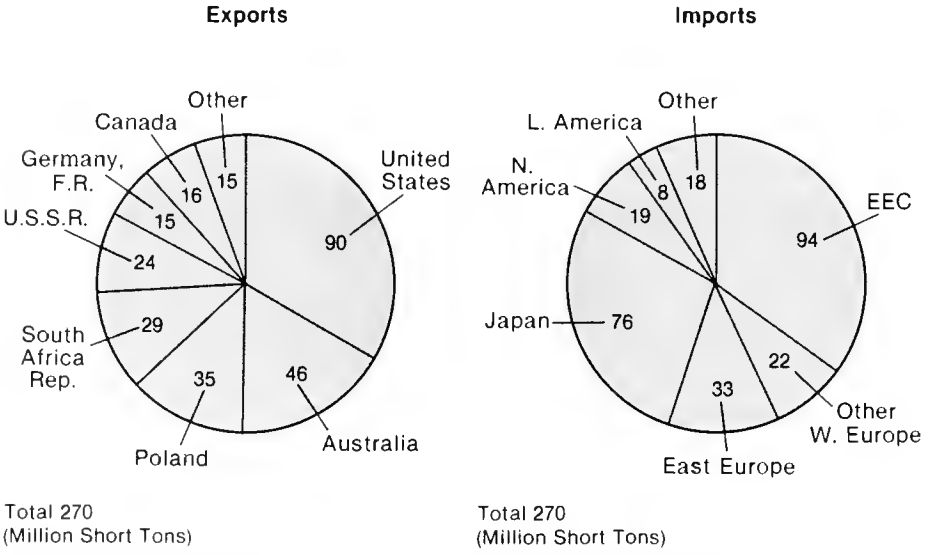
Efforts must be made to accelerate he expansion of foreign demand for J.S. coal. The coal-supply chain is lemand-initiated, and infrastructure apacity will not expand rapidly in the bsence of assurances of long-term denand for use of that capacity.

However, we must also recognize hat there is a chicken-and-egg problem ere. While domestic producers await oreign assurances of long-term demand o justify new investments, prospective oreign buyers are reluctant to undertake long-term commitments where botlenecks in the supply system remain erious. The United States must, herefore, resolve problems on the supply side, too. Of priority concern must e our lack of infrastructure to export arger quantities of coal. In particular, existing coal port terminals must be modernized and new ones built.

Beyond expanding our physical apacity for exporting coal, there may e other steps which the United States an take to enhance the competitiveness and, thus, the volume of its coal exports. First, of course, U.S. coal exporters can seek to improve productivity and, thereby, lower the price of their product. Given the substantial cost advantages of other suppliers in furnishing coal to most markets, the extent to which such price reduction will lead to expanded quantities of exports is unclear. On the other hand, there are a few markets where U.S. coal is price competitive. For example, we currently can deliver coal to Europe at about the same price as the Australians. Hence, efforts by U.S. coal exporters to reduce prices could well stimulate increases at the margin in demand for U.S. coal, especially in an expanding market.

Reinforcing this conclusion is the fact that current price is not the sole basis for competition in the coal market, especially where long-term contracts are concerned. Expectations as to price escalation play an important role. So, increasingly, does reliability of supply. Foreign coal purchasers may be willing to pay a premium in order to obtain access to our coal exports because they are more reliable than those of other countries.

## 1980 World Coal Exports and Imports




### Private Companies and the U.S. Government

With the foregoing considerations in mind, we see a broad scope for action to expand U.S. coal exports. In this context, I note that one of the most salient features of the U.S. coal market is its general independence from supports and controls by the U.S. Government. The Administration admires the independent spirit of U.S. coal companies and intends to leave them the broadest possible latitude for actions to facilitate coal exports.

Private companies are already acting in all of the areas we might identify as helpful by:

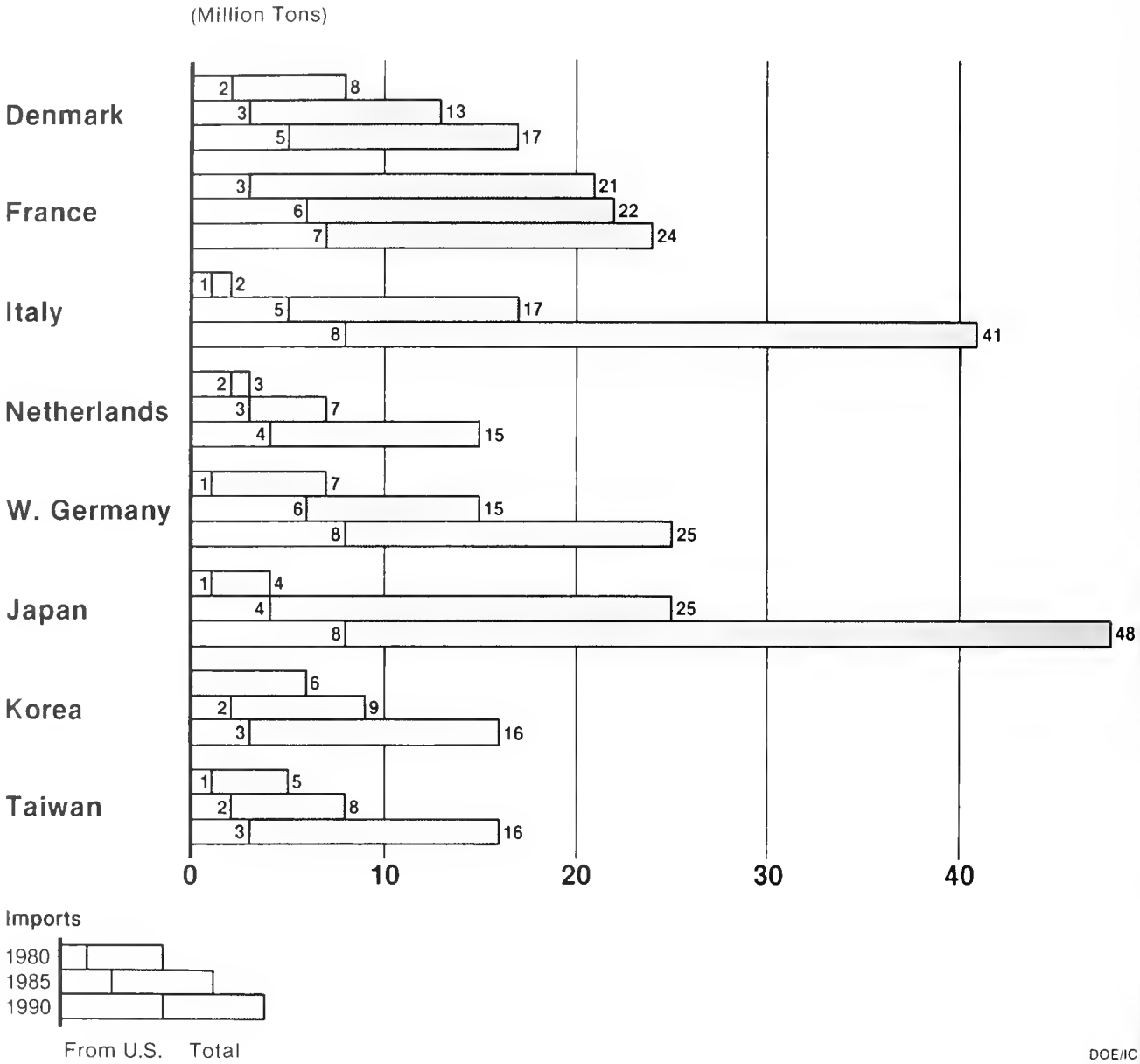
- Expanding port and inland transportation infrastructure;
- Expanding coal production;
- Financing both of the above;
- Seeking to lower costs;
- Seeking to enhance reliability in fulfillment of contract provisions—timing of delivery, prices, quality specifications, avoidance of disruptions in the flow of coal supplies; and
- Increasing responsiveness to purchase requirements of foreign markets and buyers.

In our view, actions in all of the above areas should be governed by normal considerations of profitability and should, therefore, be left in the private domain. The U.S. Government should not subsidize coal exports nor should it interpose itself in any other way directly in coal trade.

This judgment is full borne out by current developments in the coal export sector. For example, ambitious port modernization and expansion projects are underway and capacity will begin to expand rapidly next year. Domestic producers are engaged in a widening dialogue with prospective foreign buyers, improving their understanding of the buyers' needs and seeking to satisfy those needs. U.S. coal exports grew by almost 40% last year. We have no doubt that they will continue to expand rapidly without direct government involvement in the future. At the same time, certain functions do fall to the Federal Government by logic and by tradition.

**First**, we have a responsibility to minimize, consistent with other national interests, regulatory burdens on the coal market. We are aware of proposals to reduce such burdens in the area of coal exports and will examine these proposals carefully in the context of the

## Projected World Steam Coal Imports




overall Administration review of Federal regulation. Moreover, we will uphold the commitment of the U.S. Government not to interrupt coal trade under contractual commitments unless forced to do so by a national emergency.

**Secondly**, the Federal Government can help to promote foreign demand for U.S. coal. The U.S. Department of Commerce has programs to promote exports. We would urge that coal be given high priority in those programs.

**Third**, the Federal Government should also take an active role in discussing coal policy and U.S. coal export issues with foreign governments, seeking to stimulate their interest in coal and seeking to improve access for U.S. coal in their markets.

There are significant benefits to be gained from exchanges with other governments of information and analyses concerning coal and coal policy. In addition, we can take advantage of the fact that many foreign governments play a much greater role in determining energy utilization among utilities, industry, and households in their economies than does the U.S. Government in ours. Stimulating the interest of these governments in U.S. coal exports and allaying fears about the reliability of those exports can have a direct impact in expanding demand. Necessarily, efforts in this area

# North Atlantic Council Meets in Rome

*Secretary Haig departed Washington, D.C., on May 1, 1981, and arrived in Rome May 2 to attend the regular semiannual session of the North Atlantic Council ministerial meeting (May 4–5). He stopped in Brussels on May 5 and returned to the United States on May 6.*

*Following are the texts of the Secretary's news conference in Rome and the North Atlantic Council final communique, the minutes extract, and the declaration on terrorism.*

## NEWS CONFERENCE, MAY 5, 1981[1]

First, let me emphasize what a great pleasure it is to be back in a community with which I am somewhat familiar; I am especially pleased to be back in Rome. Visits to Italy during my incumbency in NATO, whether for rest or recreation or business, were always opportunities to be seized with enthusiasm.

I think, in substantive terms, I would want to emphasize that the North Atlantic Council meeting just concluded, in the words of the Secretary General, was perhaps one of the most important that the alliance has held in the recent past. The most fundamental conclusion to be drawn from the deliberations that we have just concluded over the last day and a half was the reaffirmation, in the most conclusive terms, of the continuing unity and solidarity existing within the members of the alliance and, most importantly, in a trans-Atlantic context.

I think this meeting afforded me an opportunity to present to the other members of the council President Reagan's fundamental approaches to foreign policy and national security affairs. I am very pleased to emphasize that these policies were strongly approved and endorsed by all of the members of the North Atlantic Council. In that regard, I would refer you especially to the first paragraph of today's communique describing our deliberations.

With respect to specific accomplishments achieved over the past year and a half, I think President Reagan's decision with respect to the second track of the 1979 decision on theater nuclear modernization enabled us to insure one another, without equivocation and without reservation, that the full implementation of the 1979 decision will be realized by the alliance. The achievement will be accomplished despite the heavy level of propaganda flowing from the East with respect to the modernization decision itself. Therefore, in that important context this past day and a half has reaffirmed the indivisibility of our NATO alliance.

I think there was a strong consensus developed during these meetings of the essentiality of working together to elicit greater restraint on the part of the Soviet Union; not just in the sense of threats directly to the alliance but in the context of increasing Soviet involvement in the Third World. There was clearly a consensus to make all resources available that are necessary to strengthen the deterrence and the defense of the alliance. I refer you to the language of the communique in that regard.

There was strong language agreed to in the communique itself with respect to the unacceptable intervention of the Soviet Union in Afghanistan and a reaffirmation of the warnings previously put forward with respect to the grave consequences of Soviet intervention in Poland. In that regard it was clearly noted that there would be fundamental changes in the international environment should that happen.

Finally, I think there was a strong consensus that only the Western world—members of the alliance and those which share our values—can bring to developing states the nation-building assets which are so essential for their aspirations. That is in somewhat sharp contrast to Soviet activity in the Third World, which is primarily based on the provision of arms, pervasive influence, and, in many instances, a client-state relationship.

In sum I think this was an unusually successful North Atlantic Council meeting, and I have participated in many over the last 6 years. I am extremely pleased that the fundamental solidarity and unity of our alliance has not only been maintained but strengthened as a consequence of our discussions.

**Q. We are told that you will be meeting [Soviet Foreign Minister] Mr. Gromyko in September. How will U.S. contacts with the Soviet Union over reduction of theater nuclear forces and perhaps eventually over central strategic systems proceed thereafter?**

A. This, of course, is a two-sided situation, and I cannot speak for the Soviet leaders with respect to what they will seek in the way of modalities. But I would anticipate some preliminary talks at the ambassadorial level designed to put together a framework which would permit the meeting of the Foreign Ministers in the fall to proceed promptly to the agreement for negotiations—formal negotiations—with the Soviet Union by the end of the year. That, of course, will ultimately derive its character from the viewpoints of the Soviet Union as well as the United States.

**Q. Could you tell us whether President Reagan's letter to Mr. Brezhnev comprises the proposals that you made at this council about the resumption of tactical arms control talks with the Soviet Union, and tell us anything else about what Mr. Reagan had to say to Mr. Brezhnev?**

A. I noted that the fact of such a letter managed to seep out of the heretofore impregnable walls of our confidential discussions, and, therefore, it would be foolish for me to suggest there was not such a letter. But I will abide by

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will require coordinated involvement by the Departments of State, Energy, and Commerce.

We in the government are providing support to U.S. coal producers by emphasizing to our foreign interlocators both bilaterally and in the IEA the need for them to provide assurances—e.g., through agreement to long-term coal purchase contracts or investment in U.S. coal production and transportation projects—of their long-term demand for U.S. coal in order to encourage expansion of export infrastructure.

In sum, we see a bright future for U.S. coal exports. We will continue to work with foreign buyers and governments to foster demand for U.S. coal and enhance the reputation of the United States as a supplier of coal. At the same time, we have a strong tradition in the United States of reliance on the private sector for the conduct of coal trade, and we intend to adhere to that tradition.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

the very strong principle that we always abide by and that is not to discuss the contents and characters of such exchanges in the public forum. I'm sorry.

**Q. You have set forth a timetable and plan on the TNF [theater nuclear forces] negotiations with the Soviet Union. Does the Administration have a plan or timetable on the strategic weapons systems discussions with the Soviet Union?**

A. No, we do not. Clearly, President Reagan has reiterated his willingness and desire to engage in a full range of negotiations that are necessary to provide equitable, balanced reductions in nuclear weaponry—and I emphasize reductions. This is a problem associated with a host of technical issues associated with the arms control of central strategic systems themselves, but it is also clearly related to Soviet international behavior and overall relationships between East and West. And I do not foresee in the immediate future a resumption of those talks.

Now you will note in the language of the communique that we refer to the conduct of the theater nuclear discussions as being within the framework of SALT. That suggests two things: First, it suggests that all nuclear systems represent somewhat of a continuum whether they be theater-based—and to our European partners it makes very little difference whether it's a theater system or a central strategic system; theater systems from the Soviet side represent a strategic importance to our Western European partners. So, it suggests a continuum and, if you will, confirms that there are no separate theaters of nuclear concern. We talk about shared risks, shared burdens, and total unity in a trans-Atlantic sense in nuclear terms.

Secondly, clearly the interrelationship between theater systems—long-range TNF, if you will—and central strategic systems is blurred and a grey area in many respects. So coherent arms control negotiations in the theater area should always be conducted in the light of strategic balances and long-term objectives in arms control in that regard. It does not mean that the resumption of the initiation of our talks with the Soviet Union and formal negotiations with it—discussions of central strategic systems in the American sense, does not; they can proceed separately but in full cognizance of the interrelationship one with the other.

**Q. If we are to read into the final communique a lesson from the number of references to the notion of detente, what should that signify to those people who are going to discuss the communique?**

A. As I recall there is no specific reference to detente in the communique, and it is further clarified by the term "genuine" detente. I think, clearly, the whole character of the communique bespeaks very clearly the increasing awareness of all in the alliance of the need to concert together to insist on Soviet restraint internationally, both in areas of vital concern within the confines of the alliance itself and beyond.

**Q. Still on detente, will you accept this definition of detente as an overall and nonmilitary way to defeat the West?**

A. I get the chemical character of your question. Somebody said that Mr. Weinberger [Secretary of Defense Caspar W. Weinberger] and Mr. Haig are not getting along very well; I want to discount that. Nothing could be further from the truth. Just the other day Mr. Weinberger gave me a personally autographed copy of the American Constitution.

**Q. But the quotation actually is not from Mr. Weinberger but from Mr. Allen [Richard V. Allen, Assistant to the President for National Security Affairs].**

A. Then the problem is even less of concern. I think clearly on both sides of the Atlantic there has been growing concern about the implications of and the proclivity by the Soviet leadership to indulge in risk-taking. One need only tick off the various situations that have developed starting with Angola in 1976; running to Ethiopia, Southern Yemen, Northern Yemen; Afghanistan on two occasions, culminating in a blatant interventionism; the overrunning of Kampuchea by proxy forces of the Soviet Union. As an American—and I know here in Europe—there is great concern about increased proxy activity in the Western Hemisphere once again—Nicaragua, El Salvador, Guatemala, Honduras, and other nations of the Central American republics. All of this, clearly, has raised our level of concern. I think today's communique and the discussions over it in the past day and a half strongly affirm that growing level of concern.

**Q. In view of that checklist, is it your expectation that the Soviet Union will be required to act with much greater restraint if the dialogue we are about to enter into with Mr. Gromyko is to have any chance of success?**

A. It goes without saying that we all recognize the implications of the term "linkage." But we are not entering into theater nuclear arms control discussions as a favor or a gift to the Soviet Union. We are engaged in these negotiations once they commence, as certainly an implementation of the agreed modernization decision of 1979 and with full recognition that it is in Western interests as well. If we are successfully to halt and to roll back the growth of nuclear weapons here on the European Continent, that does not suggest for a moment that we would in any way abandon our concern about linkage for example when we speak in the context of intervention in Poland, of profound changes, we would include a very important consequence for arms control discussions as well along with other interfaces with the East—economic and political—as well as arms control.

**Q. The positive result of this meeting with the negotiations now scheduled for next autumn are seen as a victory for the European side of the alliance. What is your comment to that?**

A. I wouldn't describe it as a victory. I would describe it more importantly as a strong, unequivocal affirmation of continuing Western solidarity with the members of the alliance and especially in a trans-Atlantic context. Clearly in recent months—and this is not unusual in cycles of 4 years in dealing with your American partners—unsettlements develop until the full scope of the new American Administration's policies are known and understood. I think my ability to bring here to our Western European partners a clear articulation of President Reagan's foreign policy objectives and goals, and above all his reaffirmation that the NATO alliance is the bedrock and the anchor of American foreign policy as it has been in the past, was reassuring to all. The reaffirmation of our intention of following through with the obligations on theater nuclear modernization—the two tracks—was clearly a reassuring message.

All of these things together converged to make this a very robust, if you will, a very happy and a very constructive North Atlantic Council meeting. I think the consequences are in the direction of solidarity and unity and the inability of the East, despite rather

substantial efforts to effect differences between our European partners and the United States, is not going to succeed in these efforts.

**Q. My question concerns the forthcoming agreement on the U.S. bases in Greece. Have you accepted, during your meeting with the Greek Foreign Minister, the Greek demands on the seven to ten ration in the military aid to Greece and Turkey and the Greek demand for a commitment by the U.S. Government to oppose any threat to the Aegean?**

A. Let me assure you that the discussions I had with the Greek Foreign Minister on Sunday were most cordial, most constructive, and most important as a further step toward the completion of the necessary future agreement between the United States and Greece. I think in every area—and there were some four specific areas raised by the Foreign Minister of Greece which are associated with our ongoing discussions—we were able to move the problem somewhat constructively forward. I think it was a very successful discussion that we had. I will avoid answering the specifics of your question because they were neither appropriate to those discussions that we conducted nor do they serve any useful purpose.

**Q. If there is a military *putsch* in Spain, will the United States give support to the Spanish regime?**

A. I think that is a horse that has been beaten almost out of insensibility. I discussed this issue at length in my recent visit to Madrid, and I think it is clearly understood that it is the policy of the U.S. Government to neither favor nor condone the outcome your questions connoted.

**Q. You mentioned the intention of following through with American obligations to TNF. Why should there have been any doubt about those intentions and if there were—which we here in Europe gather there were—what did you do to quell those doubts?**

A. I think there has been some concern here in Europe about the character of various American proclamations and statements from a number of different sources. I think it is not unusual that that would raise well-meaning and understandable concerns with respect to American intentions. After all, it was the U.S. Government that agreed in 1979 to the provisions of the modernization concensus that involved two tracks, and I think the mere fact that I, based on President Reagan's decision this past week, was able to reaffirm not only our commitment to proceed on these two tracks but to do so in fairly timely fashion, clearly was a source of relief and a welcome reassurance on the part of our European partners.

**Q. Do you have any doubts about your ability to continue to proceed on that track?**

A. None whatsoever. I know everyone understands that it takes two to tango, and the Soviet Union is involved in the negotiations on theater nuclear arms control. So one cannot answer that. But with respect to the U.S. decision to abide by the two obligations incurred by all the parties which are directly involved, that means the modernization track itself and the arms control negotiating track will proceed without delay.

**Q. Turning to Southwest Asia. How would the United States view German arms sales to Saudi Arabia with a view to helping stabilize the region?**

A. I carry enough scar tissue to know how imprudent it is for a Foreign Minister or even an official of one government to comment on the internal affairs of another, and it is not my practice to do so.

**Q. You are going to Brussels this afternoon, and you are going to meet Mr. Eyskens, the Belgian Prime Minister. What do you plan to discuss with him, and will you touch upon the reserves some partners in the Belgian Government have against the installation of the new missiles on Belgian territory?**

A. No. I don't seek to use the opportunity to meet my friend and former acquaintance from my days in Brussels on the issue you raised, because I think this matter is in the proper NATO channels now, and we are all aware of the complications facing Belgium on this issue. While remaining basically optimistic about the ultimate outcome, I will use this as an opportunity to bring the Prime Minister abreast of these talks here and a number of other bilateral relationships between the United States and Belgium which I think are so important.

## FINAL COMMUNIQUE, MAY 5, 1981[2]

The North Atlantic Council met in Ministerial session in Rome on 4th and 5th May 1981, deeply concerned at the continuing threats to security and international stability. Determined to counter these threats by effective restraints including firmness in defense and persistence in the search for peaceful solutions, Ministers in that spirit agreed to the following:

1. The strength and cohesion of the Alliance remain indispensable to guarantee the security of its members and thereby to foster stable international relations. This stability requires that all nations act with restraint and responsibility. Claims by the Soviet Union that it too subscribes to such policies are not borne out by Soviet deeds. The more constructive East-West relationship which the Allies seek requires tangible signs that the Soviet Union is prepared to abandon the disturbing build-up of its military strength, to desist from resorting to force and intimidation and to cease creating or exploiting situations of crisis and instability in the Third World.

2. The Soviet invasion and occupation of Afghanistan is a particularly flagrant example of violation of the principles of restraint and responsibility in international affairs. This occupation is now in its second year, with a mounting toll of human suffering and loss of life. It remains and will remain totally unacceptable to the Allies and to world opinion. The Soviet Union has ignored international condemnation of its actions and appeals by the United Nations, the Islamic Conference and the non-aligned movement. Soviet forces must be withdrawn and a political settlement must be found enabling the Afghan people to exercise fully their rights of independence and self-determination and permitting the two million refugees to return to their homes.

3. In Europe, efforts to restore East-West co-operation and exchanges on the basis of the Helsinki Final Act cannot but be severely undermined by the use of threat of force for intervention in the affairs of other countries. Poland must be left free to resolve its own problems. Any outside intervention would have the gravest consequences for international relations as a whole and would fundamentally change the entire international situation. The Allies, for their part, will continue to adhere strictly to their policy of non-intervention and they call on all other states to do the same.

4. In this situation, the Allies will strengthen their capability to deter aggression and act, individually or collectively, to encourage Soviet restraint and responsibility in international affairs with the goal of laying a stable basis for East-West relations. In pursuance of the established policies of the Alliance they will seek these objectives in particular in the following areas.

5. They will ensure their solidarity, consulting closely in the North Atlantic Council on all matters affecting security and East-West relations. In the same spirit, they will strive, in particular by providing assistance for the economically less advanced member countries, to strengthen the economic and social stability of the Alliance as a whole in accordance with Article 2 of the North Atlantic Treaty.

6. In the area of military capability, the increase in Warsaw Pact military power has created a disturbingly adverse trend in the military balance between East and West, particularly in Europe. The Allies agree that assuring an overall military balance between NATO and the Warsaw Pact is fundamental to the security of the Alliance, the enforcement of restraint and the maintenance of peace. They are resolved to make available all the resources needed to provide the requisite strengthening of their deterrent and defense forces.

7. Genuine non-alignment is an important factor for stability in the world. The Allies will continue to consult among themselves and to work together with others to encourage stability and reduce the risks of crisis in the Third World, especially where the independence of sovereign nations is threatened. The maintenance of this independence, peace and international equilibrium is a vital interest of the West. Political settlements must be found to crisis or conflict situations, especially when they affect sensitive areas such as the Middle East, South-East and South-West Asia or Southern Africa; the Allies desire to work to this end in co-operation with other countries.

The stability and genuine non-alignment of Third World countries also depend on the freedom to develop economically and socially without outside interference. All states must refrain from exploiting social problems or fomenting instability for political advantage. Equally, all must contribute actively to strengthening the economies of developing countries and to the fight against hunger, poverty and under-development. For their part, the Western nations also offer these countries the trade technology and respect for political sovereignty that are vital for their independence and economic well-being.

A number of allied countries possess, or are determined to acquire, the capability to deter aggression and to respond to requests by nations for help in resisting threats to their security or independence.

8. They will maintain a dialogue with the Soviet Union and will work together for genuine detente and the development of East-West relations, whenever Soviet behavior makes this possible. The principles and provisions of the Helsinki Final Act provide a code of conduct that must be observed by all the signatories. At the CSCE [Conference on Security and Cooperation in Europe] meeting in Madrid, the Allies seek substantive and balanced results which will lead to better implementation of these principles and provisions, including respect for human rights, improved human contacts, a freer flow of information and enhanced security and co-operation. This would clearly demonstrate the continuing value of the CSCE process.

The Allies reaffirm their support for the French proposal for a conference of disarmament in Europe aimed at achieving in an initial phase an agreement on a coherent set of militarily significant, binding and verifiable confidence-building measures, applicable throughout the European Continent from the Atlantic to the Urals. Underlining the importance they attach to such a conference taking place as an integral part of the CSCE process, they consider that it would be for a future CSCE followup meeting to examine ways of continuing their efforts for security and disarmament, in the light of the progress achieved by the end of the initial phase of the conference and taking into account other current negotiations. While welcoming the progress made so far, they express the hope that, as part of a balanced outcome, agreement can be reached at Madrid on a precise and unambiguous mandate incorporating the above criteria.

## 23d Report on Cyprus

### MESSAGE TO THE CONGRESS, JAN. 19, 1981[1]

In accordance with the provision of Public Law 95–384, I am submitting the following report on progress made during the past 60 days toward reaching a negotiated settlement of the Cyprus problem.

As I noted in my last report, the intercommunal talks between representatives of the Greek and Turkish Cypriot communities, which resumed in August 1980, have continued their substantive examination of the issues which divide the island. Under the chairmanship of the UN Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi, both sides have pursued analysis and discussion of the four basic areas agreed upon for examination. Meetings were held on November 19 and 26 and December 3 and 8 before breaking for a mutually-agreed end-of-year recess. The talks resumed routinely with a meeting on January 7 and can be expected to continue in weekly sessions.

We have been encouraged by the serious, nonpolemic approach taken by the negotiators in their effort to devise mutually acceptable positions. Throughout the discussions, the negotiating atmosphere has remained businesslike and positive.

The United Nations has continued to pay close attention to Cyprus developments. In his December 1 report on Cyprus, Secretary General Waldheim reviewed developments to date, noting that "Some common ground has been indicated on certain practical questions." He suggested that while "progress so far has been slow, the discussions have been on the whole constructive . . ." and cautioned that a problem lying ahead is "the difficult issue of how and where to start the actual give-and-take which is the essence of an effective negotiating process." The Secretary General also expressed the judgment that while a complex negotiating process such as the Cyprus intercommunal talks must proceed with caution, " . . . it must also, if it is to maintain its credibility, produce concrete results."

I have noted with pleasure that the Secretary General intends to remain directly engaged in the negotiating process. He met in New York in mid-December with Cyprus Foreign Minister Rolandis and with Kenan Atakol, foreign affairs spokesman for the Turkish Cypriot community.

The United States continues fully to support the Secretary General's efforts and those of his Special Representative on Cyprus to reach mutually agreeable solutions to the Cyprus problem. This support has been conveyed on several occasions to Secretary General Waldheim and was expressed also by Secretary Muskie to Turkish Foreign Minister Turkmen and to Greek Foreign Minister Mitsotakis in separate meetings at the NATO Ministerial meeting in Brussels December 10–11, 1980.

I am also pleased to note that on December 11, 1980, the Security Council passed without dissent a resolution extending the mandate of the UN Peacekeeping Force in Cyprus (UNFICYP) to June 15, 1981. Other Security Council members continue to share our view that UNFICYP plays a vital role in maintaining the atmosphere of calm conducive to fruitful negotiation within the intercommunal talks.

The Cyprus problem remains on the international agenda. Its historical complexities suggest that only perseverance, patience and political courage of the highest order will bring about a just and lasting settlement. I remain hopeful that the good start represented by the intercommunal negotiations will evolve in the near future into a comprehensive solution that will benefit all the people of Cyprus.

Sincerely,

JIMMY CARTER

[1] Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, Chairman of the Senate Foreign Relations Committee (text from the Weekly Compilation of Presidential Documents of January 20, 1981). ■

9. Arms control and disarmament, gether with deterrence and defense, are ingral parts of Alliance security policy. The lies support negotiations to achieve meangful restraints on Soviet military power and improve security. The object of this policy a stable military balance, if possible at duced levels of forces. The Allies stress the lue of stabilizing, equitable and verifiable ms control through limitations of Soviet id U.S. strategic arms. They recognize that ms control negotiations can only lead to uitful results in an international climate of nfidence.

10. The Allies taking part in the Vienna egotiations on Mutual and Balanced Force eductions continue in their determination to hieve genuine manpower parity in the form a common collective ceiling based on greed data. They regret that no substantial ogress has been made in the negotiations, rgely because the Eastern participating ates are still unprepared to make the reired contribution to the clarification of the ata problem.

11. The Allies continue to attach parcular importance to the maintenance of the alm situation in and around Berlin. The rict observance and full implementation of ne Quadripartite Agreement of 3 September 971 remain vitally important for security in urope, East-West relations and the internaonal situation as a whole. The Alliance conues to support the efforts being made by ne Federal Republic of Germany to secure ne cancellation of the increase in the inimum exchange requirements imposed by ne GDR [German Democratic Republic], hich is having a particularly adverse effect n the number of tourists and visitors travelng to the GDR and East Berlin.

12. The Allies who participated in the ecember 1979 NATO decision on LRTNF ong-range theater nuclear force] modernizaion and arms control reaffirmed their comitment to that decision. They emphasized hat in light of increasing Soviet LRTNF eployments which in the case of the SS-20 lready exceed the total LRTNF deployment lanned by NATO, the modernizing of NATO's LRTNF is more essential than ever, nd offers the only realistic basis for parallel TNF arms control. Since the December 1979 ecision, Soviet threats and efforts to divide he Allies have only strengthened their esolve to take the steps necessary to maintain deterrence, redress the imbalance of LRTNF, and ensure their security. The latest Soviet proposal for a moratorium of LRTNF deployments is wholly unacceptable to these Allies. It would freeze them into inferiority by blocking the NATO modernization programme altogether. Moreover, the proposal would permit the Soviets to increase the threat to NATO by failing to limit systems capable of striking Allied territory from east of the Urals.

These Allies welcome the intention of the United States to begin negotiations with the Soviet Union on TNF arms control within the SALT framework by the end of the year. The American Secretary of State intends to discuss the timing and procedures for these negotiations with Foreign Minister Gromyko in September at the United Nations. These negotiations will rely on an updated Alliance threat assessment and a study of functional requirements for NATO TNF to be undertaken within the framework of the Special Consultative Group and the High Level Group as matters of immediate priority.

## DECLARATION ON TERRORISM MAY 4, 1981

The Foreign Ministers and representatives of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, the United Kingdom and the United States recalled previous declarations regarding the condemnation, prevention and suppression of all acts of terrorism including those involving attacks on the personnel of diplomatic and consular missions and their premises. They noted with deep concern the suffering inflicted on human lives as well as the negative impact of the continuation and spread of such acts on the social and political institutions of individual countries and on international relations. They deplored the recent resurgence of armed attacks, hi-jacking and kidnapping aimed at obtaining political concessions. They vigorously condemned all acts of terrorism regardless of their origins, causes or purposes as a flagrant violation of human dignity and rights. They agreed on the necessity, in accordance with the legislation of each country, for effective bilateral and multilateral co-operation to prevent and combat all acts of terrorism. Particularly reprehensible are those sponsored, supported or endorsed by governments. They expressed their determination to take all necessary measures to ensure effectively the security of all official representatives and persons who participate on their territories in activities within the scope of diplomatic, consular and other official relations.

## MINUTES EXTRACT, MAY 5, 1981

### Extracts for Publication From the Minutes of the Ministerial Meeting of the Council

In addition to the communique, the Foreign Ministers decided to publish the following extracts from the minutes of their meeting of the 4th and 5th May 1981:

### Economic Co-operation and Assistance Within the Alliance

In the light of continued economic difficulties which in particular affect the less advanced members, Ministers noted that further assistance was necessary to help Turkey to overcome her severe economic problems, and that this question would be discussed shortly in the OECD [Organization for Economic Cooperation and Development]. They expressed satisfaction at the general improvement in the economic situation in Portugal over the last year, noting however the need for further assistance. They welcomed the accession of Greece to the European Community, expecting this to strengthen her ties with member countries and over the longer term to lead to a steady improvement of the Greek economy. Ministers underlined that continued support was essential for solving the longer term economic problems of these countries which would contribute to the consolidation of Alliance strength and solidarity.

In this connection they re-emphasized the need to bear in mind the interests of these countries in co-operative arrangements, both in the sphere of defence equipment and in the general scientific field, so that they can play a fuller part in making more effective use of the resources of the Alliance as a whole.

### The Situation in the Mediterranean

Ministers noted the report on the situation in the Mediterranean prepared on their instructions and underlined again the necessity of maintaining the balance of forces in the whole area. They requested the Council in permanent session to continue to consult on the question and submit a further report at their next meeting.

### Infrastructure

Ministers considered a report on substantive elements of the current NATO infrastructure programme.

### Civil Emergency Planning— State of Civil Preparedness

Ministers examined a report on the state of civil preparedness in the Alliance. They noted that improvements had been achieved over the last two years, but endorsed the view that enhanced planning and devotion of budgetary allocations were needed to enable the remaining weaknesses and deficiencies to be overcome. This would help civil emergency planning to play a better part in strengthening the security of the Alliance. To that end, Ministers issued guidance for civil emergency planning over the next four years.

# NATO Defense Planning Committee Meets in Brussels

*The Defense Ministers of the NATO members met in Brussels May 12–13, 1981. The following final communique was issued on May 13.*

The Defence Planning Committee of NATO met in ministerial session in Brussels on 12th/13th May, 1981.

Defence Ministers reaffirmed what the member nations of the North Atlantic Alliance expressed at the meeting of the NATO Council in Rome on 4th and 5th May, 1981. They shared the deep concern at the continuing threats to security and international stability. A strong and cohesive North Atlantic Alliance remains indispensable to guarantee the security of its members and foster stable international relations. Such stability requires all nations to act with restraint and responsibility, in the interests of promoting genuine detente and of developing East-West relations, whenever Soviet behavior makes this possible. Claims by the Soviet Union that it too subscribes to such policies are not borne out by Soviet deeds such as its invasion and occupation of Afghanistan. Efforts to achieve a more constructive East-West relationship are severely undermined by the use or threat of force for intervention in the affairs of other countries. Poland must be left free to solve its own problems. The more constructive East-West relationship which the Allies seek requires tangible signs that the Soviet Union is prepared to abandon the disturbing build-up of its military strength, to desist from resorting to force and intimidation and to cease creating or exploiting situations of crisis and instability in the Third World. The nations of the Alliance expressed their determination to counter the continuing threat to security and international stability by effective restraints including firmness in defense and persistence in the search for peaceful solutions.

For their part, Defence Ministers agreed that the past decade has seen an unrelenting build-up of Soviet military strength across the complete spectrum of capabilities encompassing the strategic, theatre nuclear and conventional fields. This is in contrast to numerous Soviet statements advocating peace and disarmament. This disturbing growth in military strength allows the Soviet Union to exert pressure in many parts of the world, particularly through the increasing global mobility of its forces and the development of a major maritime capability. All this has been in parallel with continuing improvements in the forces confronting the Alliance in Europe and the Atlantic. These steady increases in Soviet military power over the past decade, despite unreciprocated Alliance restraint, have created for NATO a situation demanding intensified action to ensure an adequate future deterrence. The prospects for continued peace and stable political relations between East and West depend on the requisite strengthening of NATO's deterrent and defence forces and on the maintenance of an overall military balance, if possible at a lower level, between NATO and the Warsaw Pact.

In response to this continuing build-up in Soviet military strength, nations have achieved considerable improvements in the forces which they contribute to the Alliance. But the rate at which these have been achieved has not been commensurate with the sustained growth in the Soviet and other Warsaw Pact forces. Assessment of the military balance is a complex equation and cannot be determined simply by counting men, ships and aircraft. However, it is clear that there is a disturbingly adverse trend in the military balance between East and West, particularly in Europe.

Although the policies which nations adopt outside the NATO area are a matter for national decision, the Allies have recognized that situations outside NATO's boundaries may, whenever peace, international equilibrium and the independence of sovereign nations are affected, threaten the vital interests of the West and therefore have implications for the security of members of the Alliance. Ministers recognized that when considering policies intended to protect such vital interests, nations should be prepared to participate fully in consultations within the Alliance to enable NATO Governments to share, and as far as possible coordinate, their assessments of the threat and its implications and to identify common objectives. It is especially important that such consultations should be undertaken when nations in a position to do so are considering out-of-area deployment of forces, in order to deter aggression and to respond to requests from other nations for help in resisting threats to their security or independence. The effect of such deployment on Alliance security and defense capabilities should be examined collectively in the appropriate NATO bodies. Ministers also recognized that common objectives identified in such consultations may require members of the Alliance to facilitate out-of-area deployments in support of the vital interests of all.

The United States and other nations have already responded to challenges arising from situations outside the NATO area. Future deployment of the United States rapid deployment force to deter aggression and respond to requests by nations for help could involve possible changes in the availability of combat and support forces currently committed to NATO in a reinforcement role. At the same time as the United States carries out its efforts to strengthen defence capabilities elsewhere, Allied capabilities to deter aggression and to defend NATO Europe should also be maintained and strengthened. This situation only heightens the need for all Allies to maintain levels and standards of forces necessary for defence and deterrence in the NATO area.

### Science and Technology

Ministers recognized that scientific resources and the aptitude for technological innovation constitute a major contribution to increases of productivity and hence to economic expansion and international competitiveness. They expressed their concern over the problems faced by research and experimentation as a consequence of the current economic situation in many Alliance countries. Ministers urged the strengthening of innovative capacity in the productive sector and basic research in universities; they invited the members of the Alliance to support appropriate measures to foster the mobility of scientists and engineers and to encourage the adoption of technical change in a truly international spirit.

[1]Press release 140 of May 6, 1981.
[2]Press release 137 of May 8, 1981. ■

# First and Second Reports on Cyprus

## MESSAGE TO THE CONGRESS, MAR. 20, 1981[1]

In accordance with provisions of Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyprus problem.

A just, fair and lasting resolution to the problems of Cyprus will remain a priority for my Administration.

The talks between representatives of the Greek Cypriot and Turkish Cypriot communities are continuing. Under the chairmanship of United Nations Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi, the two sides are undertaking detailed analytic review of basic issues. The parties have been addressing the following topics in rotation on the basis of one topic each meeting:

(A) Reaching agreement on the resettlement of Varosha under United Nations auspices.
(B) Initial practical measures to promote good will.
(C) Constitutional aspects.
(D) Territorial aspects.

Meetings were held on January 16, 21, and 28 and February 4, 11, and 18. After a mutually agreed upon recess, the meetings resumed on March 11. We expect the negotiations to continue on a regular basis. Throughout this period both sides have engaged in serious discussion of the issues involved. Each side has advanced proposals and the negotiators have been seeking to identify areas of agreement and reduce differences. Throughout these discussions the parties have maintained a congenial negotiating atmosphere, seriously addressing points for negotiation.

I am convinced that through these negotiations a foundation for a stable, enduring settlement on Cyprus is being laid. Both sides are seriously discussing steps to mitigate long-standing conflicts and, as was anticipated, progress is slow. However, the opportunity for a just and lasting settlement will not remain indefinitely. Therefore, the need for patience and persistent negotiating must be complemented by innovative and flexible approaches to the outstanding problems. After six years of effort, it is time to see a fair settlement that will benefit and serve all of the Cypriot people.

In this, my first report to Congress on Cyprus, I unhesitantly reaffirm the support of the United States for the efforts of the Secretary General and his Special Representative on Cyprus. They have been vigorously and persistently seeking a just and lasting solution of the Cyprus problem. The Secretary General and other United Nations' officials have been creative in their proposals and unflagging in their patience from the inception of the negotiations. I commend their professional conduct and offer the commitment of my Administration to assist in their endeavors to resolve the Cyprus issue.

Sincerely,

RONALD REAGAN

## MESSAGE TO THE CONGRESS, MAY 19, 1981[1]

In accordance with the provision of Public Law 95-384, I am submitting the following report on progress made during the past sixty days toward reaching a negotiated settlement of the Cyrpus problem.

The intercommunal negotiations between Greek Cypriot and Turkish Cypriot representatives continue under the chairmanship of the Secretary General's Special Representative on Cyprus, Ambassador Hugo Gobbi. The two sides are proceeding in their detailed review of the four basic, mutually agreed-upon issues and continuing to devote each session to one topic.

Meetings were held on March 18, April 2, 15, and 29, and May 6. The pace of weekly sessions has slowed somewhat as both Greek and Turkish Cypriots prepare for elections. A reduced schedule in May and June is anticipated with resumption of a regular schedule in July. Both sides have continued their talks in a congenial negotiating atmosphere.

Although not directly connected to the intercommunal talks, the problem of missing persons in Cyprus has been a significant issue dividing the communities. Consequently, we are pleased to note a significant, positive development in this area. Ambassador Gobbi announced on April 22 that an intercommunal agreement had been reached on the terms of reference for a Committee on Missing Persons (text attached). The date for the first meeting of the Committee will be fixed soon following coordination with the International Committee of the Red Cross and appointment of members of the Commitee.

The issue of setting up a Committee on Missing Persons could, in our view, only be resolved with cooperation of both Cypriot communities. Consequently, we are gratified by the United Nations' announcement and hope that subsequent discussion in the Committee will be productive and lead to a resolution of this important, humanitarian question.

We also believe the formation of a Committee will contribute to a positive negotiating atmosphere facilitating progress in the intercommunal talks. The agreement reached to form a Committee suggests that patient, persistent negotiating between both communities, under United Nations aegis, holds the potential for success even on the most difficult of issues. I am confident that the productive attitudes characterized by the formation of a Committee on Missing Persons can be employed in the pursuit of a just and lasting settlement of the Cyprus question.

Sincerely,

RONALD REAGAN

### STATEMENT OF AGREEMENT ON MISSING PERSONS COMMITTEE

Following is the text of a statement made April 22 by SRSG Gobbi at the Ledra Palace in Nicosia, Cyprus:

"On behalf of the Secretary-General, I am very pleased to announce that agreement has been reached by the two sides on the terms of reference for the establishment of a committee on missing persons in Cyprus.

"The Secretary-General has asked me to thank both sides for their important cooperation which has made this agreement possible. In particular, I wish to thank the representatives of the two sides who, over the past few months, were engaged in intensive efforts to bring about the setting up of this committee. The Secretary-General also wishes to thank the International Committee of the Red Cross for its cooperation in facilitating this significant achievement. On the basis of this agreement it is possible now to proceed to the establishment of the committee. This development represents a very important step forward in the solution of a long-standing issue of great concern to the two sides.

"Furthermore, we hope the efforts of the committee on missing persons will strengthen the spirit of cooperation and the joint endeavor undertaken in the framework of the intercommunal talks."

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[1]Identical letters addressed to Thomas P. O'Neill, Jr., Speaker of the House of Representatives, and Charles H. Percy, Chairman of the Senate Foreign Relations Committee (text of the second report from Weekly Compilation of Presidential Documents of May 25, 1981). ■

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NATO will continue to seek to negotiate equitable, militarily significant, binding and fully verifiable arms control agreements in order to achieve a balance of forces at lower levels and provide better security. The Allies recognize the arms control negotiations can only lead to fruitful results in an international climate of confidence.

It is against this broad political and strategic background that the new ministerial guidance, both for nations and the NATO military authorities, has been developed. This guidance which has today been approved by Ministers addresses what needs to be done in the current political and economic situation, to ensure the continued viability of NATO's deterrent strategy in light of the Warsaw Pact military capabilities. In particular, it gives direction for the preparation of NATO force proposals for 1983-1988 including guidelines for the correction of the most important deficiences in the conventional forces.

The planning period covered by the guidance will also see SACEUR's reinforcement plan take effect; this will facilitate the rapid and co-ordinated deployment to Europe of large numbers of United States, United Kingdom and Canadian reinforcements in times of tension or hostilities.

Recognizing that nations not responding to situations outside NATO's boundaries may need to assume additional tasks within the NATO area, national defence planning should make provision towards compensating for changes in the availability of forces committed to NATO because of diversion or tasking on a national basis to carry out operations outside NATO's boundaries in support of the vital interests of Allied countries.

The critical strategic importance of the southern region and the Mediterranean is recognized as is the need for continued support and assistance to Greece, Portugal and Turkey whose economic situation does not permit them to provide from their own resources all the defence capabilities necessary for the implementation of Alliance strategy.

There is a continuing necessity for NATO to maintain strong, diverse and flexible nuclear forces as part of the NATO triad and thereby to ensure deterrence. NATO will move ahead with its planned schedule of long-range theatre nuclear force (LRTNF) modernization whilst at the same time making efforts to reach balanced, equitable and verifiable arms control agreements limiting such forces as was decided on 12th December, 1979. In this respect, Ministers welcomed the intention of the United States to begin negotiations with the Soviet Union by the end of the year on theatre nuclear force arms control within the SALT framework as declared in Rome, and endorsed plans for the high level group and the special consultative group to undertake urgently agreed studies.

Ministers discussed the status of the long-term defence programme and approved recommendations designed to ensure continuing progress in a number of key areas.

The Alliance is engaged in many longer term planning efforts. As reflected in the guidance, these include the development of concepts and of long-term planning guidelines in certain specific areas. The guidance underlines the need for further efforts in the area of armaments co-operation, including continued emphasis on NATO-wide planning procedures and the extension of the family of weapons concept. Special attention will be given to long-term armaments planning especially where there will be opportunities for taking advantage of advanced technologies and for energy conservation. Attention is drawn to the need for control over the transfer of advanced technology to Warsaw Pact countries, within the framework of existing international consultations.

Other matters to which the Alliance is currently giving increased attention concern the provision of adequate infrastructure funds; Ministers approved financing for the programme for the current year.

Confronted with all these tasks and notwithstanding economic and financial constraints the standing Allied commitment to the 3 percent formula guidance has been confirmed. In the light of the worsening military situation as well as the emerging need to cope with the implications of contingencies outside the NATO boundaries the Allies have also agreed to do their utmost to make available all the resources needed to provide the requisite strengthening of their deterrent and defence forces. This general guidance on resources is only one of a number of factors which are relevant to determining the defence efforts which nations should undertake. It therefore needs to be accompanied by more specific considerations for each nation taking account of the quality and quantity of its past and present defence efforts, the most critical deficiencies in its forces and the necessary improvements which should be achieved as soon as possible within the planning period. Greater emphasis should be placed on performance, such as reflected in the achievement of force improvements. In this regard Ministers welcomed the significant efforts made by the United States to strengthen its defence capability in the interest of the Alliance as a whole. ■

# West German Chancellor Visits United States

*Chancellor Helmut Schmidt of the Federal Republic of Germany made an official visit to Washington, D.C., May 20–23, 1981, to meet with President Reagan and other government officials.*

*Following is the text of the joint statement issued on May 22.*[1]

During the official visit of Chancellor Helmut Schmidt of the Federal Republic of Germany to the United States from May 20–23, 1981, President Reagan and the Federal Chancellor held detailed talks on a wide range of political and economic questions. They noted with satisfaction that they share a common assessment of the international situation and its implications for the Western alliance. They agreed that their two countries have a common destiny founded on joint security interests and firmly rooted in their shared values of liberty, a democratic way of life, self-determination, and belief in the inalienable rights of man.

They regard the reliable and proven U.S.-German partnership as an essential factor in international stability and Western security based on the North Atlantic alliance. They agreed that substantive and effective consultations are a mainstay of the relations between Western Europe and the United States.

The President and the Federal Chancellor welcomed and reaffirmed the results of the recent NATO ministerial meetings in Rome and Brussels as renewed proof of the political strength of the alliance and the continuity of alliance policy. They stressed the determination of alliance members to take the necessary steps to work with their NATO partners to strengthen the Western defense posture and to address adverse trends due to the Soviet military buildup. Together with deterrence and defense, arms control and disarmament are integral parts of alliance security policy.

The President and the Federal Chancellor affirmed in this connection their resolve to implement both elements of the NATO decision of December 1979 and to give equal weight to both elements. The Federal Chancellor welcomed the U.S. decision to begin negotiations with the Soviet Union on the limitation of theater nuclear weapons within the SALT framework by the end of this year. He also welcomed the fact that the U.S. Secretary of State

has initiated preparatory discussions on theater nuclear forces with the Soviet Union, looking toward an agreement to begin formal negotiations. The President and the Federal Chancellor agreed that TNF [theater nuclear force] modernization is essential for alliance security and as a basis for parallel negotiations leading to concrete results on limitations of theater nuclear forces. They further agreed that the preparatory studies called for in the Rome communique should be undertaken as matters of immediate priority by the relevant NATO bodies.

The President and the Federal Chancellor assessed very favorably the close cooperation between the Federal Republic of Germany and the three powers in matters relating to Berlin and Germany as a whole. The Federal Chancellor thanked the President for his reaffirmation of the pledge that the United States will continue to guarantee the security and viability of Berlin. They agreed that the maintenance of the calm situation in and around Berlin is of crucial significance for European security and stability.

The European Community plays an important part in maintaining international political and economic stability. The United States will continue to support the process of European unification.

Both sides noted that a serious international situation has been created by Soviet expansionism and armaments efforts. To meet this challenge and to secure peace, they are determined to respond with firmness and to maintain a dialogue with the Soviet Union.

The President and the Federal Chancellor agreed that it is important for the stabilization of East-West relations that the current CSCE [Conference on Security and Cooperation in Europe] review conference in Madrid agree on a balanced substantive concluding document which includes enhanced respect for human rights, increased human contacts, a freer flow of information, and cooperation among and security for all of the participants. In this regard, and as part of such a balanced result, the President and the Chancellor favor agreement on a precise mandate for a conference on disarmament in Europe, providing for the application of militarily significant, binding, and verifiable confidence-building measures covering all of the continent of Europe from the Atlantic to the Urals.

Poland must be allowed to solve its problems peacefully and without external interference. The President and the Federal Chancellor reaffirmed unequivocally their view that any external intervention would have the gravest consquences for international relations and would fundamentally change the entire international situation.

Genuine nonalignment of the states of the developing world is an important stabilizing factor in international relations. The Chancellor and the President support the independence and the right of self-determination of the states of the developing world. They will, in concert with their allies and the countries affected, oppose any attempts, direct or indirect, by the Soviet Union to undermine the independence and stability of these states. They confirmed their willingness to continue their cooperation with these states on the basis of equal partnership and to continue their support of their economic development.

The President and the Federal Chancellor reaffirmed their view that the Soviet occupation of Afghanistan is unacceptable. They demanded the withdrawal of Soviet troops from Afghanistan and respect for that country's right to return to independence and nonalignment. The destabilizing effects which the Soviet intervention in Afghanistan has on the entire region must be counted.

Both sides stressed the importance of broad-based cooperation with the states of the gulf region.

The President and the Federal Chancellor agreed that the United States and the Federal Republic of Germany, the latter within the framework of European political cooperation, should continue the search for a comprehensive, just, and lasting peace in the Middle East. Their efforts should continue to be complementary and build upon what has been achieved so far.

Both sides reaffirmed the determination to strengthen further the open system of world trade and to oppose pressure for protectionist measures.

They stressed the vital importance for political and economic stability of further energy conservation and diversification measures to reduce the high degree of dependence on oil. The pressing energy problems can only be mastered on the basis of worldwide cooperative efforts that strengthen Western energy security and reduce the vulnerability of the West to potential supply cutoffs from any source. The supply problems of the developing countries require particular attention.

The President and the Federal Chancellor agreed on the need in framing their economic policies to give high priority to the fight against inflation and to the creation of improved conditions for renewed economic growth and increased productivity. Both sides stressed the need for a close coordination of economic policies among the industrial countries.

Both sides stressed the need for close and comprehensive exchange of views on the U.N. Conference on the Law of the Sea while the U.S. Government reviews its position.

The President and the Federal Chancellor noted that their talks once more demonstrated the friendly and trusting relationship that has linked their two countries for over 30 years. They welcomed all efforts which serve to broaden mutual contacts and underlined the responsibility of the coming generation for maintaining and developing German-American friendship.

[1]Text from White House press release. Arrival remarks, dinner toast, and departure remarks were also issued as White House press releases. ■

## U.S. Asks Libyans To Close People's Bureau; Travel Advisory Issued

**DEPARTMENT STATEMENT, MAY 6, 1981[1]**

From the first days of the Administration, both the President and Secretary Haig have made known their very real concern about a wide range of Libyan provocations and misconduct, including support for international terrorism.

We have also been concerned by a general pattern of unacceptable conduct by the People's Bureau in Washington, which is contrary to internationally accepted standards of diplomatic behavior.

We have, therefore, asked the Libyans to close their People's Bureau in Washington and have given them 5 working days, starting today, to withdraw their personnel. This action reduces our relations with Libya to the lowest level consistent with the maintenance of diplomatic relations.

A new travel advisory is being issued today: "Due to unsettled relations between the U.S. Government and the Government of Libya, the Department of State warns American citizens against any travel to or residence in Libya. Travelers should also be informed that the U.S. Embassy in Tripoli is closed, and the U.S. Government is not in a position to provide consular protection and assistance to Americans presently in Libya."

[1]Made available to news correspondents by Department spokesman Dean Fischer. ■

# Requirements of Our Defense Policy

*by Caspar W. Weinberger*

*Address before the United Press International (UPI) luncheon of the American Newspaper Publishers Association in Chicago on May 5, 1981. Mr. Weinberger is Secretary of Defense.*[1]

Today I want to talk to you about the defense policy of the Reagan Administration as we have been shaping it over the recent months. I want to say something about our goals, about our strategies for meeting different threats and contingencies, and about the urgent task of rebuilding our capabilities.

Necessarily, this will be an incomplete description of our defense policy. I do not want to tax your patience with details; I only want to give you some highlights. Yet, in reality, our defense policy must be comprehensive and cover many aspects of our security. It must enable us to cope with all the significant threats, with all the plausible contingencies that might endanger our security. When it comes to the security of our country, we cannot prepare for only those threats that are easy to handle. In the final analysis our ultimate goal is to do everything necessary to preserve peace with freedom and to do it in time.

The fundamental goal of our defense effort, as I have said, is to preserve peace with freedom. Peace alone is not enough. Poland is technically at peace. We must secure peace with freedom, not only for today but for the future; not only for ourselves and our descendants, but for those many other nations which have joined us in an alliance for the common defense.

From our alliance commitments stem some important constants for our strategy, tactics, and deployment, because these matters have been arranged by common agreement. And if, because of a growing threat or new technology change is needed, we will again seek common agreement to bring it about.

Thus, among the constants of our defense policy, is the agreed basic strategy for NATO, which requires strong conventional, theater nuclear, and strategic nuclear forces to provide the full spectrum of deterrence. We are also recommitted to strengthen U.S. conventional forces in Europe, to improve their readiness, and to move forward with the agreed modernization of theater nuclear weapons and our associated effort at arms control negotiations.

### Changes in Policy

What has changed in our determination to respond realistically to the growing threats wherever they confront our national security? For well over a decade, the Soviet Union's spending on conventional armaments has been about double our own. And its investment in strategic nuclear armaments has been triple that of the United States. These facts aren't new; you have heard them before.

*We must secure peace with freedom, not only for today but for the future; not only for ourselves and our descendants, but for those many other nations which have joined us in an alliance for the common defense.*

What is new is that Americans, last fall, reasserted their belief that our nation must restore its military strength as President Reagan promised. What is new is that we have decided that America can, and in fact must, remain a great power if we are to keep peace and freedom. What is new is the determination of President Reagan, and those of us who serve him, to cut back Federal spending and reduce the role of government, thereby making room for a vigorous expansion in our defense effort, without causing more inflation.

The Soviet buildup in armaments over the last 15 years is not the only changed threat we must address. During the same period, Soviet power has been growing in other important ways. The Soviet Union has greatly extended its geostrategic reach by establishing military outposts in the Middle East, in Africa, and elsewhere. Soviet footholds in Ethiopia, Yemen, and Afghanistan threaten the vital oilfields of the Middle East and, indeed, the peace of the world. These bases and facilities were formerly neutral or accessible to us. And Soviet forces have increasingly been designed and deployed to take advantage of this farflung access they have gained.

As Soviet ability to project its power abroad has grown, American and allied access to bases and airspace has declined in many areas of critical concern, particularly in the vital regions of the Middle East. During this same period, we have let our strategic superiority be eroded. We have long tolerated this deterioration in our relative nuclear strength because we hoped that the nuclear balance could be stabilized through arms control agreements and that the Soviet leadership, in fact, shared our goal for such a stable nuclear balance.

It is an unfortunate, indeed, a tragic, fact that this hope of ours has been badly disappointed—the Soviet expenditures for armaments, in particular strategic arms, grew more rapidly and more steadily during the period called "detente" than during the so-called cold war. This is not to say detente caused the Soviet buildup, as some European journalists felt I have said. It is to say that detente slowed only our investment in strategic arms.

As I am stressing the need to respond to the relentless growth in Soviet arsenals, I do not want to be misunderstood to mean that Soviet military power is the only threat of concern to the Defense Department. We and our allies have come to be critically dependent on places in the world which are subject to great instability. Many of our vital resources come from such areas in the world. And in those areas, some nations are both strongly armed and hostile toward us. These local threats to our interest, and local instabilities, in general, often present a temptation to various forms of Soviet intervention. They constitute the troubled waters that are a favorite fishing ground of the Soviets. We need only to look at Syria, Iran, and Iraq, to say nothing of the Caribbean disturbances, to see this.

We cannot meet alone all the farflung challenges that may arise. We have to count on increased and closer cooperation with our friends and allies. Indeed, the commitments and interests that we are bound to support in almost every quarter of the globe are not isolated points of concern. For example, what we do to assure uninterrupted access to oil from the Persian Gulf affects Japan and Israel and all our European allies. What Japan does to strengthen its

efense enhances our ability to fulfill our eaty obligations to Australia and New ealand. What Australia and New ealand contribute to safeguarding the astern approaches to the Indian Ocean creases our capabilities and NATO's to ounter any coercive threats on NATO's stant flanks—Turkey and Norway. ur interests and commitments, our liances and our treaties, are both bligations and assets at once.

This interlock of interests and commitments of the free world creates utual obligations to share in the urdens of our common defense. I elieve President Reagan set an example f courage and political leadership by rimming back sharply many domestic overnment expenditures with large onstituencies, while expanding our esources needed to meet the growing ilitary threat. I know our allies have een deeply impressed by this example. hope that many of them will find it ossible to follow it. As partners in the ommon defense, we must all assume an ppropriate effort at appropriate levels.

In the past, we and our allies enoyed a commanding lead in technology nd its defense applications. Today we annot take for granted that this lead xists and will be maintained in matters nportant for our defense. I am confient that the United States has the uman resources to hold and keep that ead—the skills, the imagination, the ingenuity. But we have not sufficiently iewed our technology as a valuable, and mited, national resource, and we eglected that part of this resource hich must be devoted to keeping our ation strong and free. We have to ealously guard technology that has nilitary applications. Let us realize that hen we talk about "East-West echnology transfer," we are not talking bout a transfer of national assets in ne direction—from West to East.

### Defense Strategy

t is a primary mission of the Departnent to be prepared to wage war, ecause we invite aggression if we are nprepared to meet it, and we invite isaster if we are forced to meet aggresion unprepared. The grim paradox we ace, constantly, is that in trying to reserve peace with freedom we must trengthen ourselves with weapons we ill never use if we are successful. We know from nearly 20 years' experience with the Soviets that unilateral restraint is the most dangerous of all policies and the policy most likely to produce expansionism or subjugation.

To fulfill our mission, we must restore our ability to mobilize our forces quickly and to support them in the combat we hope thus to deter. Accordingly, we have added major investments in readiness in our revisions of the FY 1981–82 defense budgets.

But all the investments in equipment and personnel would not suffice if we are unprepared to respond adequately to warnings. And we have learned from history that warning of attack is often ambiguous. We must develop and implement improvements to strengthen our ability to respond to warning. We are acquiring better command and communications systems that are survivable and, thus, can properly function in a war.

*Our interests and commitments, our alliances and our treaties, are both obligations and assets at once.*

The new Soviet projection forces do not merely give an unprecedented reach to Soviet military ventures into regions of greatest importance to us, but they are also inherently capable of swift execution. Hence, we have to be able to move our forces quickly. The scale and the speed of the invasion of Afghanistan has demonstrated that a country's capital and all its airfields can fall under Soviet military control in a matter of hours.

We must, frankly, recognize the possibility of a similar military operation against other countries where the Western interest would be vital. In the middle of any night, I may be awakened to be told that the Soviet Union is actually in the process of invading a country that we must defend but where we have neither bases nor troops. To be sure, we have contingency plans, but are our forces truly ready to carry them out? To be sure, there are crisis-management arrangements, but are we also administratively and psychologically ready to follow up with all the detailed steps necessary for farreaching and swift military movements? This is why I put so much stress on improving our ability to mobilize our forces and to mobilize quickly. We may not again have the preparation time we had to get ready for World War II, which was barely enough then.

Even more important, we have to build up a stronger military presence in vital areas to meet potential aggression before it can become an accomplished fact. This is the reason for the effort we now put into rapid deployment forces for the Middle East. This is also the reason for important elements in our security assistance bill, now pending before Congress, which is designed to help such countries as Turkey, Egypt, Sudan, and Israel.

However, within the next few years, we and our allies cannot rebuild our strength sufficiently to meet all risks of military aggression. Soviet-backed aggression against some of our vital interests in distant regions of the world might overwhelm some of our forces. What counts in a war is not winning the first battle, but the last. More and more it is apparent that we cannot and, indeed, should not rely exclusively on strategic forces and that we will need a strong conventional capacity to counter conventional strength that may be deployed against us.

We have to be prepared to launch counteroffensives in other regions and to exploit the aggressor's weaknesses wherever we might find them. That is to say, we must be prepared for waging a conventional war that may extend to many parts of the globe, if persistent local aggression by superior forces cannot be turned around. It is in this context that our need for naval superiority acquires special dimension.

Historically, we have always relied heavily on our industrial base. We recall how our productive genius was decisive in bringing us victory in both the great wars of this century. Today, we must, of course, rely on our ready nuclear forces to deter nuclear attack, as well as to help deter conventional attack against our principal alliance system. But our large and latent capacity to expand defense production has always provided an added and powerful deterrent against piecemeal aggression in other regions where we have vital interests.

Yet, we cannot take this asset for granted. Over the years, we have neglected our capacity to mobilize industry for defense. I have instituted

changes in our methods for purchasing arms—the so-called acquisition process—designed to reduce costs and delays in our arms purchases in peacetime. In addition, these reforms will also improve our capability to mobilize industry in time of war or during a major emergency.

**First**, putting ourselves in position to expand our defense effort greatly, if we should have to, will be a very low-cost aspect of our defense program, yet one that brings great returns in defending our security.

**Second**, such steps have particular importance in countries like ours. Democracies find it difficult to conduct and persevere in an active, long-term defense and foreign policy. As De Tocqueville long ago pointed out: "Foreign policies demand scarcely any of those qualities which are peculiar to democracy; they require, on the contrary, the perfect use of almost all those in which it is deficient." By the same token, democracies are naturally adverse to maintaining huge armaments and large bodies of men on a war footing in peacetime. We cannot hope, nor would we want to match our adversaries in ground forces during peace. Hence, the readiness with which we could mobilize our industrial potential serves as our countervailing reserve of military strength.

Now, as our defense policies are developed and put into effect, some will carry on the earnest hunt for some easy label, some simplified tag to describe it so it will fit into a headline. I don't doubt that we will learn about "X's strategy," or "Y's doctrine." But in our fluid and complex world, the policies and doctrines that must guide our defense can never be final and complete, or be locked into dogmatic terms.

What we propose to do is clear. Why we do it should also be clear. There has been an enormous increase in Soviet strength. This is an ever-growing imbalance between their forces and ours.

- We feel we must strengthen the deterrent capabilities of our nuclear forces and move to redress the present strategic imbalance.
- We must maintain fully our conventional and nuclear deterrent commitment to NATO.
- Our global interest and commitments dictate that our armed forces acquire greater range, mobility, and survivability. That means naval power able to command the sealanes vital to us and our allies. It means developing, urgently, a better ability to respond to crises far from our shores and to stay there as long as necessary.
- The Arabian Gulf is such a vital area for us and our allies. The West's dependence on its oil means we must make sure we can respond effectively to threats in this region.
- This idea that all conventional wars will be short has been overtaken by events. Conventional wars could come in all sizes; if we value our freedom, we must be able to defend ourselves in wars of any size and shape and in any region where we have vital interests.

We do not expect to do all these things overnight. Some of the tasks that face us are obviously continuing tasks. I we persevere—and the American people are determined to persevere—we can bring about changes not only in the strategic balance. Improved defense will bring with it greater international stability and a continuing hope that we can pass on to our descendents the inestimable privilege of peace with freedom.

[1]Defense Department press release 176–81. ■

# U.S. Policy and the Law of the Sea

*by James L. Malone*

*Statement before the Subcommittee on Oceanography of the House Merchant Marine and Fisheries Committee on April 28, 1981. Mr. Malone is Chairman of the U.S. delegation to the Law of the Sea Conference and Assistant Secretary-designate for Oceans and International Environmental and Scientific Affairs.*[1]

It is a pleasure to be given the opportunity to speak today about the recently concluded session of the Law of the Sea Conference and the Administration's policy review process. My statement will attempt to put into perspective this Administration's approach to the Third U.N. Conference on the Law of the Sea and the reasons why we adopted the decision to slow down the negotiating process just as it may have been about to finalize the draft convention text.

Preparation for the Third U.N. Conference on the Law of the Sea began in 1966. During the 15-year history of these negotiations, the United States has sought to protect U.S. oceans interests and has pressed for urgent solutions to what it perceived to be the problems of the law of the sea. The developing countries have approached the negotiators with a different perspective and sought economic concessions from the industrialized world, chiefly in the deep seabed part of the negotiations. Increasingly, important compromises to developing country interests were accepted by our negotiators in order to achieve the protection of U.S. interests as they defined them.

## Informal Draft Convention

When this Administration took office, it was confronted with an informal draft convention on the Law of the Sea containing a number of provisions raising concerns. We were informed that the conference was on the verge of finalizing this text and that there was an expectation that the negotiations would conclude in 1981.

Many of the provisions of the draft convention prompted substantial criticism from industry, Congress, and the American public. There was also some question whether this draft convention was consistent with the stated goals of the Reagan Administration. Therefore, the Administration decided that it would be better to face criticism in the United Nations than to proceed prematurely to finalize a treaty that might fail to further our national interests. Many comments were made by foreign delegates and in the U.S. press about the manner in which we announced our decision to conduct a policy review and to appoint a new chief negotiator.

The decision to conduct the review was made as rapidly as possible, consistent with the many burdens and competing priorities faced by any new Administration. A change in the leadership of the American delegation was essential in order to ensure that other countries clearly understood our seriousness of purpose with respect to the review. That action was also necessary in order to send the signal to other delegations that the United States could not be induced to return immediately

nd, thus, prematurely, to the bargain-
g table by offers of minor technical
hanges to the draft convention. I am
ure you can also appreciate that it
ould be less difficult for a new head of
elegation to adhere to a negotiating
osture that diverged from our past ap-
roach.

The argument has been made by
ome that the United States is failing to
eep its commitments by reviewing its
olicy and possibly changing its position
n subjects of importance. This, in my
dgment, is an unconvincing argument.
hortly before the Carter Administra-
on took office, leading representatives
f the developing countries at the con-
erence rejected treaty provisions they
ad previously negotiated and demanded
ubstantial changes to the draft text
nen on the table as the price of future
greement. Those delegates entertained
ne hope that more favorable conces-
ions could be extracted from a new ad-
inistration which was thought to be
ore sympathetic to developing country
ositions in U.N. forums.

It has always been well understood
t the Law of the Sea Conference that a
uccessful treaty must be based on a
ackage deal. The position that the Ad-
inistration will take toward the con-
ents of that package remains to be
letermined in the course of the review
rocess. No nation is committed to the
ext in the sense that it is bound by it.
n this regard I would like to quote from
he conference president's preparatory
ote to the draft convention.

This text like its predecessor will be
nformal in character. It is a negotiating text
nd not a negotiated text, and does not prej-
dice the position of any delegation.

### Features of the Present Convention

Some of the features of the present draft convention raise questions as to whether they are consistent with U.S. interests. I will not, today, seek to identify other features of the text which have been considered to preserve or promote other U.S. interests. This will be part of the review process. The areas of concern include the following:

- The draft convention places under burdensome international regulation the development of all of the resources of the seabed and subsoil beyond the limits of national jurisdiction, representing approximately two-thirds of the Earth's submerged lands. These resources include polymetallic nodules. They also include mineral deposits beneath the surface of the seabed, about which nothing is known today but which may be of very substantial economic importance in the future.
- The draft convention would establish a supranational mining company called the Enterprise, which would benefit from significant discriminatory advantages relative to the companies of industrialized countries. Arguably, it could eventually monopolize production of seabed minerals. Moreover, the convention requires the United States and other nations to fund the initial capitalization of the Enterprise, in proportion to their contributions to the United Nations.
- Through its transfer of technology provisions, the convention compels the sale of proprietary information and technology now largely in U.S. hands. Under the convention, with certain restrictions, the Enterprise, through mandatory transfer, is guaranteed access on request to the seabed mining technology owned by private companies and also technology used by them but owned by others. The text further guarantees similar access to privately owned technology by any developing country planning to go into seabed mining. We must also carefully consider how such provisions relate to security-related technology.
- The draft convention limits the annual production of manganese nodules from the deep seabed, as well as the amount which any one company can mine for the first 20 years of production. The stated purpose of these controls is to avoid damaging the economy of any country which produces the same commodities on land. In short, it attempts to insulate land-based producers from competition with seabed mining. In doing so, the draft treaty could discourage potential investors, thereby creating artificial scarcities. In allocating seabed production, the International Seabed Resource Authority is granted substantial discretion to select among competing applications. Such discretion could be used to deny contracts to qualified American companies.
- The convention creates a one-nation, one-vote international organization which is governed by an assembly and a 36-member executive council. In the council, the Soviet Union and its allies have three guaranteed seats, but the United States must compete with its allies for any representation. The assembly is characterized as the "supreme" organ, and the specific policy decisions of the council must conform to the general policies of the assembly.
- The convention provides that, after 15 years of production, the provisions of the treaty will be reviewed to determine whether it has fulfilled overriding policy considerations, such as protection of land-based producers, promotion of Enterprise operations, and equitable distribution of mining rights. If two-thirds of the states' parties to the treaty wish to amend provisions concerning the system of exploitation, they may do so after 5 years of negotiation and after ratification by two-thirds of the states' parties. If the United States were to disagree with duly ratified changes, it would be bound by them, nevertheless, unless it exercised its option to denounce the entire treaty.
- The draft convention imposes revenue-sharing obligations on seabed mining corporations which would significantly increase the costs of seabed mining.
- The convention imposes an international revenue-sharing obligation on the production of hydrocarbons from the continental shelf beyond the 200-mile limit. Developing countries that are net importers of hydrocarbons are exempt from the obligation.
- The convention contains provisions concerning liberation movements, like the PLO [Palestine Liberation Organization], and their eligibility to obtain a share of the revenues of the Seabed Authority.
- The convention lacks any provisions for protecting investments made prior to entry into force of the convention.

On the basis of the foregoing difficulties and others, it is the best judgment of this Administration that this draft convention would not obtain the advice and consent of the Senate. Of course, since the treaty would require implementing legislation, the House would also have a major role that must be considered. We have reason to doubt that the House of Representatives would pass the necessary legislation to give effect to a treaty containing provisions such as these.

### Administration's Review

The provisions I have mentioned raised questions for this Administration. We must seriously consider whether those provisions should be included in a treaty to which the United States would become a party, unless there were a

countervailing national policy interest. The review will evaluate all of our national interests and objectives, including national security, to determine the extent to which they are protected by the draft convention, to identify necessary modifications to the convention. The review will also examine, with great care, whether these same interests and objectives would fare better or worse in the absence of a treaty.

During the course of the review, we will consult with the Congress, with other nations, including our principal allies, and with a broad spectrum of the private sector. We anticipate that this will be a fairly lengthy process. The Administration believes that any decision concerning a subject as comprehensive and complex as this one must be taken with deliberation and with keen understanding of foreign and domestic reactions. Accordingly, we have determined that the policy review process cannot be fully completed before the resumed 10th session of the Law of the Sea Conference in Geneva this August. We must have time to insure adequate opportunity to test our tentative views with the widest possible number of countries.

At the recently concluded session of the conference, disappointment and apprehension were, indeed, registered at the decision of the United States to undertake such a sweeping review, although this reaction was not universal. The Administration realizes the concern and disappointment that this decision has engendered. However, we feel strongly that the American people would wish to see this review occur rather than being plunged headlong into this treaty.

We think that the world community, too, will be better served if we return to the conference with a realistic assessment of what will satisfy our people and our Congress. The Administration does not wish to be in a position of misleading other countries into concluding a treaty they will expect us to ratify a treaty which, in many respects, is believed by them to satisfy our national interests and then find us unable to participate in the final result.

### Summary of New York Session

As could have been expected in the light of the U.S. position, the session in New York this spring was, relative to previous sessions, inactive. We were not in a position to negotiate on substance and, because our participation is vital to the formation of consensus, participants in the conference were unwilling to proceed without us. There was some activity, however, which I will now briefly summarize.

The first week of the conference was devoted to electing a President to succeed the late Ambassador Hamilton Shirley Amerasinghe of Sri Lanka. Ambassador Tommy Koh of Singapore, an able and experienced diplomat, was elected to replace him.

In Committee I—that is the committee dealing with seabed mining—Chairman Paul Engo of the United Republic of Cameroon focused attention on the draft resolution setting up the preparatory commission of the International Seabed Resource Authority. The developing states attacked, and the developed states defended, the requirement set out in the text that the rules, regulations, and procedures adopted by the commission be applied by the Seabed Resource Authority until others are recommended to the assembly by a consensus of council members and are adopted by the assembly. Some developed countries, with the United States reserving its position at this session, have regarded this approach as essential to assuring those ratifying the treaty that the Seabed Resource Authority would operate in a foreseeable manner.

Participation in the commission—the so-called ticket-of-admission problem—was also debated. Those industrialized countries expressing a view preferred that signatories of the final act of the conference be full participants in the work of the commission and in its decisionmaking procedures in order to provide the broadest possible participation. The developing countries wanted membership reserved to those states which had expressed the intent to become parties to the treaty by signing it. The developing states, at that point, offered a compromise that would have allowed those states that had signed the final act of the conference but not the treaty itself, to participate as observers in the commission's work. Other Committee I issues were treated only superficially.

The U.S. delegation confined its participation in the seabed discussions to several brief interventions reserving our position pending completion of the review.

Committee II, which deals with navigation and coastal state jurisdiction, held four informal meetings without agenda to permit delegations to raise any questions deemed important to them. Some states favored requiring prior authorization or notification of warship passage in the territorial sea. Of the approximately 70 states which expressed views on the subject, roughly one-half favored the amendment and one-half opposed it. Among those favoring the amendment, a small number thought that notification, alone, might be acceptable.

Brazil argued that the text should be revised to exclude military exercises in the exclusive economic zone unless authorized by the coastal state. This proposal received support and opposition along the same lines as did that relating to warship passage.

Argentina pressed its suggestions for a change in the text to provide for cooperation among affected states for the conservation of so-called straddling stocks—that is, fish stocks found both within and without the exclusive economic zone.

Disagreement continued to be expressed as to the relative weight to be placed upon "equitable principles" and the "median or equidistance line" in the formula for the delimitation of maritime boundaries of the exclusive economic zone between opposite and adjacent states. Finally, there was some discussion concerning artificial islands.

At the conclusion of the Committee II meetings, Chairman Aguilar of Venezuela noted that while there were widely divergent views expressed, a practical consensus existed along the basic lines of the Committee II package and that there remained only a very few questions of interest to a substantial number of delegations. As in the case of Committee I, no changes in the text emerged as a result of work regarding Committee II subjects.

Committee III, dealing with marine scientific research and pollution, met only once during the session. Chairman Yankov of Bulgaria stated that, in his view, negotiations had been completed at the ninth session and that any attempt to reopen substantive negotiations would seriously endanger the compromises already achieved. Several delegations expressed agreement with

hese views. The United States reserved s position on the status of the work of he committee, pending the outcome of ur review. Further, the United States ıade clear that there also remained everal minor, essentially technical, ıanges that needed to be discussed at ome point.

The drafting committee did exten- ve work directed toward conforming nd harmonizing the texts. However, a reat deal of additional work confronts ıat committee.

Finally, the conference scheduled a -week session beginning August 3 in eneva with the option to extend the nference for an additional week. The 5 eeks prior to the August resumed ses- on will be dedicated to drafting efforts.

I would like to emphasize that it is ur intention to keep members of this ıbcommittee and other interested ıembers fully informed throughout the olicy review. We will welcome your iews, and you, in turn, may expect om us candid and continuous reports n our progress.

[1]The complete transcript of the hearings ill be published by the committee and will e available from the Superintendent of ocuments, U.S. Government Printing Of- ce, Washington, D.C. 20402. ■

# Arms Transfer and the National Interest

*by James L. Buckley*

*Address before the Aerospace Industries Association in Williamsburg, Virginia, on May 21, 1981. Mr. Buckley is Under Secretary for Security Assistance, Science and Technology.*

I am delighted to be with you today in this superb setting. Some of the great debates defining the goals of what was to be the American Revolution took place here in Williamsburg. The seeds sown here and elsewhere along the Atlantic seaboard took root and produced the greatest experiment in human freedom the world has ever witnessed.

This new republic, which the patriots who walked the streets of Williamsburg two centuries ago helped design, has evolved into a great and powerful nation. We are no longer merely the world's foremost example of the blessings that freedom brings; but of historical necessity, we are now the primary guardians of the very concepts of individual freedom and the inherent dignity of man on which this country was founded and from which it continues to draw its strength.

We Americans have never sought the responsibilities of world leadership, but we cannot avoid them or the burdens they impose on us. Irving Kristol described our obligations as a great power in an essay written in 1967 when some in the United States were beginning to call for a withdrawal from Vietnam, a reduction in our foreign commitments, and a return to "Fortress America." With a provocative reference to the United States as an "Imperial Power," Kristol wrote:

> There are a great many people who appear to think that a great power is only the magnification of a small power, and that the principles governing the actions of the latter are simply transferable –perhaps with some modification –to the former. In fact, there is a qualitative difference between the two conditions, and the difference can be summed up as follows: A great power is "imperial" because what it does *not* do is just as significant, and just as consequential, as what it does. Which is to say, a great power does not have the range of freedom of action –derived from the freedom of inaction –that a small power possesses. It is entangled in a web of responsibilities from which there is no hope of escape; and its policy-makers are doomed to a strenuous and unquiet life.

We are now experiencing the bitter consequences of the attempt by American policymakers in recent years to escape from this reality.

### Experience of the Last Decade

Over the past decade, first the Congress and then the Carter Administration presided over an American withdrawal from world responsibilities that contributed to a dramatic shift in global power relationships.

Ten years ago,we enjoyed unquestioned nuclear superiority. Our Navy still dominated the world's oceans; and even though the bulk of our military forces were committed to Vietnam, the Soviets could not safely challenge us elsewhere on the globe. As recently as the fall of 1973, during the Middle East war, an American President could still head off the introduction of a Soviet division into Egypt by signaling a worldwide alert of U.S. forces. The oil fields in the Middle East were circled by nations friendly to the West.

Today, we have lost our strategic superiority, and the Soviets are forging ahead in long-range nuclear weaponry. Our naval combatant forces have been reduced by half, and we can no longer guarantee the safe passage of American merchantmen over more than one ocean at a time. The major oil producing states of the Persian Gulf are flanked by an unstable regime in Iran, Soviet satellites in the Horn of Africa and South Yemen, and by the Soviet Union itself in Afghanistan. And when an American President, just 1 year ago, declared that we would protect our interests in the Persian Gulf by military force if necessary, people openly wondered whether we could –or would.

But that is only part of the story. At the same time that we allowed our military strength to deteriorate while the Soviets established strategic beachheads in Africa and the Middle East, the Carter Administration adopted policies toward the transfer of arms to friends and allies that substituted theology for a healthy sense of self-preservation.

It was the Carter view that such transfers were inherently evil or morally

reprehensible, or both. Therefore, the United States world henceforth, in principle, refrain from selling arms except under the most restricted circumstances. Representatives of U.S. arms manufacturers abroad were to be treated as pariahs by American diplomatic representatives even when engaged in transactions duly licensed by the government itself. Never mind the fact that our unilateral restraint proved less than contagious and had the net effect of lessening U.S. influence over the arms policies of other nations by encouraging them to seek the weapons they needed from other suppliers. And never mind that, in practice, the countries which were important strategically continued to receive support, while the burden of a restrictive policy fell on those nations less able to fight back either with U.S. policymakers or American public opinion. Pragmatism and realism are at least philosophically defensible on their own terms as a basis for policy; but when used in practice, but masked by a moralistic smoke screen, they are not.

To compound these self-inflicted injuries, the Congress adopted a series of restrictions on sales to nations whose behavior—in the case of human rights—or intentions—in the case of nuclear proliferation—we disapprove of. While these well-intentioned efforts have had little detectable impact on such behavior or intentions, they did lead at times to the awkward result of undercutting the capabilities of strategically located nations in whose ability to defend themselves we have the most immediate and urgent self-interest. Pakistan is a spectacular case in point.

The net effect of all of this is that we find ourselves, in 1981, not only with deteriorated military and strategic positions but with far fewer nations in a position to work with us in defending common interests and deterring threats by the Soviet Union and its surrogates. Thus we are faced not only with the need to rebuild and modernize our own military forces but to help other nations in the free world rebuild theirs.

It is for all of these reasons that the Reagan Administration has concluded that the strengthening of other nations with which we share common security interests is an essential component of our total effort to restore effective deterrence to aggression.

Nothing worthwhile in the world community is possible—neither economic growth nor political or social reform—in an atmosphere of increasing instability. And there is little reason to assume that the decade of the 1980s will witness a basic change in this situation, unless the United States is prepared to meet the security needs of its friends and allies as well as its own. Military power alone cannot solve the large array of problems which currently beset the community of nations; nor can it provide the foundations for an international society in which equity and security prevail. What it can do, given the growing disorder that we confront today, is help to reestablish some sense of equilibrium.

All of this will require the best of American leadership abroad and at home. We must not only demonstrate that we have the will to lead but the capacity to back that will with the necessary military and economic power. This will require the revitalization of our defenses and the building of stronger alliances and cooperative relationships as well as the rebuilding of our own economic strength. This is why the adoption of the President's economic program is as essential to our ultimate national security as the increased requests for defense and security assistance appropriations.

My own responsibilities are focused on the last, so I would like to take the time to describe some of the attitudes and policies that I expect will be applied to the sale of weapons and related goods and services. These and other related objectives are being spelled out in a policy statement that we expect will be released in the near future.

### U.S. Attitudes and Policies

For starters, this Administration believes that arms transfers, judiciously applied, can complement and supplement our own defense efforts and serve as a vital and constructive instrument of American foreign policy. In revising our practices in this area, we seek to achieve the following:

- Enhancement of the state of preparedness of our friends and allies;
- Revitalization of our alliances;
- The fashioning of more coherent policies and strategies that bear on East-West relations; and
- The buttressing of our own defense production capabilities.

Arms transfers can thus serve as an important adjunct to our own security by helping deter acts of aggression, by enhancing the self-defense capabilities of nations with which we share close security ties, and by facilitating access by American forces to military facilities abroad.

The Administration's new approach to arms transfers will emphasize the need for flexibility and rapid response to meet changing circumstances affecting American security interests. We will evaluate requests for support in terms of their contribution to deterrence and defense. We will accord high priority to requests from members of our major alliances and from those nations with which we have developed cooperative relationships.

### Assessing Requests

In assessing arms transfer requests, the United States will continue to give due consideration to such factors as the degree to which the equipment requested corresponds to the military threat facing the recipient, the manner in which such equipment will serve to maintain stability within regions where friends of the United States are on less than the best terms one with the other; and whether the proposed transfer can be absorbed by the recipient without overburdening its military support system or financial resources.

We believe that particular care must be taken to avoid an adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. For this reason, we are prepared to encourage the efforts of American manufacturers to produce equipment which, in terms of cost, complexity, and sophistication, is more appropriate to the needs of nonindustrialized nations. At the same time, the United States will continue to strive with its NATO allies to achieve a high degree of equipment standardization in order to achieve our mutual goal of interoperability of equipment.

Recognizing, as we do, that in today's economic climate a number of nations cannot afford to purchase equipment on commercial terms, we are requesting congressional authority to help finance some such purchases at concessional rates. At the same time we are seeking other statutory provisions that will simplify procedures and achieve significant economies in the production and sale of items in high demand.

Requests for transfer of technologically sensitive materials will be

onsidered on a case-by-case basis. Such ransfer will not be approved if a signifiant possibility of compromise of sentive information or equipment exists, r if justification on the basis of overding U.S. interest cannot be made. We ill also give serious consideration to ature requests for coproduction, or oassembly, of military equipment produced by American manufacturers, while nderstanding the extreme complexity f this particular subject as well as the otential for conflict between foreign nd domestic economic policy objectives. or this reason, I would particularly elcome your views as the Administraon works to develop specific guidelines n the area of coproduction and oassembly.

Finally, as one of my first actions in is position, we rescinded the Carter dministration's so-called leprosy letter, hich instructed U.S. officials overseas ot to assist U.S. businessmen seeking o meet the military needs of friendly tates. Henceforth, U.S. Government epresentatives overseas will be exected to provide the same courtesies nd support to firms that have obtained censes to market items on the U.S. unitions list as they would to those arketing other American products. In ue course we will be reviewing our censing procedures to see how they can e simplified.

### Iultilateral Restraint

know there will be those who will conlude that these new policy changes will erald a period of unrestrained military ales. They will not. We remain edicated to the goal of mutual restraint n arms transfers. What we advocate is similar dedication to the goal of servng U.S. interests; and in those cases here arms transfers are the best neans of doing so, we will make them. The difference between this Administraion and its predecessor is in the erception of where those interests lie, ow and by whom they are challenged, nd how best to advance them.

Though I believe it was well-intenioned, Presidential Determination 13 was, after all, issued by a President who, some 2½ years later, after Soviet troops had invaded Afghanistan, admitted he had learned more about the Russians in the immediately preceding 10 days than in his entire prior time in office. This Administration starts with no illusions as to Soviet purposes. Soviet support for so-called wars of national liberation has never been qualified, even during the halcyon days of detente. It is, therefore, not surprising that there has been little or no interest in arms transfer limitations manifested by the Soviet Union -or, for that matter, by the majority of other arms producing nations.

We will, nonetheless, continue to examine ways to secure a regime of multilateral restraint. But in the meantime this Administration will face up to the realities of Soviet aggrandizement, and it will pursue a sober, balanced, and responsible arms transfer policy, one which is essential for the protection of our national security interests.

### Security and Cooperation

Which brings me to the last point I would like to make. Despite our inherent strength, there are limits to what we can accomplish alone. We are as dependent on the cooperation of other sovereign nations for the defense of our larger security interests as we are dependent on foreign sources for oil and such other strategic minerals as cobalt, manganese, titanium, chrome, and a host of others to support the high technology on which our economy is based.

The alliances and cooperative arrangements we need to forge with other nations cannot be coerced. They require of us a new maturity in our relationships with other nations, one that recognizes the sovereignty and dignity of other societies as well as the enormous diversity of cultures that exists among them. If we build our security relationships on the bedrock of mutual interests, then they will prove durable -provided always that we can once again restore confidence in the reliability of American undertakings.

We are the essential partner in any credible network of free world relationships because we are the only power that has the capacity to hold in check the aggressive opportunism of the Soviet enterprise. Our attempt in recent years to downgrade our world responsibilities has proven catastrophic for precisely the reason that only we are in a position to make the difference. As Irving Kristol pointed out in the essay I cited earlier: "It is the world situation -and the history which created this situation -that appoints imperial powers, not anyone's decision or even anyone's ambition. And power begets responsibility -and above all the responsibility to use this power responsibly."

That is our challenge: not to strip ourselves of power but to focus that power for the achievement for the common good. And that common good these days is to restore a world order in which each nation can work out its own destiny, free of fears of external threat. What we have to offer other nations as we seek to forge new and effective partnerships is the prospect of global stability in which the United States can be relied upon to use its influence and strength to protect the peace and require that rogue nations observe a code of behavior that eschews resorts to force or subversion in international affairs.

This is the stated objective of the Reagan Administration, and it is one that is based on the long overdue reaffirmation of our confidence in ourselves and in the rightness of our cause. We *are* the last best hope on Earth; and we have no responsible choice but to act accordingly.

I know that conservatives are often accused of being simplistic; and as a self-confessed, card-carrying member of that fraternity, I might as well confess that I harbor the simplistic notion that on the world's stage today it is possible to divide the principal actors between the good guys and the bad guys; and we might as well understand that the bad guys are serious and playing for keeps.

A few years ago that great American philosopher, Leo Durocher, made the observation that good guys finish last. It is the intention of this Administration to prove him wrong.■

# Infant Formula Code

*The following statements were made by Elliot Abrams, Assistant Secretary for International Organization Affairs, on May 15, 1981, M. Peter McPherson, Administrator of the Agency for International Development (AID), on May 18, and Assistant Secretary Abrams before the Subcommittee on International Operations of the House Foreign Affairs Committee on May 20.*

## PRESS STATEMENT BY ASSISTANT SECRETARY ABRAMS, MAY 15, 1981

After very careful consideration of this issue at all levels of the Administration and by several agencies, we have determined that the U.S. delegation to the assembly of the World Health Organization (WHO) must cast a negative vote on the draft code of marketing of breastmilk substitutes. A formal announcement of the vote will come, as you would expect, when the matter comes up on the agenda in Geneva, which will be, roughly, a week from now.

This has been a very difficult decision. It's a very highly emotional issue, and in arriving at our decision, we have tried to take into account both the positive and negative aspects of the draft code, in the context of our own social, legal, and constitutional system.

The code causes us serious problems, both on constitutional and legal grounds and on economic and commercial grounds. It seeks to proscribe certain commercial practices, such as advertising and association between consumers and manufacturers, which contradict our constitutional guarantee of free speech and freedom of association and our antitrust laws. It does not provide the flexibility governments, companies, and health workers need in accordance with varying legal, social, economic, or cultural conditions of the member states of WHO.

There is ambiguity regarding the scope of the code. That is, it could easily be read to apply to foods other than infant formula.

Some of the provisions seek to curtail the free flow of admittedly truthful information to the public regarding products available to the public, and, more generally, it would curtail commercial practices without adequate evidence linking those practices to a decline in breastfeeding.

Fundamentally, we think it would be hypocritical for the United States to vote for a code which we could not and would not wish to adopt or implement in this country. We cannot recommend its implementation here, and, therefore, we cannot recommend its implementation to others. We remain committed to the promotion of breastfeeding as the preferred form of infant feeding and to measures to improve infant and maternal health worldwide. We very much support WHO's efforts in this area and will continue to provide bilateral assistance to other countries, with the object of improving nutrition for infants and mothers.

## PRESS STATEMENT BY MR. McPHERSON, MAY 18, 1981

The World Health Assembly, currently meeting in Geneva, is considering a proposed code of marketing practices for breastmilk substitutes. After very careful consideration, the Administration has decided to oppose this code. AID fully supports that decision.

AID has consistently endorsed the promotion of breastfeeding as the preferred form of infant nutrition. AID has many programs around the world where encouragement of breastfeeding is part of the health education effort. It also continues to support the WHO in fostering improved health for all the peoples of the world. However, the Administration feels that it is inappropriate for an agency of the United Nations to move in the direction of regulating economic activity.

This is not the only example of a U.N. agency proposing a bad international code. UNESCO [U.N. Educational Scientific and Cultural Organization] is currently attempting to restrict press freedom by establishing a so-called new world information order. This code would undermine respect for press integrity and legitimize attempts by the Soviet bloc and its allies to control the flow of information. Clearly, it is not the role of WHO or UNESCO to legislate these types of restrictions. However well intended, these codes set dangerous precedents which the United States will continue to oppose.

## STATEMENT BY ASSISTANT SECRETARY ABRAMS, MAY 20, 1981[1]

Thank you for the opportunity to discuss the U.S. position on the WHO draft international code of marketing of breastmilk substitutes. As you know, we expect the World Health Assembly to discuss and vote on the code today or tomorrow.

### Major Events Leading to Code

The concern with infant nutrition and the decline of breastfeeding in the developing countries began a number of years ago. In October 1979, WHO and UNICEF [U.N. Children's Fund] jointly sponsored a meeting including government and development assistance officials, companies, health professionals and public interest groups to discuss the problems of infant nutrition and the promotion of breastfeeding in particular. The participants agreed that breastfeeding, clearly, is the preferred form of infant nutrition, a position long taken by the U.S. Government and propounded most clearly in statements of the Surgeon General. One of the major issues at that October meeting was the role of the manufacturers of infant formula in the worldwide effort to promote breastfeeding. Agreed language was achieved at that meeting, including a recommendation that advertising or promotion of infant formula should not be to the detriment of breastfeeding.

Following the October meeting, the World Health Assembly at its 33rd annual meeting in May 1980, unanimously agreed to authorize WHO to draft an international code for the marketing of breastmilk substitutes. This was to be done in close consultation with health professionals, governments, manufacturers, and public interest groups. The original U.S. position at that assembly was that a code should be drafted, that it should be done by means of intergovernmental negotiations rather than by an international secretariat. An intergovernmental negotiation would have led more easily to a code that reflected the differing needs of the countries represented. To our regret, the U.S. position was rejected.

During the intervening year, WHO as presented four drafts for considera- ion by interested parties. The fourth raft is the one being presented to the World Health Assembly this week. The United States has been actively involved n the development of this draft code nd has had some influence on the actual erms of the code. Unfortunately, such ignificant problems as a recommended omplete ban on advertising to the eneral public and highly detailed re- uirements concerning labeling and con- act by marketing professionals with nothers and expecting women have not been changed, notwithstanding our epresentations during the past year. During this entire time, we expressed eservations about the propriety of WHO becoming involved in a commer- ial code in addition to our comments on he specifics of this particular draft ode.

During all of the discussions on the arious drafts, the U.S. position was resented clearly on a number of issues, although when it became apparent that t would be impossible to change the ap- roach taken to such issues, we did not ecessarily press on that issue to the ex- lusion of all others; in effect, we made ur views known on virtually all issues n the code. Unfortunately, we did not win on the most important questions. Our goal throughout this effort was not to derail a code but rather to develop a useful statement of principles upon which each member of WHO could draw in light of its own special circumstances.

### U.S. Position

I would like to emphasize that this issue has received very careful consideration at all levels of the Administration and by several agencies. It was pursuant to those deliberations that we determined that the U.S. delegation to the World Health Assembly must cast a negative vote on the draft code of marketing of breastmilk substitutes.

This has been a difficult question and one that has received widespread and, I might add, emotional attention. In arriving at our decision we have tried to take into account both the positive and negative aspects of the draft code, in the context of our own social, legal, and constitutional system.

The code contains provisions that raise significant legal and constitutional questions for the United States. For example, one provision seeks to ban all advertising, which raises serious questions concerning our constitutional doctrines of freedom of expression. In addition, some of the provisions raise concerns regarding our laws on competition among business entities, i.e., antitrust laws.

Another problem is that although the code appears to provide flexibility for governments, its overall effect is to prescribe a rigid set of rules applicable to companies, health workers, and health care systems in all parts of the world. It does not provide the flexibility that these parties need to take account of varying legal, social, economic, and cultural conditions. There is also ambiguity regarding the scope of the code—specifically, whether it would be applicable to products other than breastmilk substitutes.

The decision on the code was especially difficult here because of the absence of adequate evidence demonstrating that the practices at issue have an adverse impact on breastfeeding or infant health. Some of the provisions seek to curtail the free flow of truthful information to the public regarding products available to the public, and some provisions would also curtail commercial practices without adequate evidence linking those practices to a decline in breastfeeding.

We recognize the right of a government to ban or restrict the marketing of harmful products and substances. We also recognize, in our laws, the responsibility of manufacturers to adhere to honest and ethical standards in the preparation and marketing of their products. But the United States cannot support the proposed code because it would be, if applied in the United States, an unwarranted invasion of the freedom of men and women to make informed choices, on the basis of all the truthful information available about a product which appears to them to best meet their needs.

Finally, and perhaps most importantly, as we could not and would not recommend the implementation of this code at home, we cannot, in good conscience, recommend the code for implementation by other countries.

I would emphasize that this Administration is deeply concerned about maternal and infant health, and we support an extensive program in this field in our own country and throughout the world. We strongly support efforts to promote and protect breastfeeding as the ideal form of infant nutrition, and we strongly support the work of WHO in fostering improved health for all the people of the world. The United States remains committed to improving infant and child health, and we believe that our own bilateral assistance programs encompassing education, training, and the dissemination of information on the promotion of breastfeeding and the improvement of infant and maternal nutrition attest to this commitment.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# U.S. Assistance to El Salvador

***Foreign Relations Outline***[1]

### Background

The Government of El Salvador is working to improve the quality of life for the people through social and economic reforms. Extremists of both left and right have used violence to try to block the reforms. Salvadoran guerrillas have received large quantities of arms and other assistance from Cuba and other Communist governments. On January 10, 1981, they launched a general offensive intended to bring down the government. Although it failed, the offensive taxed the poorly trained and ill-equipped Salvadoran Armed Forces.

### U.S. Policy

We believe that Central American countries should be free to solve their internal problems without intimidation or violence supported by Cuba and other Communist governments. Our policy is to support President Napoleon Duarte's interim government as it implements reforms, moves toward free and open elections, and works to end all forms of terrorism. In addition to diplomatic support, the United States provides economic and military assistance, with economic aid more than 3½ times the amount of military aid.

### Economic Aid

Because of the violence and the many difficulties of implementing basic reforms, El Salvador's production has declined by more than 15% in the past 2 years. Violence and terrorism will contribute to a further decline in 1981. The foreign exchange shortfall is estimated to be at least $143 million. Continuing unemployment of about 20% is expected. Venezuela and Mexico provide significant assistance by allowing El Salvador to apply part of its oil costs to development programs. Financial assistance also is provided by international lending organizations.

U.S. economic assistance emphasizes support for certain land reform activities, creation of jobs, provision of food, and increased credit to the private sector. In FY 1980 we provided $58.8 million in aid; $63 million was originally scheduled for FY 1981. Because of the continuing economic decline, additional assistance is required urgently to help the government meet basic needs, especially to finance essential imports of food, agricultural chemicals, and industrial materials for the private sector. Therefore, the United States is proceeding with an additional $63.5 million in aid, bringing our total economic package in FY 1981 to $126.5 million.

### Security Assistance

Until the guerrillas' January offensive, the United States had earmarked $5 million for loan guarantees to help finance Salvadoran purchases of nonlethal military equipment, such as trucks, and $440,000 for military education and training. As an immediate response to the offensive, the United States leased six U.S. Army helicopters to El Salvador and made available a small number of U.S. military personnel to help with their delivery and assembly and to train Salvadorans in their use. On January 16, 1981, President Carter agreed to provide defense articles and services valued at $5 million to meet the emergency resupply needs of the Salvadoran forces. Under this authorization, the United States supplied arms and ammunition to the Salvadoran Government for the first time since 1977.

In March 1981 President Reagan authorized another $25 million in security assistance to provide for additional equipment and the assignment of additional training personnel. This increased the level of FY 1981 security assistance from $10.4 million to $35.4 million. The new U.S. assistance will provide four additional transport helicopters (bringing the total number to 10), jeeps, trucks, tents, tools, and first-aid supplies, as well as small arms, grenade-launchers, mortars, and ammunition.

### Military Training Personnel

In the fall of 1980, there were 33 U.S. military personnel assigned to El Salvador: 20 U.S. Embassy Marine security guards, 4 security assistance administrators in the Embassy military group, 4 officers and enlisted personnel in the defense attache's office, and 5 officers and enlisted personnel assigned as an operational planning assistance team to the Salvadoran high command. The additional training personnel will consist of:

- A 5-man addition to the operational planning assistance team working with the Salvadoran high command and regional commands on communications, intelligence, and planning;
- Three 5-man army teams working outside the capital, providing small unit training, particularly in counterinfiltration techniques, to the Salvadoran Army's newly created quick-reaction forces (training will be conducted exclusively inside Salvadoran military garrisons);
- A 6-man naval team to instruct Salvadoran personnel in interdiction at sea and maintenance of patrol craft and to survey the need for upgrading the boats and for further training; and
- A 14-man helicopter maintenance and pilot training team.

In the spring of 1981, the 6-man naval training team completed its mission and withdrew, the administrative staff of the U.S. military group increased by 8, and 1 Marine security guard was added. These changes left 76 U.S. military personnel positions in El Salvador; 51 security assistance positions, 21 Marine security guards, and 4 positions in the defense attache's office.

### War Powers Resolution

The war powers resolution requires the executive branch to consult with Congress before U.S. Armed Forces are introduced into hostilities or into a situation where the circumstances clearly indicate that hostilities are imminent. It also requires a report within 48 hours after such an introduction as well as a report, but not prior consultation, whenever U.S. Armed Forces equipped for combat are sent into foreign territory. The Administration has concluded that present circumstances do not indicate an imminent involvement of U.S. personnel in hostilities.

Since January the level of hostilities has declined. Our personnel will be stationed in San Salvador or in carefully

## Current Actions

### MULTILATERAL

**Agriculture**
Convention on the Inter-American Institute for Cooperation on Agriculture. Done at Washington Mar. 6, 1979. Entered into force Dec. 8, 1980. TIAS 9919.
Ratification deposited: Argentina, May 6, 1981.

**Atomic Energy**
Agreement amending and extending the agreement of Sept. 15, 1976 (TIAS 8655), on research participation and technical exchange with the U.S. Nuclear Regulatory Commission in its of fluid test (LOFT) research program. Signed Jan. 28, 1981. Entered into force Mar. 31, 1981; effective Oct. 20, 1980.

**Aviation**
Convention on the international recognition of rights in aircraft. Done at Geneva June 19, 1948. Entered into force Sept. 17, 1953. TIAS 2847.
Adherences deposited: Guinea, Aug. 13, 1980; Togo, July 2, 1980.

Protocol relating to certain amendments to the convention on International Civil Aviation (TIAS 1591). Done at Montreal June 14, 1954. Entered into force Dec. 12, 1956. TIAS 3756.
Ratifications deposited: El Salvador, Feb. 13, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to amendment of Article 50(a) of the Convention on International Civil Aviation (TIAS 1591) to increase membership of the Council from 21 to 27. Adopted at Montreal June 21, 1961. Entered into force July 17, 1962. TIAS 5170.
Ratification deposited: Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment to the Convention on International Civil Aviation (TIAS 1591) (to increase number of parties which may request holding an extraordinary meeting of assembly). Done at Rome Sept. 15, 1962. Entered into force Sept. 11, 1975. TIAS 8162.
Ratifications deposited: El Salvador, Feb. 13, 1980; Guatemala, Apr. 29, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 50(a)] to the Convention on International Civil Aviation (TIAS 1591). Done at New York Mar. 12, 1971. Entered into force Jan. 16, 1973. TIAS 7616.
Ratification deposited: Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 56] to the Convention on International Civil Aviation (TIAS 1591). Done at Vienna July 7, 1971. Entered into force Dec. 19, 1974. TIAS 8092.
Ratifications deposited: El Salvador, Feb. 13, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment [Article 50(a)] to the Convention on International Civil Aviation (TIAS 1591). Done at Montreal Oct. 16, 1974. Entered into force Feb. 15, 1980. TIAS 9702.
Ratifications deposited: Cape Verde, Apr. 18, 1980; Senegal, Aug. 4, 1980; Panama, Aug. 28, 1980; Sao Tome and Principe, Sept. 18, 1980.

Protocol relating to an amendment to the Convention on International Civil Aviation (TIAS 1591) (to add Russian as an authentic language of the convention). Done at Montreal Sept. 30, 1977.[1]
Ratifications deposited: Greece, Oct. 23, 1980; Guatemala, May 12, 1980; Lebanon, Sept. 15, 1980; Switzerland, Mar. 4, 1980; Yemen, People's Dem. Rep. of, Jan. 9, 1980.

**Commodities—Common Fund**
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Signatures: Bangladesh, Dec. 23, 1980; Italy, Dec. 17, 1980; Luxembourg, Dec. 29, 1980; Malawi, Mar. 17, 1981; Malaysia, Dec. 30, 1980; Mexico, Dec. 19, 1980; Sudan, May 13, 1981; Switzerland, Mar. 30, 1981; U.K., Dec. 16, 1980[2]; Zaire, Mar. 17, 1981.
Ratifications deposited: Denmark, Philippines, May 13, 1981.

**Conservation**
Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Ratification deposited: Australia, May 6, 1981.

**Cotton**
Articles of agreement of International Cotton Institute. Done at Washington Jan. 17, 1966. Entered into force Feb. 23, 1966. TIAS 5964.
Accession deposited: Argentina, May 6, 1981.

**Human Rights**
International covenant on civil and political rights. Adopted at New York Dec. 16, 1966. Entered into force Mar. 23, 1976.[3]
Accession deposited: Central African Republic, May 8, 1981.

International covenant on economic, social, and cultural rights. Adopted at New York Dec. 16, 1966. Entered into force Jan. 3, 1976.[3]
Accession deposited: Central African Republic, May 8, 1981.

**Judicial Procedure**
Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague Mar. 18, 1970. Entered into force Oct. 7, 1972. TIAS 7444.
Ratification deposited: Netherlands, Apr. 28, 1981.[4]

**Maritime Matters**
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Oct. 17, 1974. Entered into force Apr. 1, 1978. TIAS 8606.
Acceptance deposited: El Salvador, Feb. 12, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.[1]
Acceptance deposited: St. Vincent and the Grenadines, Apr. 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: St. Vincent and the Grenadines, Apr. 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: Denmark, May 12, 1981; St. Vincent and the Grenadines, Apr. 29, 1981; Yugoslavia, May 15, 1981.

**Patents—Microorganisms**
Amendments to the regulations under the Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure. Adopted at Geneva on Jan. 20, 1981.
Entered into force: Jan. 31, 1981.

**Pollution**
International convention relating to intervention on the high seas in cases of oil-pollution casualties, with annex. Done at

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elected regional military garrisons, and special precautions will be taken to provide security for them. They will not go on patrol or combat missions with Salvadoran forces nor will they otherwise be placed in situations where combat is likely. Although U.S. personnel are authorized to carry sidearms, they may use them only in self-defense or to protect other Americans. They will not serve as combat advisers. Instead they will train Salvadoran personnel who come to the training centers.

[1]Taken from the Department of State publication in the GIST series, released May 1981. This outline is designed to be a quick reference aid on U.S. foreign relations. It is not intended as a comprehensive U.S. foreign policy statement. ■

Brussels Nov. 29, 1969. Entered into force May 6, 1975. TIAS 8068.
Ratification deposited: Ireland, Aug. 21, 1980.
Accession deposited: Kuwait, Apr. 2, 1981.

International convention on civil liability for oil-pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.[3]
Accessions deposited: Kuwait, Apr. 2, 1981; Maldives, Mar. 16, 1981.

International convention on the establishment of an international fund for compensation for oil-pollution damage. Done at Brussels Dec. 18, 1971. Entered into force Oct. 16, 1978.[3]
Accession deposited: Kuwait, Apr. 2, 1981.

**Postal**
Constitution of the Universal Postal Union with Final Protocol of July 10, 1964. Entered into force Jan. 1, 1966. TIAS 5881.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981; Tuvalu, Feb. 3, 1981.

Additional protocol to the Constitution of the Universal Postal Union with Final Protocol of July 10, 1964. Done at Tokyo Nov. 14, 1969. Entered into force Jan. 1, 1971. TIAS 7150.
Ratification deposited: Ivory Coast, Jan. 27, 1981.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981; Tuvalu, Feb. 3, 1981.

Second additional protocol to the Constitution of the Universal Postal Union of July 10, 1964. Done at Lausanne July 5, 1974. Entered into force Jan. 1, 1976. TIAS 8231.
Ratifications deposited: Ivory Coast, Jan. 27, 1981; Portugal, Feb. 12, 1981.
Accessions: St. Vincent and Grenadines, Feb. 3, 1981[4]; Tuvalu, Feb. 3, 1981.[4]

General regulations of the Universal Postal Union, with final protocol and annex, and the universal postal convention with final protocol and detailed regulations. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.[4]
Ratifications deposited: Switzerland, Mar. 4, 1981; U.S., May 5, 1981.
Accessions: Maldives, Mar. 12, 1981; St. Vincent and Grenadines, Feb. 3, 1981.[4]

Money orders and postal travellers' checks agreement with detailed regulations with final protocol. Done at Rio de Janeiro Oct. 26, 1979. Enters into force July 1, 1981.
Ratifications deposited: Switzerland, Mar. 4, 1981; U.S., May 5, 1981.[4]

**Postal—Americas and Spain**
Constitution of the Postal Union of the Americas and Spain. Done at Santiago Nov. 26, 1971. Entered into force July 1, 1972. TIAS 7480.
Ratification deposited: Bolivia, Dec. 24, 1980.

Additional protocol to the constitution of the Postal Union of the Americas and Spain, general regulations, regulations governing the International Office and the Transfer Office, and convention with final protocol and detailed regulations. Done at Lima Mar. 18, 1976. Entered into force Oct. 1, 1976. TIAS 9206.
Ratification deposited: Bolivia, Dec. 24, 1980.

Parcel post agreement, final protocol, and detailed regulations of the Postal Union of the Americas and Spain. Done at Lima Mar. 18, 1976. Entered into force Oct. 1, 1976. TIAS 9206.
Ratification deposited: Bolivia, Dec. 24, 1980.

**Property—Industrial-Classification**
Nice agreement concerning the international classification of goods and services for the purposes of the registration of marks of June 15, 1957, as revised. Done at Geneva May 13, 1977. Entered into force Feb. 6, 1979.[3]
Ratification deposited: Norway, Apr. 6, 1981.

**Red Cross**
Geneva convention for the amelioration of the condition of the wounded and sick in armed forces in the field. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3362.

Geneva convention for the amelioration of the condition of the wounded, sick, and shipwrecked members of armed forces at sea. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S., Feb. 2, 1956. TIAS 3363.

Geneva convention relative to the treatment of prisoners of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3364.

Geneva convention relative to the protection of civilian persons in time of war. Done at Geneva Aug. 12, 1949. Entered into force Oct. 21, 1950; for the U.S. Feb. 2, 1956. TIAS 3365.
Notifications of succession: Tuvalu, Feb. 19, 1981[5]; Grenada, Apr. 13, 1981.[6]
Notification of accession: St. Vincent and the Grenadines, Apr. 1, 1981.

**Refugees**
Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered into force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accession deposited: Lesotho, May 14, 1981.

**Safety at Sea**
Protocol of 1978 relating to the international convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981.
Proclaimed by the President: May 15, 1981.

**Seals**
1980 Protocol amending the interim convention of Feb. 9, 1957, as amended and extended, on the conservation of North Pacific fur seals (TIAS 3948, 5558, 6774, 8368).
Done at Washington Oct. 14, 1980.[1]
Ratification deposited: Japan, May 28, 1981.

**Transportation**
Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976.[3]
Accession deposited: Morocco, Mar. 5, 1981.

**U.N. Industrial Development Organization**
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted a Vienna Apr. 8, 1979.[1]
Signatures: Ukrainian S.S.R., Dec. 12, 1980; Dominican Republic, May 8, 1981; Guatemala, May 13, 1981; Comoros, May 18, 1981.
Ratifications deposited: Brazil, Dec. 10, 1980; Argentina, Mar. 6, 1981; Austria, May 14, 1981; Zambia, May 15, 1981.

**Wheat**
1981 protocol for the sixth extension of the wheat trade convention, 1971 (TIAS 7144, 9878). Done at Washington Mar. 24, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signatures: Algeria, Guatemala, Peru, South Africa, Spain, Trinidad and Tobago, U.S.S.R. May 15, 1981; Argentina, Belgium, Denmark EEC, France, F.R.G., Greece, Italy, Luxembourg, Netherlands, U.K.[7], May 14, 1981; Australia, Finland, Japan, Vatican City State May 12, 1981; Austria, Korea, Rep. of, Mauritius, May 7, 1981; Cuba, U.S., May 8, 1981; Iraq, May 11, 1981; Kenya, Apr. 16, 1981; Portugal, May 13, 1981; Saudi Arabia, Apr. 30, 1981; Switzerland, May 6, 1981; Venezuela, May 5, 1981.
Declarations of provisional application deposited: Belgium, EEC, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands[8], U.N., May 14, 1981; Cuba, May 8, 1981; Finland, May 12, 1981; Spain, May 15, 1981; Tunisia, Apr. 29, 1981.
Ratification deposited: Switzerland, May 6, 1981.

1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981. Enters into force July 1, 1981, if by June 30, 1981, certain provisions have been met.
Signatures: Argentina, Belgium, Denmark, EEC, France, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands, U.K.[7], May 14, 1981; Australia, Finland, Japan, May 12, 1981; Austria, May 7, 1981; Spain, May 15, 1981; Switzerland[4], May 6, 1981; U.S., May 8, 1981.
Declarations of provisional application deposited: Belgium, EEC, F.R.G., Greece, Ireland, Italy, Luxembourg, Netherlands[8], U.K., May 14, 1981; Finland, May 12, 1981; Spain[4], May 15, 1981.
Ratification deposited: Switzerland[4], May 6, 1981.

**omen**
nvention on the elimination of all forms of crimination against women. Adopted at w York Dec. 18, 1979.[1]
gnature: Uruguay, Mar. 30, 1981.

LATERAL

**nada**
eaty on Pacific coast albacore tuna vessels d port privileges, with annexes. Signed at ashington May 26, 1981. Enters into force on the exchange of instruments of ratifica-n.

dministrative arrangement for the im-ementation of the agreement on social curity concluded on Mar. 11, 1981. Signed Washington May 22, 1981. Enters into ce on the date of entry into force of the reement on social security.

emorandum of understanding on coopera-n in geological sciences. Signed at Reston r. 2, 1981. Entered into force Apr. 2, 81.

eaty to submit to binding dispute settle-nt the delimitation of the maritime bound-y in the Gulf of Maine area with annexed reements. Signed at Washington Mar. 29, 79.
nate advice and consent to ratification: r. 29, 1981 with amendments.

emorandum of understanding on coopera-n in remote sensing. Signed at Reston r. 2, 1981. Entered into force Apr. 2, 81.

**ook Islands**
greement relating to the establishment of a eace Corps program in the Cook Islands. ffected by exchange of notes at Wellington d Rarotonga Apr. 28, 1981. Entered into rce Apr. 28, 1981.

**gypt**
greement amending the agreement for sales agricultural commodities of Dec. 14, 1980. ffected by exchange of notes at Cairo Apr. , 1981. Entered into force Apr. 21, 1981.

**hana**
greement for sales of agricultural com-odities, relating to the agreement of Apr. , 1980 (TIAS 9738), with agreed minutes. gned at Accra Mar. 31, 1981. Entered into rce Mar. 31, 1981.

**dia**
greement amending the agreement of ec. 30, 1977, as amended (TIAS 9036, 9232, 578, 9663, 9764, 9913), relating to trade in tton, wool, and manmade fiber textiles and xtile products. Effected by exchange of let-rs at Washington Apr. 22 and 23, 1981. ntered into force Apr. 23, 1981.

**orea**
greement establishing the Korean-American ltural Exchange Committee. Effected by exchange of notes at Seoul Apr. 17, 1981. Entered into force Apr. 17, 1981.

**Lebanon**
Investment incentive agreement. Effected by exchange of notes at Beirut Sept. 17, 1980 and Feb. 10, 1981.
Entered into force: Apr. 30, 1981.

**Mexico**
Agreement relating to additional cooperative arrangement to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Apr. 8, 1981. Entered into force Apr. 8, 1981.

Agreement amending the agreement of July 25, 1980 (TIAS 9822) relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Mar. 31, 1981. Entered into force Mar. 31, 1981.

Memorandum of understanding covering scientific cooperation in earth resources. Signed at Washington Jan. 19, 1981. Entered into force Apr. 8, 1981.

**Papua New Guinea**
Search and rescue memorandum of understanding. Signed at Honolulu and Port Moresby Nov. 8, 1980 and Feb. 26, 1981. Entered into force Feb. 26, 1981.

**Portugal**
Agreement amending the agreement for sales of agricultural commodities of June 24, 1980. Effected by exchange of notes at Lisbon Mar. 27 and Apr. 8, 1981. Entered into force Apr. 8, 1981.

**Romania**
Program of cooperation and exchanges in educational, cultural, scientific, technological, and other fields for the years 1981 and 1982, with annex. Signed at Bucharest May 21, 1981. Entered into force May 21, 1981; effective Jan. 1, 1981.

**Sierra Leone**
Agreement for sales of agricultural commodities, relating to the agreement of Aug. 31, 1978 (TIAS 9210), with memorandum of negotiations. Signed at Freetown Mar. 25, 1981. Entered into force Mar. 25, 1981.

**Sri Lanka**
Agreement amending the agreement of July 7, 1980 (TIAS 9869), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Colombo Mar. 16, 1981. Entered into force Mar. 16, 1981.

**Sweden**
Supplementary convention on extradition. Signed at Washington May 27, 1981. Enters into force upon the exchange of ratifications.

**Tanzania**
Agreement for sales of agricultural commodities, relating to the agreement of June 15, 1976 (TIAS 8310), with minutes of negotiating meeting. Signed at Dar es Salaam May 5, 1981. Entered into force May 5, 1981.

**Venezuela**
Agreement continuing in effect safeguards and guarantee provisions of the agreement of Oct. 8, 1958, as amended (TIAS 4416, 6945), for cooperation concerning civil uses of atomic energy. Effected by exchange of notes at Caracas Feb. 18, 1981. Entered into force Feb. 18, 1981.

Memorandum of understanding on cooperation in earth resources and geological phenomena. Signed at Washington and Caracas Feb. 5 and 7, 1980. Enters into force upon signature by both parties or upon entry into force of Jan. 11, 1980 agreement for scientific and technological cooperation, whichever date is later.

**Yugoslavia**
Agreement amending and extending the memorandum of understanding relating to the air transport agreement of Dec. 15, 1977 (TIAS 9364). Effected by exchange of notes at Belgrade Mar. 13 and 26, 1981. Entered into force Mar. 26, 1981; effective Apr. 1, 1981.

**Zaire**
Implementation agreement regarding the consolidation and rescheduling of repayments due under Agency for International Development loans. Signed at Kinshasa Apr. 8, 1981. Entered into force Apr. 8, 1981.

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[1]Not in force.
[2]With statement.
[3]Not in force for the U.S.
[4]With reservation(s).
[5]Effective from date of independence, Oct. 1, 1978.
[6]Effective from date of independence, Feb. 7, 1974.
[7]With territorial application to: The Bailiwick of Guernsey, the Isle of Man, Belize, Bermuda, British Virgin Islands, Gibraltar, Hong Kong, Montserrat, St. Helena and dependencies.
[8]With respect to the Kingdom in Europe. ■

## May 1981

**May 1**

Secretary Haig visits Rome May 1–6 to attend North Atlantic Council ministerial meeting. He also stops in Brussels on May 5.

**May 2**

President Reagan announces the appointment of George H. Aldrich to serve on the Iran-U.S. Claims Tribunal, pursuant to the Jan. 19, 1981, claims settlement agreement.

**May 4**

Japanese Prime Minister Zenko Suzuki makes official visit to the U.S. May 4–9, and to Washington, D.C., May 7–8.

North Atlantic Council ministerial meeting is held in Rome May 4–5. A joint communique is issued May 5 expressing deep concern "at the continuing threats to security and international stability" and welcoming "the intention of the United States to begin negotiations with the Soviet Union on theater nuclear forces arms control within the SALT framework by the end of the year." The council also issues a declaration on terrorism, May 4, and extracts from minutes of the meeting, May 5.

**May 5**

President Reagan appoints Philip C. Habib as special emissary to the Middle East. Ambassador Habib will meet with leaders of Lebanon, Syria, and Israel to explore ways to diffuse tension resulting from recent developments surrounding the situation in Lebanon.

**May 6**

U.S. orders Libya to close its People's Bureau in Washington, D.C. and expels its diplomats, because of that nation's support for international terrorism and disregard for the norms of international behavior. A new travel advisory is also issued warning "American citizens against any travel to or residence in Libya."

**May 10**

Francois Mitterrand, the Socialist Party leader, defeats President Valery Giscard d'Estaing in France's presidential elections.

**May 12**

NATO Defense Planning Committee meets in Brussels May 12–13. The committee issues a final communique reaffirming the NATO Council's "concern at the continuing threats to security and international stability" and which also expresses the determination to counter the threat "by effective restraints including firmness on defence and persistence in the search for peaceful solutions."

**May 13**

South African Foreign Minister F. Roelof Botha visits Washington, D.C. May 13–16 and meets with President Reagan, Secretary Haig, and other White House officials to discuss progress on negotiations for establishment of an independent nation of Namibia.

Pope John Paul II is seriously wounded in an attempted assassination. The alleged assassin, Mahmet Ali Agca, a Turkish citizen, is arrested.

**May 16**

Japanese Foreign Minister Masayoshi Ito resigns. Sunao Sonoda is appointed his successor.

**May 20**

West German Chancellor Helmut Schmidt makes official visit to Washington, D.C. May 20–23.

**May 21**

World Health Organization (WHO) formally approves 118 to 1 (U.S.) an international code of marketing of breastmilk substitutes. The code seeks to promote breastfeeding by recommending limitations on methods of marketing infant formulas. Japan, South Korea, and Argentina abstain.

**May 25**

The 60th OPEC conference meeting is held in Geneva May 25–26. A communique is issued announcing that 12 OPEC member nations (except Saudi Arabia) will freeze oil prices at current levels and cut production by at least 10%.

**May 28**

Stephen Cardinal Wyszynski, Roman Catholic Primate of Poland, dies.

**May 30**

Bangladesh President Ziaur Rahman is assassinated during an attempted coup. ■



## Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

| No. | Date | Subject |
|---|---|---|
| *131 | 5/1 | Program for the official visit of Japanese Prime Minister Suzuki, May 4–9. |
| *132 | 5/1 | Haig: statement before the Senate Subcommittee on Appropriations. |
| *133 | 5/5 | Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on lifesaving appliances, May 21. |
| *134 | 5/5 | Advisory Committee on Oceans and International Environmental and Scientific Affairs, May 20. |
| *135 | 5/5 | SCC, SOLAS, working group on the carriage of dangerous goods, June 4. |
| *136 | 5/6 | Haig: remarks following meetings with Italian Prime Minister Forlani and Foreign Minister Colombo, May 2. |
| 137 | 5/8 | Final communique—North Atlantic Council, May 5. |
| *138 | 5/7 | U.S., Panama Joint Commission on the Environment, Washington, D.C., May 4–6. |
| 139 | 5/8 | *Digest of U.S. Practice in International Law, 1978.* |
| 140 | 5/6 | Haig: news conference, Rome, May 5. |
| *141 | 5/8 | Haig: statement to members of Japanese press corp. |
| 142 | 5/11 | Haig: address at Syracuse University, N.Y. |
| *143 | 5/11 | Secretary's Advisory Committee on Private International Law. |
| *144 | 5/12 | William P. Clark sworn in as Deputy Secretary of State (biographic data), Mar. 25. |
| 145 | 5/13 | U.S. contributions to international Khmer relief. |
| *146 | 5/14 | U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), working party on Integrated Services Digital Network (ISDN), June 3. |
| *147 | 5/14 | Advisory Committee on Law of the Sea, June 8–9 (partially closed). |
| 148 | 5/18 | Haig: address at Hillsdale College, Michigan, May 16. |
| *149 | 5/18 | Overseas Schools Advisory Council, June 18. |
| *150 | 5/19 | Program for the official visit of German Chancellor Helmut Schmidt, May 20–23. |

| | | |
|---|---|---|
| | 5/19 | John Gavin sworn in as Ambassasor to Mexico (biographic data), May 13. |
| | 5/21 | Foreign Policy Conference for U.S. editors and broadcasters, Washington, D.C., June 1–2. |
| | 5/22 | Oceans and International Environmental and Scientific Affairs Advisory Commitee, June 15 (partially closed). |
| : | 5/22 | Haig: news conference. |
| 5 | 5/26 | Haig: commencement address at Fairfield University, Connecticut, May 24. |
| 6 | 5/26 | SCC, SOLAS, working group on international multimodal transport and containers, June 10. |
| 7 | 5/26 | SCC, SOLAS, working group on the carriage of dangerous goods, June 23. |
| 8 | 5/26 | John A. Burroughs, Jr., sworn in as Ambassador to Malawi (biographic data). |
| 9 | 5/26 | U.S., Canada agreement on albacore tuna vessels. |
| 0 | 5/27 | Advisory Committee on International Investment, Technology, and Development, working group on international data flow, June 17. |
| 1 | 5/27 | Advisory Committee on International Investment, Technology, and Development, June 30. |
| 2 | 5/27 | U.S., Sweden sign supplementary extradition convention. |
| 3 | 5/28 | John H. Holdridge sworn in as Assistant Secretary for East Asian and Pacific Affairs (biographic data). |
| *34 | 5/25 | Haig: remarks at the award ceremony, Airline Hijacking Task Force participants, May 27. |
| *35 | 5/29 | Arthur H. Woodruff sworn in as Ambassador to the Central African Republic (biographic data). |
| *36 | 5/29 | Jeane J. Kirkpatrick sworn in as U.S. Permanent Representative to the U.N. (biographic data), Feb. 4. |
| *67 | 5/29 | Richard T. Kennedy sworn in as Under Secretary for Management (biographic data), Feb. 28. |
| 68 | 5/29 | U.S., Thailand amend bilateral textile agreement, Mar. 30 and Apr. 27. |
| 69 | 5/29 | U.S., Colombia amend bilateral textile agreement, Feb. 18 and Mar. 12. |
| *170 | 5/29 | Deane R. Hinton sworn in as Ambassador to El Salvador (biographic data), May 21. |
| *171 | 5/29 | John J. Louis, Jr., sworn in as Ambassador to the United Kingdom, May 8 (biographic data). |
| *172 | 5/29 | Robert Dean Nesen sworn in as Ambassador to Australia and Nauru (biographic data). |

*Not printed in the BULLETIN. ■

## U.S.U.N.

Press releases may be obtained from the Public Affairs Office, U.S. Mission to the United Nations, 799 United Nations Plaza, New York, N.Y. 10017.

| No. | Date | Subject |
|---|---|---|
| *1 | 1/5 | McHenry to lead U.S. delegation to Geneva conference on Namibia. |
| *2 | 1/15 | Schwebel elected U.S. judge to the International Court of Justice (bio. data). |
| *3 | 1/15 | Vanden Heuvel to present Freedom Medal to Roger N. Baldwin, founder of the American Civil Liberties Union. |
| *4 | 1/20 | McHenry completes his tenure as U.S. Permanent Representative to the U.N. |
| *5 | 2/10 | Kirkpatrick: founding meeting of the committee for the Free World. |
| *6 | 3/2 | Kirkpatrick: credentials of the South African representatives. |
| *7 | 3/6 | Lowman: relief to Kampuchea, relief donors' meeting. |
| *8 | 3/6 | Kirkpatrick: Namibia, UNGA. |
| *9 | 3/11 | U.S. delegation to the 10th session of the Third U.N. Law of the Sea Conference, New York, Mar. 9–Apr. 24. |
| *10 | 3/17 | Malone: LOS conference. |
| *11 | 3/26 | Rosenstock: non-use of force, Special Committee. |
| *12 | 4/1 | White House statement on travel plans to Africa of Assistant Secretary of State-designate for African Affairs Chester A. Croker. |
| *13 | 4/2 | White House statement that Ambassador Kirkpatrick will represent the U.S. at the International Conference on Assistance to Refugees in Africa (Geneva) instead of Vice President Bush. |
| *14 | 4/3 | Stromayer: preparatory work for the U.N. Conference on New and Renewable Sources of Energy. |
| *15 | 4/7 | Strasser: Guam, Special Committee on Decolonization. |
| 16 | 4/10 | U.S. perspective on the 35th U.N. General Assembly. |
| *17 | 4/9 | Kirkpatrick: FY 1982 budget request, U.S. Senate Committee on Appropriations. |
| 18 | 4/9 | Kirkpatrick: refugees in Africa, International Conference on Assistance to Refugees in Africa (Geneva). |
| 19 | 4/14 | Western five statement on Namibia. |
| *20 | 4/16 | Cerny: social development, Commission for Social Development. |
| *21 | 4/16 | Clark: narcotics, Committee II. |
| *22 | 4/21 | Sorzano: Decade for Action to Combat Racism and Racial Discrimination, ECOSOC. |
| *23 | 4/21 | Reynolds: women, ECOSOC. |
| *24 | 4/21 | Kirkpatrick: Namibia, Security Council. |
| *25 | 4/23 | Kirkpatrick: Namibia, Security Council. |
| *26 | 4/27 | Clark: disaster relief assistance, ECOSOC. |
| *27 | 4/28 | Cardwell: credentials for a minority rights group, ECOSOC. |
| 28 | 4/30 | Kirkpatrick: Namibia, Security Council. |
| *29 | 5/1 | Novak: human rights, ECOSOC. |
| *30 | 5/1 | Kirkpatrick: birthday of Andrei Sakharov, New School for Social Research, New York, May 2. |

*Not printed in the BULLETIN ■

## International Law Digest, 1978

The *Digest of United States Practice in International Law, 1978*, published by the Office of the Legal Adviser of the Department of State, was released on May 8, 1981.

The size of the 1,802-page volume, sixth in the series of annual *Digests*, reflects, first, the special circumstance that several U.S. foreign policy initiatives in train for a number of years came to fruition in 1978, and second, the substantial increase during the period 1977–78 of litigation that challenged the conduct of foreign affairs.

Two matters brought to conclusion came before both Congress and the courts: ratification of the Panama Canal Treaty and establishment of diplomatic relations with the People's Republic of China, combined with notice of termination of the defense treaty with Taiwan. Other less politically controversial aspects of foreign policy were litigated as well (e.g., extradition, prisoner transfer, implementation of fisheries conventions, the making of aviation agreements, and U.S. actions to seize narcotics cargoes and to participate in other nations' efforts to eradicate narcotics production).

The 1978 volume discusses a number of domestic legislative provisions with major impact upon U.S. practice in international and transnational law and U.S. treaty activity, both multilateral and bilateral. More published source material has been reproduced than in former years. Nonjudicial and nonlegislative material includes a variety of official correspondence and statements. The volume also indicates the role of mediation in U.S. diplomacy.

Publication of annual *Digests* concentrating completely upon U.S. practice in international law began with the volume for the year 1973. Over the previous century, beginning with Cadwalader's one-volume *Digest* (1877), the Department of State issued at intervals comprehensive, encyclopedic-type surveys of the entire field of international law that, nevertheless, emphasized U.S. practice. The distinguished *Digests* by Marjorie M. Whiteman (15 v., 1963–73), Green Haywood Hackworth (8 v., 1940–44), John Bassett Moore (8 v., 1906), and Francis Wharton (3 v., 1887) are considered authoritative for their respective periods of coverage and are heavily relied upon by practitioners, scholars, government officials, and jurists throughout the world.

The Office of the Legal Adviser has existed in its current form since July 1, 1931. Prior thereto the Department's legal officer had been designated as its Solicitor under an act of March 3, 1891, and as its Examiner of Claims under an act of July 25, 1866. The Department has had a legal officer as a distinct, statutorily established entity since 1848.

The Legal Adviser of the Department of State during the year 1978 was Herbert J. Hansell. The Acting Legal Adviser at the present time is Mark B. Feldman. The Editor of the *Digest of United States Practice in International Law, 1978*, is Marian Lloyd Nash (Mrs. Harold Herbert Leich) of the Office of the Legal Adviser.

Orders for the 1978 *Digest* and/or earlier annual *Digests* should be sent to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, and should be accompanied by check or money order, made payable to the Superintendent of Documents. Remittances from foreign countries may be made by international postal money order, by draft on an American or Canadian bank, or by UNESCO coupons; an additional 25% handling charge is required for orders to foreign countries.

Ordering data is as follows:

- 1978: *Digest of U.S. Practice in International Law*, $19.00 (Stock No. 044-000-01762-8) (1,802 pp.).
- 1977: *Digest of U.S. Practice in International Law*, $12.75 (Stock No. 004-000-01720-2) (1,158 pp.).
- 1976: *Digest of U.S. Practice in International Law*, $9.50 (Stock No. 004-000-01645-1) (850 pp.).
- 1975: *Digest of U.S. Practice in International Law*, $11.00 (Stock No. 044-000-01605-2) (947 pp.).
- 1974: *Digest of U.S. Practice in International Law*, $11.00 (Stock No. 044-000-01566-8) (2d printing) (796 pp.).
- 1973: *Digest of U.S. Practice in International Law*, $7.50 (Stock No. 044-000-01525-1) (618 pp.).

Press release 139 of May 8, 1981 ■

## Department of State

*Free, single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.*

### Secretary Haig

Peaceful Progress in Developing Nations, address at Fairfield University, Fairfield, Conn., on May 24, 1981 (Current Policy #280).

Foreign Policy and the American Spirit, address at Hillsdale College, Hillsdale, Mich., on May 16, 1981 (Current Policy #277).

NATO and Restoring U.S. Leadership, address at Syracuse University, Syracuse, N.Y., on May 9, 1981 (Current Policy #276).

### East Asia

Background Notes on Indonesia (May 1981).

### Economics

International Economic Policy Priorities, Assistant Secretary Hormats before the International Insurance Advisory Council, New York on May 19, 1981 (Current Policy #278).

Economic Growth of OECD Countries, 1970-80, INR report of Mar. 9, 1981 (Special Report #82). U.S. Trade Policy (GIST, May 1981).

### Refugees

Indochinese Refugees (GIST, May 1981).

### Security Assistance

Arms Transfers and the National Interest, Under Secretary Buckley before the Aerospace Industries Association in Williamsburg, Va., on May 21, 1981 (Current Policy #279).

### South Asia

Background Notes on Maldives (Apr. 1981).

### Western Hemisphere

U.S. Assistance to El Salvador (GIST, May 1981).

Background Notes on Mexico (Apr. 1981). ■

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Department of State

# bulletin

The Official Monthly Record of United States Foreign Policy / Volume 81 / Number 2053

August 1981


ECONOM MIT / 1

Department of State
bulletin

Volume 81 / Number 2053 / August 1981

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.



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White House photo by Michael Evans

# President Reagan Attends Economic Summit in Canada



*President Reagan attended the seventh economic summit of the industrialized nations July 19–21, 1981, at the Chateau Montebello (62 miles east of Ottawa) and in Ottawa. The other participants were Canadian Prime Minister Pierre-Elliott Trudeau, chairman of the summit; French President Francois Mitterrand; West German Chancellor Helmut Schmidt; Italian Prime Minister Giovanni Spadolini; Japanese Prime Minister Zenko Suzuki; British Prime Minister Margaret Thatcher; and European Communities Commission President Gaston Thorn.*

*Following are the texts of press briefings held by Secretary Haig and Treasury Secretary Donald T. Regan; the declaration issued at the conclusion of the summit; the concluding statements of the eight participants; and statements released to the press on a summary of political issues and terrorism.*

## Secretary Haig's Press Briefing

**Washington**
**July 19, 1981**[1]

As you know, this is the seventh of our major industrial power economic summits. This one at Montebello, Canada; it's outside of Ottawa proper.

The first one of these was held at Rambouillet [France] in 1975, and it was really conceived to deal with the consequences of the 1973 war and the oil crisis and its impact on the Western industrialized nations. Ottawa thus completes the first cycle of the meetings hosted by each of the principles. It is, like its predecessors, essentially an economic summit. But there will be opportunities, as there always are on such occasions, for political discussions. And on this occasion, I'm sure it will be no exception.

The purposes of the summit are to enable the heads of government to get to know each other personally, to exchange views on major problems and prospects in a relaxed, informal atmosphere and setting, and to seek agreement on what we refer to as "cooperative approaches;" the major focus, of course, will be economics. There are broad topics under that heading: macroeconomic policy involving all Western industrialized nations in which there are common problems—economic growth, levels of employment, and the common struggle against inflation. There will also be discussions on the North-South dialogue, if you will, on relations between developed and developing nations. There will be discussions on energy, trade, and East-West economic relations.

These summit meetings express a basic and inescapable reality—that the participating nations, with the most advanced economics in the world, are increasingly interrelated. We used that term some years ago. It's a manifestation of the emerging interdependence among developed states and the coordination of policies which recognize that imperatives have become increasingly important.

Developments in policies in one area affect policies and developments in another. This requires close and continuous consultation not only to consider their own interests, that is, the world system at large. It has never been more true in the history of mankind that we either hang together or hang separately. Our enormous power has to be matched by equivalent responsibility.

These summits are primarily addressed to economic subjects of common interest, and this is the way it should be. But economics and politics are closely intertwined. Our economic policies inevitably have important political implications, both domestically and abroad. And that will clearly surface during this summit.

Each of the participating nations faces, in various degrees, difficult economic problems today. It's a common situation that we're all faced with, characterized by rising inflation, high levels of unemployment, slow economic growth, excessive dependence on imports of oil, and other increasingly scarce raw materials as well.

The President came into office committed to trying to put the U.S. economy on the path of sustained, noninflationary growth. He proposed a major recovery program to the American people, and it's been very well received. That reflects the disappointment and frustration with past policies that failed to address fundamental and

economic problems. I believe that Americans are committed to the solution of the fundamental problems and are willing to accept short-term costs that are entailed with improvement.

Achieving once again a dynamic American economy is the best way we can go right now for the world economy. In other words, it clearly has overlapping impact on the economies of the developed states in Western Europe and in Japan, and U.S. difficulties translate very rapidly into those economies.

Our policies, in regard to our own recovery program, were not adopted out of this regard for the impact on other countries. On the contrary; we have been, and remain and will be in the future, sensitive and aware of the effect that our economic policies here in the United States have on those economic situations within our partner countries. Strong economies in all summit countries are essential to address common international tasks with confidence and support here at home. This is true if we are to achieve our goals in trade, energy, and, perhaps most importantly, in our relationships with the developing countries of the world.

Relationships between the developed and developing countries are, and have been from January on, a key aspect of President Reagan's foreign policy. It's one on which our perspective has not yet been fully spelled out but will be in the period ahead. The summit is a very good opportunity for us to do that with our Western industrialized partners. The Cancun summit in October will be another. And I think you know it's somewhat unusual for an American President to join such a meeting as that which will take place in Mexico in October. Our approach will be both constructive and positive. And I only highlight for you, as specific examples, this Administration's approach to the developing world—a pilot case of the development of Jamaica, which has been underway since the visit of Prime Minister Seaga; the efforts which we concluded last week in Nassau to join in a social economic development program for the Caribbean basin—the islands of the Caribbean and of Central America; the fact that the United States is one of the leading contributors to the economic development of Zimbabwe; the fact that the United States was the highest donor at the black African refugee conference in Geneva.

We think there will be at the summit a wide measure of agreement among the leaders on several points, and they are particularly in the macroeconomic area. We will seek commonly to reduce inflation and unemployment, to strengthen savings and investment, to assist growth and productivity, to facilitate adjustment to new worldwide economic circumstances—the least of those associated with rising costs of energy. There may be differences on the choice of policy instruments between one nation or the other; I think they are commonly united on these major macroeconomic objectives.

On trade they agree on the need to resist protectionism, to maintain an open trading system, and in the period ahead to address trade restrictions not yet subject to international discipline. And it's the policy of this Administration to be a leading proponent of free trade worldwide and to adopt the necessary measures to insure that that objective is broadened and expanded in the period ahead—not only among our Western industrialized trading partners but perhaps even more importantly among developing nations in the North-South context.

On energy they recognize the need to continue to conserve the use of energy and increase supplies—especially coal and nuclear—through price mechanism, to reduce dependence on imports, and decrease our vulnerability to oil supply and disruption.

They are committed to a major effort to help promote economic and social progress in the developing countries and to integrate these countries more fully into the international economic system.

On East-West economic relations—a new agenda topic proposed by the United States for this conference—we look to a probing discussion on which we can build after Ottawa to bring our own economic relations with the Soviets, collectively, in alignment with our political and our security objectives.

More purely political discussion will take place in an unstructured way at the conference, such as at luncheons and dinners, where heads of government will participate together. There will also be a series of bilateral meetings between heads of state and government and President Reagan and his counterparts. There is no formal political agenda for this summit. The leaders will raise whatever subjects are of particular c cern to them. I would expect, howev that events between now and the sun mit itself will tend to shape the agen in the political area, but certainly the topics which include Poland, perhaps relations with the Soviets in general, arms control, the Middle East, south Africa, and possibly Central America

The political talks, while not the centerpeice of the economic summit, nevertheless, of very great value. A word about the participants. The oth heads of government at the summit a Prime Minister Thatcher of the Unit Kingdom; Chancellor Schmidt of the German Federal Republic; President Mitterrand of France; Prime Ministe Spadolini of Italy; Prime Minister Su of Japan; and the host, Prime Minist Trudeau of Canada, who was here la week as you know. The President of European Commission, Mr. Gaston Thorn, will also be a participant. He was here last week. Only three of th eight principals have attended any o previous six summits. Chancellor Schmidt, of course, is the veteran of of them. And Prime Ministers Trude and Thatcher have also participated the past. The heads of government v be accompanied at their meeting by their foreign and finance ministers.

The session will begin this Sunda evening with a get-acquainted dinner and a discussion. It will be limited to heads of state and government themselves, and there will be a corresponding dinner, that I'm aware o for the foreign ministers—a parallel ner. It will end some time in the afte noon—this overall conference—Tues with a joint press conference by the heads of government, all participatir

It's important that the press and public should not expect a summit of this kind—and that's been true in th past as well—to reach momentous c clusions. The value of this meeting, a with previous summits, has been a sl ing of perceptions, and it will seek t so on this occasion, increasing understanding and insuring that the proaches to problems are not workin crossed purposes but are mutually re forcing. This is not the stuff of dram but it is important. And as you know and you may care to explore, there a some differing viewpoints among the participants on a number of—primar

omic but not exclusively so—related
es.
Let me conclude my brief presenta-
by summarizing what I believe to be
basic objectives at this summit—to
to know the other leaders personal-
evelop rapport with them, under-
d their concerns, and make clear our
itivity to these concerns; to explain
economic and foreign policy goals;
emonstrate to the other leaders our
rmination to create a strong U.S.
omy with stable prices, accepting
ssary short-term costs in this effort;
rengthen our defenses and to keep
commitment to international con-
ation and cooperation and to keep it
and enduring; to discuss the East-
t relations, as well as other major
s areas.
The summit nations and the in-
rialized democracies as a whole are
d together by more than trade
s. Our ties transcend purely
omic relations. What Chancellor
nidt has written recently about the
ntic alliance is absolutely correct
applies as well to our friends in the
fic. What unites us and makes us
ue is the purpose for which we ap-
our wealth and our power—namely,
romote respect for the freedom of
ons and the dignity of individuals.
t we decide on specific issues we
leave this summit essentially and
efully more sensitive to each other's
s and concerns, more united, and
ugh shared challenges we can
eve the international growth and
elopment that all of our member
es seek.

**Q. Do you envision an agreement
he nations on some future get-
ether where you would discuss
ging economic policies, in relation
he Soviet Union, in line with
itical and the security objectives?**

**A.** Not in the specific sense that
r question suggests. I think there are
mber of ongoing fora that permit
t to happen, both in the Economic
nmunity and the OECD [Organiza-
for Economic Cooperation and
elopment] where they have always
a specific focus on East-West trade
the data associated with that trade.
re will, hopefully, be some further
ussions within the COCOM [Coor-
ating Committee for East-West
Trade Policy] apparently designed to put a more coherent East-West trade policy in the security-related area together, as an example.

**Q. Could you be a little more specific as to what the United States will propose to its allies on East-West?**

**A.** I think it doesn't serve a healthy purpose at this point to get ahead of the discussions. And, incidently, with respect to whether there would be something as a result of the discussions at the summit that the heads of state, of government, would put together, I could not predict, because they're free agents and their agenda is open and somebody could propose such a thing. But it's not visualized at this time.

With respect to East-West in general, I think a broad set of discussions involving the interrelationship of the political, economic, and security aspects of East-West relations, in a very general sense, would be the kind of a backdrop I would anticipate in Ottawa.

**Q. How important will it be in Ottawa to come to some kind of a new game plan or understanding on TNF [theater nuclear forces] with the allies and how to proceed on TNF?**

**A.** I don't anticipate that this will come up unless it comes up in the margins or in bilaterals. Essentially, our situation with respect to TNF and the two-track decision made in December of 1979, reaffirmed last May in Rome, is in good shape. Our European partners know precisely what we are doing. We've been in the process, since the Rome summit, of coordinating together with our allies in putting together a common threat assessment, common requirement assessments, and that's been underway. I believe that the speech that I gave earlier this week in New York again underlined our commitment to follow through with the two-track commitment and to have discussions with Foreign Minister Gromyko in September with respect to fleshing out the precise time when the formal negotiations will begin sometime between mid-November, mid-December, I would anticipate.

**Q. You said events between now and the summit in the political field may shape the agenda of what they'll bring up. One of those events is expected to be the release of the F-16s to Israel. Are you going to be able to tell our partners that we have some assurance from Israel that in the future this equipment will not be used in possible violation of U.S. law?**

**A.** First, with respect to the decision itself, I don't want to prejudge that because as of this session the President has not formally made such a decision. I would anticipate he will in the very near future.

With respect to that topic as an agenda item, I would not expect it would be the focus of much discussion. But we are prepared to deal in timely fashion with the exchanges that we've had with the Government of Israel on this subject, and I will certainly be prepared, and the President will be prepared to do that.

**Q. Regarding your personal effect on the summit, especially from the standpoint of dedication to achieving peace, one of your Foreign Service officers, James Kleskin, has written in a national magazine that the corps of cadets at West Point are, in his words, "sworn warmakers." Since he works for you, you went to West Point—you're a graduate of West Point—do you think it's fair or accurate to call West Pointers "sworn warmakers?"**

**A.** It really depends on what you meant when you said that. If you meant they are sworn-in to defend this country, why, the answer to that is, of course, they are. If it means that they are something beyond that, I would like to have the benefit of reading the article, and you certainly titillated my appetite to do so.

**Q. On the subject of East-West trade, does the United States have a position or a paper that it will present, at the very least, for discussion purposes at the summit, and if not, how does the United States expect discussions to get started when it's this country that initiated the idea of putting it on the agenda in the first place?**

**A.** First, there are some very broad aspects of this topic that I think we feel the participants will benefit from an exchange on, such as linkage, such as the interrelationship between economic,

political, and security-related policies, especially Soviet military capabilities.

As you know, we've been in the process in the Administration of reviewing very thoroughly East-West trade. That process is drawing to a conclusion. That does not necessarily mean that the completion of that very extensive review lends itself to public disclosure or even, necessarily, exchanges with our European partners in the context that the review has been conducted. Where they have an interest and are involved, of course, we will consult. So the answer to your question is we don't view that kind of a litany as being presented. We do view a broad interrelationship discussion.

**Q. Do you expect that nuclear proliferation and the problems of proliferation will be an important topic?**

**A.** It's clear that all of our member governments are seized with this problem. As you know, there again we have just brought it to a conclusion and will soon have something to say, if it hasn't already been said. It did go today as scheduled. Yes, I would anticipate that. But it is not a major agenda item. The agenda item of energy will inevitably lead to future American policies and attitudes on peaceful uses of nuclear energy and the associated improvements we hope to see achieved in international safeguards.

**Q. Do you anticipate any unified approach to the problems in the Middle East and particularly does the President feel determined to go forward with the sale of the AWACS [airborne warning and control system aircraft] to Saudi Arabia?**

**A.** Let me answer your last question first, and the answer to that is a very positive yes. The President will proceed with that project.

With respect to the discussions on the Middle East, I think you all know there's been a lot of background atmospherics with respect to the so-called European initiative on the Middle East and a certain degree of frustration with the slow pace, if not the stalemate, in the Camp David process, which was probably a consequence of electoral deadlines here in the United States and certainly in Israel.

I would expect there would be a free-flow exchange of views between the leaders on the importance of the peacekeeping effort in the Middle East. I have already been engaged in a number of discussions with our European partners, especially the President of the Economic Community, Peter Carrington—British Foreign Minister. Thus far we have been assured and we are still confident that what our European partners would visualize undertaking in this effort in the near term would be mutally reinforcing and cooperative efforts with whatever U.S. led activities might be undertaken in the near term.

**Q. Since all the nations need energy, I presume you all are really going to take up some unified approach to how we get some other energy than OPEC [Organization of Petroleum Exporting Countries] and maybe use some of these great alternative energy sources like Canada has so much of.**

**A.** I would anticipate this will be one of the really major topics at the summit, both in the working group specialist areas and in the heads of state and government sessions and along the margins and during bilaterals as well. Clearly, we are looking for major efforts, commonly applied throughout the membership of this summit, to seek to reduce dependency on Middle Eastern oil resources, and perhaps beyond that, Eastern oil resources, either of which are subject to cutoff in crises.

We are anxious to look very carefully at what the United States can contribute in this area—the area of peaceful uses of nuclear energy—and the vast coal deposits which exist here in North America. We're interested in also exploring what contributions can be made in other non-OPEC, non-Eastern-producing areas, such as the northern part of Europe and Canada. All of these things, I am confident, will be carefully explored.

**Q. When you talk about the developing world, do you include in that China and do you expect the new U.S. relationship with China to come up?**

**A.** I think it would be unusual if, either in my discussions with the foreign ministers or in the President's discussions with the heads of state and government, we did not get into the recent trip I made to China and the results of that trip and the outlook fo the future as we see it.

**Q. You seemed to underline the East-West trade question and then later questions you've been, to my mind anyway, vague about exactly what is going to be said. Are we go ing to initiate long discussions tryi to get some notion of where these other leaders are, what their thinki is, with the idea that down the roa we will have some sort of a new agreement or is the President goin make some sort of proposal for disc sion?**

**A.** I wouldn't go looking for any dramatic U.S.-sponsored proposal, an am sorry if you got the impression I tried to jazz that topic up in my prese tation. I must have been gasping for at the moment. But it's just another agenda item. It's an important agend item. The point I was trying to make that I think there will be an effort on the part of the United States—it's on of the main reasons we're anxious to have it on the agenda—to demonstra the importance we feel this particular topic enjoys and its interrelationship with the political and economic and security-related concerns that we hav today in East-West terms.

**Q. What hope do you have of co vincing the allies to shoulder any m of the burden either financially or i terms of equipment in Europe and would you couple that, as you talk t them, with any hint that we might reduce what we are doing there oth wise?**

**A.** Do you mean are we going to engage in verbal blackmail threats?

**Q. Whatever the right words ar**

**A.** No, I would not anticipate the topic coming up in the context of you question. I do think that the macroeconomic issues that we will be discussing and the example being set the United States in which we are engaged in substantial reductions in a number of our Federal expenditures, while simultaneously adding at the lev of about 7% increase a year for the n 5 to our defense needs, is an example that we feel is both necessary because the slippage in our own military capabilities but also an example that v hope our European friends and our

nese friends will be impressed by as make their own calculations in a tough economic environment.

**Q. Your tone would be as soft as ? That is the tone that you're go- o take on it? You won't be cam- ning any harder for them to make eater effort?**

**A.** No, I don't anticipate a confron- n. As you know, there are a number sues that are of concern to both . There is the issue of Japanese- pean trade relationships. There are s of vehicles that impede the kind ee trade that we are seeking. There ncern in Europe about high rican interest rates and the impact s having on European economies. These are going to be areas of very discussion. I hope they are not go- o be areas of tension or disagree- t but, rather, exchanging views and htening one another with respect to oncerns of all.

**Q. A number of observers, sea- d or otherwise, who have return- rom Europe in recent weeks bring e the judgment that the Euro- ns, for the most part, do not like economic policies and to the ex- they are familiar with our foreign cy they don't like that either. Do think that 2 days with the Presi- is going to change much of that?**

**A.** First, I won't share your broad eralization. I do not find that our pean partners are discomforted by foreign policy. There is a specific of that foreign policy that they been less than happy with. In fact, e are two. The one is the pace at h we have been willing to enter into s control negotiations with the et Union, and that's intimately in- ed in their own domestic climate respect to nuclear weapons. ndly, I think there's been some con- expressed by some about the tone ur approaches to the East. I think ntly President Mitterrand has made e equally vigorous statements on subject. So I don't accept what you

I do accept that our economic cies, especially our interest rates, e been the subject of concern and in- asing concern in recent weeks. But I nt 5 years in Europe, and during that iod they were also disturbed with erican economic programs. At that time their concern was what they perceived to be a lack of discipline here in the U.S. economy, a situation where we are letting inflation run rampant, a situation when we were letting the dollar suffer what they referred to as "benign neglect," and a situation in which they felt that lack of discipline in our own domestic energy program was being translated onto their shoulders through declining dollar values.

We've turned that around. This Administration has put together a coherent, comprehensive program designed to get inflation under control, to get economic growth proceeding more rapidly in a positive direction. It has, of course, been perceived in Europe to some degree with resulting high levels of interest rate to be a cause of their problems.

We understand their concern. We've been sensitive to it from the beginning, and we are going to be increasingly sensitive to it as we proceed down the road. I think another problem that bothers our European friends, and I'm speaking very frankly, is that they have different systems than we do here. They don't welcome American officials suggesting how they should correct their economic deficiencies, and they have many. I think it's important that there be a free exchange of views on these relative concerns, and I anticipate there will be, but I think it's going to be a very cordial and constructive dialogue that will take place.

**Q. The Canadian Government has released logistical and security details on the Ottawa summit trip. They are permitting hostile demonstrations in the near vicinity of the summit. Are you satisfied with the Canadian Government's security arrangements?**

**A.** I would leave that to the experts. I haven't dug into those matters that you're speaking of. I think we do welcome the fact that Canada is a democratic society and an open society and we like that.

**Q. Do we have a contingency agreement with our allies to radically cut trade with the Soviet Union in the event of an invasion of Poland?**

**A.** I think we have discussed this issue repeatedly over the last 6 months and it was discussed at length before this Administration came in. There's no question that there's been extensive planning and coordinating discussions between the members of NATO and those Western industrialized states outside of NATO, and which are focusing, primarily, on political, economic, and diplomatic reactions that might be undertaken in the event of a situation in Poland of the kind you describe. Beyond that I won't say. And that doesn't mean there are any a priori triggering mechanisms for a complete set but a menu.

**Q. Given the different approaches, given the fact that you said that the allies will try to reach a mutual understanding on a different subject, on the subject of Central America, does that mean that the United States would be willing to change its position on Central America?**

**A.** I think our Assistant Secretary for Latin American Affairs is giving a speech today on this subject, and I would refer you to that. It's a clear exposition of what our current policy is and will remain. On the other hand, I would like to take the opportunity of your question to suggest that what we are talking about in there is our view of a political solution and reaffirming that a political solution is our objective.

We are faced with two problems. One is a security-related problem. And the other is a problem of dealing with the condition of, whether you refer to them as economic deprivation or socioeconomic or social justice objectives, to which an entirely different set of programs have to be designed and tailored. That's precisely what we've been doing in the case of our Caribbean basin development plan and the discussions we have had with Mexico, Venezuela, and Canada.

We would visualize, if this plan takes shape with the agreement and participation of all, that we would expand the donor countries. I think that deals more precisely with the question of the socioeconomic environment in Central America and the opportunities it affords for external mischiefmaking.

**Q. Do you expect the annual economic summits to continue after this one?**

**A.** Yes, I would anticipate it, but it depends on the heads of state and government. It will be one of the topics they will discuss, I am sure.

# Secretary Haig's Press Briefing

**Montebello**
**July 19, 1981[2]**

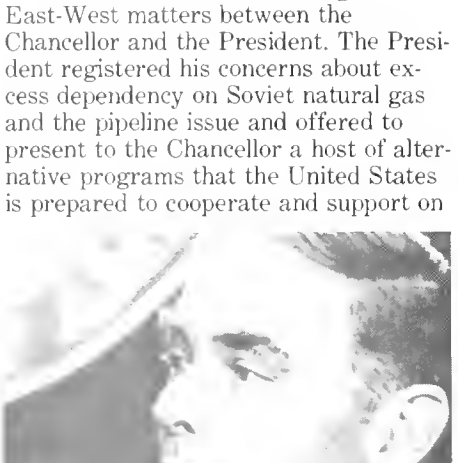
What I'm really trying to do for you tonight is to give you a very quick and cryptic description of the bilaterals that were held between the President and Chancellor Schmidt of West Germany and French President Mitterrand.

As you know, the President will conduct bilaterals not only with these two but with Japan and Great Britian. He has talked to Canada. He's talked to the Economic Community; of course, finally with Italy. After each we'll give you a flavor of what occurred.[3] That is all we are going to talk about.

First, the meeting with Chancellor Schmidt was an extension of a relationship which has already begun, as you know, both as a result of the Chancellor's earlier visits to Washington. There was a very lengthy discussion and exchange on the economies. The Chancellor, of course, raised his concerns about the impact of the perception of high U.S. interest rates on European economies in general. The President went into considerable length to explain to the Chancellor that high interest rates do not represent American policy, that these were inherited economic conditions, and that it is the policy of the United States to pursue a broadly based program involving fiscal, tax, and monetary reform and fiscal restraint—all designed to bring our inflation levels under control—and that the consequence of that would be a responsive drop in the interest rate. At the same time, the President made it very clear that he understood the concerns of our European partners and Helmut Schmidt's particular concerns about the current high level of interest rates.

Beyond these economic questions Chancellor Schmidt was, of course, very interested in our current state of knowledge of the critical situation in the Middle East. And there was an exchange on the activity we have underway with Ambassador Habib's [Philip C. Habib, the President's special emissary to the Middle East] mission, the discussions that the Ambassador had with Prime Minister Begin—two discussions today. We've just gotten the report on the second, and the situation remains tense and worrisome.

There were discussions in general on East-West matters between the Chancellor and the President. The President registered his concerns about excess dependency on Soviet natural gas and the pipeline issue and offered to present to the Chancellor a host of alternative programs that the United States is prepared to cooperate and support on



UPI photo

which might eliminate dependency or reduce dependency in that area.

The President also raised the issue of other aspects of East-West trade and the desirability of having a high-level meeting this fall to look at the possibility of tightening up in certain areas and perhaps loosening up in other areas. But the main objective would be to tighten up in military-related issues involving end items and technology. With respect to technology, the focus would be on military-related trade as distinct from specific military trade. Military-related trade, items that could have an impact more indirectly—that would be reserved to technology.

All in all, the meeting was fast-moving, cordial, and reflected the fact that the two leaders have spoken together in the past and have already established a level of frankness and rapport that enabled us to do a lot of business.

The President used this meeting also to once again reaffirm the American intention to proceed with the two tracks of the TNF modernization, deployment, and negotiation. The President noted that I would meet with [Soviet Foreign Minister] Gromyko in the fall at the U.N. General Assembly with a view toward having specific negotiations begin between mid-November and mi December of this year.

The meeting with Mr. Mitterranc was [inaudible]. In other words, this the first occasion that the two leader had an opportunity to meet one anot I, as an observer, was very impresse with the cordial relationship which w established at this first meeting. The was an initial exchange of personal observations by the two men which, think, helped to establish that. There were discussions again on the econor situation in Europe and in the Unitec States. Mr. Mitterrand made it clear that he was not going to attempt to ture the United States on our econor policy but at the same time pointed c that at some point this interest rate problem could have a profound impa not only in Western Europe but perh in a broader global context.

The President thanked Mr. Mitte rand for the recent statements of the President himself—President Mitterrand—and his Foreign Minister and other government officials on suppor for the two-track decision of the thea nuclear modernization and negotiatic and the French President's repeated reference to the need to maintain ou defense levels.

There were discussions, which w brief and yet important, on East-Wes relations, exchanges between the tw men. President Reagan used this as a opportunity—recognizing the French terest in North-South relations—to outline with some specificity his grea interest and the high priority he give U.S. and Western policies vis-a-vis developing nations.

This is an interest which the Pres dent came into office with which has been sharpened as a result of discussi early on in his Administration with th President of Mexico, Lopez Portillo, a with Prime Minister Trudeau. They'v been reflected in this hemisphere by t pilot model program the President ha launched for the economic developme of Jamaica and the subsequent efforts we've made to launch a program desi ed to assist with the social-economic needs of the Caribbean basin area an the Central American countries, whic was the focus, as you know, of the meeting we had with Mexico, Canada Venezuela, and ourselves in Nassau a

end ago.
resident Mitterrand expressed a
e to continue and expand the
ral talks started today and to pro-
hese discussions into a longer
e–futuristic timeframe—3–4 years
he future, and because he felt it
mportant that we not exclusively
ge ourselves in immediate problems
ut look toward longer range
s. I think the President warmly
med that. The President used this
ion to invite President Mitterrand
ie with him and to meet with him
illiamsburg at the time of the
town celebration this fall where, as
erstand, an invitation had already
to President Mitterrand from the
soring organization. President Mit-
nd expressed a warm reception to
proposal, and I anticipate that will
ppening at Williamsburg. We bet-
et the date on that because I don't
it in my left pocket.
ll in all, I think the discussions
both leaders were an auspicious
as preliminaries to the multilateral
ssions which will proceed tomorrow
ing; and as a prelude to tonight's
r which will be participated in or
ded by the principals only, and dur-
hich I anticipate all of the leaders
xpress themselves in greater detail
with a greater exchange of views in
rger venue.

**Q. You said in the discussion with
ncellor Schmidt, the President—
e these were your words, the sit-
n in the Middle East remains
e and worrisome. What did you
s by that?**

**A.** I think that anyone who has
witnessing the escalating cycle of
nce in the Middle East cannot but
ncerned as casualties mount and in-
nt noncombatants become the vic-
of these exchanges. I don't want to
ery much beyond that because that's
ubject of another set of events yet
cur, as I say.

**Q. You mentioned that the Presi-
offered Chancellor Schmidt
ral options on a natural gas supply
est Germany.**

**A.** No, he didn't mention several op-
. He suggested that it would be
ul if we could offer to our Euro-
partners, especially those engaged
e pipeline project, some alternative approaches to their energy need problem. And this was done as an offer to see whether or not there might be better alternatives for both West Germany and France in this instance and whether or not in the long term these would better meet their interests and our mutual interests.

**Q. So he offered nothing specific and—**

**A.** In general, we are talking about coal, a peaceful nuclear power, plus alternative gas and fuel oil solutions, where we are somewhat more limited, as are they.

**Q. Did President Reagan bring up in his bilateral talk with President Mitterrand the four Communists that have joined his government in France?**

**A.** No, that subject was not discussed. It is clearly a subject that has been discussed in the past and is behind us.

**Q. Did the President discuss with Mitterrand the Middle East situation and what was Mitterrand's response?**

**A.** No, that did not come up, and I think it did not come up simply because the two leaders ran out of time. We had to use an interpreter for that meeting so the substantive exchange was somewhat slower.

**Q. I'm just wondering about Chancellor Schmidt, whether or not you could be more specific? Did he give any particular view on what he felt the U.S. posture should be vis-a-vis Israel, or what the Western communities' posture should be vis-a-vis Israel?**

**A.** No, I think that he expressed very specifically his deep concern about the escalating cycle of violence and was anxious to both register that concern and to hear President Reagan's own outlook with respect to recent events. We provided that, but it's a little premature yet and I think inappropriate to go farther than that.

**Q. Did the President tell him his decision on the F–16s, and when will the press be notified about that?**

**A.** No, he did not and there's been no decision on that subject. I would anticipate one in the very near future, but we leave this up to the President, of course. It's his responsibility, and he just had not made it yet.

**Q. Can you say whether either Chancellor Schmidt or President Mitterrand raised concerns and expressed them to the President about U.S. policy in Central America, particularly El Salvador?**

**A.** No, this subject did not arise in either of the bilaterals. As I mentioned earlier, however, President Reagan went into considerable detail about his thinking with respect to the developing world, and especially the socioeconomic objectives associated with the Caribbean basin plan.

**Q. Did the question of the Communist participation in the Cabinet in France come up?**

**A.** No, as I say, I believe that subject is behind us.

**Q. Did either of the European leaders give an estimate to the President as to how long their economies could tolerate high interest rates in this country—6 months, a year? And what would happen if the high rates did not come down by a specified time?**

**A.** Clearly there was some discussion about durability in the context of the current levels of high interest rates. And incidentally, many of our other European partners have equally high interest rates of their own. I think the President noted that we were number four among some of the major industrialized countries in that regard. But I think, in the case of the discussion with President Mitterrand, there was some exchange that would have suggested that the toleration level has limits in terms of duration, perhaps the end of the year.

There was some hope expressed on the U.S. side that as we are watching current or previous levels of inflation start to come down that there's a basis for some optimism that, in the not too distant future, there will be a corresponding lowering of American interest rates. But I think it's also important that all of us bear in mind, and the President emphasized himself, that we do not control interest rates. They are set by an independent agency, the Federal Reserve Board, and it is important, I think, that we recognize that, too, in the context of assessing the ability of the United States to manipulate monetary policy in that way.

# Declaration of Economic Summit

## Ottawa

## July 21, 1981[4]

1. We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our common objectives and our recognition of the need to take into account the effects on others of policies we pursue. We are confident in our joint determination and ability to tackle our problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world.

### The Econony

2. The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3. Since the Venice Summit the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unemployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979–80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, would threaten productive investment.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change: change in expectations about growth and earnings, change in management and labor relations and practices, change in the pattern of industry, change in the direction and scale of investments and change in energy use and supply.

5. We need in most countries urgently to reduce public borrowing; where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and exchange rates; greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF [International Monetary Fund] in financing payments deficits on terms which encourage needed adjustment.

8. In shaping our long term economic policies, care should be taken to preserve the environment and the resource base of our planet.

### Relations With Developing Countries

9. We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognizing the reality of our interdependence.

10. It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11. We look forward to constructive and substantive discussions with them, and believe the Cancun Summit offers an early opportunity to address our common problem anew.

12. We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13. While growth has been strong in most middle income developing countries, we are

r conscious of the serious economic
ms in many developing countries, and
im poverty faced especially by the
r among them. We remain ready to sup-
he developing countries in the efforts
nake to promote their economic and
development within the framework of
own social values and traditions. These
s are vital to their success.
4. We are committed to maintaining
antial and, in many cases, growing
of Official Development Assistance and
eek to increase public understanding of
portance. We will direct the major por-
f our aid to poorer countries, and we
articipate actively in the United Nations
rence on the Least Developed Coun-

5. We point out that the strengthening
own economies, increasing access to
narkets and removing impediments to
l flows contribute larger amounts of
d resources and technology and thereby
lement official aid. The flow of private
l will be further encouraged insofar as
eveloping countries themselves provide
ances for the protection and security of
tments.
6. The Soviet Union and its partners,
e contributions are meagre, should make
development assistance available, and
a greater share of exports of developing
ries, while respecting their in-
ndence and non-alignment.
7. We will maintain a strong commit-
to the international financial institu-
and work to ensure that they have, and
ffectively, the financial resources for
important responsibilities.
8. We attach high priority to the resolu-
of the problems created for the non-oil
loping countries by the damaging effects
em of high cost of energy imports
wing the two oil price shocks. We call on
urplus oil-exporting countries to broaden
valuable efforts to finance development
n-oil developing countries, especially in
ield of energy. We stand ready to
erate with them for this purpose and to
ore with them, in a spirit of partnership,
ible mechanisms, such as those being ex-
ed in the World Bank, which would take
account of the importance of their finan-
contributions.
19. We recognize the importance of ac-
rated food production in the developing
ld and of greater world food security, and
need for developing countries to pursue
nd agricultural and food policies; we will
mine ways to make increased resources
lable for these purposes. We note that
Italian Government has in mind to
uss within the European Community pro-
als to be put forward in close cooperation
n the specialized U.N. institutions located
Rome for special action in this field
narily directed to the poorest countries.
20. We are deeply concerned about the implications of world popuation growth. Many developing countries are taking action to deal with that problem, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial capabilities. We recognize the importance of these issues and will place greater emphasis on international efforts in these areas.

### Trade

21. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT [General Agreement on Tarriffs and Trade].

22. We will work together to strengthen this system in the interest of all trading countries, recognizing that this will involve structural adaptation to changes in the world economy.

23. We will implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

24. We will continue to resist protectionist pressures, since we recognize that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermines the dynamism of our economies but also, over time, aggravates inflation and unemployment.

25. We welcome the new initiative represented by the proposal of the Consultative Group of Eighteen that the GATT Contracting Parties convene a meeting at Ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

26. We will keep under close review the role played by our countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT.

27. We endorse efforts to reach agreement by the end of this year on reducing subsidy elements in official export credit schemes.

### Energy

28. We are confident that, with perserverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

29. Recognizing that our countries are still vulnerable and energy supply remains a potential constraint to a revival of economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels.

30. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

31. Our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

32. In most of our countries progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concern about safety, health, nuclear waste management and non-proliferation. We will further our efforts in the development of advanced technologies, particularly in spent fuel management.

33. We will take steps to realize the potential for the economic production, trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment.

34. We also intend to see to it that we develop to the fullest possible extent sources of renewable energy such as solar, geothermal and biomass energy. We will work for practical achievements at the forthcoming United Nations Conference on New and Renewable Sources of Energy.

35. We look forward to improved understanding and cooperation with the oil exporting countries in the interests of the world economy.

### East-West Economic Relations

36. We also reviewed the significance of East-West economic relations for our political and security interests. We recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

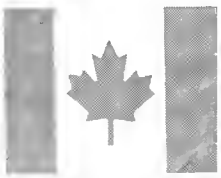
37. We will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the USSR.

### Conclusion

38. We are convinced that our democratic, free societies are equal to the challenges we face. We will move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. We have agreed to meet again next year and have accepted the invitation of the President of the French Republic to hold this meeting in France. We intend to maintain close and continuing consultation and cooperation with each other.

# Concluding Statements

**Ottawa**
**July 21, 1981[5]**



**Prime Minister Trudeau**

I should wish first on behalf of my colleagues at the table here to express our welcome to the press here and in accordance with the practices, established practices, and as chairman of the summit meeting this year, I must make a statement summarizing the main points we have dealt with in the course of the last few days, and each of my colleagues will in turn speak to you.

The Ottawa summit was met at a time of rapid change and great challenge to world economic progress and peace. East-West relations have been affected by the increase in the armed forces of the U.S.S.R. and its ever increasing presence in the world. The political and economic situation of many countries has made it difficult for them to adapt to the new changes. The members of the summit meeting have also been victims of these changes, and whatever we have attempted to do in the course of the last years was not necessarily carried out. We have had to reexamine the situation and restructure our activities so that, of course, there has been some pessimism about this summit.

Of course, it seemed to have been a difficult one but in my dual capacity as a participant and chairman I am able to say, "No, the pessimists were not justified." We have met for many hours, and these contacts have promoted mutual trust and confidence in facing the crises we may have to—which challenge us. We've had very comprehensive discussions and frank discussions during our meetings. We have not tried to hide our divergences. We realize that we are dealing with economies which have different structures and have different reactions to the evolving situation. We have agreed that we could not revitalize our economies by isolating ourselves from one another. We have agreed on the fundamentals and realize we must take into account in our politics the impact it may have on our partners.

The whole burden of that fight cannot be made on monetary policy alone. And third, levels and movements of interest rates in one country can make life more difficult for other countries by influencing the exchange rates. This is something to which we must all remain sensitive and which we must try to minimize. We must also pursue responsible trade policies.

Over the years, as summit partners, we have warned against succumbing to the temptation of protection. These warnings have served us well. If we had drifted into protectionism, we might have conjured up an economic crisis similar to that of the 1930s. We have reiterated our strong commitment to an open, liberal, and multilateral trading system. We have agreed to deal with trade distortions. But we are determined not to lay the burdens of adjustment at the doorstep of our neighbors. We are looking forward to working with others on a trade agenda for the 1980s. I regard this consensus about trade policy as one of the most important to have emerged from our meeting, not least for a major trading nation like Canada.

One of the uncertainties hovering over this summit was how it would deal with the North-South relationship. It's no secret to anyone that I attach very great importance to that relationship as an element of fundamental equity, of mutual interests and benefits, and of global security.

The Ottawa summit was the first of a series of important meetings this year where the North-South relationship will be at the center of the agenda. It seemed important to me, therefore, that the signal emanating from Ottawa should be clear and that it should be positive. For the signal to be persuasive, it had to come from all of us jointly. That was the purpose of much of the travel, that as chairman of this year's meetings, I undertook in the weeks immediately preceding the summit.

The world looked to the Ottawa summit for some sign of movement, some basis for hope that progress is possible, that the logjam can be broken. I'm very pleased with what we've been able to achieve. Our discussions showed a common appreciation of the magnitude of the problem and a common readiness to respond to it. There is now a disposition on the part of all summit countries to pursue any opportunity for meaningful progress, including what are known as "global negotiations." The openness to the process of global negotiations represents a consensus which did not exist before our summit and seemed very remote not too many months ago.

The message we send from this meeting to the developing countries is the following: First, we respect your independence and support genuine nonalignment as a contribution to international peace and stability and as a basis for cooperation. Second, we look to you to play a full part in the international economic system and to become closely integrated to it. Third, we are ready to participate with you in preparations for a process of global negotiations. Fourth, we appreciate the problems of energy supply which you are encountering and are prepared to join with the surplus oil exporting countries in examining how best we might jointly help you in developing your indigenous energy reserves. Five, we recognize the importance of more food production in your countries and of greater world security and will try to make increased resources available for these purposes. Six, we will maintain our strong multilateral commitment to the international financial institutions and to the role they have played in alleviating the problems of development. And lastly, we will direct the major portion of our aid to the poorer countries.

On the occasion of this year's summit meeting, it seemed to us we could not ignore the fact that the strengthening of the armed forces in the Soviet Union has had an impact on the resources of our country and on the orientations which we have had to follow. We are convinced of the need for a strong defense capability, but we're also open to the possibility of dialogue and negotiation with the Soviet Union, particularly as regards nuclear armaments and security with less armaments and diminished cost.

I should wish, in conclusion, as Prime Minister of Canada, to say that we were very happy to be the host nation of this summit meeting. I am particularly grateful to all of those who

accepted the challenge for this endeavor and have provided the mum in assuring success. May I be tted also to express deep gratitude colleagues at this table for having my task so easy and to wish them peed as they return to their own ries.

**dent Reagan**

sure I speak for all of us in thank-ou for the welcome we've had and ospitality that we've enjoyed during days together in Montebello.

ou've been a most gracious host ny fellow countrymen and I shall be grateful. Not long ago the con-onal wisdom was that our seven na- were more sharply divided than ime in years. Only three of us had ded an economic summit before he rest of us are still in the first e—the first year class.

o the outside world this looked like uld be a difficult summit. Inflation are running at incredible levels. nployment disrupts the lives of ons of people and new fears of pro-onism are sweeping across our con-its. The agenda of Montebello esented an enormous challenge for us. The true measure of these past ys—days filled with candid but ys friendly talks—is that we leave a true sense of common under-ding and common purpose. We've ussed at great length how each one is addressing economic problems at e while working in concert to assure we are sensitive to the impact of actions upon our partners.

I'm grateful to the other leaders for their degree of understanding support for the economic policies e embarked upon in the United es. We have also resolved that we l resist protectionism and support an n, expanding system for multilateral e. And, as you have been told by the ne Minister, we shall work together in helping the developing nations move toward full partnership in that system.

As Chancellor Schmidt has told us, our unity in economic matters is the best insurance we have against a return to the disastrous "beggar-thy-neighbor" policies of another era.

Economic unity and political unity are two great goals we must continue to pursue. All our nations share democratic institutions based on a belief in human dignity, freedom, and the preeminence of the individual. I believe that we depart with fresh confidence and optimism about the future of democratic values and our societies.

Many uncertainties still lie ahead; much remains to be done. But, as an American, I would like to recall for you an inspiring story of my native land. It's the story of young Franklin Roosevelt, who was struck down by polio in the prime of life and then, struggling to cover and to scale new heights. I mention it because much of that struggle took place on a little island not too far from here in New Brunswick, Canada, and the story is remembered by a very appropriate title, "Sunrise at Campebello."

Today, as we leave Montebello, I just can't resist the suggestion that over the past few years our nations have suffered from an affliction too, an economic affliction. I hope sometime in the future people will look back and say that here, in these talks, we began to put our nations back on the road to economic recovery and that a new sun rose at Montebello. That is a hope I know all of us share.

**President Mitterrand**

I too would like to express my thanks to Mr. Pierre-Elliott Trudeau, Prime Minister, and I would like to thank the Canadian Government for its excellent welcome and for the very favorable conditions under which the Ottawa, or Montebello, summit was carried out.

These conditions were so favorable that we were able to progress, to achieve work, and even to achieve some conclusions. You know that France has an original policy—a new policy, if you like—within this framework as compared to the theme generally put forward. I call this an original policy. It is our own peculiar policy. We have our own objectives, and it was important for us to see whether it was possible—and I had no doubt this was possible—for us to fulfill this policy in harmony with the others. By the others, I mean our main partners—those represented here and a few others as well.

This has been possible partly because everybody participated, partly because everybody has realized what elements in our own policies can harm other countries' policies and what must, therefore, be set aside.

We have all realized what can be favorable to our common success and should, thus, be supported. But this has succeeded also because France is in favor of solidarity. We support, first of all, our friends. We think of history, particularly the history of the past half century in which we have seen disruptions, crises, and war, and we, thus, are united behind a certain number of fundamental changes particularly freedom—freedom concerning the international level and freedom concerning democracy and democratic values within each of our countries.

We stand solidly behind our friends, and we also fully support those who, without being represented here, have been kept in mind many of our discussions and in many, in fact, of our decisions. I'm thinking more particularly of the countries of the Third World, more particularly the poorer among the countries of the Third World.

Right from the beginning, I wanted to emphasize the fact that we have to cooperate, to restrict as much as possible erratic exchange rates in our currencies, and to avoid as much as possible, as well, high interest rates. This is not a French problem. It is a European problem. In fact, I can say that this is a worldwide problem. I can say this taking into account possible consequences of present trends.

If you have a look at the text of our communique, you will see that there are

a certain number of points being put forward concerning these issues. Similarly, right from the start, our position was in favor of everything that is able to bring down protectionism provided, of course, that right from the start we are all familiar with the whole set of existing mechanisms—mechanisms which mean that here and there protectionism is much too present.

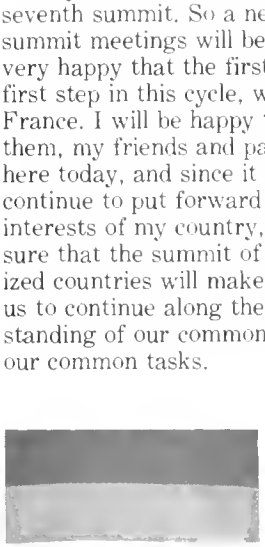
Concerning trade with East bloc countries, as the communique says, a new examination of the situation will be carried out shortly. I have expressed the hope that, concerning this issue as concerning all the others, we take stock very precisely of the state of trade with those countries and that we take stock of the strategic consequences that might arise. This is also a point included in the communique.

In addition to this, priority had to be given during our talks to a policy toward countries of the Third World, what we call North-South relations. This is necessary not simply because it is our duty but also because it is in our own interest. We must be distrustful of any attitude that I would term paternalistic. It is when we will be able to expand trade on stable bases, when we will be able to stabilize raw material prices; once this is done it will be possible for those countries to set up lasting development plans, and once they have done this, we, the industrialized countries, will be able to fulfill our tasks.

I think that along the lines of what we call the energy affiliate and along the lines of global negotiations, which will be referred to again at Cancun, and also concerning international relations, I would say that on all these points progress has been achieved. We have been able to outline our objectives clearly.

And then, particularly during our informal meetings, we discussed problems concerning international relations, concerning the balance of forces. The position of France has always been as follows: equilibrium above anything else. Of course, equilibrium has to dominate not simply the matter of forces but it should determine the nature, the type of negotiation to be opened up. The aim being to insure disarmament and peace.

In conclusion, I would like to say that in Paris, or perhaps I should say in France, the next summit will be held. As you know, we have reached the end of a first cycle here in Canada. This was the seventh summit. So a new cycle of such summit meetings will begin, and I am very happy that the first element, the first step in this cycle, will take place in France. I will be happy to welcome them, my friends and partners, gathered here today, and since it is my task, I will continue to put forward and defend the interests of my country, but I will make sure that the summit of the industrialized countries will make it possible for us to continue along the path of understanding of our common interests and of our common tasks.



**Chancellor Schmidt**

First of all, I too would like to thank you very warmly for the welcome, the hospitality of your country, and for the way you have acted as chairman. You have been a very fair, a very just, chairman.

I think that we have found many areas in which we have been able to agree, and there were also many other areas or sectors in which close cooperation is possible and in which I think we can achieve or have already achieved a compromise. We have all expressed our desire to fight inflation and unemployment and to achieve competent and strong world trade and world economy. I would like to stress these points because this time, even more so than in the past, the countries were represented by heads of state who use different economic policies or recipes, if I can call them this, in their own countries, in the range between monetarism and Keynesian theory.

I would like to bring up four points. First, the main role played by trade policy: We agreed here that we do not wish to adopt any policies that take account only of national goals and do not take account of the repercussions they may have on the world economy. We do not wish to pursue such national policies.

I'd like to refer you to points 21 through 24 of the communique more particularly. We all face considerable pressure toward protectionism in our own governments, and we have all here expressed the desire to avoid such protectionism with a view toward maintaining the strength and freedom of world trade.

Second, another important subject was that concerning the problems caused by high interest rates. We had a very detailed and interesting discussion without any accusations from one of the other parties, and several participants mentioned what negative repercussions a long-lasting, high interest rate would have on their national economies. This true in any case for the German economy—particularly if you keep in mind the fact that the European economies have already been more strongly affected by the second oil price rise than was expected a couple of years ago.

We also welcome the fact that the United States of America has expressed the intention to do its very best to bring down these high interest rates. President Reagan, too, has told us that the American economy is also suffering from high interest rates.

It has not yet been able to see whether the fight against inflation in the United States might take certain different paths, which is why I have had to point out that my government, when I go back to Bonn, will begin to take certain decisions concerning the fact that, unfortunately for the time being, we will still have to deal with high interest rates and that we will thus have to take certain measures.

The third point, North-South relations, I would like to emphasize what Prime Minister Trudeau said a moment ago, and I would like to say, quite clearly, that we have full respect toward truly nonaligned countries, toward genuine nonalignment, which we consider to be an essential element of stability throughout the world.

I would also like to announce that the federal government in Bonn will support the organization of global negotiations in the near future. I am happy that

have already been able to hold ussions on the upcoming summit in cun.

Fourth, I would like to emphasize importance of the exchange of views lving the basic agreement concern- East-West relations where we are ing about equilibrum in military es, dialogue, and preparedness to peration. An exchange of views it present-day problems, about arms tation and arms control, were par- arly important to me. And I was very much interested in the ex- ge of views about the present-day ation in the Middle East. We have ressed the common desire to see e be established in that part of the ld in the near future. We all want vicious circle of the use of violence at part of the world to be ended.

In conclusion, I would like to thank warmly President Reagan, Presi- Mitterrand, my colleagues Prime ister Thatcher, Mr. Spadolini, Mr. aki, and, more particularly, to our , Prime Minister Trudeau. I would to thank you all for the openness, frankness with which you all spoke. ar as I am concerned, I have been much enriched by this summit ting, and I have to say that I'm hap- o note that we have become better ainted and that we are all deter- ed not to accept that we should act out taking account of each other's blems. But quite on the contrary, we e said strongly that we will take into unt everybody else's interests and blems. These are two essential points me.

**me Minister Thatcher**

I join my colleagues in paying a y warm tribute to your skilled chair- nship and thorough preparations. I k our success at this summit owes a at deal to those two things. I'd like to say thank you to our Canadian ts for the excellent arrangements they made, both in Montebello and in Ottawa.

This is my third economic summit. And over that period, we've increasingly given time in our discussions to the major political issues of the day, such as Afghanistan and the Middle East as well as to the economic problems that we face. I think this development reflects reality because political issues and economic matters can't be isolated from one another and treated separately. They interact at every level—national and international. And I think this reality was recognized more at this summit than at any other. The result, I think, was a workmanlike, balanced discussion which comprehended all of the major problems, whether economic or political, that face the Western world.

On these substantive issues, I'd like to confine my comments to four points: First, the world economy. At the last two summits in Tokyo and Venice, our work was dominated by the impact of the second oil price shock on the world economy. We then considered the impact it would have and how we should react to it. This time, of course, we met in the trough of the recession which that shock produced. But we've had to look at the whole range of economic questions, at the twin evils of inflation and unemployment, the need to adapt our economies and attitudes in order to beat unemployment, and of monetary disorders producing high interest rates and volatile exchange rates.

We all agreed on the need to fight inflation as the precondition for defeating unemployment as you have emphasized, Mr. Chairman, and on the need for low monetary growth, on the need for containing public borrowing, and for tight control of government expenditure. We are all giving effect to these principles in our own policies according to our own different circumstances.

The second substantive issue on which I'd like to comment is developing countries. I think I take away three salient thoughts from our discussions on relations with developing countries. The first is that we share many of the problems of the world economy with them—the need to develop energy resources, to encourage investment, to fight inflation and unemployment, and to expand trade. All of these things we share with them. The second thing that we share is that we welcome discussion with them in whatever ways or groups are useful. And the third is, we must pay particular regard to the needs of the poorer countries. We agreed to direct a major portion of our aid to the poorer countries, and I would like to stress that the United Kingdom has a particularly good record on that.

Third, a few comments about the Middle East. We have been meeting in the shadow of a further outbreak of fierce fighting in the Middle East. Once again, the unfortunate people of Lebanon are bearing the brunt of a conflict that is not of their seeking. And whatever any of us may think about the causes, we all agree on the need for an urgent cease-fire in Lebanon, for an end to the loss of innocent civilian life there, and, above all, for a solution to the conflict between Arabs and Israelis from which this violence flows. In the United Kingdom, we shall continue to use all our influence for this purpose.

The last issue on which I'd like to comment is East-West relations. We discussed this scene and the concern that we all feel about the extent of the Soviet military threat to our interests. Speaking for Britain, I've been heartened by the strength of common purpose that I sensed in our discussions. We all agreed, and we agreed with real determination, on the need to maintain a strong defense capability and to insist on the need for military balance. Of course, that goes hand-in-hand with our readiness to negotiate arms control agreements to insure genuine security at a lower level of weaponry and resources.

Our discussions have linked the two aspects of the preservation of the free world and the free market economy which sustains it, namely, defense and the maintenance of peace and the health and soundness of the world economy. Altogether, a very successful summit on which you, Mr. Chairman, and Canada deserve our thanks and congratulations.

**Prime Minister Suzuki**

For this most successful conclusion of this Ottawa summit, we are indebted to the outstanding chairmanship of Prime Minister Trudeau and the most generous cooperation by the Government of Canada. I am grateful, Mr. Prime Minister, beyond expression.

The fundamental task of summitry—particularly this summit—is for us to deal with political and economic difficulties that threaten the peace and the prosperity of the world. It is in this sense that as the sole representative having crossed the Pacific Ocean to join this summitry to say that the nations of Asia and the Pacific also have much expectation of and interest in this summit.

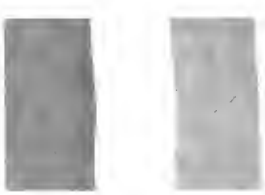
As regards the fruits of this summit, there have been many fruits—on East-West relations, North-South issues, and various problems that face all of us in the West within us. We have committed ourselves and expressed this commitment that we should tackle these problems with a common perception and sense of common objectives in a way that befits our respective nations and its strength and circumstances.

Another fruit is that we have felt strongly that we should demonstrate that the Western political, economic, and social institutions are superior to those in the East and also to step up our cooperation with the Third World, and pledging ourselves to the steadfast maintenance of free trade institutions is a most important fruit out of this summit. I believe this is, indeed, the message from Ottawa to the world. Our participants have expressed our solidarity and cooperation, and this strong expression, I believe, is a most valuable and irreplaceable achievement of this summit.

Above all, I am satisfied that we have been able to build friendship and mutual confidence among the leaders of these summit nations.

The North-South question was an important item on our agenda. We have been united in recognition that our interdependence in the international community is becoming more important than ever, and we are committed to further expand official development assistance.

In conclusion, I would like to say that for this most successful summit conference, I am again grateful to Prime Minister Trudeau personally and to the people of Canada for their most generous support and cooperation and, with that note of thanks, I would like to conclude my comments.



**Prime Minister Spadolini**

The Government of the Italian Republic is very grateful to the Canadian Government and in particular to Prime Minist Trudeau, who was the animator and coordinator of our discussion, for the perfect organization of this summit meeting of the main industrial countrie of the Western world—a summit meeting which has coincided with one the most difficult moments of the periods of the Western industrial countries and after many events which have affected our countries, which has had a impact on all our countries, and which has made it necessary to search for ne points of view and coordinated views.

In this case, also, as in the past, th work of the summit meeting developed in a spirit of civil and constructive confrontation and a framework of toleranc and a mutual understanding within the framework of a common understanding of our pluralistic, complex society, whic is shaken by serious events. In a short period of time, the societies we have constructed on the basis of a reliance o and a firm belief in our values have go over to uncertainty and doubt. And it i our responsibility to interpret and to understand the reasons for these upheavals, which are affecting the very

# Summary of Political Issues

**July 21, 1981***

1. Our discussion of international affairs confirmed our unity of view on the main issues that confront us all. We are determined to face them together in a spirit of solidarity, cooperation and responsibility.

2. We all view with concern the continuing threats to international security and stability. Lasting peace can only be built on respect for the freedom and dignity of nations and individuals. We appeal to all governments to exercise restraint and responsibility in international affairs and to refrain from exploiting crises and tensions.

3. In the Middle East, we remain convinced that a solution must be found to the Arab-Israeli dispute. We all deplore the escalation of tension and continuing acts of violence now occurring in the region. We are deeply distressed by the scale of destruction, particularly in Lebanon, and the heavy civilian loss of life on both sides. We call on all states and parties to exercise restraint, particular to avoid retaliation which only results in escalation; and to forego acts whi could lead, in the current tense situation in the area, to further bloodshed and war.

4. We are particularly concerned, in this respect, by the tragic fate of the Lebanese people. We support the efforts now in progress to permit Lebanon to achieve a genuin national reconciliation, internal security and peace with its neighbours.

5. In East-West relations, we are seriou ly concerned about the continuing build-up Soviet military power. Our concern is heightened by Soviet actions which are incompatible with the exercise of restraint an responsibility in international affairs. We ourselves, therefore, need a strong defence capability. We will be firm in insisting on a balance of military capabilities and on political restraint. We are prepared for dialogue and cooperation to the extent that the Soviet Union makes this possible. We ar convinced of the importance of working towards balanced and verifiable arms contr and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure.

6. We welcome the fact that, at the Madrid Conference on Security and Coopera tion in Europe, Western countries have just

dation of our societies, in order to
alize our societies and to broaden
ensus and trust in our political
ocratic institutions based on stability
ır economy and the social progress.
The Italian Government has ex-
ed its own policy in the field of
omics and social policies as well,
h are aimed at controlling inflation
ıgh a range of initiatives and ac-
es aimed at reducing the
—government costs—and con-
ing the interests of unions and
ıgement, just as all of the nations
cipating in these matters. We are
inced that we must defeat this
ster of inflation and unemployment
they absorb ever-increasing
ırces and leave very little room for
uctive investments.
We consider it very significant that
oint communique refers explicitly to
ommon desire of the seven govern-
s that the fluctuations of interest
cause difficulties for other coun-
in pursuing their affairs.
The problem of foreign exchange
stability of markets is considered
important for the proper and con-
sistent development of our economies. We have also dealt with the problems of energy and the North-South dialogue. We have emphasized our interest in developing alternative sources of energy starting with nuclear energy.

As regards the problems affecting our societies, many derived from the need to find a common measure between industrialized countries and developing countries, mindful of the mutual interdependence the summit has made toward progress in this. We are well aware that developing countries—that is to say, the Third World—their public debt has reached proportions which can no longer be sustained, and, therefore, there is an urgent need to provide aid to those countries so that they will not be burdened with further debts. We have given appropriate priority to the harmonious development of relations between the North and South. If we forego this aid, we would be abdicating our responsibility as regards peoples who are faced with those problems of underdevelopment and hunger. That is why we have proposed that Italy should assume, as soon as possible, in concert with the European economy the development of specific proposals for action in the field of food and agriculture, in coordination with the international agencies in Rome and that priority interest should be devoted to those countries. One of the results of our summit meeting has been to unite our bonds even stronger on the basis of effective, common activities and pursuits beyond all rhetoric and ritual. And this is a battle which, as Chancellor Schmidt indicated, is of essential importance.

Italy reaffirms, just as France—as President Mitterrand—its solidarity with the Western powers in the knowledge that there is a close link between Europe and the United States, and this has been again confirmed by President Reagan. We may say that it is a great satisfaction for us to observe that we have—there are many common points on which we have agreed—social justice, international peace, and other items are all indivisible problems for us.

another major initiative aimed at defin-
ıe area to be covered by the measures
roposed European Disarmament Con-
ce would negotiate. Equally important,
nave proposed a number of human
s provisions that would give new hope
dividuals deprived of their freedom. We
're that Soviet acceptance of these ini-
es would enable a balanced conclusion of
ladrid meeting and a substantial reduc-
of tension in Europe.
. As regards Afghanistan, about which
ıblicly stated our firm and unanimous
on at last year's Venice Summit, we
that the situation remains unchanged.
efore, with the overwhelming majority of
ns, we continue to condemn the Soviet
ıry occupation of Afghanistan. We sup-
international efforts to achieve the com-
withdrawal of Soviet troops and to
re to the Afghan people, who are
ng a war of liberation, their right to
mine their own future. We note with ap-
al the constructive proposal of the Euro-
Council for an international conference
ing about this result and call upon the
t Union to accept it. We are grateful for
eport given us by Foreign Secretary
ington on his recent visit to Moscow, and
iscussions there, on behalf of the Ten, on
ternational conference proposal.

8. Believing as we do that the Kampuchean people are entitled to self-determination, we welcome and support the Declaration of the International Conference on Kampuchea.

9. Together with other states and regional organizations, we are resolved to do what is necessary to enhance regional security and to ensure a peace built on the independence and dignity of sovereign nations. All peoples should be free to chart their own course without fear of outside intervention. To that end, we shall continue to promote peaceful resolution of disputes and to address underlying social and economic problems. We reaffirm our conviction that respect for independence and genuine non-alignment are important for international peace and security.

10. Recalling the statement on refugees adopted at the Venice Summit, we are seriously concerned over the growing plight of refugees throughout the World. We reaffirm our support for international relief efforts and our appeal to all governments to refrain from actions which can lead to massive flows of refugees.

*Issued to the press in Ottawa by Prime Minister Trudeau, chairman of the summit, on behalf of all the participants.

**President Thorn**

I'm sure it's no exaggeration to be the seventh to thank you. And I would like to say that the heads of state and of governments represented here have decided to start up a new cycle, a second cycle, of summits. They have done so because the results quite justify such a second cycle. This is because the conference was very well prepared, of course, and also because the welcome extended by Canada and the beautiful site at which the conference took place favored such success. Moreover, Prime Minister Trudeau had taken up the pilgrim staff and has made sure that debates be restricted as much as possible so that as many results be achieved as possible.

Speaking on behalf of the Community, on behalf of the Commission of the European Communities, I'm not speaking at the same level and not speaking on behalf—for example, I'm not wishing to take the place of Mrs. Thatcher,

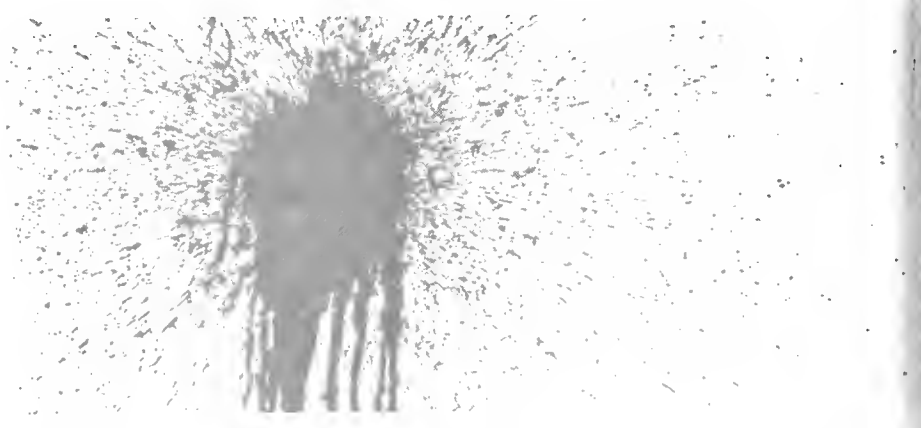
who's President of the Council at the time being.

But I would like to say that the Community, particularly countries not represented at the summit, wish to be heard—wish to speak. And we have been heard. It is being sufficiently often said that times are very hard. They are particularly hard for the European Community. Why is this so? Because in terms of trade, we are more vulnerable than anybody else. We depend much more on foreign trade and also because, in monetary terms, our interdependence is greater and, thus, perhaps we suffer more greatly from the repercussions of policies carried out in other industrialized countries. Moreover, perhaps our commitment is greater toward the Third World since we are committed to the Lome convention, for example which binds us to a large number of Third World countries.

It has been said that it was important for us to get to know each other. It was particularly important through personal contact to become aware of the limits of everybody, to understand why perhaps each of us has adopted somewhat different attitudes. I think that once this understanding exists, there should no longer be any unclarity among ourselves. We understand the essential points. We agree, although we do, all of us, understand that sometimes we have to act differently. We agree that trade at the world level must remain open, that protectionism is something we all should avoid, that free trade is a common rule that has to be respected by everybody, and this is why another conference at the ministerial level will perhaps be organized.

We also understand why the United States follows a certain policy while other countries adopt another policy, and we have to see, as the Chancellor of Germany has just said, we will have to see how each of us will have to react to the results of this conference between us. You will have to react as well, of course.

Finally, I would like to say that I'm very happy that during this summit of the industrialized nations we did not concern ourselves only with industrialized nations. We dealt also with other countries, with the developing countries, not for reasons of charity but because we know that the future of those countries will play an important part in our own future. I am happy, on behalf of the European Community, to be able to see that on this point people have moved closer together, and that dialogue, perhaps even global negotiations, and perhaps even the energy affiliate, on all these points I think that we have achieved greater agreement. We are happy to see that concerning substantive matters we all agree and once again I would like to thank Canada warmly for its excellent organization of this summit.



## Statement on Terrorism

**July 21, 1981***

1. The Heads of State and Government, seriously concerned about the active support given to international terrorism through the supply of money and arms to terrorist groups, and about the sanctuary and training offered terrorists, as well as the continuation of acts of violence and terrorism such as aircraft hijacking, hostage-taking and attacks against diplomatic and consular personnel and premises, reaffirm their determination vigorously to combat such flagrant violations of international law. Emphasizing that all countries are threatened by acts of terrorism in disregard of fundamental human rights, they resolve to strengthen and broaden action within the international community to prevent and punish such acts.

2. The Heads of State and Government view with particular concern the recent hijacking incidents which threatened the safety of international civil aviation. They recall and reaffirm the principles set forth in the 1978 Bonn Declaration and note that there are several hijackings which have not been resolved by certain states in conformity with their obligations under international law. They call upon the governments concerned to discharge their obligations promptly and thereby contribute to the safety of international civil aviation.

3. The Heads of State and Government are convinced that, in the case of the hijacking of a Pakistan International Airlines aircraft in March, the conduct of the Babrak Karmal government of Afghanistan, both during the incident and subsequently in giving refuge to the hijackers, was and is in flagrant breach of its international obligations under The Hague Convention to which Afghanistan is a party, and constitutes a serious threat to air safety. Consequently the Heads of State and Government propose to suspend all flights to and from Afghanistan in implementation of the Bonn Declaration unless Afghanistan immediately takes steps to comply with its obligations. Furthermore, they call upon all states which share their concern for air safety to take appropriate action to persuade Afghanistan to honor its obligations.

4. Recalling the Venice Statement on the Taking of Diplomatic Hostages, the Heads of State and Government approve continued cooperation in the event of attacks on diplomatic and consular establishments or personnel of any of their governments. They undertake that in the event of such incidents their governments will immediately consult on an appropriate response. Moreover, they resolve that any state which directly aids and abets the commission of terrorist acts condemned in the Venice Statement, should face a prompt international response. It was agreed to exchange information on terrorist threats and activities, and to explore cooperative measures for dealing with and countering acts of terrorism, for promoting more effective implementation of existing anti-terrorist conventions, and for securing wider adherence to them.

*Issued to the press in Ottawa by Prime Minister Trudeau, chairman of the summit, on behalf of all the participants.

## ess Briefing
## Secretaries
## ıig and Regan

awa
y 21, 1981[6]

**Ve were told that the United es wanted some kind of language ne communique pointing out the ger, vulnerability, and over- endence on Soviet trade. Such uage is not in there. So why isn't nd how much of a disappointment that it's not there?**

**Secretary Haig.** I think, in the first e, what we came here to do was not ok for language in communiques rather, to have a very detailed ex- ige on the interrelationships between e with the East and, most par- arly, the Soviet Union, and the ical and security implications of trade. We are very pleased. If you refer to, I think it's paragraph 12 of communique, I think we have some specific language there and in the uage preceding it. It's not 12. I k it's in the back page of the com- ique, the penultimate paragraph. And the paragraph preceding that is isely what we were seeking. That's graphs 36 and 37. I think what's im- ant to recognize here is what we are ing about is reviewing and con- ng together to tighten up the blished procedures for controlling flow of military-related end items technology and technology-related ecurity-related trade with the Soviet on. So I can't accept the premise of r question, although I certainly erstand the reasons for it.

**Q. Then you would say that it lly makes no difference that there o such reference in there?**

**Secretary Haig.** No, I specifically r you to the two paragraphs that I mentioned, and I think you will find e is a very clear reference to it. I think you've heard a lot of guage and probably you've never n as briefed as you've been on this mit. Clearly, we are all very, very sfied with the summit because of the y of view that emerged from it. I k from the political point of view—and as you know, this is the key aspect of this summit, economics—and those discussions that were held in the margins and during meals and which were primarily political in character, I think we are extremely pleased, and the manifestation of that pleasure was contained in the briefing of the chairman of the summit yesterday afternoon, Prime Minister Trudeau. In that declaration there was a strong reference to the need for international restraint. In the conduct of international affairs there was a reference to the collective concern of the member governments about the growth in Soviet military power and in the growing proclivity of the Soviet Union to use that power. There was specific reference to the Middle East situation and the current tensions there. There was a clear manifestation of what I call the balanced exposition of what is American policy and, clearly, the unified policy of the member governments, and that is that we are seeking to maintain a military balance with the Soviet Union while being prepared for a dialogue to include the initiation of arms control talks leading toward balance and a verifiable arms control outcome.

As you know, we made reference in that statement to the CSCE conference [Conference on Security and Cooperation in Europe] in Madrid and a new initiative made yesterday by the Western powers, and specifically, Mr. Kampelman [head of the U.S. delegation to the CSCE], in which we attempt to clarify the recent French initiative designed to achieve the confidence-building measures from the Atlantic to the Urals, and we're hopeful that the Soviets will respond. There was reference to the unsatisfactory situation in Afghanistan, endorsement of the recent U.N. conference on Kampuchea, in which two-thirds of the member states of the United Nations joined in a plea for the withdrawal of North Vietnamese forces from Kampuchea and an appropriate political settlement which would reflect the will of the Khmer people.

There were references to refugees, and I think there was an extremely important separate document released by Prime Minister Trudeau on the subject of terrorism. As you know, this has been an issue that we in the United States have had a very keen interest in for an extended period of time in this Administration, and so we are very, very pleased with the consensus arrived at on that subject. And it was timely, because here we have another aircraft hijacking today.

I think, all in all, from the political point of view, we are extremely pleased from the U.S. side with the outcome of this and, most importantly, pleased at the consensus that exists between all the member governments.

**Secretary Regan.** From an economic point of view, I think the Ottawa summit was very useful and very successful. It gave President Reagan an opportunity to explain his economic recovery program. He was able to reflect on his vision of leadership and, at the same time, to express concern over economic conditions both at home and abroad.

I would say that the President remained firm in the defense of his program and in the methods that he is using—his four-point program—in order to combat inflation and to see that his program is successful.

I think the two problems that everyone expressed concern about—the two economic problems that face the world that are of the greatest importance at this moment—are inflation and unemployment. We pledged to reduce inflation, and the general consensus was that the proper ways to do it were through limited monetary growth and through controlling budget deficits. Everyone there deplored high interest rates, including the United States. We all agreed that stable foreign exchange policy was desirable. We all agree again on a liberal trade policy, saying that that was necessary for trade, not only among us but trade with the less developed nations. And we considered how we could be helpful in the area of economic help for these less developed countries.

We maintained our faith in the international financial institutions and reiterated that we should work through them. Then we talked about energy and we came back to reliance, primarily on market forces, in energy.

All in all, I would say that the results of the summit and what is in that communique hit on all fours with the President's program.

**Q. It was 1 year ago at the Venice economic summit that the Europeans got together and published their own**

**initiative on the Middle East, which would have a larger role or a role for the Palestinians. A year has passed and nothing appears to have happened on that initiative, and it did not appear to have come up during this summit. Is there some understanding between you and the Europeans that they will hold back until the United States has had a full run at the Camp David process?**

**Secretary Haig.** Not in the context of your question. I think it's important to remember that there have been a number of events over the past year which have had a somewhat slowing effect on the Camp David peace process, which is the process underway—elections here in the United States, elections in Israel, and, I think, a *de facto* consensus by all who are concerned that until these political events were behind us it would difficult to achieve progress, although some progress has been achieved—specifically the Sinai peacekeeping force arrangements that were initialed a week ago which would lead to the withdrawal of Israeli forces from the Sinai by May of next year. I would anticipate, following the meetings of the Prime Ministers to Washington, some further movement in the autonomy talks.

In the meantime, our European partners have been engaged in an essentially fact-finding process which ran well into last spring. That is what the European initiative thus far has amounted to and I think even the so-called European initiative is a misnomer. Our European partners are fully cognizant of the pace and direction of U.S. efforts and especially those recent efforts that have been taking place over the last month or so associated with the crisis in Lebanon. There were free, full, and very, very extensive exchanges between both the foreign ministers and the heads of state and government on the current situation. I had an opportunity to talk in detail to the foreign ministers about longer term aspects of the peace process.

**Q. Did you bring up the Sinai multinational force with any of these European allies, and did any of them suggest that they will be able or would be willing to contribute troops to it?**

**Secretary Haig.** Clearly that's a very sensitive question because we do not want to get a checklist of who's been asked and whom we've discussed until we have put the force together. But I can answer it to the extent that I would suggest to you, yes, there were some such discussions along those lines.

**Q. If you have now had official word about the qualified acceptance by Prime Minister Begin, reported earlier of the attempt at a cease-fire by Ambassador Habib, how do you evaluate it and how far does it go toward meeting what the United States was hoping would happen, and, finally, what contribution would that make toward a decision to resume the delivery of F-16 planes to Israel?**

**Secretary Haig.** As you know, Ambassador Habib has had several meetings with Prime Minister Begin and awaited the third meeting that he had on this round until the completion of a very lengthy cabinet meeting by the Government of Israel. Following that meeting, the Government of Israel authorized, or at least concurred in, Ambassador Habib's travel tomorrow morning to Lebanon where he will attempt to negotiate a calming of the situation and a return to normalcy.

I think that is a positive response from the Israeli Government and, therefore, we continue to have hope that Ambassador Habib is going to be able to put together a quieting framework or a situation that will enable us to achieve at least a temporary peace or a cease-fire, if you care to use that term. And that process will continue.

***. . . our West European partners welcome what they, to me, have referred to as an American awakening . . .***

What it will mean with respect to the second part of your question remains to be seen. Clearly we have seen some improvement in the military situation over the last 24 hours. There's been a very, very perceptible drop in the shellings across both sides of the border and some very limited air attack activities, as I understand it, over the last 24 hours.

**Q. In their final statements, several of the leaders—President Mitterrand, Chancellor Schmidt, among others—were still complaining, it seemed to me, about high interest rates. I wonder if you have any comment on that and also whether or not you would have anything to say about Chancellor Schmidt's suggestion that when he goes back home to Bonn, he was going to have to take new measures to respond to the fact that, unhappily or unfortunately, he said, interest rates are going to stay high for some additional time.**

**Secretary Regan.** I don't think that anyone is happy about high rates of interest. I would suggest that not only are the heads of state unhappy about it but the finance ministers are, including the head of state of the United States and the finance minister of the United States. No one likes high interest rates. We are trying, however, to get inflation down. I know of no economist in the world who can suggest a way to have high inflation and low rates of interest. Accordingly, after we got through explaining this to them and asking for suggestions if there were any from our friends who were here at the summit, they all agreed we should stick to what we're doing.

But I think that one of the better remarks was made by the head of the EEC [European Economic Community] as he was leaving and said goodbye to me. He said: "Hurry it up, will you? We can't wait too long." And I think that's the attitude that everyone has. If we would just get inflation down as quickly as possible and, therefore, interest rates down, they would be very happy.

As far as Chancellor Schmidt is concerned and what he is going to have to tell his people upon his return, each leader has to solve his own economic problems in his own way. We can offer sympathy but certainly no advice on how to handle his situation. None of us, I repeat myself, want this condition. We inherited it, and we're doing our best to overcome it.

**Q. Did Chancellor Schmidt indicate in his session with you just what sort of measures he has in mind?**

**Secretary Regan.** I got the impres

but with no definitiveness, that it d be along the budgetary lines.

**Q. You mean tighter budget sures?**

**Secretary Regan.** Yes.

**Q. There were many questions about President Reagan's ability xplain his foreign policy to the d leaders and how much support ould get for that here. How suc- ful was he? Is there more support y for America's foreign policy than there was before he came ?**

**Secretary Haig.** First let me sug- and let me assure you, now, the ident has seen, of course, Mrs. cher and Chancellor Schmidt. He not met President Mitterrand or e Minister Spadolini. He had met e Minister Suzuki and, of course, e Minister Trudeau, whom he had on two occasions.

n answering your question, I don't to accept its premise. I can assure hat our partners who are here at conference have never had any tion about America's foreign policy e President's ability to articulate it. isely the opposite. In my meetings sia at ASEAN [Association of South Asian Nations], where I met with apanese Foreign Minister and in iscussions with the Japanese ign Minister on Monday, again, this . There was clear and unusual ac- n for President Reagan's foreign y, his articulation of it, and their rstanding of it. It came up this ning at breakfast, as a matter of with the Prime Minister. That is true, clearly, with Mrs. Thatcher Chancellor Schmidt and in the case e new Italian Prime Minister and new French President. This was first opportunity, and I must tell anyone observing President gan's performance, personal perfor- ce, at this summit, could not but with a deep sense of respect and iration for his grasp of the substan- issues discussed. I'm not an omist but I know that my colleague will say that there are few men, leaders in the Western world today, have a clearer picture of where he ts to go and how he wants to get e in our economic affairs, both estic and international.

But secondly, he also reflected a very clear grasp from start to finish of the interrelationship, if you will, and the complexity of the political, economic, and security nexus which [inaudible] of all of our nations which share common values.

Thirdly, I think as an observer and on a personal observation basis, the man's ability to deal in moments of stress and tension where there are clear-

***The United States has probably been the least effective in increased levels of spending of all the NATO countries . . .***

ly potential disagreements around the table, to bring himself above those petty bureaucratic squabbles, and to set a tone which leads all participants to focus on the importance of solidarity and unity and commonness of purpose was an outstanding demonstration of our President's qualities. I don't think any of the leaders who sat down with him over these last 2 days left that experience without a profound sense of respect for the President's performance here.

**Q. Before the summit began it was considered that some of the European allies thought the President's policies toward the Soviet Union were too tough. Do you regard what happened here, and primarily and specifically the tying of trade to security and political issues, as an endorsement of the American policy toward the Soviet Union?**

**Secretary Haig.** Again, I want to be sure and emphasize my own assessment of what sometimes appears to be differences in atmospherics in the transatlantic sense, and I've had some experience in that over the last 7 years. Surely, some of the American initial rhetoric, which was such a sharp departure in a dialectic sense from previous policies of the American government, came as a different style and a different approach. In some instances, it raised concerns, especially associated with the tensions in Poland and the aftermath of Afghanistan and the great European concern about the need to get on with the task of arms control negotiations.

But let me also assure you that our West European partners welcome what they, to me, have referred to as an American awakening—an awakening which recognizes that America has a leadership role to play in this decade of the 1980s and that we had not been playing it very well in the decade of the 1970s. They are all enjoying somewhat of a sigh of relief that the American people are willing once again to pick up the burdens of international leadership in a modified way which gives greater weight to the views of our partners and which is structured on largely enhanced consultation of the kind we have just finished here.

I think the answer to your question is if you read the political summary—the chairman's summary—put out yesterday, I think you will find that it is replete with the affirmation of the kind of statements this Administration has been making and which President Reagan has been making since he arrived in Washington. I don't call that the consequence of a selling job because that's not what it was but, rather, a convergence of views among the member states, which are all threatened by the dangerous international situation we face today.

**Q. On the Middle East situation; from your comments that the situation seemed to be at least temporarily a bit better, is there some U.S. understanding in any form with the Palestinians and the Israelis that they would at least slow down their conflict at this point and, secondly, how could Ambassador Habib hope to proceed all the way to a solution if he's dealing with the Lebanese officials who may not have that much influence with the Palestinians?**

**Secretary Haig.** I think, first, there is clearly some kind of an understanding with the Government of Israel. Ambassador Habib will go to Lebanon and talk with the internal parties there, and especially President Sarkis. I don't think anyone has to play any games that there are a number of channels of communication to the Palestinian guerrillas who have been operating along the border of northern Israel. There have already been some assurances, as I understand, none that were generated by the United

States, because we are not in the business of negotiating directly with the Palestinians and have not been until certain conditions, established 6 years ago, are met, and that is that they would accept the provisions of 242 and 338.

None of this means that we are facing an impossible task; not at all; precisely the opposite. There are ways and ways of doing things in the Middle East, and we've been living through that maze for too long, I'm afraid. But nonetheless, we've been living through that maze and it is an achievable objective.

The most important thing for us all to remember is that we've had an escalating cycle of violence with increased levels of casualties, especially to noncombatants. This is a tragic situation, and it's going to require the best efforts of all. It is not going to require a departure from longstanding American policy with respect to whom we negotiate with.

**Q. Can you describe those understandings at all?**

**Secretary Haig.** You mean with Mr. Begin?

**Q. With Mr. Begin and, presumably, with the Palestinians?**

**Secretary Haig.** No. I have no understandings with the Palestinians. The U.S. Government has no understandings. I thought I made that clear. There are no understandings. There have been discussions, I know, through U.N. channels, which we have been made privy to, but they do not represent the consequence of any American negotiations or contacts with the PLO [Palestine Liberation Organization].

In the case of Mr. Begin I think we told you that we have at least had the authorization of the Israeli Government for Ambassador Habib to go on to Lebanon, to see President Sarkis and others involved, and to see what can be done to quiet down the situation which is the most important and urgent task before us.

**Q. What decided in terms of Western aid for Third World energy development? Will it be in the context of a World Bank affiliate, and what role should the OPEC nations play in Third World energy development?**

**Secretary Regan.** There was accent in the paragraphs in the communique that refer to energy—let me refer to them myself—that had to do mostly with the free market and utilization of existing organizations rather than trying for new organizations. There was a statement about nuclear energy. And the actual statement there says: " . . . in most of our countries, progress in constructing new nuclear facilities is slow.

***No one likes high interest rates . . . I know of no economist in the world who can suggest a way to have high inflation and low rates of interest.***

We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concern about safety, health, and nuclear waste management and non-proliferation . . . We will take steps to realize the potential for the economic production trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment."

What we're talking about there is there can be greater alliance on the private market system in conjunction with the World Bank rather than to set up a new affiliate. There's nothing in the communique, although the matter was discussed, to indicate the desire on the part of those attending the summit to start out anew with a separate energy affiliate.

**Q. In terms of the nuclear energy, does that also include helping underdeveloped nations develop their nuclear energy capacity?**

**Secretary Regan.** Where that is feasible, although in most cases that is not needed where other methods of improving their energy condition can be used rather than nuclear.

**Q. Yesterday Prime Minister Trudeau said that if he had to draw a conclusion from the summit, it would be that the Americans have been sensitized to the effect of their policies on their partners. Would you comme on that? Do you agree with that?**

**Secretary Regan.** That's a good word, "sensitized." I thought we were sensitive to their feelings about high ir terest rates long before the summit. They did reemphasize it at the summit We did get a greater understanding—more personal understanding—of wha their problems are. And, as we make decisions in the future affecting our economic policies—naturally now that we know them better and that we've talked to them and have understood their problems better—we will take those into consideration as we make o own policies.

**Q. Do you feel you've been given deadline to do something on interest rates?**

**Secretary Regan.** No, we don't. They just kept saying do it as quickly possible. President Mitterrand told us that he had problems concerning unemployment in France that would soon reach a critical stage and he hop that long before that, we would be abl to get our interest rates down because he thought then the rest of the world could have lower interest rates and th in turn, would help small business in France, which in turn would help his unemployment problem. The connectio is there.

**Q. Before you sent the message yesterday from the President to Prir Minister Begin suspending the shipments of the F-16s, how many other messages had gone from you t Prime Minister Begin?**

**Secretary Haig.** I don't make it a habit of outlining the numbers of messages other than I can tell you the was another message that day.

**Q. The reason I ask is that befor the Israeli official announcement which you have, it referred to Begin reporting to the cabinet his conversa tion with Habib and also the persona messages—plural—from Secretary o State Haig.**

**Secretary Haig.** That's what I thi I just answered. There was a message the morning. There was a message in the night, both of which were approve by the President in full conformance with his wishes.

**Q. Can you tell us what was in the ssage?**

**Secretary Haig.** I hope you will some sympathy for my reluctance o so. We would have no diplomacy if were to engage in that kind of activi-

**Q. The earlier message that you send to Prime Minister Begin, did espond to that one? To the one re the suspension of the F-16s?**

**Secretary Haig.** Yes, in effect, of se. We're in constant touch with our assy in Israel. We know precisely n a message has been delivered and the reaction to the message was the response. Sometimes we get a formal response. Sometimes we in a fast-moving situation, thing less than that. don't know where you're driving, t's a very foggy speculation.

**Q. In the direction that you owledged. I was driving toward earlier message which you would share and asked for sympathy, h I offered, and [laughter] that's re I was driving.**

**Secretary Haig.** That's what I call a ry at the end of a 2½ day summit. ghter]

**Q. Before the start of this con- nce, serious questions were being ed about the future strength of the nce. What specifically do you n when you say that the con- nce has been successful? Can you us some assessment of the future do you feel the alliance is going to ther the current economic and tical storms?**

**Secretary Haig.** I will take a piece then I will ask my colleague to take her piece, which involves the ec- nic leg of the question. With respect to the alliance, this was an alliance gathering, but rather the alled seven plus one. As you know, alliance would involve 15 of our TO member states. But, in essence, I k, clearly—and this would force me eflect back to the Rome ministerial NATO and the political summary ed upon here—that the consistency the unity of purpose and the darity of outlook and concern are reassuring factors in the Atlantic community today. I must add that this summit was unique and that we had our main Pacific partner also participating and also sharing a commonality of view and outlook and concern.

All of that suggests some reason for optimism. The security aspects of the alliance have been a focus of mine for almost 7 years, as you know. And I think, steadily, over those 7 years, there has been an awakening, if you will, of the dangers facing us commonly in the military terms and a somewhat strengthened dedication to deal with those dangers in a more integrated and effective way. I left NATO 2 years ago absolutely convinced that the integration of the alliance had achieved levels never before achieved.

The United States has probably been the least effective in increased levels of spending of all the NATO countries for a rather prolonged period—someone said a 20% drop in real term spending by the American Government over the last decade.

Our West European partners, on the other hand—while they're not doing as much as we'd all like to see—have been generally more responsive and have moved up in their levels of expenditure. One who lives in West Germany today might say: "Well, we've been carrying a heavy burden for an extended period," and, indeed, they have, but that's not unique. All of these things would suggest that there is a keen awareness on the part of the alliance as a whole that we are facing dangerous times. One of the great complications and aggravations in dealing with the political- and the security-related aspects of our problem is the economic, and I'd like Don to comment on that.

***. . . the knitting together of the nations, to me, was the most important aspect from an economic point of view.***

**Secretary Regan.** From the point of view of the economic side, I would say that we came away from here more in agreement than I would have imagined as the summit started.

The finance ministers got along exceedingly well. We had several very frank, very open, you might almost phrase it as no-holds-barred, type of discussion. It was very free-wheeling, in which the questions arose about each other's economies and each other's political and economic—mainly economic—philosophies were discussed and the methods of arriving at conclusions as to how to handle the various economic problems that confront the world today.

From that, we drew the conclusion—and incidentally, you know that 80% of the gross national product of the free world was represented at this summit among the seven finance ministers who sat down together—that we understood what each other was doing and our mutual independence.

Let's take just the subject of trade as an example. There we realized that some of the export subsidies and some of the internal, hidden subsidies that are going on in promoting trade among each other were damaging all of us and that this was something we should try to work to eradicate.

When you can reach that type of conclusion with the finance ministers, this will be reflected in what our—as we call them—our masters and one mistress would have to say. From the point of view that the free world has to get together in order to solve these problems mutually, there's no way that one country can do it on its own.

Chancellor Schmidt reminded us of something; if this were taking place in the 1930s, first of all, there probably wouldn't even be such a conference among such a group of nations. Secondly, certainly we wouldn't be on a first name basis. And thirdly, we would not under any conditions have agreed to try to help each other out from an economic point of view. In those days it was beggar-thy-neighbor rather than what we have today—mutual understanding and mutual cooperation.

From the point of view of this summit, the knitting together of the nations, to me, was the most important aspect from an economic point of view.

**Q. Judging by the communique and the content of our briefings, there's been limited discussion of Poland at this summit. I wonder if that reflects a belief on the part of the**

**leaders that the danger of a Soviet invasion has passed, and beyond that was there any discussion among the economic ministers and the foreign ministers of how to solve Poland's economic crisis?**

**Secretary Haig.** The answer to that is yes in both instances. There were rather extensive discussions among the foreign ministers on the subject of Poland, and these assessments were shared in the margins by the heads of state and government as well and I know by the finance ministers.

With respect to the situation in Poland, I think there is a definite sense of relief that the recent party congress was permitted to proceed peacefully on the terms decided by the Polish people. There was an unprecedented secret ballot which selected the new membership—political leadership—in Poland, and that represents well over a 90% turnover. The character of that turnover is yet to be manifested and the days ahead will be a reflection of that, but it looks like a continuation of the moderating trends.

All of these things, I want to underline, are the business of the people of Poland, and from that point of view I think we are all encouraged that this process has taken place. There was great concern expressed, both in economic and, more importantly I suppose in the near term because of the interrelationship with the political, of the dire economic situation in Poland today. There were many exchanges of view among the leaders in the bilaterals and the multilaterals and among the foreign ministers with respect to developing a consensus that we in the Western world are going to have to help Poland.

There are many ways under which that will take place, from food transfer to economic support. Don, would you care to comment?

**Secretary Regan.** From our point of view, we discussed how our representatives were getting along, discussed the Polish debt, the rollover of the Polish debt, both principal and interest. We discussed the role of the private banks and how they were progressing in their talks with Poland regarding their loans. We also discussed the effects on our nations of this Polish loan question and further aid—whether we could afford it, how it could be done, things of that nature.

Let me at this point make a very definite statement. No conclusions were reached. This is a process that is in development, and it's a process that must continue, not only now but in the future as well.

**Q. What was the Japanese response to calls for freer trade, and can you detail changes in export subsidies and internal hidden subsidies?**

**Secretary Regan.** The Japanese said they were for free trade. As a matter of fact, Prime Minister Suzuki made quite a statement on this subject. He was listened to very carefully. There were some questions put to the Japanese regarding some of their trading practices. They answered them that they welcomed foreign investment in Japan, that they recognized that some manufacturing companies and some service companies had difficulty in selling in the Japan market. They thought this was because they didn't understand the Japanese consumer. They thought that there was very little impediment from the governor's point of view standing in the way of free trade.

**Q. Do you agree with that? Are you in accord with that?**

**Secretary Regan.** We had our own points of view which we stressed to them on the necessity for things that we thought could be done to make it a more open trade. We recognize that Japan has a favorable balance of trade, not only with the European nations but with us as well. We thought that there is more they could be doing to alleviate that condition.

**Q. And can we expect any changes because of the summit—with Japan, trading with Japan?**

**Secretary Regan.** I wouldn't want to put my finger specifically on it and point to any changes in the near future, but I think it's something that Japan will definitely start considering as far as its long-range economic policies are concerned.

**Q. You might have heard the Soviet press commentaries on the U.S. approach to the summit, saying that you are trying to line up your partners to pursue a cold war policy against the Soviet Union. Do you have any comment on that?**

**Secretary Haig.** Why, of course. [Laughter] I suppose for many years we've been exposed to that kind of pro aganda. If one would reflect back over the last 5 years, the problems that hav developed between East and West, an the United States and the Soviet Unio in particular, have been with few exce tions—and there have been a few—th consequence of Soviet international ac tivity, in Africa, Angola, Ethiopia, southern Yemen, northern Yemen, an Afghanistan in the first instance wher puppet ruler was installed and in the second instance when an unprecedente invasion occurred in that country; Kar puchea where the Soviet Union supported the invasion of a neighboring country by some 200,000 North Vietnamese troops who occupy Kampuche today; the stepping up of insurgency supported by Eastern bloc weapons; a subversion and training in this hemisphere. It would hardly be an obj tive witness who would not suggest th it is time that the United States and those of us in the Western world who share our values suggest to the Soviet Union leadership that this kind of inte national activity is a risk to internatio peace and that if they hope to enjoy t benefits of normal intercourse with th West—and I clearly believe they do—and trade, political, nuclear arms control, and a whole host of other int faces, that it's time that we had some understanding on this activity.

We made it very clear and we hav from the outset, we are prepared to s down and negotiate these differences. All we need is an indication that the other side is willing to do so. We discussed at this conference the recen visit of the British Foreign Minister, Peter Carrington, to Moscow, where resurfaced and highlighted the Europ Community initiative on Afghanistan, which would seek a withdrawal of So forces and self-determination for all o the people. It's disappointing that the Soviet leadership did not respond positively.

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[1]Held in the Old Executive Office Building (press release 245 of July 21, 198

[2]Held at the Montebello press center (press release 241 of July 20).

[3]Administration officials gave press br ings after the President's bilateral meetin the texts of which were issued as White House press releases.

[4]Text from White House press release

[5]Held at the National Arts Center (tex from White House press release).

[6]Held at the Skyline Hotel (press relea 247 of July 22).■

# ews Conference of June 16 (xcerpts)

. . . .

**Last month you told graduates at re Dame that Western civilization transcend communism and that mmunism is, in your words, "A sad, arre chapter in human history ose last pages are even now being tten."**

**In that context, do the events of last 10 months in Poland con- tute the beginning of the end of iet domination of Eastern Europe?**

**A.** What I meant then in my arks at Notre Dame and what I eeve now about what we're seeing tie ether. I just think that it is im- sible—and history reveals this—for form of government to completely y freedom to people and have that go nterminably. There eventually comes end to it. And I think the things re seeing, not only in Poland but the orts that are beginning to come out Russia itself about the younger eration and its resistance to long- e government controls, is an indica- that communism is an aberration. not a normal way of living for nan beings, and I think we are seeing first, beginning cracks, the begin- g of the end.

**Q. Have you learned anything in past 10 days that would support ael's contention that its attack on Iraqi nuclear plant was defensive? t was defensive, was it proper? If vasn't defensive, what action ould the United States take beyond demnation?**

**A.** I did make a statement in which ondemned that and thought that re were other options that might ve been considered—that we would ve welcomed an opportunity, for ex- ple, to try and intervene with the nch who were furnishing the nuclear l and so forth.

I can't answer the last part of your stion there about future action, ause this is still under review. Under law I had to submit to the Congress fact that this did appear to be a lation of the law regarding American apons that were sold for defensive poses. But I've not heard back yet m the Congress, and that review is yet complete.

On the other hand, I do think that has to recognize that Israel had reason for concern in view of the past history of Iraq, which has never signed a cease-fire or recognized Israel as a nation, has never joined in any peace effort for that—so, in other words, it does not even recognize the existence of Israel as a country.

But I think the biggest thing that comes out of what happened is the fact that this is further evidence that a real peace—a settlement for all of the Mideast problems—is long overdue, that the area is torn by tension and hostility. We have seen Afghanistan invaded with the Soviets, Iran invaded by Iraq, and that was in violation of a treaty. Lebanon's sovereignty has been violated routinely. Now this latest act. And I think that what it should be is a compelling move—and this I have stated to the representatives of several Arab countries—a compelling reason why we should once and for all settle this matter and have a stable peace.

**Q. But in this case, can you say was it—do you think now that it was a defensive move? Are there any—anything which indicates that yet?**

**A.** No, I can't answer that, because, as I say, this review has not been completed. But what I would have to say is I think, in looking at the circumstances that I outlined earlier, that we can recognize that very possibly in conducting that mission, Israel might have sincerely believed it was a defensive move.

**Q. A couple of times in recent weeks your staff has told us that you were not quite ready to make a major foreign policy address and declined the opportunity to do so. In light of recent events in the Middle East and in Eastern Europe, have you given some serious thought to a foreign policy program across the board, and, if so, could you give us today some of the outlines of your foreign policy beyond your often-expressed determination to stand up to the Soviets?**

**A.** There seems to be a feeling as if an address on foreign policy is somehow evidence that you have a foreign policy, and until you make an address, you don't have one. And I challenge that. I'm satisfied that we do have a foreign policy.

I have met with eight heads of state already, representatives of nine other nations. The Secretary of State is making his second trip and is now in China and is going to meet with the ASEAN [Association of South East Asian Nations] in the Philippines and then go on for a meeting in New Zealand. The Deputy Secretary of State has been in Africa and is now returning by way of Europe. I have been in personal communication by mail with President Brezhnev.

I don't necessarily believe that you must, to have a foreign policy, stand up and make a wide declaration that this is your foreign policy. I've spoken about a number of areas. We are going forward with a program—a tripartite program—dealing with Central America and the Caribbean. We have tried to deal with various areas of the world—both Asia, Africa, and in Europe. And so as to an address, I definitely did not do one at commencements, because I happen to believe, as I said at Notre Dame, that it has been traditional for people in my position to go and use a graduation ceremony as a forum for making an address that was of no interest particularly or no connection to the occasion but just for wide dissemination. And I thought that the young people who were graduating deserved a speech, whether good or bad, that was aimed at them.

**Q. Several of the Mideast leaders, most particularly Syria, say that because of the Israeli raid and the U.S. response to it that envoy Habib's [Philip C. Habib, the President's special emissary to the Middle East] peace mission is virtually eliminated, that it's permanently damaged. Do you agree with that, and if so, why not?**

**A.** I hope it isn't. I know that he's still there, and he has left Saudi Arabia now for Damascus. And I think that he's done a miraculous job so far when you stop to think that when we sent him there, they literally had the weapons cocked and ready for war. And it's been several weeks now, and no war has happened. It would be just further tragic evidence if this latest happening should turn this off. But until he comes home and says, "I give up," why, I'm going to believe that we can do it.

**Q. How appropriate do you believe is Israel's decision not to sign the Nuclear Nonproliferation Treaty and not to submit to inspections by the International Atomic Energy Agency?**

A. I haven't given very much thought to that particular question there, the subject about them not signing that treaty or, on the other hand, how many countries do we know that have signed it that very possibly are going ahead with nuclear weapons. It's, again, something that doesn't lend itself to verification.

It is difficult for me to envision Israel as being a threat to its neighbors. It is a nation that, from the very beginning, has lived under the threat from neighbors that they did not recognize its right to exist as a nation.

I'll have to think about that question you asked.

**Q. What do you think the proper role of the United States is in preventing the spread of nuclear weapons and nuclear weapons technology?**

A. Our position is—and it is unqualified—that we're opposed to the proliferation of nuclear weapons and do everything in our power to prevent it. I don't believe, however, that that should carry over into the development of nuclear power for peaceful purposes. And so, it increases the difficulty, if you're going to encourage the one, because you have at least opened a crack in the door where someone can proceed to the development of weapons.

But I'm not only opposed to the proliferation of nuclear weapons, but, as I've said many times, I would like to enter into negotiations leading toward a definite, verifiable reduction of strategic nuclear weapons worldwide.

. . . .

**Q. Every President since Dwight Eisenhower seems to believe that if the Soviet Union and the United States actually get into a shooting war, say, in Europe, it can't be contained and it would spread to a thermonuclear war. Do you agree?**

A. It's a frightening possibility, and history bears it out. If we want to look for one little bit of optimism anyplace, the only time that I can recall in history that a weapon possessed by both sides was never used was in World War II—the use of poison gas. And possibly it was because the weapon was available to both sides. But the weapons are there, and they do extend to the battlefield use as well—the tactical weapons as well as the strategic.

And I have to believe that our greatest goal must be peace, and I also happen to believe that that will come through our maintaining enough strength that we can keep the peace.

**Q. I ask the question, because I suppose that your defense stategy depends on whether you think if the Soviets invade Western Europe, a tactical nuclear war could be fought there and contained, or whether you think that it would spread inevitably to a thermonuclear exchange. What do you think?**

A. I thought I answered it. I try to be optimistic and think that the threat of both sides would keep it from happening, and yet, at the same time, as I say, history seems to be against that, that there comes a moment in desperation when one side tries to get an advantage over the other.

. . . .

**Q. As you know, the Israeli Government has made the threat that it might take military action to wipe out the Syrian missiles in Lebanon. If that were to be done against our wishes, would you consider that a violation of the terms of the laws under which the Israelis have obtained those weapons?**

A. This one's going to be one, I'm afraid, that I can't answer now as to how—I would hate to see this happen. They're defensive weapons. There's no question about the direction in which they're aimed. I'm speaking now of the Syrian weapons. This would end our prospects for trying to bring peace to Lebanon, I know.

We're going to use every effort we can to see that they, on either side—that there isn't a firing of those missiles.

. . . .

**Q. Secretary Haig, as you know, announced in China today that the United States is lifting its ban against lethal weapons sales to the People's Republic of China. I want to know if you would explain to the American people why you've decided to help the People's Republic of China rearm militarily and how you think the Soviet Union will react to your action?**

A. I don't know how the Soviet Union will react, but all we have done is—with the People's Republic of China we've wanted—and I've said for a long time—to improve relations with them, move them to the same status of many other countries and not necessarily military allies of ours, in making certain technology and defensive weapons available to them. And I think this is a normal part of the process of improving our relations there.

. . . .

**Q. You said earlier that you strongly oppose the proliferation of nuclear weapons. Yet at the same time, you are asking Congress to waive an American law so that Pakistan, which has refused to sign the Nuclear Nonproliferation Treaty can receive $3 billion in American ai Do we have any assurances from Pakistan that they will not seek to build an atomic bomb?**

A. Let me just say with regard to Pakistan—and I won't answer the last part of the question—we have had a long-time treaty with Pakistan in a mutual aid pact. But Pakistan is also i a very strategic position now in view c what has happened to Afghanistan. A I believe it is in our best interest to be supportive of Pakistan.

. . . .

**Q. How do you assess the curren situation in Poland? And the second part of that is whether the warming up of relations, especially in the strategic military area with China, h any connection in your mind with events in Poland?**

A. No, I don't see any connection between China and what's going on in Poland. I think the Poland situation is going to be very tense for quite some time now. The Soviet Union is faced with a problem of this crack in their once Iron Curtain and what happens i they let it go. But on the other hand, what is going to be the impact if they take a forceful action? The impact on the rest of the world, I think, would b tremendous in the reaction that would come from all the—

**Q. The point of my question wa that there was a list being made up the Pentagon of weapons which mig be supplied to China in the event tha the Soviets invaded Poland. There h been a connection drawn by General Haig and others that one way to det the Soviets in Poland is to make it clear that they might have to pay by increased American aid to China. Do that exist in—**

A. These might have been contingencies that were discussed. Certain they are not policy in our Administration.

**Q. Returning once to that questi of lifting of the lethal arms sales shipments to China, does that affect any way our relationship with Taiwa and if so, how? Does that move us in any direction either to or away from the government of Taiwan?**

# ice President Visits Paris and London

*Vice President Bush departed hington June 23, 1981, to confer with ich and British Government of- ls. He was in Paris June 24–25, in don June 25–26, and arrived back in hington June 26. On June 27 he to California to meet with Presi- Reagan.*

*Following are statements the Vice ident made in Paris after his lunch- with President Mitterrand at Elysee ace, his new conference in London, his news conference in California after his meeting with President gan.*

### ATEMENT, RIS, NE 24, 1981

ould like to very briefly characterize discussion with President Mitterrand rank, friendly, and constructive in blishing a better understanding of government's policies and his erstanding of the broad economic foreign policy objectives of Presi- t Reagan.

We talked a lot about the economic ation. President Reagan is looking vard to meeting President Mitter- d. They will, of course, meet at the awa summit and at Cancun, but we very hopeful of another visit as well.

Of particular interest was our ussions regarding the upcoming Ot- a summit—my explanation of our ninistration's economic intentions goals with particular emphasis on problem that is plaguing us and con- ning our French friends, of interest es. This is an area of particular con- n, very articulately explained to me President Mitterrand.

The subject of security problems in Middle East was also discussed, and it is not an overstatement to say that we found many, many areas of agreement.

Our European allies are sovereign nations. The decisions on how they are governed rest with their citizens and with their elected representatives. However, the position of the United States on the subject of Communist participation in the governments of our allies is well known. This participation is bound to cause concern, but having said that, I do want to emphasize at the conclusion of these remarks that the talks were warm, productive, and I expect them to continue in that fashion throughout the day. I would be remiss if I didn't express my deep personal appreciation to the President of France for his extraordinary courtesy shown to me as Vice President of the United States.

### NEWS CONFERENCE, LONDON, JUNE 26, 1981

Let me just say that we've had a very good visit, and I want to take this opportunity to thank the Prime Minister for an extraordinarily hospitable dinner last night, [British Foreign Secretary] Lord Carrington for his generous amount of time allocated to what I think was a very useful exchange of views. I leave here at the conclusion of a very quick trip—1 day in Paris, 1 day in London—with a renewed sense of confidence about the alliance. Our visit here has been most reassuring, and I hope that is reciprocal in every way. We covered, with Lord Carrington, almost—not every, but almost—every issue one can think of. I had an opportunity for a rather private visit with the Prime Minister and that also was most useful, most relaxed. I would be remiss if, before taking your questions, I didn't express my gratitude and my thanks to everyone involved in this visit.

**Q. I assume you discussed the Middle East with Lord Carrington, who'll be the head of the Common Market initiative in the Middle East, and I was wondering what impression you got as to how active a role Western Europe plans to take in the Middle East this year and whether it conflicts with what the United States is trying to do.**

**A.** Let me answer the second part first. I see no conflict at all. It is hard to quantify on something as difficult as the Middle East—a degree of initiative—but we see no incompatibility between the European Community initiative and the Camp David process.

**Q. We've heard that there is an increasing amount of alarm being expressed in Washington about what sometimes is called the growing pacifist movement in Europe at the moment, particularly in West Germany and the Benelux countries, and, as you know, the Labor Party here is committed to unilateral disarmament. Could you give us your thoughts on that? Are you worried about that?**

**A.** I don't think we're so worried about it because we do feel that the governments involved will keep NATO commitments. I think you're right that a concern has been expressed in the past on this subject, but I've seen nothing on this trip to alarm me and to make me go back with any heightened degree of concern on that.

**Q. On the subject of real commitments, as you probably know, the British Government is moving toward a reduction in surface ships in its Navy in the Eastern Atlantic. Is there any concern that this will leave a gap in Britain's NATO commitment?**

**A.** We're more inclined, I think, to look at the positive aspects of it, which show that in the face of financial difficulties here—just as we have them at home—the commitments are being kept. I expect that the question you most understandably ask will be discussed not by me in a public forum but by our Secretary of Defense and the Minister of Defense, and I expect these will be through negotiations accommodation. The thing to emphasize is not the negative aspects of this story but the positive aspects and that is that the United Kingdom is keeping its commitment.

**Q. [Inaudible but the subject was the rapid deployment force in the Persian Gulf area.]**

**A.** I think everyone who is here is familiar with the U.S. policy on this. I've been in multilateral diplomacy from time to time, and I've seen resolutions passed, come and go; nobody is going to

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**A.** No, and I have not changed my ling about Taiwan. We have an act, a , called the Taiwan Relations Act, t provides for defensive equipment ng sold to Taiwan as well as other ngs in the relationship. And I intend live up to the Taiwan Relations Act.

. . . .

xt from Weekly Compilation of Presiden- Documents of June 22, 1981.■

inflict upon governments external force. That is not our goal with the rapid deployment force, but we have many friends in that area and we have obligations in that area and I, again without being Pollyannish about it, am not inclined to look for difficulty over a resolution. We will do what the President of the United States and our Secretary of Defense has indicated, and if there is cooperation here so much the better. But I wouldn't read too much into multilateral pronouncements. We take them very seriously, but we also have strong bilateral relationships in the area, and we have commitments that involve international waters, for example, where we act within international law and that could well encompass certain parts of this rapid deployment force concept.

**Q. Is there any link between the agreement now to put American troops into the Sinai area being enforced and plans for, say, a rapid deployment force?**

A. No, I wouldn't say there is linkage. I'd look at this Sinai force as a step toward peace, a fulfillment of the Camp David accords which we feel very strongly about.

**Q. If I may look back at your visit to France, I see that Mr. Cheysson has spoken of an error of evaluation on the part of the U.S. Administration about the presence of Communists in the government. Could you comment?**

A. In the first place, the story I read today was quite inaccurate, talking about a statement made after I left Paris—Mr. Cheysson's interview—unless there was another one. It took place on a radio station—one of these drive-time radio stations—before I left, and, very frankly, as is his style—and very courteously I might add—the Foreign Minister discussed this statement with him, and I've indicated over there the U.S. position. I just have a feeling that when all sides understand each other that there won't be in the French situation the complications that some might think. You had a more specific part to your question, and if you'd ask it again I'll try to be a little more specific.

**Q. Could you comment on Mr. Cheysson's reported remarks in a radio interview that there was an error of evaluation "by the United States Administration about the composition of the French Government"?**

A. I think that there was a very helpful effort by President Mitterrand and by the Foreign Minister to explain exactly what it is they were doing in this regard, and I would not plead guilty to any error of evaluation. I do think that given the time they gave me to explain this the best thing would be not to fully air it here but to go back and discuss with our President and our Secretary of State the position explained to me in great detail by President Mitterand and by the Foreign Minister. I don't think that there is an error of evaluation on our part. I do think that they were very forthcoming and that the most confidential discussion we had, when their positions are explained and evaluated, that it will be very helpful to our government. I would not plead guilty to any error of evaluation.

**Q. Why is it taking your government so long to get into arms limitation talks with the Russians?**

A. I am not sure it's taking so long. This is a good opportunity to explain our view. In the first place, you have noted in theater nuclear forces a willingness to negotiate. On strategic arms limitation, the President's views—you've got to go back to the campaign, because there is an odd thing about this President; he intends to do what he said he would do and keep his word to the American people. What he said he'd do is to be prepared to negotiate and to negotiate for a reduction in nuclear weapons and one that is totally verifiable. We have not been enthusiastic about SALT II; that's very well known. That's something that in our country was just a matter of continuous discussion. That does not mean, however, as some of our friends think here and at home, that we are not prepared to negotiate. The President also, when he talks about negotiation, does feel that there should be a wide array of subjects to be negotiated. There is another point and that is that we are determined to correct the trends that have set in—the adverse trends—in terms of military strength. I can't give you a definitive date or time, but I can tell you that there is nothing changed in the President's willingness to talk along the broad lines that I have outlined here today.

**Q. The European Community has put forward a proposal for negotiations with the Soviet Union on Afghanistan. Do you think there should be any linkage between those talks that come about and theater nuclear forces discussions?**

A. I would refer you, I think, to th Community on that initiative and to se their views. But as it was explained to me, there was no linkage foreseen; tha is an EC initiative. The answer to your question I think should best come from them.

**Q. There have been reports that the United Kingdom is seeking logistical facilities with the rapid deployment force from Pakistan as part of the new military aid package to that country. Would you like to comment?**

A. No, I would not like to commen on that.

**Q. On the question of Namibia which you discussed with Lord Carrington, how do you reconcile your Administration's seeking some kind preelection constitutional agreement with the Security Council plan which the five Western partners still support?**

A. Our view was that our plan would advance Security Council Resolu tion 435. Our plan is that what we wan is a settlement in Namibia, and we wa some progress. We have already passe a resolution—435—but we felt in takir the initiative that we did, admittedly with not too much success, that we we advancing the cause of settlement, not obstructing it. It does seem to us, and believe that the United Kingdom woul agree with this and I know others agre with it, that there has to be some guarantee of constitutional rights. Tha was what we were trying to do at the United Nations. I was Ambassador at the United Nations and, without being too critical, we passed many resolution there where everyone knew nothing w going to happen. This contributed to th irrelevance of the United Nations in some ways. I made a speech on this in New York before the U.N. Association or 3 weeks ago. Now I am more of a critic of the United Nations than I was there but I'm more of a supporter. Our support, which is not personally what I think, but the U.S. Government suppor can be much greater if we feel that the United Nations can take meaningful multilateral initiatives, do something that's going to effect something. That, fact, is what we were trying to do rather than simply reiterate an old posi tion. I really think we're trying to bring things forward in what we were doing there at the United Nations.

**Q. Did the subject of Northern Ireland come up in your talks?**

**A.** Yes. During the course of yester-, I had a good explanation of the ernment's position on that. I think ryone here is familiar with the U.S. tion.

**Q. Since last September talks have n going on in Madrid on European urity. Do you think this exercise been productive from the Western nt of view and how much longer is United States prepared to allow it ontinue?**

**A.** I'll be honest with you. I don't w the answer to your question. I 't know how—I can't quantify the ree of the productivity of that ting. I'm sorry, I just can't help you t, and it's a lack of reading up on it.

**Q. We've heard various versions, nely from Israel, about the United tes knowing that Iraq is working an atomic bomb or knowing that it t. What did the United States w, and when did it know it?**

**A.** Again, I feel that we said at the ted Nations, in this instance really, that constructively needs to be said ut that event. I don't think it would useful to go into a charge and ntercharge, to be more responsive to ery penetrating question on who w what and what papers—alleged ers—that are classified said or didn't . I don't think I can be helpful to you that. The United States, as you w, took the position in condemning act that it did not approve of. I'll ve it there, and that probably says te a bit about all the facts to the case.

**WS CONFERENCE, INT MUGU NAVAL AIR STATION, NE 27,1981**

ist had a good visit at the ranch with President—reported to him on our to France and to England, filled him on a visit that I had with Phil Habib ilip C. Habib, the President's special issary to the Middle East], who flew k with us from England with a very ef stop in Ireland. Then we discussed ittle bit of our forthcoming visit to the ilippines which, in a sense, is remonial, but also I will be having ateral meetings with the Prime nister of Thailand, I believe with Lee an Yew of Singapore, and probably e Foreign Minister of Japan, Mr.

**Vice President Bush and French President Mitterrand.** (White House photo)

Sonoda. We talked about those forthcoming meetings, and that was the purpose for my visit here. I'll be glad to respond to a few questions.

**Q. What did you tell him about the Communist participation in the French Government and how we should relate to it and what should be our policy?**

**A.** We have a policy and that is not to intervene in the internal affairs of France. We expressed concern. I had a long, very frank, very cordial discussion with the President of France. The U.S. Government has stated its position, and there's no point in restating its position.

France is a strong ally of the United States, and we're going to work closely with France. That's what I'm sure the President wants, and that's the way it's going to be.

**Q. There's an open wound with the U.S.-French relations now. The Minister of France for External Affairs has said, in so many words, "please mind your own business."**

**A.** I think France probably would prefer that we not express concern about what they view as an internal matter. Our concerns relate to external matters, and I don't happen to believe there's any open wound. And I'll bet you President Mitterrand doesn't believe there's an open wound. Everybody's positioned now on this question. I can tell you I've had a very long visit not just with him but with the Prime Minister and with the Foreign Minister, Cheysson, and I just don't happen to agree that there's any open wound. There may be a little difference here and there, but some of it's their business and some of—if it has international aspects and affects U.S. policy then it's ours.

**Q. [Inaudible] the U.S. position is "unacceptable."**

**A.** Don't believe that without seeing it in the total context. I talked to him at length, and if he's changed his position within the last 48 hours, all I can do is tell you what it was like when I was there. And I just can't believe that he feels that our overall relations with them are unacceptable or what position he doesn't accept—I just don't believe it.

**Q. What can you tell us about the progress, or the lack thereof, of the Habib mission?**

**A.** I really would prefer for Phil to mention it, but you know, in the first place the President feels, and I concur totally, that Phil Habib has done a very, very good job. He went there with that whole situation very, very tense, and I'm not suggesting that the matter is resolved, but I think he deserves a great deal of credit for the diplomacy that he performed in lessening tension. I don't think there's no end in sight on this thing, but I do believe that he is owed a vote of thanks so far for keeping the matter defused.

There's a lot of discussions with him that I'm sure the Secretary of State will

have as to when he goes back and what happens from here on, but that's about all I can say about it.

**Q. The President is not on record yet with his views of the French Government. What did he tell you today?**

**A.** I can't tell you what I discussed, what the President said in various words. The position of the United States is stated on the French situation. Are you referring to the make-up of their cabinet?

**Q.** Yes.

**A.** We have expressed ourselves on that, and the views expressed by the State Department reflect the President's views, so that's all I can say. But he's not hyping that. There are so many other areas of common grounds with France, and we're not talking about this one thing. What we should also focus on is the fact that President Mitterrand has made some statements in the area of foreign policy that we very much support and taken positions that the United States very much supports. I think we have a tendency to take a point of possible difference and highlight it, and that overshadows the common ground.

The relations with France are extremely important to us and they're fundamental and they are deep and they're strong, and those are the points I want to make here—not just to emphasize the points of difference.

**Q. Are you convinced that Britain is going to live up to their commitment to NATO with the 3% increase [in military spending] in real terms each year?**

**A.** So far we're quite encouraged about that, and the British have certainly stated very recently their intentions to do that. France itself, without details of percentages, I think, has a very realistic view of the problems that the free world faces—the Soviet Union. And I'm heartened. If you look at what President Mitterrand said in his campaign, I think he's quite realistic about Soviet intentions.

**Q. Did you discuss with President Mitterrand the access of secret NATO information—Communist members of his government? You didn't ask for any—**

**A.** No, I did not discuss that.

**Q. There were reports in Washington that the U.S. Government was reassured that those defense secrets would be—**

**A.** I'm not going to go into those kinds of details. I can't see any usefulness to expand on what we've said and I'm just not going to go into it further.

Clearly, the United States is not pro-Communist, and I believe that President Mitterrand in France is not pro-Communist. But what you get into beyond that—I mean, if you see a communist government in NATO, which we don't have in France, that would cause us tremendous concern. Our expression of concern relates to eventualities beyond where France stands right now.

**Q. Did you receive any reassurances from President Mitterrand that he would not tell any NATO secrets to these Communists?**

**A.** I feel very strongly that President Mitterrand is quite realistic about the Communist Party, which he's been running against for a long, long time.

**Q. Mr. Cheysson has just recently indicated that France is going to rebuild the Iraqi reactor. Was that a subject of your talks with him?**

**A.** No. That didn't come up, and I'm not familiar with that position.

**Q. Would that be a matter of concern?**

**A.** No.

**Q. From time to time we hear of repressions in the Philippine Government, in a sort of pictorial manner at times about President Marcos. Are you going to discuss this with him in any way?**

**A.** I don't know whether we'll even have bilateral discussions with the President. This is a very ceremonial occasion, but we want better relations with the Philippines.

We noticed, quite hearteningly, that they have removed martial law, they've had elections, and when we have human rights differences with countries, we'll, I think, feel free to at least express the position of the United States. But I think you're going to see that done much more quietly than it's been done in the past. We believe that that's the way to affect change, maybe not beating our breast about it out there in public, but the President feels strongly that the way to affect change is to make forceful representations—to sometimes do it quietly. But I would think this would not be the case for that.

**Q. Can we take your trip to mean that the Reagan Administration fully approves the way Marcos' government is handling things now?**

**A.** Let me tell you what to take the trip to mean—that we want to improve relations with the Philippines, that we have historically good and strong relations with the Philippines. It's gone through some ups and downs, and it's our intention to demonstrate from this that we do want better relations with them—that we view them as a very important friend in the Pacific, and we need more friends in the Pacific. That's the way I view it.

**Q. When you were in London, did you discuss with Mrs. Thatcher the Thatcher government announcement about major restructuring of the British Navy—that is, diverting money from conventional ships to Trident submarines? And what's your view of that that you brought back?**

**A.** Not with her, but I did discuss that. I had an additional meeting with Mrs. Thatcher, meetings with [Foreign Secretary] Peter Carrington, and then saw Mr. Nott, Defense Minister and others in the British Government at a luncheon. But, generally, we're pleased that they're keeping their commitment. But this is a matter how—what forces are—they aren't able to do as much with. That's a matter that has been discussed with the Defense Department between their Defense Minister Nott and [U.S. Defense Secretary] Cap Weinberger. I really think he'd be better qualified. We didn't go into that much detail on it.

**Q. Is it the American intention to take up the slack which will be created by the diversion of funds for British Trident?**

**A.** No, we didn't go into that kind of detail at all in the subject of defense. It was more very broad brush on that. We didn't go into that.

**Q. There's still some comments about lack of foreign policy in the Reagan Administration while you were gone. Did you find comments abroad in terms of wanting some definition of some announcement, some findings of where the Reagan Administration stands?**

**A.** No, not on a question of whether there's any foreign policy. But there were plenty of questions about different areas of the world—what the

esident's view was on them, which I ink you'd expect in any foreign visit. t I didn't find the suggestion that ere was no foreign policy.

**Q. Were they unclear where the dministration's values were?**

**A.** Perhaps they're more clear now.

**Q. Why?**

**A.** Because I answered a lot of estions. Just like I wish everybody re might be, but I don't know.

**Q. What do you think the ecretary of State meant when he said te other day that our relations with fe People's Republic of China has en steadily on the decline for the st 3 years?**

**A.** I've not talked to him. And I ink what he was talking about is at—I know from my own experience China—they have been concerned in e past, and I'm not here to condemn r predecessors or anything like that, what they have felt has been an realistic assessment of Soviet inten-ns. And so perhaps it was that area at the Secretary was addressing mself. I've not talked to Al on that ce I've come back here.

**Q. Did the President talk about e Haig trip at all? There's been some estion about their meeting the other y.**

**A.** We talked about the trip, yes.

**Q. Did the President feel that it as a triumph when he talked about ?**

**A.** We didn't talk about winning and sing, but I think he feels it was a suc-ssful visit, yes.

**Q. Could you elaborate on what u said about the meeting in the hilippines—those specific questions at you want to take up?**

**A.** No, but those people will be ere and what we're doing is setting up bilateral with them. I mean, the ecretary covered a lot of ground in the SEAN [Association of South East sian Nations] meeting. But I am one ho firmly believes that the United tates has a very useful role to play in e Pacific. I also believe the more high-vel contact we have with these coun-ries, particularly those that I named, e more useful it can be. I think they'll e interested in exchanging views on what's happening in Europe and other places. There's no set agenda if that's your question. I think it will be a wide discussion of interests of common concern.

**Q. Do you think that we should arm China against Russia?**

**A.** My view is you don't play the China card. I think there's a demeaning concept in that in terms of our relations with the People's Republic of China, our relations with the Soviet Union, and anybody else. We're not playing a card—do something to make somebody else do something different. That's not the foreign policy of President Reagan as I understand it, and I don't believe that is what is involved. I think the Secretary of State's discussion on that matter—that this was a natural evolution as relations develop—is a very clear explanation of what it is we're trying to do.■

# Visit to the Philippines

*Vice President Bush departed the United States June 27, 1981, to head the U.S. delegation to the inauguration of President Ferdinand Marcos of the Philippines. He was in Manila June 29–July 1 and returned to Washington June 3.*

*Following are the Vice President's arrival statement, his luncheon toast, and his statement to the press after the luncheon with President Marcos.*

**ARRIVAL STATEMENT,**
**MANILA,**
**JUNE 29, 1981**

I want to express my pleasure and that of our entire delegation at being here in the Philippines, your wonderful country, to represent the United States at the inauguration of President Marcos.

For me and other members of the delegation, I can say that it is a real honor and it is a pleasure to be here, and we are made doubly welcome by having Mrs. Marcos, the first lady, and my good and dear personal friend, Foreign Minister Carlos Romulo, here to greet us. You honor us; you both honor us.

Our two peoples have much in common. We share deep and longstanding ties and affection for each other, and our mutual esteem and friendship have remained firm over the years. We both aspire to peace and prosperity for mankind—aspirations that President Eisenhower reflected when he summarized the basic message of Jose Rizal, the Philippine national hero whose monument I plan to visit today. He expressed that message in these words: "Filipinos, Americans, forever strengthen your brotherhood. Forever grow together in knowledge; in wisdom; in your faith as a people of God . . . for all peoples' good and His glory."

For more than three decades we have worked together fruitfully and harmoniously to enhance the security of both our countries, and I know we can count on each other to continue to do so. You may also be assured that we respect the important work that the Philippines is doing with its fellow members in the Association of South East Asian Nations (ASEAN) in enhancing peaceful cooperation in the region and in speeding its economic development.

For any American a visit to the Philippines has a special significance. We are always aware of the great courage, dedication, and sacrifices of the Philippine people who have done more than their share in facing aggression whenever it threatened freedom. You have stood shoulder to shoulder with us in peace and war, and we can never, never forget that. It is a particular honor for me to be here as a representative of my country to participate in the inauguration of your President. I look forward to my stay here and to the opportunity to meet with President Marcos, members of the government, and the Philippine people.

**LUNCHEON TOAST,**
**MANILA,**
**JUNE 30, 1981**

I am delighted to be here representing our President. We feel the same kind of proximity that you very generously talked about in your toast. And you, rhetorically, asked why do we stand and have stood traditionally close to the United States, and you very generously recounted some of the principles that our country feels so strongly about.

It's that, but I also hope when those children who were there to greet us at the airport yesterday asked the question why do we stand close to the United States, that, indeed, they will understand our values, but that they'll also know that part of the answer is because we stand with the Philippines. We stand with you.

And our President, our country has a deep commitment in the Pacific; a great respect not only for the Philippines but for the other ASEAN countries. We love your adherence to democratic principle and to the democratic processes. And we will not leave you in isolation to the degree we have any vibrant strength—it would be turning our backs on history if we did.

I couldn't help but notice as I went to my bedroom last night, the medals that were modestly displayed—but displayed nevertheless—in a corner of the room, and I saw the Silver Star, Distinquished Service Cross, and the Purple Heart, and many, many others—President Marcos' service to freedom and to our country.

Standing there with Foreign Minister Romulo, I think also of the same history and dedication and sacrifice. One million of 16 million Filipinos giving their lives for freedom.

And so we are pleased and privileged to be here today. You have honored this delegation by singling us out—of all your distinguished foreign visitors—and it means a great deal to us, and it will to my President when we get back there and tell him about it. But with no further ado, I would like to again say thank you. I would like to try to tell you what the relationship between these two countries means to us, and, more than that, it's got to mean to those countries that treasure freedom.

And so I would propose that we drink a toast, celebrating the inauguration of Ferdinand Marcos as President, drink a toast to the President, to the first lady, and to the great and lasting friendship between the American people and people of the Philippines.

**Vice President Bush and Philippine President Marcos.** (White House photo)

## STATEMENT TO THE PRESS, MANILA, JUNE 30, 1981

I just want to make a very brief report on our activities so far. We have just concluded a very lovely luncheon given by President and Mrs. Marcos for the U.S. delegation. I had there an opportunity to express to them our gratitude, not just for that but for so many courtesies shown us here.

I also had an opportunity to tell President Marcos that it is the intention of the Reagan-Bush Administration, and of President Reagan, to improve and strengthen relations with the Philippines, to take into consideration at all times the importance of the ASEAN countries, to recognize that we have not diminished our interest in fulfilling our responsibilities in the Pacific area, and, indeed, to make sure he understood tha we want to help where can with the reforms and the development that he talked about in his inaugural address.

We were privileged to be here; I mean that from the bottom of my heart and, indeed, we really have been accorded great hospitality. We look forward to this evening and then we are pushing off tomorrow and heading back to the States after seeing some of our military activities in this area. But it ha been a most enjoyable visit so far.■

# rms Control for the 1980s: n American Policy

*Secretary Haig's address before the reign Policy Association in New York July 14, 1981.*[1]

want to say I'm very, very pleased to e an opportunity to talk again before Foreign Policy Association. I've al- s believed that an effective policy oad must be the product of support for policy here at home. And this asso- ion and its activities have clearly e a major contribution to that re- rement here in America. It has always pened the issues for the American ple and enabled them to decide for nselves on these fundamental issues. l it is just such an issue that I would to discuss today, and that is the vi- important issue of the future of arms rol in this decade of the 1980s facing ericans. There is hardly a subject ch enjoys or is a focus of greater in- national attention, especially recently, ng our allies in Western Europe, and good cause.

This is true because we are living in ge when man has conceived the ns of his own destruction. The su- ne interest of the United States has n to avoid the extremes of either nu- r catastrophe or nuclear blackmail. inning with the Baruch plan, every sident has sought international eement to control nuclear weapons to prevent their proliferation. But Chief Executive has also recogniz- hat our national security and the rity of our allies depend on erican nuclear forces as well.

President Reagan stands in this trad- n. He understands the dangers of un- ked nuclear arms. He shares the uni- sal aspiration for a more secure and eful world. But he also shares the ersal disappointment that the arms rol process has delivered less than it promised.

One of the President's first acts was rder an intense review of arms con- policy, the better to learn the lessons he past in the hope of achieving more ing progress for the future. Two fun- ental conclusions have emerged from review.

**First,** the search for sound arms con- agreements should be an essential nent of our program for achieving and ntaining peace.

**Second,** such agreements can be reached if negotiations among adversaries about their national security interests are not dominated by pious hopes and simplistic solutions.

The task of arms control is enormously complex. It must be related to the nation's security needs and perspectives. Above all, arms control policy must be seen in the light of international realities. As Churchill put it: "You must look at the facts because they look at you." An American arms control policy for this decade must take into account the facts about our security and the lessons that we have learned about what works—and what does not work—in arms control.

Despite the extraordinary efforts at arms control during the 1970s, the world is a less secure place than it was 10 years ago. We began the process with the expectation that it would help to secure the deterrent forces of both the United States and the Soviet Union. But Moscow's strategic buildup has put at risk both our crucial land-based missiles and our bombers. Simultaneously, the Soviets have continued a massive buildup of conventional forces and have used them with increasing boldness. Their armies and those of their surrogates have seized positions that threaten resources and routes critical to Western security.

We cannot blame our approach to arms control alone for our failure to restrain the growth and use of Soviet power. The Soviet Union did not feel compelled to agree to major limitations and adequate verification in part because the United States did not take steps needed to maintain its own strategic and conventional capabilities. Nor did we respond vigorously to the use of Soviet force. The turmoil of the 1960s, Vietnam, and Watergate all contributed to this passivity. As a result, the basis for arms control was undermined. We overestimated the extent to which the Strategic Arms Limitation Talks would help to ease other tensions. We also underestimated the impact that such tensions would have on the arms control process itself.

This experience teaches us that arms control can only be one element in a comprehensive structure of defense and foreign policy designed to reduce the risks of war. It cannot be the political centerpiece or the crucial barometer of U.S.-Soviet relationships, burdening arms control with a crushing political weight. It can hardly address such issues as the Soviet invasion of Afghanistan, the Iran-Iraq war, the Vietnamese invasion of Kampuchea - which is the subject of our U.N. conference here this week—the Libyan invasion of Chad, or Cuban intervention in Africa and Latin America. Instead, arms control should be an element—a single element—in a full range of political, economic, and military efforts to promote peace and security.

### Principles

The lessons of history and the facts of international life provide the basis for a realistic set of principles to guide a more effective approach to arms control. All of our principles are derived from a recognition that the paramount aim of arms control must be to reduce the risks of war. We owe it to ourselves and to our posterity to follow principles wedded exclusively to that aim.

**Our first principle is that our arms control efforts will be an instrument of, not a replacement for, a coherent allied security policy.** Arms control proposals should be designed in the context of the security situation we face, our military needs, and our defense strategy. Arms control should complement military programs in meeting these needs. Close consultation with our allies is an essential part of this process, both to protect their interests and to strengthen the Western position in negotiations with the Soviet Union.

If, conversely, we make our defense programs dependent on progress in arms control, then we will give the Soviets a veto over our defenses and remove their incentive to negotiate fair arrangements. Should we expect Moscow to respect parity if we demonstrate that we are not prepared to sacrifice to sustain it? Can we expect the Soviets to agree to limitations if they realize that, in the absence of agreement, we shall not match their efforts? In the crucial relationship between arms and arms control, we must not put the cart before the horse. There is little prospect of agreements with the Soviet Union that will help solve such a basic security problem as the vulnerability of our land-based missiles until we demonstrate that we have the will and the capacity to solve them without arms control, should that be necessary.

**Our second principle is that we will seek arms control agreements that truly enhance security.** We will work for agreements that make world peace more secure by reinforcing deterrence. On occasion it has been urged that we accept defective agreements in order "to keep the arms control process alive." But we are seeking much more than agreements for their own sake. We will design our proposals not simply in the interest of a speedy negotiation but so that they will result in agreements which genuinely enhance the security of both sides.

That is the greatest measure of the worth of arms control, not the money saved nor the arms eliminated. Indeed, valuable agreements can be envisioned that do not save money and that do not eliminate arms. The vital task is to limit and to reduce arms in a way that renders the use of the remaining arms less likely.

Just as arms control could not aim simply at reducing numbers, so it should not try simply to restrict the advance of technology. Some technological advances make everyone safer. Reconnaissance satellites, for instance, discourage surprise attacks by increasing warning and make verification of agreements possible. Submarines and other means of giving mobility to strategic systems enhance their survivability, reduce the advantage of preemptive strikes, and thus help to preserve the peace. Our proposals will take account of both the positive and the negative effects of advancing technology.

Whether a particular weapons system, and therefore a particular agreement, undermines or supports deterrence may change with the development of other weapons systems. At one time, fixed intercontinental ballistic missiles (ICBMs) were a highly stable form of strategic weapons deployments, but technological change has altered that. We need to design arms control treaties so that they can adapt flexibly to long-term changes. A treaty that, for example, had the effect of locking us into fixed ICBM deployments would actually detract from the objectives of arms control.

**Our third principle is that we will seek arms control bearing in mind the whole context of Soviet conduct worldwide.** Escalation of a crisis produced by Soviet aggression could lead to a nuclear war, particularly if we allowed an imbalance of forces to provide an incentive for a Soviet first strike. American foreign policy and defense policy, of which arms control is one element, must deter aggression, contain crisis, reduce sources of conflict, and achieve a more stable military balance—all for the purpose of securing the peace. These tasks cannot be undertaken successfully in isolation one from the other.

Soviet international conduct directly affects the prospects for success in arms control. Recognition of this reality is essential for a healthy arms control process in the long run. Such "linkage" is not the creation of U.S. policy: It is a fact of life. A policy of pretending that there is no linkage promotes reverse linkage. It ends up by saying that in order to preserve arms control, we have to tolerate Soviet aggression. This Administration will never accept such an appalling conclusion.

**Our fourth principle is that we will seek balanced arms control agreements.** Balanced agreements are necessary for a relationship based on reciprocity and essential to maintaining the security of both sides. The Soviet Union must be more willing in the future to accept genuine parity for arms control to move ahead. Each agreement must be balanced in itself and contribute to an overall balance.

Quantitative parity is important, but balance is more than a matter of numbers. One cannot always count different weapons systems as if they were equivalent. What matters is the capacity of either side to make decisive gains through military operations or threat of military operations. Agreements that do not effectively reduce the incentives to use force, especially in crisis situations, do nothing at all to enhance security.

**Our fifth principle is that we will seek arms controls that include effective means of verification and mechanisms for securing compliance.** Unverifiable agreements only increase uncertainties, tensions, and risks. The critical obstacle in virtually every area of arms control in the 1970s was Soviet unwillingness to accept the verification measures needed for more ambitious limitations. As much as any other single factor, whether the Soviets are forthcoming on this question will determine the degree of progress in arms control in the 1980s.

Failure of the entire arms control process in the long run can be avoided only if compliance issues are clearly resolved. For example, there have been extremely disturbing reports of the use chemical weapons by the Soviets or th proxies in Afghanistan and in Southea Asia. With full Western support the United Nations is now investigating t issue of chemical weapons. Similarly, i the spring of 1979, there was an extra dinary outbreak of anthrax in the Sov city of Sverdlovsk. Despite continued probing, we still await a serious Sovie explanation as to whether it was linke activities prohibited under the biologi weapons convention.

**Our sixth principle is that our strategy must consider the totality the various arms control processes a various weapons systems, not only those that are being specifically neg ated.** Each U.S. weapons system mus understood not merely in connection v a corresponding Soviet system, but ir lation to our whole strategy for deter the Soviets from exploiting military f in general. In developing our theater clear arms control proposals, for exan we should consider the relationship of theater nuclear forces to NATO's over strategy for deterring war in Europe cannot overlook the fact that our Eur pean strategy has always compensate for shortfalls in conventional capabilit through a greater reliance on theater strategic nuclear forces. If we are to less on the nuclear elements in the fu ture, the conventional elements will h to be strengthened.

### Prospects

What then are the prospects for arms control in the 1980s? We could achieve quick agreements and an appearance progress if we pursued negotiation fo own sake or for the political symbolis continuing the process. But we are co mitted to serious arms control that tr strengthens international security. Th is why our approach must be prudent paced, and measured.

With a clear sense of direction an dedication to the serious objectives of arms control, this Administration will strive to make arms control succeed. will put our principles into action. We conduct negotiations based on close co sultation with our allies, guided by th understanding that our objective is en hanced security for all of our allies, no just for the United States. We will wo with the Congress to insure that our a

rol proposals reflect the desires of our le, and that, once agreements are tiated, they will be ratified and their ementation fully supported. We will ly with agreements we make, and ill demand that others do likewise.

By the end of the year, the United es will be embarked upon a new arms rol endeavor of fundamental im- ance, one designed to reduce the et nuclear threat to our European al-

The impetus for these negotiations s back to the mid-1970s when the ets began producing and deploying a e new generation of nuclear systems gned not to threaten the United es—for their range was too short— o threaten our European allies. e new weapons, and in particular the ly 3,000-mile-range SS-20 missile, not just modernized replacements lder systems. Because of their much ter range, their mobility, and above neir multiplication of warheads on missile, these new systems pre- ed the alliance with a threat of a new r of magnitude.

The pace of the Soviet buildup is in- sing. Since the beginning of last year, Soviets have more than doubled their 20 force. Already 750 warheads have deployed on SS–20 launchers. The et Union has continued to deploy the -range Backfire bomber and a whole y of new medium- and short-range ear missiles and nuclear-capable air- . This comprehensive Soviet arms lup is in no sense a reaction to 'O's defense program. Indeed, NATO very little as this alarming buildup ressed.

In December 1979 the alliance finally onded in two ways. First, it agreed eploy 464 new U.S. ground-launched se missiles in Europe and to replace nedium-range Pershing ballistic mis- already located there with modern- versions of greater range. Second, alliance agreed that the United States uld pursue negotiated limits on U.S. Soviet systems in this category.

This two-track decision represents icit recognition that arms control not succeed unless it is matched by a r determination to take the defense sures necessary to restore a secure nce. On taking office, as one of its foreign policy initiatives, this Ad- istration announced its commitment oth tracks of the alliance decision— loyments and arms control. Last May, Rome, we secured unanimous alliance orsement of our decision to move ad on both tracks and of our plan for ng so.

Since then I have begun discussions in Washington with the Soviet Ambassador on this issue. When I meet with Soviet Foreign Minister Gromyko at the United Nations this September, I will seek agreement to start the U.S.-Soviet negotiations on these weapons systems by the end of this year. We would like to see the U.S. and Soviet negotiators meet to begin formal talks between mid-November and mid-December of this year. We intend to appoint a senior U.S. official with the rank of Ambassador as our representative at these talks.

Extensive preliminary preparations for this entirely new area of arms control are already underway in Washington and in consultation with our NATO allies in Brussels. Senior U.S. and European officials will continue to consult after the beginning of U.S.-Soviet exchanges. We and our allies recognize that progress can only come through complex, extensive, and intensive negotiations.

We approach these negotiations with a clear sense of purpose. We want equal, verifiable limits on the lowest possible level on U.S. and Soviet theater nuclear forces. Such limits would reduce the threat to our allies and bring to Europe the security undermined today by the Soviet buildup. We regard the threat to our allies as a threat to ourselves, and we will, therefore, spare no effort to succeed.

We are proceeding with these negotiations to limit the theater threat within the framework of SALT—the Strategic Arms Limitation Talks designed to limit the nuclear threat to the United States and to the Soviet Union. In this area, too, we have initiated intense preparations. These preparations must take into account the decisions we will take shortly on modernizing our intercontinental ballistic missiles and our strategic bombers.

In the course of 10 years of SALT negotiations, conceptual questions have arisen which must be addressed. For instance, how have improvements in monitoring capabilities, on the one hand, and new possibilities for deception and concealment, on the other, affected our ability to verify agreements and to improve verification? Which systems are to be included in a SALT negotiation, and which should be discussed in other forums? How can we compare and limit the diverse U.S. and Soviet military arsenals in the light of new systems and new technologies emerging on both sides?

In each of these areas there are serious and pressing questions which must be answered to insure the progress of SALT in the 1980s and beyond. Only in this way can SALT become again a dynamic process that will promote greater security in the U.S.-Soviet relationship. We are determined to solve these problems and to do everything necessary to arrive at balanced reductions in strategic arsenals on both sides.

We should be prepared to pursue innovative arms control ideas. For example, negotiated confidence-building measures in Europe could provide a valuable means to reduce uncertainty about the character and purpose of the other side's military activities. While measures of this sort will not lessen the imperative of maintaining a military balance in Europe, they can reduce the dangers of miscalculation and surprise.

We are eager to pursue such steps in the framework of a European disarmament conference based on an important French proposal now being considered at the Madrid meeting of the Conference on Security and Cooperation in Europe. We call upon the Soviets to accept this proposal, which could cover Soviet territory to the Urals. As we proceed in Madrid, we will do so on the basis of a firm alliance solidarity, which is the key to bringing the Soviets to accept serious and effective arms control measures.

Our efforts to control existing nuclear arsenals will be accompanied by new attempts to prevent the spread of nuclear weapons. The Reagan Administration is developing more vigorous policies for inhibiting nuclear proliferation. We expect the help of others in this undertaking, and we intend to be a more forthcoming partner to those who share responsibility for nonproliferation practices. Proliferation complicates the task of arms control: It increases the risk of preemptive and accidental war, it detracts from the maintenance of a stable balance of conventional forces, and it brings weapons of unparalleled destructiveness to volatile and developing regions. No short-term gain in export revenue or regional prestige can be worth such risks.

It may be argued that the "genie is out of the bottle," that technology is already out of control. But technology can also be tapped for the answers. Our policies can diminish the insecurities that motivate proliferation. Responsible export practices can reduce dangers. And international norms can increase the cost of nuclear violations. With effort we can help to assure that nuclear plowshares are not transformed into nuclear swords.

In sum, the United States has a broad agenda of specific arms control efforts and negotiations already underway or soon to be launched. The charge that we are not interested in arms control or that we have cut off communications with the Soviets on these issues is simply not true.

The approach I have discussed today stands in a long and distinguished American tradition. We are confident that it is a serious and realistic approach to the enduring problems of arms control. The United States wants a more secure and a more peaceful world. And we know that balanced, verifiable arms control can contribute to that objective.

We are also confident that the Soviet leaders will realize the seriousness of our intent. They should soon tire of the proposals that seek to freeze NATO's modernization of theater nuclear weapons before it has even begun, while reserving for themselves the advantages of hundreds of SS–20s already deployed. They should see that the propaganda campaign intended to intimidate our allies and frustrate NATO's modernization program cannot and must not succeed. Arms control requires confidence, but it also requires patience.

Americans dream of a peaceful world, and we are willing to work long and hard to create it. This Administration is confident that its stance of patient optimism on arms control expresses the deepest hopes and the clearest thoughts of the American people.

It is one of the paradoxes of our time that the prospects for arms control depend upon the achievement of a balance of arms. We seek to negotiate a balance at less dangerous levels but meanwhile we must maintain our strength. Let us take to heart John F. Kennedy's reminder that negotiations "are not a substitute for strength—they are an instrument for the translation of strength into survival and peace."

[1]Press release 233.■

# Secretary Haig Visits China: Attends ASEAN and ANZUS Meetings

*Secretary Haig departed the United States June 10, 1981, to visit Hong Kong (June 12–14), Beijing (June 14–17), Manila (June 17–20) to participate in the foreign ministers' meeting of the Association of South East Asian Nations (ASEAN), and Wellington (June 21–23) for the 30th meeting of the ANZUS (Australia, New Zealand, United States pact) Council. He returned to the United States (Hawaii) on June 23 and on June 25 was in Los Angeles to report on his trip to the President.*

*Following are the Secretary's remarks and news conferences made on various occasions during the trip, as well as the text of the communique issued at the conclusion of the ANZUS meeting.*

## BANQUET TOAST, BEIJING, JUNE 14, 1981[1]

Nearly 10 years ago, it was my pleasure to visit your country, and I am proud to have participated in the historic renewal of contacts between the United States and the People's Republic of China. Our rapproachement was based on strongly held national interests, and the intervening years confirmed that judgment. Contacts between our two nations have grown, friendship has flowered, and mutual advantage has been served. Our relations are now firmly based on the joint communique that normalized our diplomatic ties.

Four American Presidents—including President Reagan—have attached the highest importance to the development and expansion of friendly relations with your government. Our cooperation serves our mutual interests—it is essential to peace and stability, not only in the Asia-Pacific region but also to the world. I have come to China in recognition of this fact.

Chinese-American cooperation is all the more important today, when we confront serious threats to peace and tranquility, your statesmen have been warning of the dangers of aggression for some time. You have long argued for concerted action to prevent such dangers.

President Reagan has pledged th the United States, working with its allies and friends, will act with coura and consistency to resist aggression. this effort, the United States conside China to be a close and valued friend Our national interests are parallel in many respects; our policies can often complement each other. We regard China's strength, security, and well-being as fundamental to the global balance that is the basis for our own security.

The President is committed to th steady strengthening of our relations was my honor today to explore with ways to achieve this objective. I look ward to further discussions, both wit you and other Chinese leaders in the days to come.

In this spirit, I propose a toast t the health of China's leaders; to your health, Mr. Vice Premier; and to gro ing friendship and cooperation betwe the peoples and governments of our countries.

## BANQUET TOAST, BEIJING, JUNE 16, 1981[2]

I arrived here in the spirit of friends born of common interests. American policy and Chinese policy are both rooted in an objective appraisal of strategic realities. My discussions wi you, with Vice Chairman Deng, Pren Zhao, Vice Premier Geng, Vice Prem Bo, and others have confirmed that appraisals of the international situati are, indeed, very similar and, therefo that the prospects for our bilateral re tions are bright.

We have achieved this converger of views despite the fact that our peoples seek collective well-being an dividual fulfillment on different path But neither of us seeks to extend our economic or social systems by force, our relations are based on mutual respect. Thus I am convinced that wi patience and far-sighted statesmansh the differences history has bequeathe us can be peacefully resolved. As we proceed to build closer ties based on common interests, we stand together

desire to work toward a world order
ed on equality and mutual respect
ng nations.
In the 1980s, the prospects for such
orld order are under challenge. From
end of Asia to the other—in Kam-
nea, Afghanistan, and the Middle
t, in Europe, in Africa, in Central
erica and the Caribbean—the hard-
independence of smaller nations is
opardy. Our talks have shown that
ericans and Chinese can work
ther to oppose efforts by other na-
s to achieve global or regional
emony. It is imperative that we con-
e to consult closely with each other
ell as with our respective friends
allies. The United States is com-
ed to do so.
During my visit, I assured China's
ers that we intend to develop our
tions in accordance with the joint
munique on the establishment of
omatic relations between us. This
was of unusual significance. It
led us to dispel misapprehensions
to convey the resolve of the United
es, under President Reagan's leader-
, to further expand cooperation be-
n our two nations. During the past
ys, a solid basis has been laid for
ificant progress in every field—in
nomic and technological cooperation,
efense, and in the development of
mon approaches to international
es of mutual concern.
On many of the key international
es of the day our policies and posi-
s complement each other and are
closely aligned. We share the con-
on that the future of Poland,
hanistan, and Kampuchea must be
rmined by the peoples of those coun-
s. Where aggression has occurred,
stand together with the peoples of
occupied nations in demanding an
mediate, complete, and unconditional
drawal of all foreign forces.
My discussions with you and other
ese leaders over these last few days
e been among the most productive of
experience. I am confident that
na—and the United States—will do
t is necessary to insure that indepen-
t nations—great and small—can pur-
their aspirations for a better life in
ce. These talks have advanced our
ity to coordinate our efforts in every
ere to this end.
I will bring this important message
he next stop on my journey—the
eting of the foreign ministers of the
ociation of the South East Asian Na-
s. The ASEAN governments lead
the international efforts to turn back foreign-supported aggression in Southeast Asia. They seek a region free of great power rivalry, a goal supported by both the United States and China.

In my meeting shortly thereafter with our allies in the South Pacific, I shall tell them that China and the United States share with them a common determination to preserve the peace of the Asian-Pacific region.

Finally, I will report to the President and to our allies and friends that U.S.-China relations are strong and improving.

It is now my honor to propose a toast: to the health of all the Chinese leaders with whom I have held such fruitful talks during my visit; to the health of all here tonight; to the friendship and close cooperation of the United States and China; and to world peace.

## NEWS CONFERENCE, BEIJING, JUNE 16, 1981[3]

I came to China to clear the air, dispel some misapprehensions, and convey the President's desire to inject new momentum into our bilateral relationship with China. Specifically, I came to discuss with leaders of China major developments in the global strategic environment, regional issues of mutual concern, and some bilateral questions.

My discussions over the past 3 days have been unusually productive. They confirmed the importance we attach to high-level contact with the leaders of the People's Republic. They also bore out my expectation that we face important opportunities for moving our cooperative ties with China on to a new plateau.

With regard to international issues, it is apparent that the strategic realities which prompted reconciliation between the United States and China more than a decade ago are more pressing than ever. U.S. and Chinese perceptions of the international situation have never been closer. Our common resolve to coordinate our independent policies in order to limit the Soviet Union's opportunities for exploiting its military power has, likewise, grown stronger. It is clearer that China appreciates the steps taken by President Reagan to restore our military power, reinvigorate our alliances and ties to friendly nations, develop equitable relations with Third World countries, and place our economy on a sound footing.

With respect to regional issues, we found that we shared objectives on virtually all issues, even though our tactical approaches may differ on some. Naturally, much of our discussion focused upon the challenges posed by the Soviet Union and its proxies in Afghanistan and in Indochina. We shared a common determination to prevent the pressure of other events from deflecting attention away from this twin strategic challenge. Our objectives in both areas coincide—above all, in our resolve to press for the complete withdrawal of foreign military forces from Afghanistan and Kampuchea.

On other issues, where our approaches differ to some extent as in the Middle East and southern Africa, the discussions were useful in narrowing the range of disagreement.

On bilateral issues we made genuine progress. Regarding Taiwan, I explained that the unofficial relationship which has characterized the contacts between the people of the United States and the people of Taiwan since normalization of relations with the People's Republic of China will be continued, and this was understood.

I underscored our intent to promote the evolution of our bilateral relations with China on the basis of principles embodied in the joint communique on normalization. We discussed a number of specific ways in which cooperation can be expanded to our mutual benefit.

- I conveyed the President's intent to treat the People's Republic as a friendly nation with which the United States is not allied but with which it shares many interests.
- I informed them of the Administration's intent to introduce legislation amending U.S. laws which lump the P.R.C. with the Soviet bloc.
- I outlined some changes in export control procedures which we hope will facilitate expanded trade with China.

There were a number of other more specific results of these discussions.

- I extended, on behalf of President Reagan, an invitation to Premier Zhao Ziyang to visit the United States. Premier Zhao accepted the invitation and will visit our country sometime next year. Premier Zhao also reconfirmed his invitation to President Reagan to visit the People's Republic.
- As you may know, some of our oil companies have been concerned about possible problems of double taxation because of the way the Chinese tax code

is written. I raised these concerns, and Bo Yibo welcomed my suggestion that U.S. tax experts visit China to discuss the matter, which is of potentially great significance to future foreign investment in oil exploration.

• With respect to economic cooperation, the Chinese and we agreed to hold the second joint economic committee meeting, headed by Treasury Secretary Regan and Vice Premier Bo Yibo, in China this autumn.

• Bo Yibo also responded positively to the suggestion that a separate joint U.S.-P.R.C. commission on commerce and trade be established and agreed to consider a specific proposal at an early date.

• I said in Hong Kong that I was not coming to China on an arms selling mission. But we did agree that exchanges between our respective defense establishments would continue to expand. And Vice Chief of the PLA [People's Liberation Army], Liu Huanqing, will bring a delegation to the United States in August.

• With regard to consular matters, we reached agreement on an exchange of notes that will enable the P.R.C. to open an additional consulate in New York and the United States to open one in Shenyang.

Because of our heavy schedule of official discussions, my colleagues and I had no opportunity to explore the world-famed classical attractions of Beijing. That extremely pleasant experience fell to my wife, who visited the Palace Museum, Great Wall, Ming Tombs, Summer Palace, and an experimental elementary school. She was also particularly pleased to have had an opportunity to meet with Madame Kang Keqing, Vice Chairman of the National People's Congress and Vice Chairman of the All-China Women's Federation.

I would also like to pay tribute to the many Chinese friends and American colleagues who worked so hard and so effectively to assure the success of this visit. I believed it was unusually significant and successful. It foreshadows the prospect that President Reagan's Administration will be marked by a major expansion of Sino-American friendship and cooperation.

**Q. You said the Chinese understood your policy on Taiwan. Did they accept it?**

**A.** I think the issue is best explained by the words that I used. They understand it.

**Q. Were you able to assure the Chinese that the United States will not sell advanced fighter planes to Taiwan, or what position did you take on that question?**

**A.** It is clear that the subject of arm sales to Taiwan is a very sensitive issue with the People's Republic of China, and these issues were discussed. But this is neither the time nor the place to go further into that matter beyond the statement I have just made.

**Q. Did you discuss with them what to buy, or is that something that will occur when the Deputy Chief of Staff—is that who you said is coming to Washington?**

**A.** The PLA's joint staff. Clearly there were discussions revolving around this subject, but, as I emphasized in Hong Kong and continued to emphasize during the visit, we were not here to discuss the details associated with the provision of armament sales or arms-related technology. I would anticipate that this will be explored in some depth by the Chinese delegation that will visit Washington. As I have emphasized repeatedly in the past, each issue will be dealt with on a case-by-case basis following the necessary coordination with affected allies and with the American Congress.

**Q. Did you have any answer for them on these computers that are being held up at the Pentagon?**

**A.** No, I don't know which computers you're talking about. You're talking about the census-related computers; that issue has already been resolved. It was before we came.

**Q. What was the resolution?**

**A.** They will be provided. We're talking about the census computer.

**Q. You said there's going to be the effect of relaxation of trade restrictions. Could you give us an idea of what items the Chinese will be able to buy that they wouldn't have been able to buy before, and what items they may, in fact, be interested in purchasing?**

**A.** That's very difficult to be specific on. I would say, in general, there would be substantial loosening up of dual-use technology. That's the common phrase used to describe some high technology items. It will remain to be seen what the Chinese side might be interested in, and then again we would deal with each request on a case-by-case basis. No, in context of armaments unless it's arm related but on a case-by-case basis within the established procedures in bureaucracy. But the instructions to American bureaucracy have already gone out, and they will have the effe of loosening up former restrictions maybe in the order or magnitude as twice as loose.

**Q. I don't understand the term dual-use technology.**

**A.** There are a number of compu related and electric-related items whi have an application in both the comm cial and potentially the military field that's the area where usually there's most sensitivity in COCOM [Coordinating Committee for East-West Trade Policy] and other restriction areas.

**Q. Before you came, China saic would make a strong response if th United States continued to sell weapons to Taiwan. After your dis sions here, what is your understan ing? Will they make a strong respo to continued weapons sales?**

**A.** I've said that this is a very se sitive issue here, and we conducted s discussions on it. I think both sides understand one another, and that's f enough.

**Q. Has a decision been made i connection with the visit of the De ty Chief of the Joint Staff to Washington that the United States ready to provide or sell lethal arms nonlethal or some kind of military equipment other than technological equipment to China besides specifi items? Has a policy been made that this man would come to Washingto to discuss what he might be interes in buying?**

**A.** Basically munitions-list restri tions will be removed in general and specific Chinese requests will be considered in conjunction with appropria consultation with affected allies. Tha means, in general, that there is a loo ing up over what has been previous policy which was affected by munitio list restrictions.

**Q. Are you able to outline in general terms what type of equipm you are talking about?**

**A.** I would view that this questio serves no useful purpose to get out ahead of reality. We may find that th Chinese side is not particularly in-

sted in arms purchases. We may that it is interested in some arms would be imprudent to provide at juncture. On the other hand we alize the evolution of this relation- that will be slow and measured and ent and that would represent close dination by both parties. That n't answer your question because question can't be answered, but it give you some general guidelines pproach.

**Q. Are you thinking in terms of ng China in a category such as regards Yugoslavia which ob- sly still regards itself as a Com- ist country but is eligible for cer- end items?**

**A.** With, of course, the special in- luality of the People's Republic of a being the overall criteria as well.

**Q. Did you get any specific indica- from the Chinese that they too that these meetings were un- lly productive? I ask that because close reading of Foreign Minister ng Hua's response to your toast cates a slightly lower level of en- iasm.**

**A.** No, I don't presume to acterize the Chinese on this, but my ssions today made it very clear to hat they are pleased with the out- e of this visit as are we, that use of some of the atmospherics preceded the visit that it was an ex- ionally important and significant and I think from both of those ts of view that it was a successful and I merely refer to you—you w everyone reads what they want to l in a statement, and you can read Vice Premier's statement a number ays, but I think he described it as successful. He described it as hav- deepened our understanding and ding positive results. Now I don't w to tell you that it is not schooled he People's Republic language that 's a significant term, positive results. ddition he said I congratulate you mly for your successful visit—that's er explicit. Again I wouldn't sume to put further words into their ths but this was what has been said.

**Q. The reason I asked you was for previous phrase which is this point never be overstressed which is t we must prove with our own ac- s that our relationship can stand t.**

**A.** Absolutely, and I don't know that anything about the outcome of this visit runs counter to that statement.

**Q. You mentioned fulfilling the joint communique on establishment of diplomatic relations. You made no mention of the Taiwan Relations Act? What was said in your discussions about the Taiwan Relations Act?**

**A.** I think I have already addressed Taiwan to the degree that it is appropriate to do it, and if you look at my original statement on it that will have to suffice.

**Q. What was achieved in terms of security cooperation of some of the things you talked about Kampuchea?**

**A.** I think it goes without saying that both the United States and the People's Republic of China have been extremely concerned about the situation in Afghanistan, its implications for future peace and stability in this region.

Clearly one of the discussions involved the importance of the security of Pakistan in this situation and the convergence of views with respect to the need to be sure that Pakistan has the ability to defend itself and to maintain its truly nonaligned posture. As you know Under Secretary [for Security Assistance, Science, and Technology James L.] Buckley has just returned from a trip to Pakistan where he continued with the discussions that I had launched with the Pakistan Foreign Minister in Washington several weeks ago and from all reports—and I haven't talked to Jim yet, but I will as soon as I get back to Washington—that was a very successful meeting which carried forward the discussions that I had with the Foreign Minister.

There is one area, rather specific, of mutual concern. It was discussed where a consensus of views was arrived at; now we are also equally concerned about the proxy forces of the Soviet Union emanating from Hanoi, 200,000 of whom are now occupying the neighboring state of Kampuchea. We feel that it is fundamentally important that these two issues not be submerged in the give-and-take of other international preoccupations—for example, Poland—and that major diplomatic and political efforts be applied to the regimes concerned to effect the prompt and total withdrawal of forces from both of those countries and to permit the people of those countries to determine their own future, free of external coercion.

**Q. Can you outline in a little more detail what you mean by the major diplomatic and political efforts?**

**A.** As you know there are—this will be a topic for example at the ASEAN meeting; the situation in Afghanistan but more importantly even in Kampuchea. As you know the U.S. Secretary General is sponsoring a meeting on this subject in the fall. A number of states have already agreed to participate in it. As you know Hanoi has recently attempted to deflect this international movement by attempting to convene a regional conference which both the People's Republic of China and ourselves consider to be no more than a ploy.

**Q. Was there any agreement on helping to establish a united front, or united anti-Vietnamese front, in Kampuchea by the United States and China?**

**A.** I think we have some differences of nuance on that issue, but we are essentially of one mind as a united front or a front that would be representative of the wishes and the aspirations of the Khmer people be formed and that free elections determine the ultimate outcome of the final regime there, and in no way could the current puppet regime established by Hanoi be representative of a popular government.

**Q. Was there any discussion of the financing of Chinese military purchases in the United States or loans or soft finances?**

**A.** No, but you'll recall when Vice President Mondale—I believe 1979 there was reference made to a $2 billion international loan which is still under active consideration and which I hope will be ultimately approved. There are some remaining technical difficulties with respect to the U.S. contribution to the international—what we call the Bretton Woods instrument.

**Q. You mentioned political and diplomatic pressure being put on Hanoi and Kampuchea. Are you and the Chinese ready to do anything more than simply political and diplomatic pressure that has proved to be absolutely useless in the case?**

**A.** I think there are a number of additional steps that can be considered and that have been undertaken; for example, the United States has been actively engaged in a very high level of economic support for the refugees. There are other activities which one can contemplate in the future. I don't mean to

suggest there were not any active discussions of that here. There was not nor are we contemplating what I think your question is driving toward and if it were, I wouldn't say it.

**Q. Is it correct to say from what you said about removing the munitions list controls that the United States has agreed in principle to sell arms to China but that the details of what it will sell will be determined on a case-by-case basis? Is that the upshot of it?**

A. Yes, but you know that's not that dramatic a change in the context of the past, and in the past we did make available certain dual-capable systems—aircraft and what have you, trucks and other things. Now we have agreed to consider a much broader range of requests on a case-by-case basis, and, as I say, we would anticipate that that would evolve in a steady measured way.

**Q. This would include not just equipment but actual arms?**

A. It might. It might indeed, and such requests would be considered.

**Q. At who's initiative is this being done—considering arms on a case-by-case basis? Did you come here proposing this to the Chinese or did they say they would like the United States to—**

A. No, no. I think you will recall we discussed this in Washington. This is a decision that has been approved by the President, recognizing, of course, that case-by-case issues will have to be coordinated with the appropriate Members of Congress.

**Q. In addition to talking about possible defense sales exchange, training of members of the Chinese defense establishment in the United States or by U.S. military personnel or any other planned exchange?**

A. No, but that doesn't foreclose the possibility of this topic coming up in the future. Should the Chinese indicate that they would be interested, we would be willing to consider it.

## ARRIVAL STATEMENT, MANILA, JUNE 17, 1981[4]

I want to express the great pleasure of Mrs. Haig and myself to be here in Manila for this ASEAN dialogue. My presence here, I think, confirms unequivocally the great level of support that the United States has for this regional grouping and the importance the United States attaches to the bilateral relationships it maintains with each of the member nations of ASEAN.

ASEAN has become an international symbol of the great accomplishments of peaceful cooperation here in Southeast Asia, and this dialogue here in Manila once again underlines its fundamental importance. During the next few days, I would hope to use my time here to indulge in consulations with the ASEAN member foreign ministers, with the other dialogue participants and observers, and to conduct these consultations in a range of focus that will include global issues, important regional security issues, and, of course, the equally important bilateral relationships between the United States and each of the governments.

In particular, I think, this conference will focus on the dangerous activities of Vietnam with the encouragement and with the support of the Soviet Union, and specifically the U.N. international conference scheduled for July which I hope to participate in myself. I will seek to enrich myself with the views of the foreign ministers of the ASEAN organization in preparation for that meeting.

Finally, it is a wonderful pleasure for my wife Pat and I to return to Manila—to the Philippines, a nation with which the United States has enjoyed historic relationships, characterized by mutual trust and friendship. I look forward, of course, to the honor and opportunity of visiting once again with President Marcos and also for the opportunity to hold discussions with this year's chairman of the dialogue, a distinguished international leader who has become a legend in his own time, Gen. Romulo [Philippine Foreign Minister].

## DINNER TOAST, MANILA, JUNE 19, 1981[5]

It is my privilege, on behalf of the distinguished representatives here, to respond, and I want you to know that our distinguished Foreign Minister of the Philippines is a very naughty man. I also want you to know that I'm going to keep my remarks very brief because I don't want to cut into his slumber time. As a matter of fact, "His Madame Khomeini" told me that ASEAN had three golden rules for responses—that is a snappy beginning; rule two, get a snappy ending; and rule three, the m important of all, is keep the two as cl together as possible.

But I'm going to tell you a story about generals, especially the worst kind—retired generals. You know, w I retired from NATO and went lookir for work in the American industrial scene, I was fingering through the w ads and I found an ad that said: Brai transplants. And I read the number a I called this New York number and s enough a foreign-speaking medical ex pert got on and he said: "Yes, you ca the right number, I do brain transplants." And he said: "I'm glad you called today. I have a special this wee And I said: "What do you mean?" He said: "Well, I have an exbureaucrat's brain for $10,000." He said: "I have a retired foreign minister's brain—$15,000!" He said: "I have a retired defense minister's brain—$20,000." He said: "But I have a real special. I have a retired general's brain—$30,0 I said: "My God, why is the general's brain so expensive?" He said: "It's sir ple, it's like brand new—it's never be used before."

I can assure you that Gen. Romu brain is like brand new, and he has proved it time after time during this conference. Indeed, I think I'm the tl consecutive Secretary of State from United States to participate in the dialogue. And I know my predecesso and myself leave the experience with great sense of admiration and awe fo the dynamic character of this ASEA association spawned clearly from the initiative of nations in the region itself—spawned out of a sense of pur pose and dedication, which has enabl it, in its short life, to overcome the d ferences of background, customs, anc perspective; to develop a unity of pur pose and action which is unique, perh in all the world.

Our discussions over this period have focused first and foremost, of course, on the development and well-being of the peoples of the region—c mercial, trade, and, to some degree i directly, security. And, indeed, the fl ble character of this association has enabled it to shift that focus when necessary to immediate threats to the well-being and security of the region, it has done with respect to the interv tions in Kampuchea and the concerte effort to deal effectively with that intervention.

But I think one thing which impressed me more than anything else i my participation in the dialogue—and there are many things to be impresse

ıt—the skill and great dedication of foreign ministers of the member five ernments—but perhaps more impor- ly, there was a common thread, and common thread was interest in the are of the common man in the on. Perhaps the words of that great world leader—Winston Churchill— nciated some four decades ago, best ure the essence of the challenge fac- all free men today. And it was the ds that suggested that this is the age he common man, that unfortunately, rchill stated: "It is this age that has nessed more common men destroy e common men with greater efficien- han at any other five centuries in the ory of mankind."

And so it is the purpose of ASEAN, se who participate in the dialogue of association, to dedicate ourselves to good and the welfare of the common of all of our nations and to dedicate rselves to the proposition that our rs, our concerted efforts, our com- nality of purpose in thought and ac- would be to insure that we do not e a more frightened legacy in this lear age to our children and their dren. And that is the purpose of our , and it is in that spirit that I would to ask all here assembled to join me toast, first to the Philippine nation the Philippine people who have le our stay here this week so en- able and so productive in substantive ns; to our host, the distinguished eign Minister of the Philippines and wife, Gen. Romulo and Mrs. Romulo; his dynamic and admirable ASEAN ociation and all members of the ogue; and, above all, to the good of mon free men everywhere—to the mon man.

**ATEMENT TO EAN MINISTERS, ANILA, NE 20, 1981**

EAN is a unique organization— nging together five great nations, h having achieved a different state of velopment. This rich diversity is but example of why categories such as "Third World" are misleading as a ide to policy. The U.S. approach vard the developing world seeks to be xible, recognizing both regional and tional differences. And yet, as with y policy, we are guided by principles d beliefs which provide the overall rection for our policy.

I would like to discuss two broad aspects of our policy and how these two principles help shape our relations with ASEAN.

First, the United States remains deeply committed to and concerned with the development process. We understand that historical change may be desirable as it is inevitable, and we in the industrialized free market economies believe that we have something to offer to this process of historical change. We see a shift occurring—away from the Soviet Union, which offers only arms, a pervasive presence, and, in areas of strategic interest, a client-state relationship. We find that the Soviets are most welcome where there is conflict, and we know, as do you, that development and national growth are the first victims of conflict. On the other hand, the free market model offers trade, credits, technology, medicine, and the political buildingblocks of modern society. And its adoption brings participation in an international marketplace where performance determines rewards.

However, this growing momentum toward the free market system and away from the Soviet Union can only flourish in an environment of peace and security. And this is the second aspect of our policy—that security and development are intimately related and that we are equally committed to both. The economic and political growth that accompany the development process cannot occur in an environment characterized by violence, bloodshed, and so-called wars of national liberation. Because we are concerned with development and because we have seen so much progress, we cannot sit idly by and permit the Soviet Union and its proxies actively to undermine and threaten the prospects for development. The United States, under President Reagan, is determined to challenge blatant illegal Soviet interventionism wherever it occurs. Because these actions by the Soviets or their proxies remain the greatest threat to international peace, they are simultaneously the greatest obstacle to the development of free societies. And in this very region, the threat to the progress of free societies grows increasingly serious.

For the people of Vietnam, Laos, and Kampuchea, the past 6 years have meant no progress but stark tragedy and misery. The Communist rulers of a supposedly unified Vietnam have failed

# New Initiatives on Afghanistan and Kumpuchea

**SECRETARY'S STATEMENT, JUNE 30, 1981**[1]

I wish to underline the profound importance and promise of two new diplomatic initiatives. Today the European Community announced a fresh attempt to open the way to a political solution of the problem of Afghanistan—proposing a major international conference for this fall. On July 13th, a U.N. conference opens in New York to try to resolve the problem of Kampuchea.

These two issues are at the very heart of the increase in international tension in recent years. The combination of Vietnam's invasion of Kampuchea in 1978 and the Soviet Union's invasion of Afghanistan in 1979 created a strong reaction on the part of the vast majority of members of the United Nations. The continuing occupation and conflict in these countries represent a major threat to security in key regions. The vast number of refugees reflects the terrible human costs. And both conflicts are a major barrier to the development of a more constructive East-West relationship.

Let there be no doubt about where we stand. The Afghan and Kampuchean people must control their own destiny. The purpose of negotiation is not to impose a solution from outside as the Vietnamese and Soviets have attempted to do by force of arms. Rather we seek to achieve the full withdrawal of Soviet and Vietnamese forces, to eliminate outside intervention, and to restore the nonaligned and neutral status of these two countries.

This serves the genuine security interests of all parties, including the Soviet Union and Vietnam, and is the only way to assure the long-range stability of these troubled regions.

[1]Read to news correspondents on the Secretary's behalf by Department spokesman Dean Fischer. ■

totally to build a society which answers the needs of the Vietnamese people, be they north or south. Instead of peaceful reconstruction, the Hanoi government has chosen to focus its efforts on military adventure and the imposition of a thinly disguised vassalage upon Vietnam's neighbor states.

Equally unwelcome, there has been the intrusion into the region of a Soviet military presence in the form of operation facilities at Cam Ranh Bay and elsewhere in Vietnam and increased military activity in the waters and air space of the Western Pacific and Southeast Asia. Fortunately, however, heightened regional concern and vigilance have prevented the Soviets from translating this temporary strategic gain into lasting political advantage.

U.S. recognition of the stark contrasts in the region—the prospects for peaceful development and the threat to that development—is what shapes our policy toward ASEAN.

U.S. policy rests on three commitments:

- Our commitment to economic development and a commerce of mutual benefit;
- Our commitment to promote fruitful bilateral relations with each of your countries; and
- Our commitment to consult on regional and global issues—to a genuine dialogue between equals on matters of common political concern.

Concerning economic development, one cannot but be impressed by the remarkable growth rates of the ASEAN economies over the last decade, averaging over 10% per year. Trade between the United States and ASEAN has increased rapidly, reaching a record of $21 billion in 1980. ASEAN is now America's fifth largest trading partner, and all indications point to 1981 being another banner year for commerce between our two regions.

Our successful economic dialogue with ASEAN governments will continue with the next meeting of senior economic officials scheduled for October in Washington.

In addition, the ASEAN-U.S. Business Council plays an active, constructive part in our growing economic relationships. The council is sponsoring joint meetings between ASEAN and U.S. banking and automotive industry leaders to seek new ways for greater mutual support and cooperation. These activities fit perfectly into our intention to place greater emphasis upon the role of private enterprise in international development. We expect this part of our relationship to grow in breadth and magnitude.

With regard to our second commitment, I would underscore the excellent bilateral relations which the United States enjoys with each of your countries.

With two members of ASEAN—Thailand and the Philippines—the United States has a mutual security relationship. With regard specifically to Thailand, the United States intends to honor its obligations under the Manila pact. Likewise we will carry out the letter and the spirit of our commitments to the Philippines under our Mutual Defense Treaty.

In these countries and elsewhere in the region the United States provides substantial bilateral economic and security assistance programs. We intend to maintain these programs and to improve their effectiveness. Where our resources permit, we will expand them to meet the needs of our ASEAN friends.

Let there be no doubt that the United States will maintain and strengthen its own military capability in the Pacific and Asia as a contribution to the security of the area in the face of the Soviet military buildup.

The Indochinese refugee tragedy continues to evoke our common concern and to demand our concerted action. The world commends the courageous and constructive policies of first asylum. The thrust of our own refugee program is clear: to seek to reduce the burden of refugee camp populations through prompt resettlement of large numbers of refugees in the United States and in other resettlement countries. We also believe that the time has come for a more concerted effort to deal with this longstanding and anguishing human problem at its source. In this connection, the United States has appointed a special commission which will be visiting Southeast Asia in July to consult with you on all aspects of this problem.

Finally U.S. bilateral relations with each one of the five ASEAN countries contain a mutual trust and reciprocal good will that exist independently from our relations with ASEAN itself yet inevitably strengthen our posture toward your association.

With regard to our third commitment, the American dialogue and consultations with ASEAN have developed in a way unforeseen in 1975. Vietnam's invasion and continuing occupation of Kampuchea have provided the catalyst for a new range of consultations which extend to the United States, other close friends in Asia and Europe, and to the nonaligned world which focus on means to oppose Soviet-supported Vietnamese aggression in Kampuchea.

Today the greatest threats to the interests, prosperity, and well-being of the peoples of Southeast Asia are the policies of Vietnam. We deeply regret that Hanoi has been unwilling to convert its military machine into more productive endeavors. While ASEAN and its friends would welcome a more constructive path, Hanoi's intrasigence stands in the way, perverts the aspirations of its people, and generates instability in the region.

The United States remains firmly on the side of those who oppose the Vietnamese occupation of Kampuchea. Our support is durable. We regard the U.N. General Assembly resolution on Kampuchea, sponsored by ASEAN, to be both just and the best basis for a constructive settlement of the Kampuchea issue. We are ready to work with all the parties to develop such a constructive alternative, which builds peace and stability on the basis of sovereignty and respect for the independence of all the nations of the region—not on the trampled sovereignty of other nations. The development of our policies will also be guided by the recognition that the situation in Kampuchea affects most directly the interests of Thailand as the front-line ASEAN state.

The United States also strongly endorses the convening of an international conference to deal with the Kampuchea issue. I intend to personally participate. We urge all the parties, including Vietnam, to join the dialogue which can bring general progress to Southeast Asia. Only Vietnam can end its isolation and attendance at the international conference could signal Hanoi's interest to do so.

There is one additional point which I must emphasize: The United States will not normalize relations with a Vietnam that occupies Kampuchea and remains a source of trouble to the entire region. We will continue to question seriously any economic assistance to Vietnam—whatever the source—so long as Vietnam continues to squander its scarce resources for aggressive purposes.

Our dialogue in hospitable Manila this week demonstrated once again that equal and sovereign nations can work together to achieve an international consensus based on established and proved

ns of international behavior. We , through this dialogue, harmonized ring perspectives and backgrounds way which will contribute to con- ed action. Time and time again com- opposition to aggression has suc- ed in reversing its course. Be- red that the United States will con- e to actively participate in your ef- s to achieve this vital goal. We look to our discussions with ASEAN as most promising framework for eving a productive future for theast Asia.

WS CONFERENCE,
NILA,
E 20, 1981[6]

**Are there any reservations among of the delegations that a rearmed na might also pose an eventual at to the peace and security of theast Asia?**

**Secretary Haig.** There is a great patibility among generals, always. I k the question is somewhat irrele- in the context in which it was d, not the topic. Clearly some por- of our dialogue was focused on the nt visit of the U.S. delegation to the ple's Republic of China, to include ific reference to the fact that there been no decision on the sale of arms China but rather there had been a sion—an internal decision in the . bureaucracy—to change the gory in which we had held the Peo- s Republic of China both in the con- of potential arms sales and in the text of dual use of technology nsfer, in the commercial sector. The point was made that we intend proceed on this issue based on re- sts we may or may not receive from People's Republic of China, on a e-by-case basis with consultations h our allies and those whom we feel uld have a particular interest in the ic, as well as with the American Con- ss. So if someone is going to ask the t question, did you consult before n made an internal decision in the S. Government to change the category which you are carrying the People's public of China, the answer is no. d, indeed, that is what the answer ould be. If there is to be a decision in future for such a sale, we will con- ct the necessary consultation, and our EAN friends were so informed, as re our dialogue partners. I hope I ve answered your question in a way at gets this nettlesome question in bet- focus.

**Foreign Minister Romulo.** I have been asked many times, as I entered this room, by several newspapermen about this arms sale. I must say that we have not taken up this question. Nobody took it up in the dialogue nor in the ASEAN foreign ministers' meeting. We did not discuss it at all. I am saying this because I do not want to be bothered when I go out.

**Q. I learned here in Manila that before you left for Beijing, the Australian and Japanese Governments were made aware as to what kind of subject you would discuss there. In the context of your global strategy policy, what grade do you give to your relations with the ASEAN?**

**If I may address my question at the same time to Minister Rithauddeen. What kind of hopes do we have now after your dialogue with Secretary Haig on the question of the sixth ITA [International Tin Agreement] which is going on in Geneva?**

**Secretary Haig.** First, I do not make it a habit of publicly revealing diplomatic dialogues with one country or another, but I don't believe there were any particular surprises with respect to those nations with which we have conducted the dialogue traditionally on our visit to Beijing. I think in the category of where we put ASEAN, I don't know whether you want a Kissinger-like grade, in which case it would be a plus. I do want to emphasize that, as I pointed out in my official statement this afternoon in our U.S.-ASEAN dialogue, we consider it to be an extremely important relationship which the United States has with ASEAN, and we think the dynamics of the region are such that it is becoming more—not less—important than it was at the time of its original conception, as important as it was then. And that is the way we view it in Washington.

**Foreign Minister Rithauddeen.** I did bring up this matter in the dialogue with the U.S. delegation, with Secretary Haig, the importance, emphasizing the need for the conclusion of the tin agreement which is now underway in Geneva. And have impressed that the participation of all the consumers, of all the producers, in the sixth tin agreement will be beneficial to all of us. The cooperation among the consumers and the producers as reflected in the fifth tin agreement should be continued in the sixth tin agreement. And I have asked Secretary of State Haig to bring this back to his colleagues so that by the 26th of this month we will be able to conclude the sixth tin agreement. I have urged upon him, I have exhorted upon him, I have told him that he should prevail upon his colleagues to do so when he goes back to Washington.

**Q. According to page 5, I am getting the impression that you seem to think that the military gains the Soviet Union has made are only temporary, because you speak of temporary gains. Would you please elaborate on what you mean by only temporary gains, thinking of the facilities they are building up in Vietnam, Kampuchea, and Laos?**

**You also say we cannot sit idly by and permit the Soviet Union and its proxies actively to undermine and threaten the prospect for development. What do you mean by undermining and threatening, and what actions would you take when you feel the Soviet Union is undermining and threatening, plus what will you do when the Reagan Administration is determined to challenge blatant, illegal Soviet interventionism? What kind of determination is that? Is that military determination or how shall we understand that?**

**Secretary Haig.** I think any objective assessment of the involvement of invasion forces, whether it would be in Kampuchea or in Afghanistan, today is that anticipated success which was probably the product of the weight of the intervention forces—in the case of Kampuchea some 200,000 North Vietnamese regulars and in the case of Afghanistan somewhere in the neighborhood of 80,000 regular Soviet forces. That initial momentum has stalled, and the prospects for a sucessful future outcome remain in serious doubt.

Now with respect to the undermining action of Soviet agressiveness, there may have been some skepticism in your question as to whether or not there is such aggressiveness, and I could only ask you to reflect back on global events since the Cuban proxy intervention in Angola in 1976, followed by the intervention in Ethiopia, the creation of a puppet state in Southern Yemen by intervention, the effort to overthrow the *status quo* in northern Yemen, the first phase of Afghanistan in which a puppet regime was established by the Soviet Union internally, and the second phase which involved unprecedented intervention by Soviet forces. The kind of activity we are witnessing today in the Western Hemisphere which is spawned

by direct Cuban involvement through the provision of huge amounts of armaments, advice, and some command and control and direction of insurgent movements in El Salvador. All of these have set a pattern that would be hard for the objective observer to deny, posing a threat to international peace and stability.

The point that I made and a point that has been made consistently by President Reagan and those who are in his Administration is that the time has come to make it clear to the Soviet Union and its proxies that this is unacceptable international behavior, and if they hope to participate as full-fledged members of a healthy, viable international community, it is important that restraint and reciprocity characterize the relationships between East and West. One could make the case that it has not done so in recent months and years.

I don't make it a habit of suggesting how we would deal with that issue, but let me emphasize the fact that recourse to military action is not a normal or anticipated approach to this problem, which I feel can be handled effectively through other demographic aspects of Western capability.

**Q. My first question I don't think was answered because you referred to Cam Ranh Bay and facilities. That's what I mean, and if you consider that this is temporary, I would like to ask you what you are going to do about that it will be temporary.**

**Secretary Haig.** I apologize. I did not hear your question and clearly did not answer it but I used it as a good vehicle to answer what I wanted to say anyway. I think we all watch with considerable and growing concern the relinquishment of Vietnamese territory to the interest of the Soviet Union by the current leadership in Hanoi today, despite the frequent assurances to all of us that this would not happen. The only answer I can have is the very answer of this conference, and that is if we are dedicated in ASEAN—and those involved in the dialogue—and I saw an unusual degree of unity with respect to this question—to make it clear to Hanoi by a host of actions—political, economic, and diplomatic—that they will be an isolated member of the international family of nations if they continue to persist in pursuing policies not only in Kampuchea but elsewhere which unsettle the regional stability that is so important to economic progress and peace.

**Q. You were quoted as saying that there's a new America which will lead and show, if necessary, those endangered on the frontlines. What does this mean? Does it mean that America is again willing to go to war? In Asia? Or is it just empty talk? About China, the reclassification of the status of China, does it mean that the embargo on U.S. arms sales in China has been lifted or will be lifted?**

**Secretary Haig.** I think to suggest that the message that we are attempting to bring forward during my visit, and other public pronouncements that the United States is going to participate in this region of the world, is going to continue and in many respects reinvigorate its posture in a role history has placed on our shoulders. That is one way to be sure that threatened states in this region, which share our values and our aspirations for a peaceful world or that economic development and progress is the objective, can feel that they have an active partner in Washington, and that I would reiterate that is so. I think the alternative of war or peace, as such a question suggested, really are irrelevant and counter to the concept that I have put forward. It is where uncertainty about Western resolve and willingness to pursue their vital interests develop in reality or perception that the miscalculations that lead to conflict are favored and, indeed history shows, occur. I would hope that what we are espousing is a policy which seeks to improve the prospects for world peace and stability and economic development in the area.

The second part of your question is we have not had an arms embargo, as such, on China. We have carried the People's Republic of China in a category which tended to lump it with the Soviet Union in our internal bureaucratic system. We've now modified that category to put them in a category similar perhaps to that of Yugoslavia—a friendly, nonaligned state. We have not in that process offered, suggested, urged, or promoted arms sales nor do we intend to. We are willing to listen if the Chinese Government comes and makes a request. We will then assess it on its own merits, very carefully. We will consult with our friends, and we will consult with the American Congress which has an important role to make in American arms sales. I would anticipate this will be a very slow, revolutionary, carefully orchestrated process, and we may, indeed, never be faced with the question in the first place because I did not sense while in the People's Republic of China an appetite for U.S. arms. After all, the European markets have been open to China for a number of years, and they have not been visited with great regularity and certainly not with a large measure of armaments purchases.

**Q. Judging from what you said about your posture in this part of the world and other areas of the world against the Soviet Union, you give me the impression that you are still talking with the Soviet Union, or is detente really dead?**

**Secretary Haig.** Of course, we are conducting discussions with the Soviet Union. I have met with the Soviet Ambassador in Washington on more than half a dozen occasions over the last 4 months. Our deputy chief of mission in Moscow has been engaged in intensive dialogue with the host government in Moscow. I don't mean to suggest by that that dialogue contributes to the kind of dialogue that the Soviet Union would be pleased with. We are clearly seeking as a first priority to get heavily engaged in arms control discussions—I will discuss this with Foreign Minister Gromyko in New York in September. Following that period formal negotiations will begin, and I anticipate, shortly thereafter.

With respect to the broader question of SALT, we are not prepared at this point to conduct such discussions because we are reviewing the entire approach to strategic arms control talks. It was clear that SALT II was inadequate, failed to garner the necessary support from the American Congress and Senate to permit its ratification. We do not want to have a repeat of that situation. Beyond that we talked about linkage and that is the clear interrelationship of functional areas of dialogue between ourselves and the Soviet Union—whether it be arms control, credit transfer, trade—will be carefully measured against overall international Soviet behavior, and that will be applied here.

Are we in favor of talks, negotiations—if you want to call it detente—of course we are. We believe that it is absolutely essential to maintain the dialogue with the leadership in Moscow. We intend to pursue it. We have been pursuing it. We also expect that it would be conducted against the background of greater restraint in Soviet worldwide activity and a degree of greater reciprocity than we have witnessed in the recent past.

**Q. In view of the dangers that you said in all your public statements do you foresee in the near future this grouping—these five member tries of ASEAN—should go into sort of a military grouping, if umstances dictate it?**

**Secretary Haig.** Not at all. I don't it is for the United States to have w on this subject. I think ASEAN spawned at the initiative of the nal nations. It has flourished and loped under their initiative and gh their concerted action. It is ntially political, economic, with clear rity overtones. But the decisions of ive member nations of ASEAN with ect to their defense capabilities is s alone to make, and we would not me to intervene in that process.

**Q. There is danger that the etary has sounded and do you k this aggrupation [sic] will evolve a military grouping?**

**Foreign Minister Romulo.** We always said and we underscore to you right now, to the mass a. The ASEAN does not intend to military alliance. We do not intend ve any military commitments. We ve that in the case of Kampuchea, ant to support the people of Kam- ea to have self-determination and to le to express their views freely out 200,000 troops breathing on necks, without any military sup- from us. We want that to be very . ASEAN is not and will not be a ary alliance.

**Q. You now have the advantage of ng had talks with both ASEAN the People's Republic of China on subject of Kampuchea when you assed these two groups. Did you any differences in their approach? if so, what were they? And in vering your question, could you ess yourself to the proposition n expressed that China is more erned perhaps with bleeding Viet- through Kampuchea than achiev- a quick peace in the region?**

**Secretary Haig.** First let me say the interrelationship between my here for the ASEAN dialogue and earlier visit to Beijing is circumstan- rather than one designed to reflect nterrelationship between those two s. I don't make it a habit, of course, ublicly detailing discussions I've had rivate sessions, either here in ASEAN or in Beijing. I would expect there would be a number of differences between two so different and diversive sets of interests. I didn't find any exceptions to that; there were some differences. I would also say that I found in Beijing a sharp degree of concern about the presence of North Vietnam's troops in Kampuchea, and they suggested a level of support for the international conference which is designed to effect the withdrawal of those troops. In a broad sense I think that suggests some compatibility with—or at least the U.S. view on what I've learned here today and yesterday—the ASEAN view.

I think you would be better served perhaps to ask one of the ASEAN members the question you've asked me. It would neither be appropriate for me to tick off the score card on that question. The last part of your question is not something that I would be comfortable with, if that were, indeed, a motive.

**Q. In your opening remarks, you emphasized one point that United States will not normalize relations with a Vietnam that occupies Kampuchea and remains a source of trouble to the entire region and will continue to question security and economic assistance to Vietnam from whatever source. Considering the tone of the joint communique of the ASEAN ministers, do you think that this statement in the ASEAN venue and the ASEAN region helps the effort of ASEAN to seek and reach a comprehensive political solution on the Kampuchean problem? What is your argument there?**

**Secretary Haig.** I don't know whether it did or it did not, and I don't see that my intervention here at ASEAN was designed to develop unanimity necessarily. I think one of the great values of ASEAN and the participation of dialogue states in the process is to bring the divergence of views forthrightly to the attention of the member governments. I did not discern the existence of serious divergence on this subject between the United States and ASEAN based on the dialogue conducted. So maybe you're head hunting. Now, that's very flippant, and I don't mean it to sound that flippant. Clearly the tone of the communique is very moderate with respect to Vietnam, and I think intentionally so.

**Q. The tone is conciliatory, and your statement is rather hard. Sometimes it turns Vietnam to be harder on you if you push it harder, and ASEAN tends to invite Vietnam to the table to negotiate.**

**Secretary Haig.** We joined that invitation. And as a matter of fact, in my comments this afternoon I urged Hanoi to sit down at the table as a first indication of their willingness to find a politically negotiated solution which we strongly favor; that is not inconsistent with the position taken earlier in my remarks to the effect that while Vietnam is involved in the squandering of its scarce resources—in supporting invasion forces in Kampuchea—the United States sees no practical value. In fact, we see just the opposite in permitting them to have their cake and eat it too.

**Q. How do you feel about the tone and tenor of Secretary Haig's statements and commitments today?**

**Foriegn Minister Siddhi.** I listened to Secretary Haig at the end of our meeting. I just showed my appreciation about his repeated pledge to keep commitments to Thailand on the Manila pact. What I feel about Secretary Haig's remarks is we are assuring Thailand's security as we are a front-line state.

**Foreign Minister Kusumaatmadja.** Secretary Haig has made remarks on a number of subjects, so I don't know what you mean. But the general tenor of the remarks he made is reassuring. I'll take, for instance, the remarks or the answers he gave to the questions: Are you not engaged in an exchange of views or dialogue or whatever you call it with the Soviet Union? He clearly said that he has been; I mean over six times in the past 4 months or something. So this is a completely different thing from the image one gets from newspaper reports.

**Q. Because we are from Thailand we are interested in that refugee question you referred to. When you mentioned about taking this problem right to the source, that means Vietnam. How do you think you could do it?**

**Secretary Haig.** It is a very complex question. Clearly, we would seek through political and diplomatic exchanges and economic levers to try to influence the nations which generate the source of these human tragedies, to ameliorate the conditions that brought them about; in one instance—in Afghanistan—we have open conflict. That means the best resolution to that is

to withdraw Soviet forces immediately and promptly from Afghanistan. More intensified pressure in that direction, I think, is in order, although all of the Western world, all of ASEAN, is united on the necessity to do that.

In the case of Kampuchea, here again this is combat-related, conflict-related. So there again, the withdrawal and return to self-determination by the peoples of Kampuchea would clearly resolve that problem.

So we get to the real heart of your question and that is Vietnam and the Vietnamese boat people who are really the consequences of the internal economic and living tragedies, which really have been aggravated somewhat and are related clearly to the diversion of resources and efforts in Kampuchea but also involve a number of other essential political reforms internally. We don't feel it is our role to tell a nation how to conduct itself internally but we do have a right, when their actions bring hardships to us, to bring it forcefully to their attention politically, diplomatically, and, if necessary, economically.

**Q. As the United States develops a more substantial relationship with the People's Republic of China, do you feel that it should seek from Beijing certain assurances—firm assurances—that China will not again create trouble for non-Communist countries in Southeast Asia; for example, by prevailing upon Beijing to cut its links—its party-to-party links—with Communist-led insurgent movements in Southeast Asia?**

**Foreign Minister Kusumaatmadja.** We have made known our view of the subject you mentioned to the Chinese but not through the United States. Through our friends—also directly because we prefer to deal directly—because there is some contact going on through the United Nations in New York, and they know our views and we have communicated to them, either through our friends or directly. But not through the United States.

**Foreign Minister Rithauddeen.** First of all, I would like to say that we have made ourselves clear—Malaysia—with regard to party-to-party contact of our unhappiness to the Chinese on this, because it would hinder the further enhancement of our bilateral relations.

But with regard to the question of relations between the United States and China, this is a matter for the United States and China to develop good relations—we like to see good relations developed between one country and another country. I think this is what we like to see in the world today, that every country should have good relations with one another. I think we should encourage it, particularly between the United States and China. But as far as relations between Malaysia and China, this is a matter that we must bring up bilaterally with China. We hope that China will see the need that good relations exist between all countries in ASEAN, and we hope that good relations will continue in the years to come.

**Q. Will the United States provide military assistance to the united Kampuchean front? And if so, do you believe that the arms supplies to the united Kampuchean front, as well as the economic, political, and military pressures on Vietnam, will help in a certain way to solve the Kampuchean problem?**

**Secretary Haig.** I know of no decision nor do I know of any suggestion of a decision which would lead to the provision of U.S. arms to the united front resistance movement in Kampuchea. So the answer to your question is no. It's been U.S. policy that we will provide and continue to provide humanitarian support to the tragic human consequences of this Vietnamese intervention, and we have continued to do that. We will lend our political support to the efforts of ASEAN with respect to that subject. As I have mentioned, I will participate in the U.N. conference on this topic with great enthusiasm and with the full level of the support that I can render to ASEAN in their efforts in the regional context to bring forcefully to Hanoi's attention the urgency of dealing with this question constructively.

**Q. Both Indonesia and Malaysia are notable pillars of nonalignment in this block. There are signs—very definite signs—that Vietnam and the Soviet Union and a number of other supporters will not participate in the meeting in New York. I wonder if you would comment on what you think the nonaligned movement then should be after the New York meetings, if the situation is not resolved there?**

**Foreign Minister Rithauddeen.** We are members—Malaysia, Indonesia, and Singapore—of the nonaligned movement. From what we can see the temperature of the resolution that we had last year—35/6—and I would say that a good preponderance of nonaligned members supports the resolution. I would reckon that from what I can see—from the last that we heard—62 countries have responded positively or attending the international conference on the 13th of July and this is not yet the last figure. I would imagine more countries will participate, and these ar reflecting support on the issue of Kam puchea. There is a tremendous suppor from nonaligned countries.

## ARRIVAL STATEMENT, WELLINGTON, JUNE 21, 1981[7]

This is the first visit that I have had a opportunity to make to New Zealand, and I have been looking forward to it with great enthusiasm, both in the con text of New Zealand-American bilater relationships, and in that context, I ve much look forward to seeing the inter Prime Minister as soon as I can. I am here, as you know, for the 30th ANZU meeting, and I think this durable trilateral relationship, which is design to integrate and coordinate foreign policies and security policies of the thr member states, has by its own durabil confirmed its utility. I look forward while I'm here to discuss with the oth two governments global, regional, and relative bilateral matters of mutual co cern. Now we are here, the American delegation, first and foremost to liste and to learn from the other two mem states of the region, whose sensitivity to, and feeling for, the realities of thi vitally important region are much mo finely tuned than our own, and so we look forward to learning while we are here.

It's a great, great pleasure for the U.S. delegation and I know I speak o behalf of all of them and my wife to b here and we look forward to a very g stay.

## DINNER REMARKS, WELLINGTON, JUNE 2, 1981[8]

It is a great honor to participate in su a distinguished gathering of friends, allies, and kinsmen. Although this is a festive occasion, I must begin upon a note of sadness—New Zealand's very distinguished Brian Talboys has indicated his intention to retire. This is most regrettable, but I can tell him th when I retired I found my services mo in demand than I had expected.

In fact, you see before you one of erica's most popular speakers. The ia in the United States have been nendously impressed with my tery of the English language. For in- ce, there was an article just a short e ago in a Washington newspaper Haigspeak." The author pointed out my speeches, when read from the were excellent—articulate, well- anized, and thoughtful. But when I arted from the text—off-the- —my speech became inaudible to the an ear. Now there is a profound on here, and I explained it to my echwriter as I fired him.

Last June Foreign Minister Talboys inded his fellow countrymen—and f us—that we live in a world inated by change and uncertainty. t," he said, "in the great battle of ical ideologies and principles that le it, there is no doubt that New and's place is on the side of those share the belief in freedom and ocracy that New Zealanders ish."

Here are two themes that might be oted by us all: appreciation of the ities, the dangers, and the oppor- ties of this world and certainty that who believe in freedom and ocracy must rally together to serve our principles. And I would ose tonight that we add a third ne: the free association of like- ded peoples in the best guarantee of dom and democracy. Our participa- in ANZUS has taught us the value hese three themes and I would add a ment on each of them.

Let there be no doubt that we con- nt a dangerous international situa- . The dangers, however, should not d us to the opportunities, especially opportunities that can be created ough our joint collaboration. Let us in with the brighter side for a nge. We can take some encourage- nt from developments in the South ific and Oceania.

Democracy prevails in the South ific. The assistance, advice, and par- pation of New Zealand and Australia e been of vital importance to the new ntries in the region and their anization—the South Pacific Forum. e United States is also seeking to help continued peaceful development of islands. Finally, we are pleased to with Australia and New Zealand in isting the programs of the South cific Commission, a commission that s fostered economic development in island countries for over three cades. And for more than four decades this area has been free of major conflict, a fact that has surely been perpetuated by the close consultations among us.

Unlike the South Pacific, the situation in Southeast Asia can only be described as dangerous. The cause of this danger is simple: Vietnam seeks control over the whole of Indochina and does so with the support of the Soviet Union. We have had important talks here and in Manila on this subject and the threat to the other countries of the region. But even in Southeast Asia, the free association of nations truly interested in peaceful progress is yielding important results. The five independent, non-Communist countries of ASEAN have cooperated successfully together for over a decade. They have developed a high degree of mutual tolerance, eliminating many of the traditional frictions that impeded even bilateral cooperation in the past. This tolerant reconciliation of differences—the spirit of ASEAN—has facilitated remarkable political, social, and economic progress.

ASEAN does not function in a vacuum. Strong economic, educational, and technical assistance has been provided to its five members by the ANZUS governments. Perhaps most importantly, ANZUS itself contributes to an international environment where promising experiments in cooperation can flourish. The United States, Australia, and New Zealand have consulted closely to insure the maximum effectiveness of their support for ASEAN. These bilateral and collective relationships have undoubtedly bolstered the self-confidence and stability of the members.

These few remarks about the situation in the Pacific and Southeast Asia can lead to only one conclusion: The dangers have not paralyzed us; we have worked together for our principles; and our free association has helped the progress and stability of the region.

Yet there is something more about ANZUS we may be inclined to overlook. An observer once described diplomacy as a talk, followed by a duel, followed by a pact. We have our pact; but we have never had a duel. This spirit of cooperation, this regard for the common benefit, makes ANZUS an uncommon association. Secure in our past accomplishments, let us rededicate ourselves to the security of our future accomplishments together.

## JOINT COMMUNIQUE, WELLINGTON, JUNE 23, 1981

The 30th meeting of the ANZUS Council was held in Wellington on 22 and 23 June 1981. The Rt. Hon. B.E. Talboys, C.H. Minister of Foreign Affairs of New Zealand, the Rt. Hon. D.S. Thomson, Minister of Defence of New Zealand, the Hon. A.A. Street, Minister of Foreign Affairs of Australia, and the Hon. Alexander Haig, Secretary of State of the United States, represented their respective governments.

Opening the meeting, the Minister of Foreign Affairs of New Zealand noted that the previous meeting, scheduled to be held in New Zealand in mid-1980, had been held early in Washington following the Soviet invasion of Afghanistan. The heightening of international tension, he said, had enhanced the significance of the alliance and added to the importance of high-level consultations among the ANZUS partners and other allies on issues of international security. He stressed that this was a time for the ANZUS members to stand together.

The Council members agreed that the Soviet invasion and continuing occupation of Afghanistan was a direct violation of the fundamental principles governing international relations. The Soviet action remained totally unacceptable to the international community and constituted a serious threat to global and regional stability and to the independence of all states. The treaty partners agreed on the urgent need for the withdrawal of the Soviet forces and the achievement of an early political settlement in Afghanistan. The Council noted that the treaty partners had responded with firmness to the Soviet intervention. The Council also noted that the Soviet Union had been left in no doubt of the grave consequences for international peace and stability that would arise from any intervention in Poland. The Council members reaffirmed their belief that Poland should be left to settle its own affairs without outside intervention. The treaty partners agreed to continue to consult closely over their policy towards the Soviet Union.

The Council members, acknowledging the obligation on each treaty partner to maintain and develop its individual and collective capacity to resist armed attack, reviewed military cooperation by the partners since the last Council meeting. They noted with satisfaction the close consultation that had occurred on defence policy initiatives to help meet the Soviet challenge. The Council noted the heavy requirements for safeguarding Western security interests in the Pacific and Indian Oceans and noted in this regard the increased naval deployments into the Indian Ocean region which had been made by the United States and Australia on an independent national basis following the Soviet invasion of Afghanistan. The United States Council member noted the benefit to United States and allied interests of B-52 surveillance of the Indian Ocean. Some B-52 aircraft conducting low-level navigation training missions over Australia were now staging through

Darwin to carry out Indian Ocean surveillance missions. The Australian and New Zealand Council members reaffirmed their commitments to enhancing their defence cooperation activities in the South East Asian and South West Pacific regions. The Council expressed satisfaction with the continuing program of exchanges, exercises and visits between the treaty partners, including cooperation—such as the recent Beacon South maritime exercise—taking place bilaterally and multilaterally outside the treaty context.

The Council members stressed their continued firm commitment to the goal of arms limitation through negotiations which could lead to effective, balanced and verifiable agreements, but also noted that this could not be a substitute for the necessary efforts which the West had to undertake to redress the adverse trend in the military balance.

The Council members emphasized the need to sustain efforts to prevent the further spread of nuclear weapons, and reaffirmed their commitment to strengthen the international non-proliferation regime.

The treaty partners welcomed the contribution which the Association of South East Asian Nations (ASEAN) had made to the peace and stability of the region since its establishment and reaffirmed support for its efforts in this direction. They noted particularly the impressive economic progress which had been made. They expressed their determination to continue to provide economic and technical assistance to the ASEAN member countries and agreed on the importance of maintaining close consultations with them on developments affecting the region. The treaty partners also welcomed the opportunities that had presented themselves for closer cooperation with the ASEAN member countries.

The Council members reaffirmed their support for the United Nations General Assembly Resolution 35/6 on Kampuchea, and called for further efforts to be made towards its implementation. The members expressed their appreciation for ASEAN's initiatives to attain a peaceful resolution of the situation in Kampuchea. They emphasised the need for an early political settlement reflecting the wishes of the Kampuchean people, which would result in a neutral, non-aligned Kampuchea which would not pose a threat to any of its neighbors. The Council members expressed their particular concern that any settlement should provide adequate guarantees of the security and territorial integrity of Thailand. To the end, they welcomed the forthcoming international conference on Kampuchea and expressed the hope that all parties would attend. Members further agreed to continue essential humanitarian assistance to the Khmer people. The Council noted the contribution made by ASEAN member countries in providing first asylum and processing facilities for refugees fleeing Vietnam, Laos and Kampuchea.

The Council noted with regret that in North Asia the Korean Peninsula remained an area of tension and armed confrontation. The Council welcomed the re-establishment of constitutional order to maintain its military commitments to the ROK [Republic of Korea]. The Council reaffirmed its support for the political integrity and international recognition of the Republic of Korea and called upon the Democratic People's Republic of Korea to take up the offer of direct dialogue with the Republic of Korea as the essential prerequisite to an easing of tension in the area.

The Council welcomed statements by the Government of Japan that its development assistance to the Pacific region would be expanded. The treaty partners considered the Japanese could play an important part in the overall economic development and continued stability of the region. They noted that Japan's increased political role in the region contributed positively to the region's affairs and expressed understanding and support for the Japanese policy of improving its self-defence capability while not seeking a wider regional security role.

The Council also welcomed the further improvement in China's relations with a number of countries in the region, and China's continued commitment to modernization and to a need for a peaceful environment.

The Council members reviewed developments in the Middle East peace process and discussed the role of the proposed Sinai peacekeeping force. They expressed concern at the continuing high level of tension and outbreaks of hostility in the region. They called for a determined effort on the part of all to move forward in a constructive search for a just and lasting peace.

Reviewing developments in the South Pacific, Council members expressed satisfaction that the region remained overall an area of peace and stability. The Council members reiterated their commitment to continue to cooperate with the South Pacific countries in support of a common interest in a secure and peaceful environment in which those countries could most effectively pursue their national policies. They welcomed the accession to independence of Vanuatu and the continuing expansion of self-government in Micronesia.

The Council members agreed that effective regional institutions were important to the region's progress. Specifically, they acknowledged the importance of the South Pacific Forum as a focus for discussion amongst heads of government of major issues affecting the area, of the South Pacific Bureau for Economic Cooperation in fostering common approaches to economic issues and of the South Pacific Commission in helping promote social and economic development in the island countries. The Council welcomed the steps taken during the past year to afford additional island governments direct participation in the activities of both the Forum and the Commission. Recognising that despite the achievements of recent years, many of the Pacific island countries remained vulnerable because of fragile economies, the Council members agreed to encourage, where appropriate, public and private sector economic development through aid, trade and investment. In this regard, the Council members welcomed the coming into effect o the South Pacific Regional Trade and Economic Cooperation Agreement in Januar 1981. The ANZUS partners reaffirmed their commitment to cooperate with the Governments of the island states of the South Pacific in pursuing economic and social development.

The Australian and New Zealand Counci members emphasised the importance of successfully completing the negotiations on the Law of the Sea treaty and expressed the hope that the United States would shortly b in a position to participate actively in the co cluding stages of the negotiating process. Tl United States member noted the Australian and New Zealand views and undertook to consult closely with its friends and allies as determined its position.

The treaty partners discussed the prospects for the world economy in general, inte national economic development issues and t forthcoming Ottawa, Commonwealth and Mexico summit meetings. The Council agree that the energy situation remained serious and that many non-oil producing developing countries in particular continued to face severe economic problems. The foremost among these were the widening of their balance of payments deficits and accumulation of debt which threatened to curtail severely their essential social and economic development programs. The Council noted that it was in the interest of developed stat to address the economic development problems of developing countries, and to seek to ensure that they derived maximum benefit from participating in the international economic system. The maintenance of a cooperative and effective framework for the conduct of international trade and monetary affairs was also important. Council member acknowledged the need to ensure that the i ternational financial institutions were able t make available adequate financial resources on appropriate terms to developing countrie They expressed their concern at the recent growth of protectionist pressures in many countries, and reaffirmed their commitment to the principles of free trade.

The Council agreed to hold the next ANZUS Council meeting in Canberra in 198 at a date convenient to all members.

## JOINT NEWS CONFERENCE, WELLINGTON, JUNE 23, 1981

**Foreign Minister Talboys.** It's been m privilege and my pleasure to have the Secretary of State, Mr. Haig, and the Minister of Foreign Affairs from Australia, Mr. Street, with us for this 30th ANZUS Council meeting.

Like other council meetings, this on has benefited immensely from the presence of the Secretary of State. It has not always been possible for the in-

ual bearing the responsibilities of office to attend council meetings in part of the world. But I'm delighted Secretary of State Haig has been to come because his presence, of se, adds immensely to the value of discussions. He can bring that wide view of the political and economic e, and I know that Mr. Street joins me in that appreciation.

Equally, though, of course, do I ome Mr. Street on which is his sec- visit to New Zealand. Now that we completed the work of the council, l just inform you that today we discussing Pacific island develop- t, the Law of the Sea, prospects for Ottawa summit, and North-South s. A communique has been issued, I hope that you have had time to a look at it, and you can direct questions to any one of the three of

**Q. Just how important is tralia's participation in the Sinai ekeeping force for American ility of that force? I ask you if you confident that Australian reserva- s about participation can be over- e and are you confident that tralia will actually participate?**

**Secretary Haig.** With respect to the part of your question, we are still ie process of formulating the com- tion of the peacekeeping force in sultation with a number of potential icipants. We have yet, as you know, onclude the final agreement between pt and Israel on the force itself, ough we've made great progress, we are approaching the point where agreement can be concluded in the near future. I say that with the rvation that some unforeseen com- ation doesn't arise.

In that broad context we are, of se, very anxious to have participa- in a very modest way from both tralia and New Zealand and to give iaracter to the force itself that we ld hope would be achievable. But we e not felt that it was—we were at appropriate time to make a formal uest of the two nations to participate ough they have, as a result of our ussions here, a clearer view of the pe of what we would be looking ard them for, in the way of a con- ution, plus some additional observa- is of the importance of the cekeeping process itself and the over- lming desirability to continue with mentum in that process, which I k is achievable in this area, and will achievable in the foreseeable future with respect to the autonomy talks themselves. So I think it would be premature to press for a—it's certainly inappropriate for me to make a forecast; there are two foreign ministers here who can do that better than can I, but it would be premature to do so in any event until we can get a little further clarification on the overall composition of the peacekeeping force. At this juncture, it goes without saying we would be very anxious to have participation from both Australia and New Zealand, recognizing the difficulties here.

**Q. There are reports in the New Zealand papers this morning that you disagree philosophically with the approach taken by the United States toward Vietnam; that you feel isolating Vietnam and making it into an international pariah would only tend to push it further into Moscow's arms. Could you discuss this?**

**Foreign Minister Talboys.** The observation I would make is this: that what we are agreed upon is the need to find an early political solution to the problem. The continuation of the conflict has inherent in it the danger that the conflict could overflow into Thailand, and the continuation of the conflict necessarily means that Vietnam's dependence on the Soviet Union is likely to increase. What we are agreed upon is to support ASEAN in its search for a political solution; we will also be seeking to make our contribution to the international conference, which is to be called together on the 13th of July in New York, in the hope that through that conference we can speed the process of finding a political solution.

**Q. On this trip you have been sounding the anti-Soviet theme, and I wonder if you could take a retrospective look on the three stops you have made so far and share with us your findings as to what extent you found a sympathetic ear on the anti-Soviet theme of the Reagan Administration here with the ANZUS council, ASEAN, and China.**

**Secretary Haig.** It's somewhat presumptuous of me to speak for the hosts in all three [inaudible] you've cited, but I think it goes without saying that there is a general consensus that the greatest threat to peace and stability in the area has been the growing aggressiveness of, and encroachment of, the Soviet Union into the area, both directly and through proxy, and I did not find that as a matter of contention in any of the three sets of discussions that we conducted.

On the other hand, I think it's vitally important that we do not view the activities, especially those in Manila and here in ANZUS, in the context of a brittle East-West preoccupation. We have viewed a broad range of objectives in these discussions both in ASEAN and in ANZUS and focused on the desirability of economic development, the desirability of creating a climate and contributing to the creation of a climate in which peace, stability, economic growth, and development in the interests of the free peoples of the area be enhanced. A very important aspect of that is the dangers to that process that are the result of Vietnamese activity in Kampuchea, the extension of Soviet bases in Vietnam, and the increasing presence of Soviet naval and air forces in the region.

**Q. Can I ask Mr. Street and Mr. Talboys that following their discussions with the U.S. Secretary of State, what Australia's position is on the Sinai peacekeeping force now and what New Zealand's position is like?**

**Foreign Minister Street.** We were very interested to receive further clarification from the Secretary of State as to what he had in mind for the Sinai peacekeeping force, and I shall be reporting that back, of course, immediately for consideration in Australia. It's well known that we have been seeking further information that the Secretary of State mentioned as to the composition of the force—command structure and things of that kind. As he mentioned a minute ago, negotiations are still proceeding with the three countries immediately concerned—the United States, Egypt, and Israel. On that latter point we are still awaiting the results of that. But certainly the further information that we have received here will be taken into consideration by Australia, and I'll be reporting on it immediately.

**Foreign Minister Talboys.** I can add nothing to that. I mean, we are virtually in the same position, and we have benefited from the discussion we have had with the Secretary of State, and I shall certainly be reporting on those discussions to cabinet.

**Q. I wonder if you could comment on the New Zealand case for increased access for its exports to the United States as an essential prerequisite of**

**being economically strong and, therefore, an effective ANZUS partner. What is the reaction of the United States to this proposition?**

**Secretary Haig.** We are, of course, acutely conscious of New Zealand's requirements for the American market. I do not foresee for the remainder of this year any change in the current levels, but this remains a matter of focus for the most intimate of consultations and discussions. We are going to continue that under that framework, recognizing that in the past there have been occasions where it's been less than productive from the New Zealand point of view. But we have very, very broad discussions and detailed discussions on the multilateral aspects of trade in the agricultural—and particularly in the meat—area, and we are hopeful that we are going to be able to concert together to achieve further progress.

**Q. Referring to page 2 of your communique. You refer to the safeguards. [Inaudible] United States and Australia are already taking some unilateral action in that area. Would you see a place for increased New Zealand participation in that area, particularly the Indian Ocean, bearing in mind we have troops in Singapore, of course?**

**Secretary Haig.** Frankly I think we do not anticipate that in the context of your question. We are very, very grateful for the contributions that New Zealand has made and continues to make in the southern Pacific—the maritime and the air and ground force contributions—and the presence of the battalion in Singapore. But no, the answer to your question would be that we did not address nor do we contemplate addressing that aspect of the question.

**Q. The communique is rather sharp on Soviet intervention in Afghanistan and warns about Poland. But on Kampuchea it really doesn't even mention the Vietnam aggression there. Is that because you are trying to persuade them to come to the United Nations?**

**Foreign Minister Talboys.** No. There is agreement amongst us as far as our concern with the Vietnamese presence in Kampuchea, and as I said earlier what we seek to do is assist ASEAN in formulating a political solution which will, we hope, lead to the withdrawal of the Vietnamese forces from Kampuchea.

**Q. Can you give us some indication of your thinking on the structure of the Sinai force, specifically what role you would like Australia and New Zealand to play?**

**Secretary Haig.** I think I'd prefer to not go into further detail on this because we are in the process of discussing potential contributions from a number of donors. Suffice to say that it is a very limited one, but a very important one that we had in mind for possible contributions by New Zealand and Australia, and I say limited in terms of size and specialized in terms of role. But to go beyond that today I think it would be premature until we have gotten somewhat greater clarification on the overall structure we're going to be able to put together.

**Q. Was there any discussion on possible U.S. military hardware sales to Australia and New Zealand?**

**Secretary Haig.** Not in the formal context of our discussions, no, no.

**Foreign Minister Street.** As it is well-known, Australia is considering at the moment the replacement of the Mirage by another tactical fighter. The choice is between two American aircraft. That wasn't discussed, but it is in the context of the current defense considerations. But it wasn't discussed in the conference.

**Q. [Inaudible] Sinai peacekeeping force. I wonder if you might be able to give us a date or a deadline by which time the United States on behalf of Egypt and Israel [inaudible]?**

**Secretary Haig.** I would say it's in the very near future and that we are hoping to have the overall agreement completed perhaps as early as the end of the month but certainly before the end of the month.

**Q. On your reservations about the Sinai, which of them were dispelled by what you have heard from the Secretary?**

**Foreign Minister Talboys.** [Laughter] We've been given some useful information by the Secretary of State about attitudes toward the force that will certainly be taken into consideration as we discuss it in cabinet.

**Q. Whose attitudes?**

**Foreign Minister Talboys.** The attitudes in the region.

**Foreign Minister Street.** If I cou add our point of view on that, the sort of concerns that we have have been made public by us, quite deliberately, because we wish to stimulate a public debate on this. It would be very unusu for Australia to participate in a non-U.N. force, and, therefore, we wished a wide debate to take place an the reservations that we have had are, therefore, well-known and public, and, we show the clarification that we sought. This process is still going on a we have said that we would not, even though we haven't received a formal r quest as the Secretary of State said, w wouldn't be in a position to make any decision until we had all the relevant i formation. We have had some further formation over the last couple of days which will add to that which we alread have and which we still have to get, depending on conclusions of the agreements for us to take into consideration.

**Q. Shall I interpret that to mean that none of the reservations have been dispelled, or did you hear something like which did help alleviate your reservations?**

**Foreign Minister Street.** No, you can't read that into your interpretatio at all. We have received further information which will be useful to us in co ing to a decision should a formal reque be made to us.

**Q. Regarding Vietnam, Mr. Talboys has emphasized a couple of times your support in ASEAN in trying to solve the problem, but could you tell me how you feel about the policy of political isolation and cutti back on any kind of economic interchange with Vietnam. Meantime, if you would like to comment on the policy toward Vietnam, we'd like to hear that.**

**Foreign Minister Talboys.** At the present time what those concerned are seeking to do is to apply pressure to Vietnam—political and economic and military pressures—and at the same time work out with ASEAN a political solution in the hope that the pressures and the nature of the solution will help to persuade Vietnam to move.

**Foreign Minister Street.** We agr completely with what Mr. Talboys has said. We have ceased bilateral aid to Vietnam because we believe that their invasion of a neighboring country was such as to warrant the cutting off of Australian aid and as an indication tha that sort of international behavior was

cceptable to us, and until there is
ie movement along the lines that Mr.
oys has suggested—some indication
novement toward a political set-
ient—that would remain our at-
de, but we would wish to be
ciated, as Mr. Talboys has indicated,
n these efforts to reach a political
lement.

**Q. In the context of Mr. Talboys' answer, which of those concerned applying military pressure on Viet-n?**

**Foreign Minister Talboys.** There is tary pressure being applied by Kam-hea. And, of course, what ASEAN is king to assist Kampucheans to bring united front to bring together those es opposing the Vietnamese sence in Kampuchea.

**Q. This aid-to-Kampuchea clause s seem rather mild and is, in fact, t milder than things you said lier on in this visit—earlier in your r about Vietnam. Was that clause eted because of concerns expressed Australia and New Zealand?**

**Secretary Haig.** No, I think we are lly consistent on the approach under ASEAN initiative and the U.N. con-nce, which will take place in July ch seeks a political settlement, as Talboys has reiterated. That does change the value judgment of the lications and the character of the tnamese intervention in Kampuchea. at we are talking about here is an iative, multilateral and, hopefully, which can be extensively and broad-upported which is designed to ieve a political settlement. And while cept the thrust of your question, I nk it doesn't change the character of value judgment of the United States t I have made with respect to Viet-nese intervention. Both are serving a erent purpose in effect. One is a ue judgment, the other is a political rt to achieve a settlement.

**Q. Are there any reservations ut the U.S. decision to sell arms to ina—the decision in principal?**

**Foreign Minister Talboys.** I think t before I answer that question, I nk one should give Secretary Haig an portunity to indicate what precisely position is so that then you can ask question in a different way.

**Secretary Haig.** That question ne from an individual who's heard t position repeatedly, and it is that there has been no decision to sell arms to the People's Republic of China but rather a decision to change the category in which the People's Republic has been carried in the American bureaucracy, which will enable them to request, as any other nonaligned, friendly government, specific assistance if they decide to do so, in which case we will assess that, we will weigh it, we will consult with allies, we will consult with the American Congress, and a decision will be forthcoming.

**Foreign Minister Talboys.** All I can add to that is that I've heard the Secretary of State make that statement, I'm not sure how many times, but still he gets the same question that you asked originally and the fact is, as he has pointed out that no decision has been made, there is no request at this time, so there is no decision that we can agree with or disagree with.

**Q. With respect to the position that you have just enunciated—the change in category, the clearing of the way to make arms sales possible if there is a request—what is your reaction to that?**

**Foreign Minister Talboys.** I'm happy with that.

**Foreign Minister Street.** The new Administration has made it clear from the outset about its willingness to consult on issues of major concern to them, with its friends and like-minded countries, and we welcome the reference to consultation which the Secretary of State had made, should a request ever come and before a decision is made. I think it's a good example, a good manifestation, if you like, of the willingness to consult which we welcome from the new Administration.

**Q. Would it be correct to state that the U.S. Government's position that you would like ANZUS and ASEAN to look more toward the Indian Ocean and have you had any success in persuading the Australian and New Zealand Governments of the necessity for that?**

**Secretary Haig.** I think the context of your question is not exactly consistent with the discussions we have had here. We feel that the contributions made today by both Australia and New Zealand are indispensable. We welcome them, and we are grateful for them. We have also, in the case of Australia, been very pleased that unilaterally they have, from time to time, increased their presence in the Indian Ocean, and that's been a unilateral decision based on, I'm sure, unilateral concerns. We have also rather substantially increased our presence in that critical and dynamic area. We are clearly cognizant of each other's posture in that regard, and for the United States, I can say we are very, very comfortable with what Australia has done.

**Q. My question concerns the command structure of the proposed peacekeeping force in the Sinai. Would you want to see such a force under the command of Australia and New Zealand, having in mind that that would tend to allay any criticism that the United States had some sinister motive in establishing a force in a forward position in the Middle East?**

**Secretary Haig.** Let me answer your question to the degree that I would say the United States is not interested in commanding the peacekeeping force. As a matter of fact, the United States, in the initial negotiations with respect to that force, preferred not to participate at all. But in order to bring the two parties together—and this was really one of the crucial aspects of the tripartite discussions—it was necessary for the United States to agree to participate in very definite and somewhat restricted way. We do not visualize nor do we seek American command of the force—precisely the opposite for perhaps not only the reasons you mention but others of even broader character.

**Q. Did you agree with that [inaudible]?**

**Secretary Haig.** I think that question is premature as to who should do it, and that would clearly be something that would be decided only after the final character and contributors—

**Q. That's just a couple of hurdles. Let's assume that Australia and New Zealand come in—**

**Secretary Haig.** That's a premature thing to do because, clearly, it's not a question that would give us any problem. We are openminded on who should command the force, with the single exception that we do not seek to on the U.S. side.

**Q. The Labor Party policy here is to ban nuclear ships of whatever country from our ports. In your discussions with Mr. Rowling [William "Bill" Rowling, leader of the opposition party] yesterday, did you need to canvass that point, from the American point of view if your warships or**

**nuclear ones are banned from our harbors, what difficulty would that present to you and how would you see that affect the ANZUS alliance?**

**Secretary Haig.** I think our position on this subject is clearly known and understood, and I'm not going to use this press conference as a vehicle for interposing myself in the domestic political affairs of New Zealand. It would be inappropriate, and I'm going to avoid it like the plague.

**Q. I noticed that in the second to last paragraph of this communique the three partners pledge themselves to reaffirm their commitment to principles of free trade. At the same time the Secretary of State has told us that he expects no change in the American barriers to New Zealand exports. How important to New Zealand's economy is greater access to American markets? And how satisfied are you with your discussions with the Secretary of State on that session?**

**Foreign Minister Talboys.** The importance of access—let me make it abundantly plain—it is not just a question of access to the U.S. market. If you look around the world you will find that the industrialized countries, and I look at the European Community, Japan, the United States—the industrialized countries generally—have, to a greater or lesser degree, some form of quantitative control on imports of livestock products. What we seek to do is in whatever form we have the opportunity to make the point that for an economy like New Zealand, where livestock products are the engine, it is vitally important to expand access to markets. Not that we have a capacity to meet the world demand or any nonsense like that, but simply we say to the international community that when we talk about trade, let's recognize the fact that for economies like ours, economies like Australia, trade must include livestock products, otherwise it is virtually meaningless. We can talk about liberalized trade, free trade in industrial products, and we are seeking in this country to liberalize the trading opportunities, and what we have said in the communique is that there is a commitment to move toward free trade. It's going to take time for us because we have industries in New Zealand that have been protected and some that will continue to be protected—many that will continue to be protected in various ways. But most of those industries are protected by tariffs. If all we had to contend with in the international market was tariffs, then we are up against a different proposition. What we object to is the quantitative controls. And in my discussions with the Secretary of State, I know that he understands fully the position here. I recognize that there are some political difficulties to be overcome in the United States, and what we seek to do is to mobilize support in overcoming those problems.

**Q. I said that there was apparently no progress being made here toward the goal that the foreign minister has outlined and you shook your head to indicate that I was wrong.**

**Secretary Haig.** No, it was the language that the premises of your question that I shook my head on. It always is a question of whether the bottle's half full or half empty. What I said was that the current levels for the remainder of this year between the United States and New Zealand would not be tampered with. There are some who would view that as good news. There are some who might view it as bad news. That has nothing to do with the detailed answer that Mr. Talboys gave and with which I am in full agreement, and that's the answer to your question.

## REMARKS TO THE PRESS, LOS ANGELES, JUNE 25, 1981[9]

I just had an extensive discussion with the President reporting on my trip to Asia. We discussed the visit in Beijing and the communications that we had there with the People's Republic of China, various leaders—the Vice Premier and the Vice Chairman, the Premier and Foreign Minister, Defense Minister. We went on to discuss the meeting of ASEAN in Manila and the ANZUS meeting that was subsequently held in New Zealand.

With respect to the China visit, I, of course, expressed satisfaction that it was a successful visit, one which had the clear consequence of clearing the air between Washington and Beijing which will enable us to move now from a new plateau of improving relationships. It was clear also in the ASEAN meetings in Manila that there is a fundamental convergence of view, although some differences in nuance between allied and nonallied members of ASEAN. But these are merely tactical differences. There's a fundamental consensus of concern about the situation in Kampuchea, the need to improve commmercial and economic ties among those five nations, and their relationships with the United States and the rest of the Pacific area.

The ANZUS meeting in Wellington, New Zealand, was marked by the kind of intimate relationship that has characterized that alliance for its 30-year history, and I consider it to be both highly successful and highly beneficial for me because it was educational in the sense of learning the sensitivities of those two long-standing allies and their views with respect to th Pacific Basin.

**Q. Did the subject of controversy involving you and Ambassador Kirkpatrick [Jeane J. Kirkpatrick, U.S. Ambassador to the U.N.] come up?**

**A.** It's your controversy; it's not mine. I have no controversy. I made that very clear yesterday, and it was discussed, of course, but in passing.

**Q. Was it discussed at length?**

**A.** It was discussed in passing, yes.

**Q. Did the President say he was angry about the reports?**

**A.** Not at all.

**Q. That he was angry about what your aides said?**

**A.** No. Look, we have a lot of serious business to do in the conduct of America's foreign policy. These kinds of things happen as they have happened in the past. If we allow them to divert us from the serious business that we are about, I think we are not serving the American people and their interest properly and I'm not going to do it.

**Q. Did you bring up the AWACS [airborne warning and control system aircraft] with the President?**

**A.** No, we didn't discuss that today, no. Only in a very glancing way.

**Q. Are you going to take any action against your two aides who were quoted in this story?**

**A.** I'm not taking any action against them other than to be very concerned that the situation came up, sorry and disappointed that it did, because it doesn't reflect reality and that's frequently the case in such personality, speculative stories.

**Q. When you were out of the try there was a fair amount of rial criticism which you may or not have seen about your decision ll weapons to China, that you got ing in return, that we're giving Chinese something and we got ing in return. Would you care to nd to that editorial comment?**

A. In the first place, I made it clear ghout my trip and I reiterate today there's been no decision to sell arms ina. There has been a decision to ge that category in which we have ed China as a potential arms pur- r from one that was restricted to capable systems to one which is no r on the munitions list. Should China want some arms, they e considered on a case-by-case following consultation with the ress and affected allies and friends lwide who might have an interest affected by such a decision. I d view a relationship in the arms with China as very evolutionary, measured, and very paced in cter.

**Q. What did you get in return?**

A. I'll leave that to you to speculate Ve have an improved relationship the People's Republic of China. For ast 3 years that relationship has on the decline, steadily. And I it is very important that we get on the track in a constructive way, won't go beyond that.

**Q. How are you going to explain e Saudis that Congress is not go- o approve AWACS this year?**

A. I hope that's not going to be the

**Q. Isn't that the reading, though, Mr. Allen [Richard V. Allen, stant to the President for Na- l Security Affairs] got from the as late as today?**

A. No. I think the reading that Mr. has and that I have as well is that ave a lot of work to do and that about that work and we hope that who have expressed opposition d be patient and take the time to irsthand for themselves the condi- under which that sale will be made. haven't had that opportunity yet, I'm optimistic that when they've had ey're going to change their view- t.

**Q. Did you discuss the inclusion ommunists in the French cabinet the President?**

A. Yes.

**Q. And can you tell us just some reaction of what the feeling is?**

A. I think the State Department and the Vice President have made a statement on this subject. We put an official statement out yesterday in Washington, and I won't go a step beyond it.

**Q. As a former NATO commander how do you feel about it?**

A. Just precisely the way our view was expressed in the State Department yesterday.

**Q. Have you said anything to your aides, though, about the policy in general of criticizing other Administration officials?**

A. Oh, golly, I suppose a lot of us discuss that subject from time to time.

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[1]Made in response to a toast by Vice Premier and Foreign Minister Huang Hua, who hosted the banquet (press release 193 of June 16, 1981).

[2]Made at a banquet for Vice Premier and Foreign Minister Huang Hua (press release 197 of June 22).

[3]Press release 196 of June 17.

[4]Press release 198 of June 22.

[5]Made in response to a toast by Foreign Minister Romulo, who hosted the dinner (press release 201 of June 23).

[6]Press release 199 of June 22.

[7]Press release 202 of June 26.

[8]Made at the ANZUS dinner (press release 203 of June 26).

[9]Made outside the Century Plaza Hotel (press release 208 of June 29). ■

# Secretary Haig Interviewed on "Face the Nation"

*Secretary Haig was interviewed on CBS's "Face the Nation" on June 28, 1981, by George Herman, CBS News and moderator; Karen Elliott House, diplomatic correspondent for* The Wall Street Journal*; and Robert Pierpoint, CBS News diplomatic correspondent.*[1]

**Q. Pravda says that the American decision to sell weapons to Beijing is, in their words, reckless, highly dangerous for the cause of peace. So I'd like to ask you if you think, because of this Soviet reaction, if the world is in for a period of worsening relations between the United States and the Soviet Union, or is that just talk?**

A. I think the process of worsening relationships has been underway for some time. The problem of China, however, must be dealt with in its own terms, and I do not believe, for one, that it would be advisable for the United States to conduct its relationships with a billion people under the specter of a Soviet veto. And I think that's very important for the American people to understand as we seek to improve our relationships with both Moscow and Beijing.

**Q. In answer to my first question, you said the relationships between the United States and the Soviet Union have been worsening for some time. I wonder if, for my benefit, you could give a beginning point and what you hope might be an end point for the decline in relations between these two countries?**

A. I think the basic problem started perhaps as early as Angola, 1976. This trangressed through Ethiopia, southern Yemen, northern Yemen; the two phases of Afghanistan, which find 80,000 Soviet forces occupying that country today; the invasion of Kampuchea by a Soviet proxy, North Vietnam; Vietnam; and all of these things I think were a rather shocking consequence of the great hopes and expectations that were generated in the early 1970s under detente, the SALT I agreement, and since that time our relationships have been deteriorating, and clearly as a consequence of Soviet, not American, action.

**Q. Could you explain to us what is our policy toward the Soviet Union? Are we trying to be tough in the hopes that at some point we can talk to them, or do we simply just want to shove them around the way we feel they've shoved the rest of the world around?**

A. No, I don't think that is a correct characterization at all. I think what the United States hopes, and I know what President Reagan hopes, is to establish a new relationship with the Soviet Union built on restraint and reciprocity in our

mutual relationships – restraint in the sense that the Soviet Union will cease and desist from instigating, supporting, and carrying out efforts to effect historic change by rule of force, whether it be through proxy or the direct involvement of Soviet forces, as is true in Afghanistan. We believe this can be done only with the clear recognition in Moscow that the current activity of the Soviet Union is unacceptable in terms of improving East-West relationships and that we would seek to work with them to elicit the restraint that the basic policy has established as our goal.

**Q. Does this mean that policies—such as the SALT talks, the Strategic Arms Limitation Talks, and other detente efforts to ease relationships with the Soviet Union—those policies are dead until the Soviet Union changes its course?**

A. Not at all. I think clearly that would be an expectation that would neither be realistic nor achievable. On the other hand, we do feel that there is an urgent requirement for some fundamental understandings on future directions for some reciprocity, if you will, and this does not mean that SALT II cannot begin until Soviet forces are in effect withdrawn from Afghanistan. It does mean that there are certain understandings with respect to the whole range of U.S.-Soviet relationships and East-West relationships in which there is a better consensus and a clearing of the air between us.

**Q. But it seems to me that what you're saying is that somewhere down the line the Soviet Union has got to change before we're willing to talk SALT. What are you waiting for? The Soviets themselves claim that we're stalling.**

A. First, the premise of your question suggests that these discussions have not been going on. We have, as you know, scheduled formal discussions before the end of the year to be hopefully triggered and launched during a meeting between myself and Foreign Minister Gromyko in New York this September, and these will involve the theater nuclear arms control efforts, on which we have worked very carefully with our Western European partners and who have a vital stake in the outcome of these discussions.

Beyond that, we're dealing with a whole host of internal reviews associated with strategic arms limitations, and these are complex in the extreme. It's the President's hope, I know, that the objective of such discussions will be the actual reduction of the growth of strategic armaments, and I would expect that these discussions will take place sometime next year without any firm deadlines being set one way or the other.

**Q. Let me just go back to the burden of my first question. You said, quite understandably, that the United States should not conduct its policy, its relations with China, on the basis of Soviet opinion. Nevertheless, it is a factor. If the Soviets—if any country thinks that what you're doing with another country is a threat to it, that has to be taken into consideration. It really is a kind of a triangle, is it not, and do our relations with China—Pravda says they're a threat—do you think that this is provocative to the Soviet Union or that they consider it provocative?**

A. In the first place, I would hope that they would not consider it provocative because—

**Q. But Pravda says they do.**

A. —there is no basis for that. On the other hand, I think it is very important that Americans recognize that our relationships with China must stand on their own, and it doesn't mean that they do not affect our interrelationships with the Soviet Union; it would be specious to suggest so. But if we allow that so-called China card to become the dominant factor in our relationships with a billion Chinese people, why, we will have, if effect, given the Soviet Union a veto over those relationships. I think that would be very, very serious and a mistake.

**Q. You're aware, of course, of one of your predecessors, Cyrus Vance, who calls the announcement of the arms sales to China a needless provocation of the Soviet Union?**

A. I think that's a debate that raged in the Carter Administration for the entire period that Mr. Vance was Secretary of State. It was well known and recognized. The simple facts are that in the first instance we have not made a decision to provide particular armaments to the People's Republic. We have merely internally changed the category under which they've been held, which lumped them together with the Soviet Union.

**Q. But all of us who've been in Washington any length of time know that changing a category in these little bureaucratic terms ends up in enormous changes of action.**

A. This depends on the future and the decisions made on a case-by-case basis. First, what requests we may get from the Soviets. We would then consult with the Congress—

**Q. From the Chinese.**

A. I mean, from the Chinese. We would then consult, of course, with the Congress and with affected allies and friends, and so we view this as a very evolutionary thing. What we've done is put China, for all intents and purposes, in the same category as Yugoslavia, as a friendly, nonallied state.

**Q. There have been reports that the Chinese have been willing to cooperate with us by providing listening posts in China for us to spy on the Soviet Union. Can you confirm those?**

A. It's been our policy not to discuss any such arrangements, and I'm not going to depart from that policy today.

**Q. Without you confirming or denying the intelligence reports, the reports of planned weapon sales are obviously true, if the Chinese decide to buy weapons. If it isn't—as Secretary Vance says—using our China card prematurely, what is the point of our selling arms to China?**

A. I think the point of our making the category different for China is a clear recognition that they are different that they are a friendly regime in which we have a number of converging interests, and we've been in a 10-year process in an effort to normalize our relationships with China. It goes without saying that—it was made very clear to me in China, from the officials with whom I spoke, that they have not been satisfied with the evolution of these relationships over perhaps the last 2 or 3 years, and that is a consequence of—

**Q. Did the word Taiwan creep into some of those discussions?**

A. Yes, it did, and as it would be expected to, as it did from the first period of normalization, where I was intimately involved, in 1972. And this is, again, a question of, if you will, handling this very sensitive issue with prudence and great care. We happen to believe we can do so; we can meet our obligations to the peoples of Taiwan and continue with the normalization process with China.

**Q. Does that include new arms to Taiwan as well? Do they need e sophisticated planes?**

**A.** It includes the meeting of our nitments to the people of Taiwan, the provision of defensive armts as necessary to provide for their vital interests, and such future ac- will be taken precisely on that and this is understood in Beijing.

**Q. Are you saying, in effect, that either tacitly or explicitly told the le's Republic of China leaders, whom you met, that Taiwan d not get a new weapons system, ding FX planes, unless there was eat from Beijing? Is that really this is all about?**

**A.** No, and I think that's far too ly drawn. I think it was made clear em that we have obligations, ric and under law, to provide sary defensive armaments to the e of Taiwan. This is known and nade known in Beijing. Now, clear- e basis for such decisions will be efensive needs of Taiwan.

**Q. Is it your opinion that Pakistan rking toward a nuclear-weapon bility?**

**A.** This is a subject which, of e, we are keenly attuned to and sensitive about. As you know, r Secretary [for Security tance, Science, and Technology s L.] Buckley just returned from a o Pakistan, where he held lengthy ssions with President Zia, and e he was assured by President Zia they would not seek the develop- of nuclear arms. I think he ied to this effect a week or so ago. really, this is one of the underlying ises of our new approach to tan, to remove the appetite, if you for nuclear weaponry which comes an intense sense of vulnerability to ts from the Soviet Union and—

**Q. From India?**

**A.** Perhaps, although clearly today alance between the two powers is dly skewed that it would hardly be ional acceptable balance in the e of a threat.

**Q. How about some of Pakistan's hbors? You noticed that the Presi- of Iraq, Saddam Hussein, has d for all Arab nations, perhaps all lim nations, which might bring in stan, to have nuclear-weapon capability in the view of Israel's capability to produce such a weapon.**

**A.** I, of course, saw that statement and we're looking into it now because it's an appalling statement. It's one which is not in consonance with fundamental policies under the Reagan Administration, and that is, there should be no question about President Reagan's intent to pursue, as vigorously as we can, the nonproliferation policies of this Administration.

**Q. In that context, has the State Department asked Turkey to not provide material that—**

**A.** I saw that newspaper report today—

**Q. —would help Pakistan build a bomb?**

**A.** Yes, and I haven't had a chance to look into it to the depth that would be necessary, but let me assure you that any indication we have, official or unofficial, which would suggest any broadening of the proliferation problem would be sufficient to trigger counteraction on our part to attempt to prevent it.

And, secondly, let me tell you that the Government of Turkey is a signatory to the Nonproliferation Treaty, and they have rigidly reaffirmed, as we would expect, their adherence to that treaty, and that means that they will not assist the expansion of nuclear weaponry. Now, it doesn't mean that we can take these things complacently, so if we have a report that suggests to the contrary, we're going to follow up on it, and that's just a responsible diplomacy.

**Q. Is it possible there could be a State Department cable asking Turkey not to provide materials to Pakistan that would help build a bomb, and you wouldn't know about such a cable?**

**A.** No, not at all. Oh, of course, it's possible in the sense that I've been out of the country, and this is a fairly routine procedure that whenever we would have a report of that kind, there would be a followup message sent. It's not the kind that would necessarily come to the Secretary's attention. It's very consistent with that policy.

**Q. In the view of Saddam Hussein's call for all Arab nations to produce atomic weapons, what do you suppose the Iraqi reactor was up to? Was it strictly for peacetime, or was there a weapons capability on the bottom of it?**

**A.** This is the subject of an intense investigation which is continuing. You'll note that President Reagan did approve a condemnation of the Israeli attack, while recognizing some of the concerns that may have caused that attack to take place. Our basic objection was the fact that we felt that all diplomatic recourse had not been pursued before resort to arms was undertaken. That does not mean that we don't remain concerned about the Iraqi nuclear development.

**Q. In that review of the Israeli attack on Iraq, you said that there may have been a violation of the use of U.S. military weapons by the Israelis. I wonder if there has been, and if the American public is ever going to be told that there has been a violation by Israel, or are we going to carry out the usual policy of simply ignoring whether there has or not and going on and renewing our arms deliveries to Israel?**

**A.** I want to assure you that the considerations that were launched at the time of the attack and are still underway are continuing. Now, this will involve consultation with the appropriate committees on the Hill, especially the Senate Foreign Relations Committee. We've already conducted some testimony there, in which we are continuing to examine the facts. Now I don't want to make any prediction at this juncture as to when a judgment would be made with respect to your question, or whether we are going to—when and under what circumstances we will resume the shipment of the four F-16s involved, but—

**Q. Is that a yes or a no?**

**A.** —it is not going to change our basic relationship with the Government of Israel and our obligation with respect to it.

**Q. But, given that, is that a yes or a no to my question as to whether the American public is ever going to know whether the Israelis violated the agreement?**

**A.** I don't know whether we alone are going to be able to give a juridical answer to that question. I think the best we can do, along with the Congress, is to study it with the intensity we have thus far and to try to arrive at a conclusion. Now, if that conclusion is juridical, as distinct from political, the conclusion we already made, then we will make it known.

**Q. I was not along on the trip and I did not hear the statements, but I read them in the newspaper, and my question is, in the U.N. debate, with Ambassador Kirkpatrick [U.S. Permanent Representative to the United Nations] taking part, and the reactions that came from various parts of the country, did two of your spokesmen speak out with or without your approval when they were critical of Ambassador Kirkpatrick's action?**

A. I can assure you that they not only—to the degree that they were accurately portrayed in the article—they were not only proceeding without my authority, but they were proceeding along lines which were not representative of the facts. And I've already made my position very, very clear on that; and I think it's not an uncommon event in this town, and I think it's important we put it behind us, because it is not representative of reality.

**Q. While we were on that trip to China and the Far East, some important developments occurred in France. The new President of France, Mr. Mitterrand, installed the four Communists in his Cabinet. There seems to be some difference of opinion within the Reagan Administration as to whether—as to how serious an event that was. The Vice President, when he was there, simply said it was of some concern to us and dismissed it. The State Department put out a statement saying that the tone and content would be affected, the tone and content of relationship with France and the United States would be affected by this. How will the tone and content of our relations with France be affected?**

A. First, let me make it very, very clear that there is no difference of opinion in President Reagan's Administration on this subject. Every statement that has been made was cleared and discussed with the President personally, and I can assure you that it doesn't mean that every spoksman pollparrots every particular line, and it's clear that there's a total consistency. And we are concerned, as we have been historically, since the Second World War with this subject. On the other hand, it's important we also recognize that this is an internal French matter. It's up to the French people to decide the composition of their government.

Having said that, we make no excuses or no bones about our concern. Why? It's simply a fact of life that Communist regimes, whether thay are closely affiliated with Moscow or not, pursue policies which are not consistent with those of the Western family of nations.

**Q. Yes, but what's the point of publishing it?**

A. But the future will decide.

**Q. What is the point of publishing—as you say, it is a fact of life; they are installed; France is an ally—what good does it do to say, "We're disappointed in you. We don't like what you're doing"?**

A. It does a great deal of good. In the first place, it has been the consistent policy of the U.S. Government since the Second War, with every President making this clear. You will recall it in the Italian situation some 2 or 3 years ago, and it is very important for that reason that all of our Western European partners faced with the same decisions know that these decisions are not favorably viewed here in Washington.

**Q. Can I take you back to the Middle East? Is there any thought in this Administration—do you intend to delay further the sale, your decision on the sale of AWACS [airborne warning and control system] to Saudi Arabia?**

A. Precise timing is a question which will ultimately be decided by the Senate leadership. I do want to assure you, however, there is no question about our intention to proceed with the sale. We feel this is vitally important, not only for U.S. regional objectives in the area but also for our future relationships with Saudi Arabia.

**Q. But you may delay it further? I mean, Senator Laxalt has suggested that you delay it further. Are you considering delaying it past July?**

A. We're in the process now of developing the arrangements under which the sale will be made, and we think it's very important that these arrangements be known and understood by those who have reservations about that sale. We've asked them to be patient. And I think that is a major consideration on timing, as is the judgmer of our senatorial leadership, who are, after all, going to have to carry this b tle forward.

**Q. So can I conclude from that answer that there may be further delay?**

A. Of course, you can, but it will not be substantial, and it will not chan the intent of the President to proceed with this sale.

**Q. What would happen if the sa were rejected by the Congress? Wha would be the effect on our relations with Saudi Arabia and the oil we bu from them?**

A. I don't view it in the context o oil. I don't think our Saudi friends or t dialogue that we've been conducting with them has been associated with th vital issue. What we are concerned about is the security of that oil, and th contribution that AWACS would mak to insuring that security. And secondl what we are interested in is our overa regional security, which we've been working so intensely on, and the contribution AWACS will make to that.

[1]Press release 211 of June 30, 1981. ■

# .S. Policy on Namibia

*hester A. Crocker*

*Statement before the Subcommittee frica of the House Foreign Affairs mittee on June 17, 1981. Mr. ker is Assistant Secretary for ican Affairs.*[1]

ibia is an issue to which this Adstration has devoted enormous gy and one whose resolution we ider of considerable importance to achievement of peace in southern ca.

This Administration took office only after the Geneva conference hed a total impasse. At that time, South African Government indicated it was not willing to agree to a date he implementation of U.N. Security ncil Resolution 435. Various theories been put forward to explain the tion the South African Government . I think it is clear that Pretoria had me increasingly uncertain throughout 1980 about the desirability—from its dpoint—of implementing the U.N. for Namibia. That uncertainty was d upon the South African Governt's analysis of a number of factors ging the southern African e—distrust of the United Nations' ty to play an impartial role, concern the future political direction of an pendent Namibia, fears arising from election results at the time of Zimwe's independence, and domestic tical considerations. Some have sug- ed that the results of our own elec- here in the United States encourd the South African Government to the stand it did at Geneva. I believe facts and the realities show that to llusory. The negotiations had reached mpasse over unresolved issues.

### sults of Review

en this Administration took office we gnized the importance of finding an rnationally acceptable solution to the blem of Namibia. In fact, since then as been perhaps the single African ue to which I and others in the partment of State have devoted the st time. We began with an exhaustive iew of the negotiations which the ter Administration had undertaken, situation in which we found ourves, and policy directions which we ght undertake to achieve our desired objectives. Some key results of that review include the following:

- We recognize that the people of Namibia have the right to self-determination.
- We recognize that the search for that self-determination has involved a complicated negotiation process symbolized in Resolution 435. We have no intention of usurping the United Nations' role or departing from the U.N. context; however, we cannot be constrained by a rigid adherence to the letter of Resolution 435 if, by so doing, an internationally acceptable settlement in Namibia is impeded rather than aided.
- We are fully aware that the continuation of the conflict in Namibia complicates our relations with black Africa at a time when there appears to be more and more common ground between black Africa and the West. We attach major importance to U.S. interests in Africa as a whole, and we have no intention of permitting such issues or the behavior of third parties to impede our growing cultural, political, economic, and strategic links with the nations of Africa.
- We are well aware that our Canadian, British, French, and German allies in the contact group have significant interests at stake in Africa based upon their involvement in the Namibia negotiations. The solidarity of the contact group allies remains a basic ingredient in the elaboration of a settlement.
- Finally, we recognize the inescapable fact that Pretoria holds the main key to a settlement and, therefore, must have a minimum of confidence in any settlement if it is to be implemented.

### Consultative Process

Over the past 5 months, we have engaged in an exhaustive consultative process with the various relevant actors, including our contact group [France, Federal Republic of Germany, United Kingdom, United States, Canada] partners, the front-line states [Angola, Botswana, Mozambique, Tanzania, Zambia], and Nigeria, and with South Africa. That was the purpose of my trip to Europe and Africa in April. It was the primary purpose of Pik Botha's [South African Foreign Minister Roelof F.] visit to Washington in May, and it is the context within which Judge Clark's [Deputy Secretary William P.] trip to Cape Town, Windhoek, and Salisbury took place during June 10–13.

The central purpose of the review and consultative process has been our attempt to determine whether enough

Chester A. Crocker was born in New York City on October 29, 1941. He received his B. A. from Ohio State University, graduating (1963) cum laude, with distinction in history. He received his M.A. (1965) and Ph.D. (1969) from Johns Hopkins University's School of Advanced International Studies.

Dr. Crocker served as Director of African Studies at Georgetown University's Center for Strategic and International Studies from January 1976 until 1981. He directed research and policy analysis involving experts and leaders from the executive branch, the Congress, universities and foundations, the private sector, the media, and from African and other nations. He first joined Georgetown University in August 1972 as Director of the university's Master of Science in Foreign Service Program, serving concurrently as Assistant (later Associate) Professor of African Politics and International Relations. While at Georgetown he was also a consultant to the Department of State, the CIA, the Army War College, the Murphy Commission, the Rockefeller Foundation, and private firms.

Dr. Crocker's other professional experience includes work as news editor of *Africa Report* magazine (1968–69), lecturer in African government and politics at American University (1969–70), and staff officer at the National Security Council (1970–72), where he coordinated interagency policy studies and action papers involving Middle Eastern, African, and Indian Ocean issues.

During the past 15 years, Dr. Crocker has lectured, written, and consulted on a broad range of international issues, especially those involving Africa. His research and writings have appeared in numerous books, newspapers, and journals, including the *Washington Post, Orbis, The New Republic, Africa Today, Foreign Policy, Foreign Affairs*, and the *Washington Quarterly*. He is the coeditor of *South Africa into the 1980s*, a book published in 1979.

Dr. Crocker was sworn in as Assistant Secretary for African Affairs on June 9, 1981.

common ground exists on Namibia within the changing circumstances of southern Africa to warrant our involvement with a renewed effort to reach an internationally acceptable settlement. We have done so because of southern Africa's growing role in U.S. and Western interests. But this Administration has a very full foreign policy agenda, the implication of which is that we will not engage ourselves in the Namibia equation if we feel the prospects for success are bleak. We have been frank with all of our interlocutors on these points. Our approach is realistic. The United States will not permit its energies, time, and credibility to be frittered away on a drawn out and fruitless diplomatic charade in southern Africa.

With this in mind, we believe that the key focus of our analysis is whether South Africa's concern over a settlement can be made congruent with an internationally acceptable settlement; one which uses Resolution 435 as its basis and is supported by the international community, in particular the countries of Africa. We believe that all those who share our goals will appreciate fully the care, the time, and the energy we have devoted to this issue to date.

Judge Clark's trip to Cape Town and Windhoek was another key step in this process. In Cape Town we held in-depth and intensive discussions over a 2-day period with senior officials of the South African Government, including Prime Minister P. W. [Pieter Willem] Botha, Foreign Minister Botha, and Defense Minister [Magnus] Malan. As a result, we believe we now have a much clearer idea of the South African Government's views on Namibia and on the region.

In Windhoek we met with all of the internal parties, including AKTUR, the DTA [Democratic Turnhalle Alliance], SWANU [South West African National Union], NIP [Namibia Independence Party], the Federal Party, CDP [Christian Democrat Party], SWAPO [South West Africa People's Organization] Democrats, and the internal wing of SWAPO. In these sessions we were able to appreciate directly the concerns of these various groups about the future of Namibia. A meeting with leaders of the major religious groups provided us with a unique insight into the human dimensions of the Namibian problem.

In Salisbury we had frank and friendly discussions with Prime Minister Robert Mugabe and other Zimbabwean officials in which we were able to define more carefully those areas of the Namibia situation about which the Zimbabwean Government has strong views and to explore future avenues in which we hope to move together on this and other issues. As a key southern African state whose successful development receives strong support from Washington, Zimbabwe is clearly one of our major interlocutors on the Namibia issue.

### Internal Review

We now begin a period of intensive internal review of the information we have gathered. At the end of that period, perhaps by the end of June, we will make a judgment at the highest level on whether enough common ground exists upon which to build an internationally acceptable settlement. We recognize that Resolution 435 must be the basis for that settlement—a fact which we have underlined in all of our consulta tions. At the conclusion of the review we expect to be in touch promptly wi the relevant parties, both in the cont group and among the front-line state and South Africa.

I cannot prejudge what our decis will be, nor can I predict a timeframe for Namibia's independence if we cho to go forward. I can assure you, how ever, of our good faith in this exercis and the seriousness of purpose with which we continue to approach it.

[1]The complete transcript of the hearir will be published by the committee and wi be available from the Superintendent of Documents, U.S. Government Printing Of fice, Washington, D.C. 20402.■

## U.S. Response to OAU Criticism

**DEPARTMENT STATEMENT, JUNE 30, 1981[1]**

There have been a number of questions concerning our reactions to the recent Organization of African Unity (OAU) summit held at Nairobi, Kenya. I have a statement.

First, I would remind you of our statement at yesterday's briefing in which we applauded King Hassan's initiative on the Western Sahara and hoped that his proposals would lead to an early resolution of the problem. Our reaction to other developments at the summit are less positive.

We found the OAU resolutions on both South Africa and Namibia to contain serious distortions of the policy that we are actually pursuing in those areas and unhelpful contributions to our common efforts. It should be absolutely clear from our actions in recent months that the United States is firmly committed to pursuing an internationally recognized independence for Namibia. We continue to believe that U.N. Security Council Resolution 435 provides a solid basis for a settlement. Such a settlement can be reached only through negotiations with all involved parties, including South Africa. Our contacts with South Africa on that issue and on other matters of common interest in no way serve as the basis for suggestions, such as those in the OAU resolutions, that the United States is pursuing policies supportive of South Africa's racial policies or of its continued control of Namibia. Such suggestions are untrue unhelpful, and do not advance in any way our mutual efforts in pursuit of peace and stability in southern Africa

We are disappointed that the OA summit did not condemn the clear vio tions of OAU principles in the interve tion by Libya in the Chadian conflict the occupation of Chad by Libya. We look forward to early installation of t peacekeeping force called for in Chad the OAU so that the Libyans may be quickly withdrawn and so that peace economic development may once agai take root in that troubled land.

The OAU meeting decided to hol its 1982 summit at Tripoli, Libya. We note that it is traditional for the OAU select the host head of state or gover ment as its next chairman. If that tra tion were followed in 1982, we would look upon it with deep regret, since w believe Libya to be a most inappropri spokesman for the principles of peace and regional stability for which the O stands and which we wholeheartedly support. Libya's support for international terrorism, its intervention in th affairs of neighboring states—includir its incursion into Chad—and its assassination campaign against Libya dissidents abroad hardly qualify it to l the spokesman for Africa to the worl

[1]Read to news correspondents by Depa ment spokesman Dean Fischer.■

# trengthening U.S.-African Relations

*Chester A. Crocker*

*Address before the African-American itute Conference in Wichita, Kansas, June 20, 1981. Mr. Crocker is Assist- Secretary for African Affairs.*

subject of this conference, the atten- it has drawn, and the degree of par- ation it has attracted are, I believe, ctly related to the goals which we in Reagan Administration want to eve in our policy toward Africa. In ign policy as in domestic policy, sident Reagan has set some tough s for this nation. To achieve them require first that the American le understand them. And it will re- e a shared sense of what our on's interests and priorities are, at e and abroad. To rebuild the image , more important, the reality of a ng America also requires the eration of a broad spectrum of e institutions and groups which can w upon the vitality and genius of in- dual Americans. And just as certain ifices will be necessary to achieve domestic economic reforms we need, nust we make choices in the alloca- of resources abroad. We live in an where such choices cannot be avoid- But the challenge the President has for us all is, I believe, both a essary challenge and one that we can t.

This conference is making a signifi- t step in these directions. It has ught us together to enhance our erstanding of a continent which is oming increasingly important to the ited States in the pursuit of our al objectives. It has brought us in Reagan Adminstration together with African friends and the business mmunity of the heartland of the na- n. We wish to work together to eive our and Africa's objectives. We to be better prepared to meet the llenges to our shared interests in the ade of the 1980s. And we seek to ness with skill, creativity, and pur- e the human and material resources America and Africa.

To do so will require a renewed se of purpose in our foreign policy so t we may project in Africa the same nciples that govern our policies ewhere. As Secretary Haig has stated m, those principles are: consistency he pursuit of U.S. interests, reliability as a force for peace and stability, and balance in our approach to individual issues and the orchestration of policy. As a nation we can no longer afford a foreign policy that confuses the American public because it lacks coherence, that confounds our allies because it lacks consistency, or that comforts our adversaries through its vascillation or ineptitude.

While certain African problems and issues are unique to that continent, we ignore to our own—and Africa's—peril the geopolitical and economic realities that tie Africa to the international community in which we all exist. Africa is an integral and increasingly important part of the global competitive system. We did not cause this to happen. It is a reflection of the reality of African independence and a result of the abiding characteristics of world politics. Africa's leaders can have little confidence in an America that speaks with the condescension or paternalism of a bygone era. A mature U.S. relationship with African states can be an important force for international as well as U.S. national security.

## U.S. Objectives

We began this Administration by setting forth what U.S. objectives in Africa should be.

- We seek to promote peace and regional security and deny opportunities to those who seek contrary objectives.
- We will support proven friends and be known as a reliable partner, in Africa as elsewhere.
- We want to maintain open market opportunities, access to key resources, and contribute to expanding African and American economies.
- We support negotiated solutions to the problems of southern Africa.
- We seek to expand that group of nations whose development policies produce economic progress and which have flourishing democratic institutions.
- We shall do our part in meeting Africa's humanitarian needs and in fostering basic human liberties in keeping with both our principles and our interests.

Meeting these objectives is, of course, no easy task. But we begin with several advantages. First, we have laid out objectives which we can all understand. Second, these objectives are in keeping with basic American values. The policies we implement will not conceal them. To do so would indicate our own lack of confidence in those values and principles for which we as Americans have long been admired. They are an integral part of the comparative advantage we as Americans and the Western world in general have in Africa.

Africa and Africans are already largely oriented toward the West. Yet that orientation, that advantage, cannot be taken for granted. Events of the last decade have proven only too clearly that the objectives we seek in Africa are increasingly threatened by political instability, external intervention, and declining economic performance. Soviet-Cuban and Eastern bloc intervention in African affairs, the presence of thousands of Cuban troops in Angola and Ethiopia, the presence of Libyan troops in Chad, and the massive transfers of arms by Eastern bloc nations all serve to undermine U.S. and Western interests in Africa and to thwart our and Africa's objectives. The globe's leading sources of destabilization are active in Africa. This Administration has no hesitation in stating that frankly, categorically, and for the record.

Nor do we hesitate in our belief that economic development, a central imperative for a continent which contains two-thirds of the world's poorest nations, cannot take place in an environment of instability or insecurity. In this respect, African nations are no different from other developing nations. Roads cannot be built, railroads cannot transport goods, wells cannot be dug, nor crops harvested when a nation is at war with itself or its neighbors. We will do our part in addressing Africa's security needs. We have already proposed to the Congress increased levels of security assistance to certain key African nations in support of our objectives in Africa and in the Persian Gulf. By defining carefully our interests and commitments and by backing them up in credible ways, we believe the United States, in concert with our major allies, can play a significant role in addressing Africa's security problems. We will stand together with our proven friends in Africa, offering them assistance and counsel rather than turning our backs on them in their time of need. To do otherwise would do injustice to our own values as a people, and it would prevent us from achieving our goals of peace, regional security, economic progress, and the expansion of human liberties.

But let me make it quite clear that we do not choose nor have we any mandate to be the policeman of Africa. No nation has such a mandate. Our preferred choice is to foster and help implement, where we can, diplomatic solutions to Africa's conflicts. In southern Africa as in the Horn of Africa, we seek a reduction of regional tensions. Those who characterize this Administration's goals differently are, simply put, wrong. We are committed to playing our proper role in creating a context for successful negotiations leading to internationally recognized independence for Namibia. We believe it is the task of the Western world to encourage purposeful, evolutionary change in South Africa toward a nonracial society. And we believe that all those who share our opposition to foreign intervention on African soil will acknowledge the need to find means to remove any pretexts for the presence of foreign troops in Angola.

### Concerns With Southern Africa

Our concerns with southern Africa, from Zaire to the Cape, are born out of our recognition of the strategic, political, and economic importance of this region to the United States and the Western world. Southern African nations play an important role in meeting U.S., European, and Japanese requirements for critical minerals such as chrome ore, cobalt, industrial diamonds, manganese, platinum, vanadium, copper, tin, and asbestos. The Western world must remain engaged in this geopolitically important region during periods of strife and uncertainty. Southern African states form the littoral to one of the vital lifelines of the industrial democracies. We must work actively and play our proper role—diplomatic, strategic, commercial, and economic—in this key arena to prevent destabilization and economic decline and to foster a secure and prosperous regional order.

Failure to be an active participant in the affairs of southern Africa can only lead to heightened regional tension, polarization, and Soviet-backed adventurism. That is why we have not shied away from the difficult negotiations on Namibia; why we have not abandoned South Africans of all races who are seeking constructive changes and who are committed to purposeful movement away from apartheid; and why we have not been dissuaded from pursuing an end to the internationalized strife in Angola. The stakes are too high, the threats to our mutual interests too great, and, above all, the costs to the peoples of southern Africa too heavy for us to turn away from the challenges of this region.

### Economic Concerns

I mentioned at the beginning of my remarks the tough goals which President Reagan has set for us in restoring our own economic well-being and in contributing to development efforts in Africa as elsewhere in the Third World. In an interdependent world, the trends which we see in Africa today should cause us alarm: declining per capita food production, falling per capita growth rates for most nations, staggering import bills for non-oil-exporting nations, desertification, high rates of inflation and deteriorating terms of trade, and population and urbanization growth rates which are the highest in the world. Already fragile economies are being undermined steadily by these developments. Even more fragile political systems, some of which are struggling to provide greater human liberities and broadened political participation, are being undermined by these economic trends. It is a vicious circle, one which has a decidedly negative impact upon our efforts to expand the linkages between our own and African economies and upon our shared goals economic progress.

To break this cycle will require a concerted effort on our part, on your part, and on the part of Africans themselves. It will require some sacrifices, closer attention to prioritie specific definition of objectives and be ter coordination of our assistance pro grams with our foreign policy goals. V are not ashamed to back winners. We want to expand that group of African nations whose development policies pr duce economic progress. We want to help those who help themselves and want to work with us on the basis of mutual respect and common interest—like Malawi and Kenya, Sudan and Cameroon.

But our official assistance resourc and those of our allies are not infinite We want to engage the American private sector more fully in the econo development process—in the creation jobs, in overall growth, and in establishing a sustaining source of revenue. We recognize that the privat sectors of other industrial democracie are already competing effectively in Africa, yet we believe that U.S. firms have a comparative advantage in som critical areas, such as agribusiness ac tivities. We plan to do our part to ass you, by reexamining present government policies which act as an unnecessary disincentive to business activities abroad, by exploring ways in which our own Agency for Internatio Development and other government agencies can support your activities, a by coordinating our trade aid and inv ment instruments in supportive ways

In a larger sense, we believe that our own policies at home and abroad create the environment in which U.S. business can operate more effectively This Administration seeks to rely mo on market forces at home and to encourage the growth of market econor abroad. We can set an example on bo fronts, one which, when weighed together with the dismal results of government-run enterprises in Africa elsewhere, will encourage the trends seek. At the same time, African gove ments themselves will need to make c tain changes—in management, in com modity pricing policies, in resource allocation, and in economic planning. can no longer afford to provide scarc bilateral assistance, to encourage multilateral lending, or to promote private sector investment in countries

## Western Sahara

**DEPARTMENT STATEMENT, JUNE 29, 1981[1]**

The United States welcomes the proposals made by King Hassan II of Morocco on June 26 in his speech to the Organization of African Unity (OAU) summit concerning the modalities for compliance with the objectives with the OAU's Wise Men's[2] recommendations. The United States believes that the King's proposals constitute an important step in seeking a peaceful resolution of the contentious issue of the Western Sahara and hopes that plans for the proposed referendum can be formulated and accepted by the parties concerned in the near future.

[1]Read to news correspondents by Department spokesman Dean Fischer.

[2]An ad hoc committee of five chiefs of state appointed by the OAU in 1979 to attempt to facilitate negotiations for a settlement of the Western Sahara dispute.■

# merica's Blueprint r Controlling Nuclear Weapons

*Eugene V. Rostow*

*Statement before the Senate Foreign ations Committee on June 22, 1981. Rostow is Director-designate of the ns Control and Disarmament ncy.*[1]

s always an honor to come before this mittee. I am proud to be here as sident Reagan's nominee for the ctorship of the Arms Control and rmament Agency (ACDA). The sident regards the functions en- ted to the agency as among the t important in the arsenal of our omacy. So do I.

President Reagan has said that "the t and foremost" objective of our ign and defense policy is "the blishment of lasting world peace." ce with freedom is and always will he most fundamental of our national rests in world politics. But in the lear age, peace is more than an interest; it is virtually a commandment. The President is convinced that a just and stable system of peace can be restored by peaceful means. In his view, the task can be accomplished through the diplomacy of regional coalitions backed by credible military deterrence. Such action is imperative now because our vital national interests in many parts of the world are threatened by the recent decline in world public order.

Many look to arms control agreements as magical guarantees of peace. The history of the subject should persuade us to accept more modest expectations. Fair, balanced, and verifiable arms control agreements can play a significant role both in achieving and maintaining peace. They cannot do so of themselves.

The Versailles treaty and the naval agreements of the 1920s and 1930s were the most important arms control and disarmament agreements thus far during this century. These words have somber echoes. Much has been said about the moral justification of the Versailles treaty. Viewed only as an arms control agreement, however, Versailles and the other arms control treaties of the period clearly failed. When they were tested, the United States was still in the grip of neutralism; the United Kingdom had lost faith in its commitments; and France could not act alone. The Second World War was the result.

There is at least one successful arms control agreement in modern history—the Rush-Bagot agreement of 1817, which still limits the level of naval power we and Canada can deploy on the Great Lakes. The fact that everything about the Rush-Bagot agreement is rather dull is the most convincing evidence of its success. It was by no means self-evident in 1817 that the agreement would work. The passions of the Revolutionary War and the War of 1812 survived and rankled. There was great tension between the United States and the United Kingdom over Canada on several occasions during the 19th century. In these periods, the Rush-Bagot agreement was a genuine influence for restraint.

What is the moral of the experience I have just recalled? I should venture these conclusions. Where there is a general political understanding about the limits of rivalry, arms control agreements can help to prevent friction and conflict from degenerating into war. This was the case with the Rush-Bagot agreement but not with the Versailles treaty or the naval agreements of the period. The Western nations simply refused to recognize the aggressive nature of German and Japanese policy in the 1930s. Disarmed frontiers and arms control treaties cannot prevent war when democratic nations pursue blind, foolish, and inadequate policies, tempting aggressors beyond endurance.

In short, arms limitation agreements can help to reinforce the state of peace when it already exists, or when it is close to being the norm. They cannot do so where the will to peace is missing and the rules of peace are not fully accepted and enforced. Arms control agreements are neither good nor bad in themselves. Whether they turn out to be useful or harmful can be determined only in relation to all the other factors playing on the formation and execution of our foreign and defense policy.

It would be premature for me to attempt an outline of Administration policies in the areas committed by statute to the Arms Control and Disarmament Agency. I have not yet fully taken up the duties of the office, nor consulted in detail about its programs. What I propose to do in this statement is to consider the background of the problem as I see it and then list a series of questions I intend to address before recommending changes in the substance of the agency's work.

## ACDA's Mandate

ACDA is a pioneer agency. The United States was the first among the nations to create a separate government entity devoted entirely to arms control and disarmament. The statutes entrust a number of functions to ACDA as the organization charged with "primary responsibility" for this field:

- To conduct research and recommend arms control initiatives "to the President, the Secretary of State, other officials of the executive branch, and the Congress";
- To prepare and manage U.S. participation in international arms control negotiations;
- To determine whether arms control agreements are adequately verified;
- In the language of the statute, to "assess the effect of [arms control programs] upon our foreign policies, our national security policies, and our economy" and to evaluate our interna-

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ose policies do not produce results. do otherwise would undermine our ign policy goals and lose us your port and the support of the erican people.

Yet there are reasons for optimism. ne African governments have already un an agonizing reappraisal of their nomic performance and policies. re is a new determination to reverse eriorating economic conditions. U.S. vate investment is more actively be- encouraged and the opportunities for . firms are there—in food processing ustries; in telecommunications; in ir- ation, mining, construction, and lical equipment; in Earth satellite ions; and in computer technology. have this Administration's pledge t we will work toward creating a e favorable environment in Africa private sector initiatives. We believe t Africans, if given the choice, will strengthened relations with us and you. We have shared goals. We e the wherewithal to produce results. values and institutions upon which greatness of this country was built r a solid basis for the continued ngthening of African-American rela- s.■

tional arms and technology transfer and export programs; and

• To coordinate and disseminate public information concerning arms control and disarmament.

In addition to its inherent authority with respect to nonproliferation under the ACDA statute, the agency has also been assigned wide-ranging responsibilities by the Nuclear Non-Proliferation Act of 1978. In all these activities, save those entrusted by statute to the agency alone, the Director reports to the President and acts under the direction of the President and Secretary of State.

The centrality of ACDA's research responsibility is self-evident. I propose to give the ACDA research program a great deal of emphasis, because I believe it is of quite particular importance today that ACDA be an intellectually vigorous and autonomous agency, making its own contribution to the flow of ideas reaching the President. In carrying out its research function, it is my wish that ACDA draw on original minds throughout the government and the nation and in other nations as well. No one has a corner on the market for ideas.

Originality in ACDA's research is especially needed because we have entered a new era in arms control. Our 10 years of experience with Salt I and Salt II have been painful and unsatisfactory. Our first task, therefore, is to reassess the role of arms limitation agreements in our foreign and defense policy.

### Role of Limitation Agreements

It is hardly remarkable that our course in this novel realm has been one of trial and error, as we tested first one hypothesis and then another in our search for solutions to the puzzle of peace.

In the beginning of the nuclear age, many believe that our monopoly of nuclear weapons would be enough in itself to guarantee the peace. Strong armies and navies would be unnecessary. The nuclear weapon would be Merlin's wand.

We soon learned how naive this view was. Bertrand Russell even proposed that we turn on our wartime ally, the Soviet Union, and insist under threat of nuclear attack that it become an open society. The idea was contrary to our nature and could not be considered seriously.

Then we went through a period in which we espoused a policy of "massive retaliation," only to discover that it too could not become a day-by-day working rule for our diplomacy.

But despite the disappointments and the setbacks, our foreign policy since President Truman's time has never stopped trying for effective international controls to minimize the risk of nuclear war and encourage the peaceful use of nuclear energy. Under President Reagan, this will emphatically remain the case.

Since 1947, behind the shield of the Truman doctrine—the doctrine of containment—the United States has relied upon five interdependent lines of policy to assure and enrich the peace:

• A system of alliances for collective self-defense, backed by military forces deployed in key areas around the world to maintain the balance of power and the peace;

• A progressive and integrated capitalist world economy, which serves the interests of the industrialized and the developing countries alike, and those of the Communist nations as well;

• Special programs to assist the developing nations in their quest for modernization—next to peace itself the most pressing and fundamental problem of world politics;

• Peaceful international cooperation, through the United Nations and otherwise, to encourage the recognition of human rights, the spread of education, and improvement in the quality of life; and

• The search for nuclear controls.

These themes in our foreign policy are embodied in a series of programs going back to the four freedoms, Bretton Woods, the Marshall plan, point four, the Baruch plan, and NATO. Some of these programs have been extremely successful, others successful in part. Only one, the effort to eliminate the risk of nuclear war, has thus far been unsuccessful.

Together, these related principles constitute a coherent foreign and defense policy. While there has been fluctuation and even some uncertainty in their application over the years, they remain of necessity the heart of U.S. foreign and defense policy, because they reflect our character as a people and our permanent interests in world affairs. Changing circumstances require suitable changes in our programs. But these abiding principles will continue to shape our foreign and defense policy for the indefinite future.

In the late 1940s, immediately after World War II, the United States offered the Soviet Union and the nations of Eastern Europe not only the Marshal plan but also the Baruch plan, which proposed to entrust our monopoly of nuclear science to an international agency for peaceful development. Ev American can be proud that our gove ment was willing to take so bold and imaginative a risk in the cause of pea In retrospect it is clear that the Sovie refusal to consider the proposal was of the bitter turning points in the history of the cold war.

Since the Soviet rejection of the Baruch plan, the United States has pa tiently pursued many other approache to the goal of limiting or eliminating nuclear arms—multilateral treaties lik those dealing with nuclear proliferati bilateral agreements with the Soviet Union with regard to antiballistic missiles and strategic arms, and so or

Many of these have achieved impo tant objectives. But so far the high hopes of peace which attended their signing have been disappointed. As Secretary of Defense Weinberger sai recently, "rarely in history have we o any other great nation pursued such ble goals, risked so much, and yet gained so little." The state of world politics is not better now than it was 1963, when the first of these agreements, the Limited Nuclear Test Ban Treaty, was signed and ratified. It is much, much worse.

To understand the condition we f today, and the significance of the gro ing Soviet nuclear arsenal, I turn brie to the influence of the nuclear weapo on warfare and, therefore, on politics

### Influence of the Nuclear Weapon

The nuclear weapon is a major chang the nature of world politics—revolutionary in its implications, perhaps m revolutionary than any previous event man's history. The nuclear balance affects every aspect of diplomacy—and fects it with increasing intensity.

In the immediate postwar period, the United States had a monopoly of nuclear weapons and then, for a longe time, obvious nuclear superiority. The Soviet Union, rejecting the course of cooperation with the United States, began to expand its domain through t use of its own forces, proxy forces, an methods of subversion. These episode took place first in Eastern Europe an the Middle East and later in many oth parts of the world. Although the Unit States had warned the Soviet Union t there could be no peace between our peoples until the Soviet Union honore

ledge of free elections in Eastern
ope, the Soviets soon discovered that
ere not then inclined to challenge
*le facto* Soviet sphere of influence in
ern Europe. Furthermore, the
et Union concluded that we would
seriously consider using nuclear
ons to stop Soviet aggression out-
of Europe in areas they thought we
rded as of secondary importance.
in Berlin and Cuba we contained
et aggression with the threat to use
entional weapons, not nuclear
ons, although in each case the
ing shadow of the American nuclear
on played a decisive role. In the
n missile crisis of 1962, for exam-
the Soviets withdrew when they
that we had more than 200,000
s in Florida and the supporting
l and air forces necessary for the in-
n of Cuba. Both in Berlin and in
, American nuclear superiority was
that it would have been wholly im-
ent for the Soviet Union to have
idered escalating the confrontation.
As our lead in nuclear power
nished, our capacity to control the
lation of crises diminished cor-
ondingly. So did our capacity to use
entional forces or credibly to
aten their use. In Korea, at a point
ounting American frustration,
etary of State Acheson's secret
ear hints, in response to what we
ght might be Soviet signals of a
e to end the war, produced the
nning of negotiations, although it
a second hint from President
nhower to obtain the armistice. But
lar secret American messages
rd the end of the Vietnam war
d to produce a similar reaction. By
ate 1960s, the nuclear relationship
veen the Soviet Union and the
ed States had become more nearly
l.

If the United States and its allies
ld fail to carry through the pro-
ns of rearmament on which they are
embarked, the Soviet Union would
reinforce its widespread conven-
al force superiority with a position of
nous strategic strength. The Soviet
on is now close to acquiring a
ure from which it could gain an im-
ant strategic advantage by striking
or threatening to strike first in a
is. If we allow our strategic forces to
ain vulnerable to that threat, the
alyzing specter of Soviet military
eriority could prevent us from
ending our national interests with
e if diplomacy and deterrence fail. In
rt, we could be exposed to nuclear
kmail.

These profound changes in the political-military environment require us to review the policies we have been pursuing in relation to control of strategic nuclear armaments. Policies which were plausible 10 or 15 years ago may well be obsolete today.

### Possible Negotiating Approaches

There are several ways in which President Reagan could approach the problem of negotiating agreements with the Soviet Union for limiting and reducing nuclear arms.

The **first** would be to break off the SALT negotiating process altogether, or at least defer it until after we have fully corrected the military balance between the United States and its allies and the Warsaw Pact nations. President Reagan has rejected this course. He wishes to pursue every feasible opportunity for genuine negotiation with the Soviet Union on nuclear arms.

A **second** possible policy would be to accept any SALT agreement we can get, on the ground that even a poor SALT agreement is better than no agreement at all and that all SALT agreements, however weak, contribute to peace, keep things from getting worse, or save money—perhaps all three. This approach too has been firmly rejected by the President.

In view of what has happened since the first SALT agreements were signed in 1972, it is impossible to defend the view that even a poor SALT agreement would contribute to peace. Since 1972 we have endured the most dangerous period of the cold war and called it "detente." Adverse changes in the balance of power have been ignored because of the excessive hopes we invested in the SALT process and in nuclear arms limitation agreements. It is even more obvious that SALT agreements have not saved money.

A **third** possible major premise for a SALT policy would be to seek an agreement that would make a nuclear attack on the United States—but not on its allies—unlikely. For the United States, this premise has always been rejected as a totally inadequate standard for nuclear negotiation. It would "decouple" us from our allies and leave us prisoners in "Fortress America." Facing the Soviet strategic arsenal which such a SALT policy would imply, we should be in no position to use conventional or nuclear force in defense of our interests in Europe, the Far East, the Middle East, or elsewhere. Since 1945, the United States has made many security commitments to other countries, through treaties, congressional resolutions, and otherwise. Those commitments are the cement of the world political system. A SALT policy based on the "Fortress America" premise would remove the nuclear umbrella over those commitments and leave them worthless.

A **fourth** policy is to have a clear, credible, and unchallengeable second-strike nuclear capability—a "margin of safety," in President Reagan's words—as the essential basis of a countervailing strategy. Such a position on our part should make it possible to achieve one of the primary goals of our policy—to eliminate from world politics the threat that nuclear weapons could be used or brandished for aggressive purposes. Two fundamental national interests require the United States to pursue this aim: (1) to protect the United States, its allies, and its vital interests against nuclear attack or the threat of nuclear attack and (2) to permit us to use military force in defense of our interests with comparative freedom if it should become necessary to do so not only in Europe but in other strategically critical parts of the world. In my view—and here I speak for President Reagan—this must remain the minimal goal of our nuclear arsenal and our minimal goal in arms limitation negotiations.

### Proliferation and World Order

However, the record of our arms control experience and Soviet expansionism since 1972 requires us to seek more than this minimal goal. Of course we must at least maintain the nuclear stalemate. And of course nuclear balance must never again be allowed to dull our vigilance or reduce our capacity to protect our interests by other means. But a nuclear balance should not be a license for aggression throughout the world backed by conventional forces, terrorism, subversion, and psychological warfare, in the pattern we have witnessed for many years and are witnessing today on an expanding scale. The Soviet Union has been the principal factor in this process of spreading anarchy, both through its own actions and those of nations and groups it has supported and protected. But it is by no means alone. Maintaining nuclear balance in order to allow the Soviet Union, its proxies, and its proteges to carry on the cold war as usual may be all we can achieve through negotiation and rearmament. But making the world safe for conventional and covert war is hardly an appetizing prospect for the United

States, for the Soviet Union, or for the rest of the world, either.

The Soviet drive for empire is accelerating in momentum and is becoming more and more difficult to contain and to confine. It is beginning to produce Western claustrophobia, and this is extremely dangerous. World politics is not a chess game. War comes when human beings are swept away by emotional tides they cannot control—by rage, by frustration, and, above all, by fear. Confronting the fact, the course of wisdom is to move decisively toward stability—a condition of world politics where no state need fear its neighbor and where progress can be sought by peaceful means.

The crumbling of world public order during the last decade has had another most unfortunate consequence. It has created an environment in which beleaguered nations have become more interested in acquiring nuclear weapons. However delusive the belief may be, some countries facing grave risks are convinced that a nuclear weapons capability could protect them against aggression or nuclear blackmail. We and other nations have frequently said that in a world where many states have nuclear weapons, politics will become nearly unpredictable and instability will reach the level of explosiveness.

The magnitude of this danger was translated from the realm of forecast to that of reality by the Israeli attack on a nuclear reactor in Iraq on June 7. Israel perceived the potential development of nuclear capabilities in Iraq as a mortal threat, despite Iraq's adherence to the Nonproliferation Treaty and its agreement with the International Atomic Energy Agency (IAEA). While we have condemned that action, we should be aware that we are dealing here, as Dean Acheson said at the time of the Cuban missile crisis, with events which touch the nerve of sovereignty and survival. President Reagan made the same point in his news conference last week.

The deadly volatility of politics in a world of nuclear proliferation cannot be cured by threats or reassuring words or pious votes in the United Nations. The phenomenon will continue until international public order is restored. Unless we, our allies, and other nations move decisively to restore world public order, and to deal with problems of regional instability, there is little or no chance to prevent nuclear proliferation on a large scale. And if nuclear proliferation on a large scale should take place there would be little or no chance for success in restoring world public order.

I should stress as well in any program to prevent nuclear proliferation, the necessity for strengthening IAEA safeguards and for strengthened policies on the part of the main industrial nations that supply nuclear materials and technology. After the flash of lightening of the Israeli raid in Iraq, the world community should follow even more strictly an agreed and concerted policy based on the principles of the Nonproliferation Treaty and the bilateral and multilateral arrangements which have developed from it.

Thus wherever one starts, analysis returns to the fundamental problem of stability and order. Secretary of State Haig addressed the issue in his important speech of April 24, 1981. The lesson he drew from the experience of the last 10 years is that the United States, its allies, and all the other nations which cherish peace should return to the containment policy pursued between Truman's time and the American withdrawal from Vietnam.

The containment policy was one of collective self-defense against aggression. In areas where their interests were affected, the United States and other nations worked together, especially to prevent Soviet expansion and coercion. The policy applied only where the Soviet Union sought to expand its empire by methods of aggression which violated the rules of the U.N. Charter regarding the international use of force. Those rules codify the necessary conditions of peaceful cooperation among the members of the state system.

But the Charter of the United Nations is not a suicide pact. It cannot survive as an influence in world politics unless the Soviet Union is finally persuaded that the imperatives of the nuclear age require strict and reciprocal respect for its most fundamental rules—those dealing with the international use of force. As Secretary of State Haig said on April 24: "We have a right, indeed a duty, to insist that the Soviets support a peaceful international order, that they abide by treaties, and that they respect reciprocity."

Unless effective containment is restored, we cannot expect to pursue detente and arms control fruitfully. The restoration of containment should be the predicate for useful arms control agreements with the Soviet Union, which could then reinforce the policy and help to sustain it during periods of stress. Even competing nations have common interests in peace, if they can be brought to accept them. It should be possible, whatever difficulties, to translate those interests into agreements to limit and control armaments. And such agreements, in tu could reduce the risk of war by inadvertence, moderate arms competitio and promote political cooperation.

What I suggest, therefore, is a fift possible approach to arms limitation negotiations to be developed with our allies in the period ahead—a policy which would link arms control to the e fective revival of the Truman doctrine and the acceptance by the Soviet Unio of the rules of the Charter of the Unit Nations regarding the international us of force. Such an approach is well with the reach of Western policy. The Western nations have more than enou power and potential power to accompli that goal. What has been lacking is a shared perception of the problem and the political will to deal with it.

I do not wish to be misunderstood. When I emphasize the significance of the rules of the Charter of the United Nations governing the international us of force, I distinguish the Charter itsel from the institutions of the United Nations and the abuse of those institution for purposes of political warfare. That tendency in recent years has been deplorable, and I hope that the United States and its friends will succeed in restoring an atmosphere of civility and responsibility to the work of the Unite Nations. The Charter, however, exists independently as an agreed code of law to be enforced by the Security Council, or, where the Security Council is unabl to act, by methods of individual and co lective self-defense. The Charter is the only code for detente there is—the inescapable starting point for all our efforts to improve relations with the Soviet Union and other nations which use war as an instrument of national policy.

### The Future of Arms Control

I come now to the final question: What to be done, and, more particularly, what's to be done about arms control?

The first step has been taken. With its votes on the future of the military budget, the Congress has joined President Reagan in launching a program to rebuild America's defenses. Without tha decision, nothing else could be accomplished. We have ended our vain attempt to retreat to isolation and have started on the long march back to security.

When I mention the figure of 9 months as a timeframe, I am suggestin only an estimate, a target, a hope, not a promise or a deadline. The intellectual

ems ahead are formidable, and
aucracy has its own tempo.
What are the implications of this im-
e decision for arms control policy?
believe it is now possible and
able for us to resume the search for
ced and verifiable arms control
ements. While we must not permit
icissitudes of the negotiating pro-
to interfere with the restoration of
econd-strike nuclear capability and
onventional force posture, we must
amine the chief elements of our
with regard to strategic and long-
e theater nuclear weapons—an ef-
which, in the strategic area, should
at least 9 months or so—and then
ed forthwith to the negotiating
. Our policy will be to accept only
ements that contribute positively to
wn security and to the stability of
tate system. The linkage we seek
een Soviet behavior and arms con-
hould not be merely a transitory or
ed Soviet action—the sight of a
upon the troubled waters—but the
ration of world order sustained by
rence. The process of seeking arms
ol agreements should play a
ve part in that effort.
should like now to list the ques-
I believe we must address in reex-
ing our policy for the control of
ar weapons.

**ALT II Treaty.** The first item on
genda, obviously, is the SALT II
ty still technically before the
te. Should it be renegotiated or
d we proceed on what is loosely
I the agenda for SALT III? Before
t, all aspects of this important sub-
hould be studied with care by all
rned in the executive branch and
enate and discussed with our allies.
he Administration has reached no
lusions on this subject, beyond the
iction that the SALT II Treaty is
ly flawed and should not be ratified
present form. We should make a
start in seeking both arms control
arms reduction; and we should
se the course that will contribute
positively to the goals I have iden-
in the earlier parts of this
ement—allied solidarity behind
nal programs of containment in the
ntic area, the Middle East, the Far
, or elsewhere as circumstances
require. From now on, I suggest,
hould have a new acronym—not
LT but START, for strategic arms
iction talks.

**Verification.** I shall recommend a
lamental review of the whole prob-
of verification, monitoring, and Soviet compliance with arms control agreements and of our policies concerning them, perhaps including talks on the subject with the Soviet Union when our internal review has been completed. The possibility of reasonable SALT, or rather START, agreements and other arms limitation agreements depends on the ability of each party to verify compliance with full confidence. Given the closed nature of the Soviet system and the increasing complexity of nuclear and other highly technical weapons systems, we can never expect that weapons verification in the 1980s will be as simple a problem as the verification of the Rush-Bagot agreement. But the discussion of the issue during the active debate on SALT II during the last 3 years has left me, for one, deeply concerned about our capacity to verify Soviet compliance and to monitor developments in Soviet nuclear capabilities. Obviously, if nuclear arms limitation agreements do not reduce uncertainty about each side's arsenal, they can do little to improve security.

**Data.** Similarly, I believe that we must examine once again the perennial problem of the data used in arms control negotiations with the Soviet Union. Until now, the data have been supplied almost entirely by the United States. While there was some improvement in this area during the SALT II negotiations, the Soviets must be more forthcoming in the provision of data in future negotiations, as the North Atlantic Council concluded in its Rome communique a few weeks ago.

**Nature of Agreement.** We must consider the nature of the arms control agreement we want. Should we seek a comprehensive agreement or a relatively simple one? One for a period of years or one of indefinite duration, like the ABM Treaty? What should we be trying to limit or reduce? The number of deployed launchers? There is now serious concern that this approach is no longer adequate. Should we try to limit or reduce the number and types of missiles? The number and power of warheads on missiles? Their throw-weight? In this connection, we should recall former Secretary of State Rusk's incisive comment that there is no use building a dam halfway across a river. These questions have to be answered satisfactorily in order to produce an overall measure or measures of capacity and scope which could serve as the foundation for effective arms limitation agreements.

**Theater Nuclear Forces.** How should the difficult question of theater nuclear forces be approached? The history of that issue is complex, and positions have changed. It is a problem on which allied opinion is of quite special significance. Here, as on many other sensitive issues, we should move only after full consultations with our allies.

**Strategic Deterrent.** President Reagan has made the strengthening of our strategic deterrent one of his major defense priorities. This step is indispensable to the possibility of meaningful arms control. How can we best integrate our strategic force acquisition and arms control policies? How can we hope to achieve the President's goal of deep and reciprocal reductions in strategic nuclear weapons? I have little confidence in the "bargaining-chip" style of negotiations. On the other hand, we know from long experience that the Soviet pattern of negotiations rests on the principle of "nothing for nothing." We should never again defer actions essential to our security in the hope that the Soviet Union will follow suit. That approach has been followed, and it has failed. Equally, we should refuse to settle for cosmetic or ambiguous agreements and resolve to persevere in our armaments programs whether the news from the negotiating table is favorable or unfavorable.

Will it be possible to negotiate and verify a dramatic and equitable cut in each side's arsenal—to achieve a real breakthrough in the mad spiral of arms accumulation? Such proposals have been made from time to time—notably by Paul H. Nitze in 1971 and by George Kennan a few weeks ago. Under present circumstances, such an approach might be feasible, perhaps by starting with the largest missiles. No American Administration could reject such a possibilty out of hand, despite the fact that President Carter's arms reduction proposals in 1977 were abruptly dismissed by the Soviet Union.

The world is becoming so unstable, war is so frequent, and the spread of nuclear weapons is gaining so much momentum that agreements which now seem hopelessly quixotic may well become practical politics. I, for one, devoutly hope so. All I can say on this subject is that we shall study and explore all reasonable approaches to the goal of arms control and arms reduction and pursue the most promising with all the energy and imagination at our command.

**Antisatellite Weaponry.** Continued Soviet efforts to develop and test antisatellite weaponry underline the importance of possible technological breakthroughs which could revolutionize the problem of security as much as the nuclear weapon did. We must examine the potential impact of a whole range of technological developments both on our defense programs and on our arms control policies. Given the difficulties of monitoring what goes on in the Soviet Union, we must ask ourselves whether limitations on such systems as antisatellite weapons are feasible and in our security interests.

**ABM Treaty.** The Antiballistic Missile (ABM) Treaty comes up for review in 1982. I take it as obvious that the review should not be *pro forma* but searching.

**Nuclear Nonproliferation.** What about the proliferation of the nuclear weapons and the future of the Nonproliferation Treaty? I commented earlier in this statement on the significance of proliferation both as a consequence and as a cause of the breakdown of world public order. I have little to add here. If a strengthened nonproliferation policy is to be successful in containing the spread of nuclear weapons and explosives, it must be dealt with in the overall context of international security.

It must be dealt with also in the context of the world energy problem and of President Reagan's commitment to the peaceful uses of nuclear energy. Our nonproliferation policy should fully accept the energy security needs of our allies and other countries. The experience of the last few years should teach us that policies that fail to recognize legitimate energy security needs cannot succeed.

Finally, our nonproliferation policies need to reflect realism, commitment, and flexibility—in particular, a recognition that dealing with proliferation is a shared reponsibility. We cannot try to impose our policies on others; we can, however, constructively commit the United States to a position of leadership in a truly international effort at reducing the incentives and opportunities for proliferation while working to develop nuclear energy for peaceful purposes at home and abroad.

I intend to take a strong role in supporting U.S. nonproliferation efforts and in meeting ACDA's statutory responsibilities in this important area.

**U.S. Alliances.** Finally, what is the role of arms limitation negotiations and agreements in deepening the solidarity of our alliances throughout the world? I believe that role is fundamental. As the Western world has reluctantly come to recognize the expansionist nature of Soviet policy, people have become more fearful about the possiblity of war, and particularly of nuclear war. This heightening of anxiety is altogether natural and reasonable. People want to be certain that their governments are doing everthing possible to reach fair agreements with the Soviet Union and exploring every rational opening for peace, especially in the arcane and rather forbidding area of arms control.

It follows, I believe, that we should enlarge the practice of consulting with our allies on the problems we face in our bilateral arms control negotiations with the Soviet Union and continue the successful practice of working together in multilateral negotiations. The more we and our allies understand each other, the stronger our alliances will be—provided, of course, that we pursue reasonable policies!

On that footing, I suggest, we should put a great deal of emphasis on effective and realistic programs of public information and education. The Soviet Union has scored several quite unnecessary propaganda victories in recent years by exploiting the horror of nuclear war. The purpose of those propaganda campaigns is clear: to separate the United States from its allies and to discourage Western rearmament. I shall press for information programs that fully recognize the importance of the political, psychological, and ideological dimensions of security. Peace with freedom cannot be achieved without the discipline of power. But a balance of power does not of itself guarantee peace.

## Conclusion

The heart of the dilemma of our foreign policy is that the Soviet Union is not seeking a few border changes but is challenging the system of peace we have known since 1945. The issue was recently stated with compelling force by the Deputy Prime Minister of Singapore, Sinnathamby Rajaratnam:

> Unless the Soviet challenge is made the core of the U.S. foreign policy and met with the same resolve and sense of realism the Soviets bring to their cause, then a Pax Sovietica is a high probability in the 1980s. . . . That is not what we in Asia want, but if that is the only item on the shelf, that is what we will have to settle for.

I believe that President Reagan c succeed in his ambitious program of coalition diplomacy to renew and res the system of peace. I am an optimis although I do not believe that men a likely to become angels very soon. B believe that the NATO allies, Japan, Australia, New Zealand, Israel, Egy and a number of other countries, pur ing a rational policy of containment, should be able to convince the Soviet Union that the imperatives of surviva the nuclear age demand strict and reciprocal respect by all nations for t rules of world public order governing the international use of force. Fair a verifiable arms limitation agreement can help to fortify that conviction on is established and to protect it agains temptation, as the Rush-Bagot agree ment has helped since 1817 to defeat pulses and pressures hostile to good relations among the United Kingdom Canada, and the United States.

Despite the long history of disappointment with the results of arms c trol negotiations, the peoples of the West continue to support such effort with tenacity and faith—sometimes v excessive faith. The firmness of their faith bespeaks one of the finest and most powerful themes of Western civilization: our devotion to the ideal law. The quest for disarmament trea is meaningless except as part of a la quest to bring international society under the control of an effective and universal system of international law We are people of the book and peopl the law. In the Arms Control and Di mament Act, the Congress declared it is "an ultimate goal of the United States" to subordinate the internatio use of force to the rule of law. This i goal we can't help seeking. On this c tracting and interdependent planet, where modern science offers mankin both infinite promise and infinitely hideous dangers, the course of law is most promising foundation for the na tional security of the United States. I assure you that my efforts in the offi will be directed by the compass of the law. The rule of law has been the guiding principle of my life. It is too for me to change now.

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[1]ACDA press release 1. The complete transcript of the hearings will be publishe by the committee and will be available fr the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# S. Policy Toward Western Europe nd Canada

*awrence S. Eagleburger*

*Statement before the Subcommittee Europe and the Middle East of the se Foreign Affairs Committee on e 2, 1981. Ambassador Eagleburger ssistant Secretary for European fairs.*[1]

lcome this opportunity to discuss you U.S. relations with West pe and Canada. I look forward to ing with you next week to review relations with the Soviet Union, oslavia, and the nations of Eastern pe. Your main interest is U.S. y.

- What are the priorities of the gan Administration?
- What major problems do we face?
- What have we achieved so far?
- What issues lie ahead?

You want, in short, the lay of the and a look ahead. To that end, I outline the following dimensions of diplomacy:

- Our overall framework for action;
- Our overriding concern for the ary security and economic well- g of the transatlantic community;
- Our clear commitment to good bi- al relations throughout the region.

## NERAL FRAMEWORK FOR U.S. REIGN POLICY

discussion of U.S. policy toward t Europe and Canada must be put broader perspective. The Reagan inistration has made clear that the on is now launched on a new begin- g. We are proceeding, with a re- ed sense of purpose and direction, to ore American leadership and to ieve a world free from threat or use orce.

President Reagan and Secretary g have designed a foreign policy with main points:

**First,** our insistence on restraint reciprocity in East-West relations;

**Second,** our determination to ngthen our alliances, particularly TO;

**Third,** our intention to play a con- ictive role in the developing nations he world; and

**Fourth,** our fundamental resolve to strengthen our economy and our defenses.

Each of these four points bears on U.S. relations with West Europe and Canada—directly or indirectly. And each concern relates to the others. Without progress on the President's economic reform program, we cannot marshal the resources for increased defense capability. Nor can we manifest the leadership needed to renew the North Atlantic alliance. Without a resolute demonstration of collective will among the allies, we cannot build the basis for constructive East-West relations. And, without cooperation with the other nations of the transatlantic community, we cannot address the underlying problems of developing nations—problems which are significant on their own terms and which can provide openings for Soviet adventurism.

But, with balanced, consistent, and reliable emphasis on the four pillars of the Reagan Administration's policy, we can achieve progress. That progress toward the common defense and common welfare can serve not only our national interests but also those of Canada and the nations of Western Europe.

## DEFENSE OF THE WEST

The Reagan Administration considers restoration of Western defense capability and allied cohesion an overriding priority. It is in concert with our NATO partners that U.S. foreign policy can achieve full effectiveness. The Atlantic alliance has stood the test of time. It has preserved the security of the United States, Canada, and Western Europe. And, based as it is on shared values and a common heritage, it will continue to play this essential role.

The Administration, as one of its primary goals, has tried to lay the foundation for an improved relationship with its allies. The meetings of NATO foreign and defense ministers in May marked important steps in this direction. The

Lawrence S. Eagleburger was born in Milwaukee on August 1, 1930. He received his B.S. degree from the University of Wisconsin (1952) and, after serving as a First Lieutentant in the U.S. Army (1952–54), earned an M.S. degree (1957), also from the University of Wisconsin.

He entered the Foreign Service in 1957 and was assigned to Honduras until 1959. He served as Political Analyst for Cuba in the Bureau of Intelligence and Research in the Department of State until 1961. Following Serbo-Croation language training, he was assigned to the economic section of the U.S. Embassy in Belgrade (1961–65). Mr. Eagleburger returned to the Department of State to join the Secretariat staff dealing with European affairs and then became special assistant (March-July 1966) to former Secretary of State Dean Acheson during the latter's special assignment as Adviser to the President on Franco-NATO matters. His next position was that of Acting Director of the Secretariat Staff.

In October 1966, Mr. Eagleburger joined the National Security Staff and was responsible for European affairs. He became Special Assistant to the Under Secretary of State in October 1967.

From November 1968 until January 1969 Mr. Eagleburger was assistant to Dr. Henry A. Kissinger in New York during the presidential transition; he then became Executive Assistant to Dr. Kissinger at the White House. In September 1969 he was assigned to the U.S. Mission to NATO in Brussels as Political Adviser and Chief of the Political Section. From August 1971 to January 30, 1973, Mr. Eagleburger was Deputy Assistant Secretary of Defense for International Security Council Affairs, Policy Plans, and National Security Council Affairs; until May 25, 1973 he was Acting Assistant Secretary of Defense for International Security Affairs. He became Deputy Assistant to the President for National Security Operations in June 1973 and served in that position until the following September when he was named Executive Assistant to Secretary of State Kissinger. In 1975 he became Deputy Under Secretary of State for Management.

Mr. Eagleburger was sworn in as U.S. Ambassador to Yugoslavia on June 10, 1977, and became Assistant Secretary for European Affairs on May 15, 1981.

Ambassador Eagleburger has been awarded the Department of Defense's Distinguished Civilian Service Medal (1973) and the President's Award for Distinguished Federal Civilian Service (1976).

solidarity, consensus, and mutual confidence achieved there provide a firm basis on which to build.

Early in the new Administration, the United States resolved to strengthen its economy; to bolster its military power substantially; and to provide active, confident, and consistent leadership in foreign policy in the context of close and genuine consultation. Our allies have welcomed this approach as an important contribution to a healthy alliance.

The central element in U.S. foreign policy, and one in which allied support is crucial, is the approach to East-West relations. The United States has been active in working to develop a shared allied perception of the problems and directions in East-West policy. At the NATO ministerial meetings, the alliance took significant steps toward forging a new consensus on a firmer, more realistic approach to the Soviet Union. This approach has several components, as outlined by Secretary Haig.

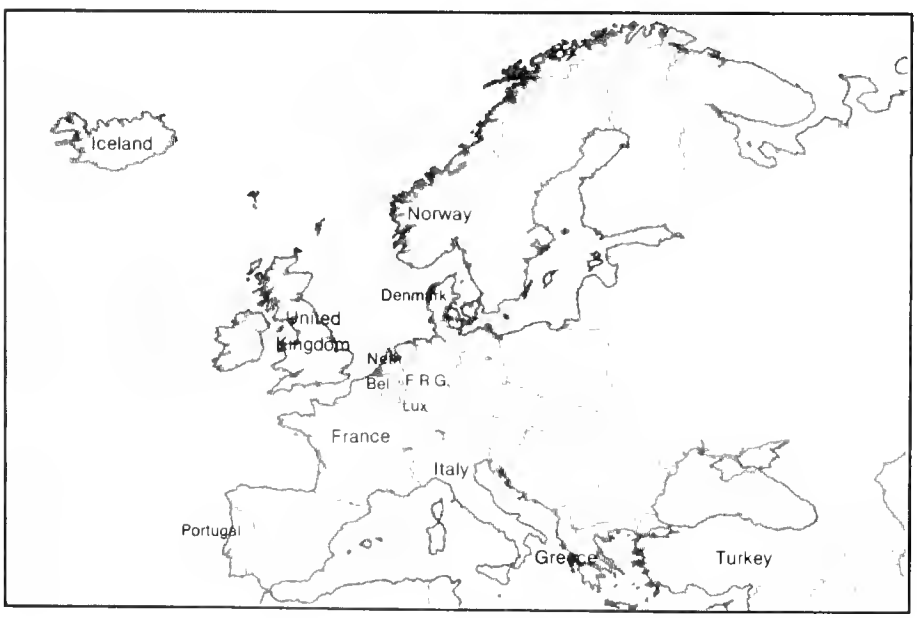
**First,** an insistence that Soviet restraint and reciprocity in East-West relations must be a key element. The communique for the NATO ministerial put the Soviets on notice that a stable and constructive East-West relationship depends on Soviet restraint. In the same document, the Soviets were warned that grave consequences would follow from any intervention in Poland. The alliance reiterated the unacceptability of the Soviet invasion and occupation of Afghanistan and called again for a withdrawal of Soviet forces.

**Second,** the alliance must be strengthened in order to restore the military balance. The NATO foreign ministers thus reaffirmed the decision made in December 1979 to proceed with theater nuclear forces (TNF) modernization. At the NATO Defense Planning Committee ministerial, the allies confirmed the standing allied commitment to the 3% formula for annual real defense spending increases and agreed to do their utmost to make available all of the resources needed to strengthen NATO's deterrent and defense forces. The United States and its allies will continue to work to improve NATO defense planning, emphasizing defense output as a standard in addition to the 3% benchmark.

**Third,** the United States and its allies intend to play an active and positive role in the developing nations of the world. The West has much to offer the developing countries in terms of humanitarian and economic assistance, aid in the peaceful resolution of international problems, and, when appropriate, assistance in deterring or defending against threats to their security. The United States and its allies recognize global nature of the Soviet threat, whether it is exerted directly or throu surrogates. The allies have expanded their horizons of concern beyond Eur because of appreciation for the fact th events outside the NATO area can threaten vital Western interests. How ever, a formal extension of NATO's ar of responsibility is not necessary and under consideration. We will strive fo better consultation and cooperation among the allies on out-of-area concer and for greater efforts, in accordance with the capabilities of members of th alliance, to meet threats in Southwest Asia and elsewhere.

**Fourth,** we will use East-West negotiations—while carefully assuring that the homework has been done so that U.S. and Western security intere will be served—as a means of achievir stability through restraint. The United States and our allies will maintain a dialogue with the Soviet Union. At the Madrid review meeting for the Conference on Security and Cooperation i Europe (CSCE), we and our allies seek to achieve substantive and balanced results leading to better implementatio of CSCE provisions, including respect

## North Atlantic Treaty Organization: European Members




The U.S. Government has not recognized the incorporation of Estonia, Lativa, and Lithuania into the Soviet Union.

NATO provides for the stationing of U.S. military units in Europe as part a common NATO defense force in peacetime. Out of a total of 2 million a tive duty U.S. military personnel in 1979, 485,000 were stationed overseas Of these the total number assigned in Europe was 300,000 of which 193,000 were U.S. Army personnel stationed i West Germany.

**NATO's European Members:** Belgium Denmark, France,* the Federal Repub of Germany, Greece, Iceland, Italy, Lu embourg, the Netherlands, Norway, P tugal, Turkey, the United Kingdom.

**North American Members:** Canada, t United States.

*France withdrew its forces from NATO's international commands in 1966 bu remains a member of the alliance.

human rights and enhanced security cooperation. We support the French posal for a conference on disarma- t in Europe. The United States and alliance partners favor realistic, nced, and verifiable arms control. In regard, the reaffirmation at this last ting of NATO foreign ministers of tracks of the 1979 decision on TNF mes particular importance. That sion had two elements: deployment arms control, which were to be pur- d together. Since the decision, NATO s have moved forward on TNF loyment.

The arms control element of the F decision is also moving ahead. At Rome meeting of NATO foreign isters, the allies welcomed the an- ncement of the United States that would be meeting with the Soviets to in negotiations on TNF arms control nin the SALT [Strategic Arms itation Talks] framework by the end his year. Since then, Secretary Haig met with Ambassador Dobrynin to in laying the groundwork for his ting with Mr. Gromyko in Septem- at the U.N. General Assembly.

These are the basic elements of ign policy on which we are working nin the alliance. They have won eral acceptance from our NATO ners. At the same time, it is realistic ay that we have only made a start. erences exist in perceptions of the iet threat between publics and iaments in Europe and the United es. The pressures upon our govern- ts often differ. So does our sense of rities on some of the major issues of day. But, we have achieved a signifi- common sense of purpose and ction, and will continue, with our s' help, translating these concepts in- pecific actions. To succeed, we each the long-term support and under- ding of our publics and parliaments.

## ONOMIC STRENGTH R THE WEST

re can be no lasting military defense he West without economic strength. nomic vigor is essential to provide resources for the security of the nce and to assure the political bility of the region. Uncertainty in global economic situation can compli- e our collective efforts to improve the urity posture of the alliance. Low wth rates, excessive inflation, and h levels of unemployment are not ducive to political stability. Energy es and availability of supply are another critical area of mutual concern. Economic troubles generate protectionist pressures. There is a particular need to avoid restrictive measures which would impede necessary structural change and increase our partners' economic problems.

The Reagan Administration recognizes the primacy of economic issues in U.S. relations with Canada and Western Europe. Progress toward sound noninflationary growth within the U.S. economy may well be the most significant contribution we can make for improving both the global economic situation and the economic lot of our allies. It is for this reason that the President has put economic reform at the top of his roster of concerns.

The Reagan Administration appreciates the fact that we cannot succeed in our economic objectives if we act alone. Nor can we succeed if we act at cross purposes with the economic interests of the other industrial democracies. It is for these reasons that the Administration places special emphasis on close consultation and cooperation with the Canadians and West Europeans. Recognition of the need to work well together on shared challenges to our economic well-being is the reason for convening the economic summit to be held in Ottawa this July. And it underscores our particular commitment to two multilateral institutions: the Organization for Economic Cooperation and Development (OECD) and the European Community (EC).

The next major meetings of the OECD and the International Energy Agency (IEA), an independent agency within the OECD framework, merit mention. The OECD ministerial, June 16–17, will address OECD member countries' relations with developing nations, cooperation on energy matters, trade among OECD countries and with nonmember countries, export credits, and the overall economic situation. Deputy Secretary of State Clark and Deputy Secretary of the Treasury McNamar will head the U.S. delegation. These issues will also be considered by the summit countries' heads of government when they meet, July 19–21, at Ottawa, where the agenda will also include a discussion of East-West economic relations. The IEA Governing Board will meet at ministerial level, June 15, in Paris. Secretary of Energy Edwards and Deputy Secretary of State Clark will lead the U.S. delegation. Despite the present oversupply of crude oil on world markets and the recent OPEC [Organization of Petroleum Exporting Countries] ministerial decision to freeze prices for the rest of 1981, we need to continue our cooperative efforts to diversify sources of supply, develop alternative energy sources, and improve emergency-sharing arrangements.

The United States remains steadfast in its support for the process of European integration, exemplified by the evolution of the European Community. The Reagan Administration considers progress toward European unity important for Europe, the West, and the world. We thus place special significance on our continuing consultations, covering both economic and political issues, with the European Community and its 10 member governments.

The latest round of semiannual high-level U.S.–EC consultations was held, May 20–21, in Brussels. Under Secretary-designate for Economic Affairs Rashish led the U.S. delegation. We discussed a series of specific trade problems, North-South issues, the future development of the Community's Common Agricultural Policy, and energy security. We also exchanged views on current political issues of mutual interest. Given the volume and content of trade between the United States and the EC—according to Commerce Department statistics, our exports to the EC were valued at $53.7 billion in 1980 and our imports from the EC at $36.1 billion, resulting in a $17.5 billion surplus in our favor—it is not surprising that problems arise from time to time. We work closely with the European Commission and the member governments to manage and resolve these problems. We believe that they should not be permitted to fester to the point where they affect our political and security relationships.

We follow the process of European integration with interest. We welcomed British, Danish, and Irish membership in the mid-1970s and are pleased that Greece became the 10th member of the EC on January 1, 1981. Spain and Portugal are actively negotiating the terms of their accession and are expected to join in the mid-1980s. But, while the Community is expanding its membership, the internal process of economic integration has slowed, partly because of the wide disparity in rates of growth and inflation among its members. The Community has delayed movement of the European monetary system into its second stage. The Community is faced with difficult, interrelated problems—most notably, budget reform and modifi-

cation of the Common Agricultural Policy. Both problems are complicated by expansion of the Community. The European Commission and the member governments are grappling with severe structural problems in the steel, textile, and automobile industries. The directly elected European Parliament is seeking a more active role in the Community's budgetary and policymaking processes.

Although internal economic integration has temporarily slowed, there has been significant progress on political cooperation by the EC-10 [the 10 members of the European Community]. This development has occurred even though political cooperation is an area outside the scope of the Treaty of Rome. There has been a conscious and increasingly successful effort to coordinate the foreign policies of the Community's member states. A "European political correspondents" network has been established which permits rapid direct communications among the EC-10 Foreign Ministries. The country serving as President of the Council—currently the Netherlands but the United Kingdom will take over on July 1—provides secretariat services. Political directors meet regularly. A number of expert working groups, each with regional or institutional responsibilities, have been established to do the staff work.

Such developments have increasing significance for the United States. Over the past year or so, there has been a common EC-10 response to events such as the Soviet invasion of Afghanistan, the Iran hostage situation, recent developments in Poland, and the Middle East peace process. The result has been higher visibility for EC political action and the expectation that the Ten will be compelled to take a position on major political events and developments. A unified EC-10 position can be helpful to the United States, as was the case with the Community's statement on the integrity of passage through the Strait of Hormuz when the Iran-Iraq war broke out. We are consulting closely with the EC-10 to insure that their Middle East initiative will be complementary to our own efforts to establish peace in the region.

Our political dialogue with the EC-10 is an ongoing process covering a wide range of issues of mutual interest. As part of this dialogue, Secretary Haig stopped in Brussels on May 5, following the NATO ministerial in Rome. We have been assured, however, that the EC intends to use NATO as the forum for discussion of Western defense issues, in large part because Ireland is not a member of the alliance.

## BILATERAL RELATIONS

Those four pillars of policy for the Reagan Administration, which provide the foundation for our economic and military security, are important in the pursuit of mutually satisfactory bilateral relations as well. Let me thus turn to those ties—addressing, in turn, the developments to date and issues before us, in our relations with: Switzerland, Austria, and the Federal Republic of Germany; nations of northern Europe; nations of central and southwestern Europe; nations in the eastern Mediterranean; and Canada.

### Federal Republic of Germany, Austria, Switzerland

**Federal Republic of Germany.** The Federal Republic of Germany (F.R.G.) is a key factor in all aspects of U.S. policy toward Europe. The just-concluded visit of Federal Chancellor Schmidt marked the culmination of a series of high-level contacts here and in Bonn which have established a sound foundation for cooperation between the Reagan Administration and the Federal Republic in the difficult times ahead. This visit demonstrated a high degree of commonality in the basic objectives and policies of the two countries. In view of the crucial importance of the F.R.G. in our security posture in Europe, in relations with the U.S.S.R., and in problems beyond Europe, we were gratified to confirm that we have this broad area of agreement with the Federal Republic.

The Federal Republic is inevitably on the front line in meeting the challenge posed by the Soviet Union. Through its performance over the last 15 years, its leadership role in implementing the dual NATO decision on TNF, and its large and growing contribution to the common defense, the Federal Republic has demonstrated the ability and the will, together with the United States and its other allies, to meet this challenge.

The Chancellor's visit also made clear that the U.S.-German relationship—including its political, military, and economic aspects—has reached a level of maturity at which we can achieve consensus despite differences due to history, geography, and differing roles in the world. We have developed means for dealing with the inevitable points of difference frankly and expeditiously, and in a manner which minimizes the impact of these minor frictions on the overall relationship.

**Berlin.** U.S. policy in Berlin continues to be to maintain allied rights a responsibilities for the city as a whole and to insure four-power compliance with the terms and the spirit of the Quadripartite Agreement of 1971. We can thus best defend Berlin against an Soviet or German Democratic Republic (G.D.R.) threat to its security, whether that threat is directed against the city' four-power status, rights of land and a access, or the city's developing ties to the F.R.G. Our policy of maintaining t four-power commitments helps provide the calm atmosphere Berlin needs in which to develop and prosper.

Our priorities are to encourage cor tinued Soviet commitment to the four power regime (done recently, for exam ple, by the conclusion of a four-power agreement on railway tariffs) and to er courage the development of Berlin's ec nomic, cultural, and political ties with the F.R.G. and the West. The major potential problem is how to keep Berli isolated from increasing East-West ter sions created by the Soviet armaments buildup, the Soviet invasion of Afghani stan, and the situation in Poland.

**Austria.** As obliged under the 195 State Treaty and as a matter of policy, we support the permanent neutrality o Austria. That policy has enabled Austr to pursue its basic Western orientation and has facilitated the broad convergence of Austria's international policies with U.S. interests. There are no serious bilateral problems, although we have differed with Chancellor Kreisky on Middle East policy.

Good opportunities for expanded bilateral relations exist in the areas of energy and security. We are talking with the Austrians about sales of American coal and about technology ex change on the problem of nuclear spen fuel disposal and we are also encourag ing Austria to choose an American air craft in its search for an interceptor fo its air force. We admire and support Austria's role in refugee resettlement, and we are reviewing an Austrian request to restore a cut in the visa numbers we allot for Eastern Europea refugees from Austria.

**Switzerland.** We support the neutrality of Switzerland and that nation's active international role. Swiss representation of U.S. interests in Cub and more recently in Iran, has been an outstanding contribution to improved bi lateral relations. Switzerland's Western orientation has produced sympathetic understanding of our views on such

es as Afghanistan. The United
tes supports Swiss efforts to main-
an effective defense establishment
ipped with modern weapons. We
e had continuing discussions with the
ss concerning our common nuclear
proliferation objectives. We will con-
e enhanced cooperation with the
ss in ways fully consistent with their
trality and where Switzerland's
al leadership can contribute to the
herance of our objectives, as in the
E and in multilateral aid efforts for
key and for refugee relief.

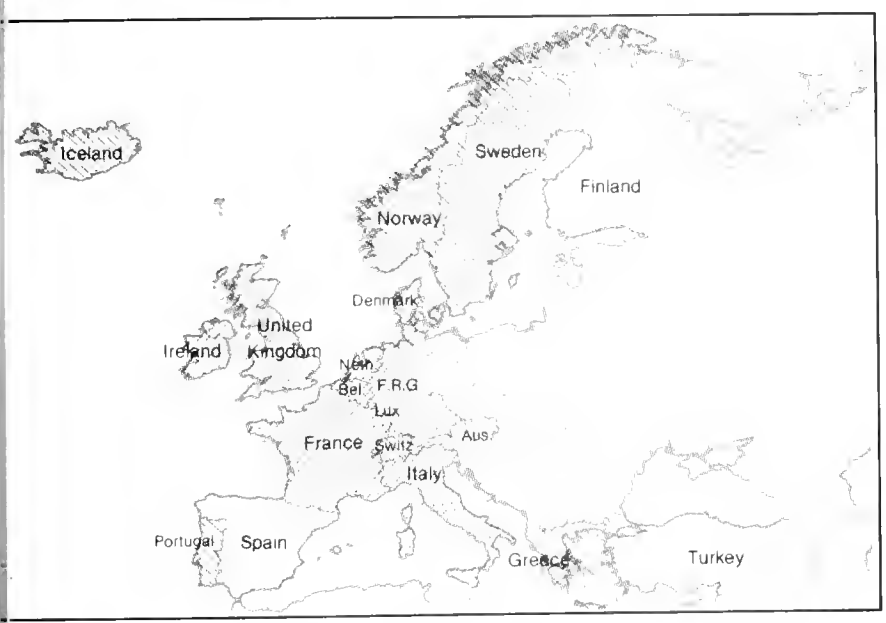
### thern Europe

United States seeks close relation-
s with the nations of northern
ope. Our links with the majority of
se states are strengthened by com-
membership in NATO, and it is the
rity relationship that is the principal
ing force in our collective endeavors.
course, not all states in the region
e chosen NATO membership:
eden, Finland, and Ireland remain
outside the alliance. Moreover, economic, psychological, and historic forces, even among allies, can strain, as well as strengthen, relationships. Growing protectionist sentiment throughout northern Europe and the rise in anti-nuclear and pacifist sentiment in many countries challenge the strength of ties that have been nurtured since the Second World War. Our own relations with these nations are conducted both bilaterally and multilaterally. The two strands intertwine and reinforce each other.

**United Kingdom.** In the United Kingdom, the Conservatives, led by Prime Minister Thatcher, remain in office. The visit of Mrs. Thatcher to Washington in the second month of the new U.S. Administration symbolizes the close ties that bind the United States and the United Kingdom. The Thatcher government is fully committed to a strong NATO defense, despite the persistent problems of the U.K. economy. U.K. defense expenditures are expected to show a real increase of 8% in the 3-year period that began in 1980–81. Her Majesty's Government also continues to modernize both its nuclear and conventional deterrents, with the decision to purchase Trident warheads illustrative of its continued nuclear commitment. At the same time, the Thatcher government remains fully committed to NATO's two-track TNF decision. Preparations for ground-launched cruise missile deployments in the United Kingdom are proceeding apace, and the British participate actively in the deliberations of the NATO Special Consultative Group addressing the arms control track of the alliance decision.

The Thatcher government also accepts the fact that alliance interests dictate a presence in the Persion Gulf. To this end, the United Kingdom has agreed to participate in an alliance rapid deployment force and has made temporary deployments of small-scale units to the area. The British have also cooperated with U.S. efforts to enhance

## estern Europe*




Organization for Economic Cooperation and Development (OECD)

European Communities (EC)

European Free Trade Association (EFTA)

e: Finland is an associate member of EFTA.

e June 1981 DEPARTMENT of STATE BULLETIN for description and membership
s of OECD, EC, and EFTA.

**Area:** 1.7 million sq. mi.
**Population:** 382 million (1978)
**GNP:** $2.5 trillion (1978)
**GNP Per Capita:** $6,500
**Share of World GNP:** 26%
**Share of World Trade:** 48% (1979)
**Value of Merchandise Imports from U.S.:** $68 billion (1980)
**Value of Exports to U.S.:** $46 billion (1980)

*Includes Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom.

The U.S. Government has not recognized the incorporation of Estonia, Lativa, and Lithuania into the Soviet Union.

our ability to respond to contingencies in the region.

U.S. policy with regard to northern Ireland, which has traditionally been one of impartiality, was outlined in the President's statement of March 17, 1981. We will continue to urge the parties to come together for a just and peaceful solution, and we will continue to condemn all acts of terrorism and violence. The President also called on all Americans to question closely any appeal for financial or other aid from groups involved in the conflict to insure that contributions do not end up in the hands of those who perpetrate violence, either directly or indirectly.

**Republic of Ireland.** With the Republic of Ireland, excellent relations reflect the enormous reservoir of reciprocal good will with the United States. There is, however, no formal treaty relationship between us. Northern Ireland remains the single most important issue that we face jointly. But, with Ireland's membership in the EC, our consultations now extend across a wide range of international problems. During this current U.N. assembly, Ireland assumed a seat in the Security Council and held the Council presidency in April, gaining an important voice in the U.N. forum. We have made clear our support and appreciation for Ireland's considerable contribution to peace in the Middle East through participation in the U.N. peacekeeping forces in Lebanon.

**Belgium, Netherlands, and Luxembourg.** Traditionally, our relations with Belgium, the Netherlands, and Luxembourg have been marked by an absence of bilateral problems. Representative of the strength and continuity of these excellent relations is the fact that, in 1982, we will celebrate the 200th anniversary of the establishment of U.S.-Dutch diplomatic relations, the longest unbroken friendly relationship in our history.

The important issues which the United States and the Benelux nations face together are predominantly related to security concerns. They are actively involved in support of the alliance, for example, participating in host nation support for U.S. rapid reinforcement of NATO. Belgium and the Netherlands, as countries for TNF deployment, particularly welcome the Administration's reaffirmation of TNF arms control as an integral part of NATO's 1979 decision to modernize its theater nuclear forces. The Belgian Government's decision on TNF deployment is consistent with the NATO decision. The Netherlands has informed its NATO partners that it will decide the issue of TNF deployment by the end of 1981. The decision will be taken by a Dutch Government to be formed in the aftermath of the May 26 elections. The visit to Washington of the then Dutch Prime Minister in May emphasized the Administration's desire for the closest possible consultations with all members of NATO and the EC. Both Belgium and the Netherlands maintain significant aid programs which contribute to stability in developing countries, such as Zaire and Indonesia.

**Finland, Sweden, Norway, Denmark, Iceland.** The Nordic area—including Finland, Sweden, Norway, Denmark, and Iceland—is one of increasing strategic importance. The buildup of Soviet forces in the Kola Peninsula continues unabated and poses a growing threat to NATO, as well as to the nonaligned states of the region. As a step toward redressing the imbalance in the area, we concluded with Norway a memorandum of understanding in January which provides for the prepositioning in central Norway of equipment for a U.S. Marine amphibious brigade of 10,000–12,000 men. As a result, in time of crisis, U.S. reinforcements will be able to link up quickly with their equipment and supplies.

It is because of the presence of Soviet forces in the area that we view with concern recent discussions about a Nordic nuclear-weapons-free zone. While we endorse measures which lessen tension in the region, the concept of the Nordic nuclear-weapons-free zone is unbalanced, ignoring the massive nuclear armaments in the Kola Peninsula and in the Baltic region. Realizing the asymmetry of the proposal, the governments of NATO allies in the region have opposed the plan which excludes Soviet territory from the area of applicability.

The Nordic states may not all share the same perspective on security affairs. But, they are a closely knit group with many common views on international issues such as human rights, assistance for developing states, arms control, and U.N. peacekeeping. We enjoy a close consultative relationship with these countries on a wide range of subjects and welcome the many high-level contacts we have had in recent months. The visits of the Icelandic foreign minister and the chairman of the Greenland Home Rule Authority are indicative of the importance which the United States attaches to these consultations.

### Countries of Central and Southwestern Europe

As the Reagan Administration confron the worldwide Soviet challenge, we are trying to improve the quality of securit cooperation with our friends and allies Europe. The focal point for the effort i NATO, but we also have important bi- lateral security relationships with several NATO members, as well as wit Spain. The Treaty of Friendship and Cooperation with Spain expires on September 21, 1981. We have begun n gotiating a successor to it. The first meetings have gone well.

**Spain and Portugal.** Although no related to the bilateral negotiations, th question of Spain's entry into NATO is an important one. We believe member- ship in the alliance would benefit both Spain and NATO. The Government of Spain is actively considering the ques- tion. If it decides to seek an invitation join, we will give our strong support.

During the coming year, we will al begin the process of updating our secu ty relationship with Portugal. The bi- lateral agreement that governs our use of the Portuguese air base at Lajes in the Azores expires in early 1983. As w renegotiate that agreement, we will al be exploring areas where both sides might benefit from expanded coopera- tion.

We watched with admiration durir the past year as the young democracie in Iberia met the challenge posed in P tugal by the tragic death of a popular prime minister and in Spain by an at- tempted coup. Both nations reconfirm their commitment to democracy. Both governments understand and apprecia that our support for democracy in Spa and Portugal is strong and unequivoca

Because rumors persist in Spain about other possible coup attempts, I would like to take this occasion to reiterate this Administration's strong support for democratic government in Spain. We are confident that the con- solidation of democratic government w continue so that Spain will be able to assume its rightful place in Europe an in the Western alliance. We would be strongly opposed to any attempt to tur back the clock since it would be a grea tragedy for Spain and a terrible blow t the Western democratic world.

**France.** We are following with in- tense interest developments in France and the workings of French democracy which brought a new president to pow in May and will elect a new legislature later this month. We look forward to

blishing the same kind of close and perative relationship with President Mitterrand and Prime Minister Mauroy we enjoyed with their predecessors. hough elements of the bilateral relaship between our governments may nge in some areas, we expect it to inue to be among the most impor- for the United States.

**Italy.** Italy is of great strategic imance to NATO and the United es. Italian contributions to NATO's hern flank are vital in insuring that sea remains open and free. Italy has n directing greater attention to its role in the Mediterranean. Italian tical democracy, its status as a major trading partner, and traditional s with the United States make for a e partnership. Italy has joined with nd with its northern neighbors in tough but necessary decisions like ter nuclear force modernization. ations between the United States and continue to be close and produc- The depth of that relationship was onstrated once again by the support h the U.S. Congress and private ericans gave to Italy following the ic earthquake in November 1980—million in U.S. Government conations and many more millions in ate contributions are being dedicated econstruction efforts.

The government of Prime Minister aldo Forlani resigned on May 26. owing political consultations, Presit Pertini asked Forlani to attempt nation of a new government. Forlani erated his commitment to Atlantic nce initiatives undertaken by Italy to the struggle against inflation and orism. We consulted closely with the lani government and fully expect the e kind of cooperative relationship n its successor, whether led by lani or another person designated by Italian President.

### stern Mediterranean

**eece.** U.S. policy toward Greece ognizes that that nation is a key ally, ying a valuable role in the common ense—particularly in this period of tical developments in regions border- on the eastern Mediterranean. The ited States continues firmly to supt the Greek people's commitment to nocratic ideas, strong democratic inutions, and a vigorous democratic cess that will include parliamentary ctions later this year. This commitnt to democracy was strengthened en Greece joined the EC on January 1 and deepened its ties with Europe. Although there will be some adjustments in U.S. trade with Greece as a result, we welcome Greek accession.

Greece has moved in recent times to strengthen its defense relationship with the West—first, by returning its military forces to the alliance's integrated command structure on October 20, 1980, and, second, by entering into negotiations for a new defense and economic cooperation agreement with the United States. Greece's reintegration into NATO closed a 6-year gap in the southern flank and augurs well for alliance solidarity in the face of the Warsaw Pact threat. It also provided an indication of improved relations between Greece and Turkey: Both nations now are making an effort to cooperate within the alliance and to continue bilateral talks at regular intervals to resolve their differences. The cooperation agreement negotiations are designed to modernize and update provisions under which U.S. military activities will be conducted. Talks are continuing intensively in Athens under the direction of our Ambassador, and we expect that an effective and mutually satisfactory agreement will result.

**Cyprus.** As stated in the President's report to Congress on Cyprus (March 20), a just, fair, and lasting resolution to the problems of Cyprus is an Administration priority. After almost 7 years of effort, it is time for a fair settlement which will benefit all the Cypriot people. The United States strongly supports the intercommunal negotiations under the stewardship of the United Nations. We are convinced that, while the negotiating path may be protracted and difficult, it is only through direct negotiations between the communities that a stable, enduring settlement on Cyprus can be found.

Since the U.N.-sponsored intercommunal talks resumed in August 1980, developments have been regrettably slow. This pace reflects the complexities of the problems, the longstanding intercommunal differences, and a slowdown in the schedule of meetings associated with elections on Cyprus. However, we believe that the continuation of the talks and the good atmosphere surrounding them constitute a positive development in the search for a solution to the Cyprus problem.

We are also encouraged by the decision on April 22 for agreement on the terms of reference for a committee on missing persons. Because this issue has been one of the most emotionally charged and divisive aspects of the Cyprus problem, the agreement—achieved after 2 years of painstaking negotiation—suggests that patient, persistent negotiating between both communities, under U.N. aegis, holds the potential for success, even on apparently intractable issues.

Cypriot Foreign Minister Nicos Rolandis, who visited Washington, May 18–19, had useful meetings with Secretary Haig and Vice President Bush. These discussions complement talks held with Turkish Foreign Minister Ilter Turkmen on April 1 in Washington and on May 4 at the NATO ministerial in Rome, and with Greek Foreign Minister Constantinos Mitsotakis on May 3 at the NATO ministerial. The meetings were helpful, including useful exchanges of views on Cyprus.

## France

DEPARTMENT STATEMENT, JUNE 24, 1981[1]

France is a valued ally and friend of the United States. As a sovereign democratic nation, France has chosen a new President and a new legislature. We welcome the opportunity to continue the excellent relationship between our two countries.

The Vice President is currently in Paris for consultations with President Mitterrand on the full range of issues of joint concern to the United States and France. He is continuing the high-level exchanges of views which have included messages between President Reagan and President Mitterrand and a visit here by Minister Cheysson [Foreign Minister Claude Cheysson].

While we fully recognize and respect the right of the Government of France to determine its own composition, it is a fact that the tone and content of our relationship as allies will be affected by the inclusion of Communists in that government or in any government of our West European allies. Since the end of World War II, all U.S. Administrations have pursued policies reflecting this view. Our policies have not changed.

[1]Made available to news correspondents by acting Department spokesman David Passage.■

We believe that there is some potential for positive development this summer but such can only come about through the U.N. negotiations. The United States, however, will continue to work closely with all parties to the discussion in order to encourage patient, flexible negotiating and creative approaches to longstanding problems.

**Turkey.** The lifting of the partial arms embargo in September 1978, the conclusion of the comprehensive defense and economic cooperation agreement in March 1980, and sustained and generous U.S. military and economic assistance have put our relations with Turkey, a major ally, on an excellent footing. The Turkish Government is strongly pro-NATO and pro-United States. The smooth implementation of the cooperation agreement has enabled us to operate our military logistical and intelligence collection facilities effectively and efficiently.

The central feature of our relationship is our shared commitment to the security of the Atlantic alliance. Continued high levels of assistance are essential to support our policy goals—that is, that Turkey regain economic health and political stability; play an effective role in NATO; continue ongoing efforts to resolve bilateral differences with Greece; and promote a negotiated solution to the Cyprus problem.

A healthy, growing Turkish economy will provide the basis for a stable society and a return to democractic institutions. The Turkish authorities have committed themselves to a courageous program for economic stabilization. The economy is showing signs of recovering from the deep financial crisis of the late 1970s, but significant levels of economic assistance from the United States and other OECD donors will be necessary for at least the next several years. On the military side, the Turkish Armed Forces have embarked upon a long overdue modernization program which will help Turkey fulfill its NATO role. Turkey's strategic importance to NATO and the West has been underlined dramatically by events to Turkey's south and east.

### Canada

Although U.S. relations with Canada do not fall under the responsibility of this subcommittee, some note concerning our close relations with our major trading partner and nearest ally may be in order. U.S.-Canadian relations cover a broad range of concerns—economic, political, commercial, cultural, and defense. We share the same general point of view and the same goals on a broad range of both bilateral and international questions.

President Reagan's visit to Ottawa in March was valuable in reassuring Canada of the important place it holds in U.S. foreign policy, and in reconfirming the positive tone of the U.S.-Canadian relationship. The most important bilateral issues concern trade, investment, energy, fisheries, and boundary questions, and the environment. The two countries have worked cooperatively to resolve outstanding questions, although our interests and outlooks differ on many issues.

We have been concerned that Canada's energy policies might adversely affect U.S. firms. I am pleased that Canada recently announced measures which meet some of our principal concerns. For Canada, the question of transboundary air pollution, or acid rain, is a volatile political issue. We are determined to continue to move ahead on our joint scientific work related to the air pollution problem, and we will open formal negotiations on an air pollution agreement later this month.

Canada takes an active role in NATO, and Canada expects this year to meet the 3% goal for annual increase in defense spending. Canada and the United States have worked together in seeking solutions to ongoing problems in southern Africa, Southwest Asia, and the Middle East. Finally, Canada's role in international peacekeeping has been second to none.

## CONCLUSIONS

The Reagan Administration has made a solid start in foreign affairs in general and in relations with West Europe and Canada in particular.

- Together with those nations, we have sent a clear signal to the Soviet Union that it must exercise much greater restraint in the face of renewed Western resolve.
- We have begun to restore our allies' confidence that we appreciate their concerns and take them into account, as we demonstrate the leadership they respect.
- We are working with Canada and the nations of Western Europe to encourage stability and reduce the risk of war in developing nations.
- And we are restoring the economic health of the United States which will in turn, serve the broader interests of the West as a whole.

In sum, we recognize the enormous challenges before us. But, we have set clear priorities for a consistent and balanced policy. We are prepared, in close consultations and cooperation with the nations of Western Europe and Canada, to move forward with confidence on issues of shared concern.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

# S. Policy Toward the U.S.S.R., astern Europe, and Yugoslavia

*awrence S. Eagleburger*

*Statement before the Subcommittee urope and the Middle East of the se Foreign Affairs Committee on r 10, 1981. Ambassador Eagleburger ssistant Secretary for European irs.*[1]

have asked me to meet with you e for a review of U.S. policy toward ope. I welcome the opportunity to he policy of this Administration ie record. Last week I focused on relations with Western Europe. I ssed our interest in the military rity and economic well-being of the satlantic community and our clear nitment to good bilateral ties ughout the region.

Today I will concentrate on our rela- with the Soviet Union, Yugoslavia, the nations of Eastern Europe. I emphasize our concern with the enge from adversaries and our com- nent to building constructive ties time that promote lasting peace. This week, as last, I speak against backdrop of the Reagan Administra- s overall foreign policy. It is a policy four points that bear on our rela- not only with Western Europe but with those nations I address today:

- Our insistence on restraint and procity in East-West relations;
- Our determination to strengthen alliances, particularly NATO;
- Our intention to play a construc- role in the developing nations of the d; and
- Our resolve to strengthen our nomy and our defenses.

A fundamental point of departure this presentation is the distinction veen the Soviet Union and Eastern ope and, indeed, among the coun- s of Eastern Europe themselves. hing could serve our interests in that of the world worse than to lump n into one bloc. Each nation presents ue problems and unique oppor- ties for the United States.

The U.S.-Soviet relationship remains most important element of U.S. ign policy. As it has since the end of ld War II, the Soviet Union resents the primary threat to U.S. rity and interests. Our efforts to deal with that threat have the most profound implications for our national defense posture, our budget, and the rest of American diplomacy. Failure to deal adequately with the challenges presented us by the Soviet Union would have the most serious of consequences, for the United States and for the rest of the world.

Yugoslavia and each of the nations of Eastern Europe have their own distinctive character and dynamics. In our relations with the Warsaw Pact countries of Eastern Europe, we seek to encourage evolutionary change toward greater diversity and national independence. We do so because of the conviction that this approach will serve best our interest in stability and peace in Europe. Yugoslavia—a unique, nonaligned nation—is of special importance to the United States. Our relations with that nonaligned country are qualitatively different from those of the Warsaw Pact countries of Eastern Europe. We have not had relations with Albania since World War II.

Bearing these distinctions in mind, let me turn to:

- Relations with the Soviet Union: status of that relationship, the new approach of the Reagan Administration, progress to date, and prospects for the future; and
- Relations with Yugoslavia and the nations of Eastern Europe: our general interests and instruments of policy and ties with the individual countries.

## U.S.-SOVIET RELATIONS

### Status of the Relationship

Relations between the United States and the Soviet Union have rarely been more troubled than at the present. The roots of current bilateral tensions are buried in fundamentally different systems and world views. But, in recent years, a number of factors have sharpened dramatically the differences between our two countries. The most significant of these factors has been a growing lack of restraint on the part of the Soviet Union. This tendency has manifested itself in a variety of ways.

First, there has been an unprecedented Soviet military buildup. Soviet military expenditures have grown steadily over the past 20 years at an average of 4%–5% a year. As a result, a conservative estimate of our spending and theirs shows that the Soviets outspent us by 30% in 1979 alone. The Soviet effort has allowed the U.S.S.R. to pull abreast of us in strategic and naval forces and in other areas of traditional U.S. predominance, while improving in both quantitative and qualitative terms its margin of superiority around its borders. It has also given the Soviet Union unprecedented capabilities for the projection of power.

Second, the Soviets have shown a growing propensity to use force as an instrument of policy. Directly, as in Afghanistan, or acting through proxies, as in Angola and Ethiopia, the Soviets have shown a growing preference for military solutions to regional issues. At the same time, their support of so-called movements of national liberation and organizations engaging in international terrorism has continued unabated, despite its impact on relations with the West.

Even in Europe—an area the Soviets have tried to make an "island of detente" in order to further Soviet economic and political goals and to insure access to Western credits and technology—the Soviet Union has resorted to the most blatant tactics of intimidation to influence events in Poland. While the military situation in and around that country is not as alarming as earlier this year, heavy Soviet political pressure continues and Soviet military intervention could still come with little warning.

The Soviet Union's increasingly assertive behavior stems only partly from its enhanced military capabilities. It can also be attributed to the lack of credible constraints on the part of the United States and other nations. For whatever reasons—and they are many and complex—the Soviet leadership in recent years has shown little regard for the ability and/or the will of the West to respond effectively to its challenges. And, when the West has responded, it has too often been without coherence or real credibility.

### A New Relationship

The Reagan Administration has moved forcefully in its first 4 months in office to reverse these trends. We seek a relationship with the Soviet Union which better serves U.S. interests—a relationship grounded in realities, not hopes. Such a relationship must be based on two principles: restraint and reciprocity.

**Restraint.** We cannot expect the Soviet Union to renounce the use of force and violence as instruments of foreign policy if such means continue to pay benefits. Bringing about greater Soviet restraint will involve demonstrating that there is no attractive alternative. This approach will require, first of all, that the United States improve its capabilities in areas where our interests and the Soviets come into conflict. Our focus will be threefold.

- First, we will improve the defense balance to insure our security, avoid the prospect of political blackmail, and reestablish allied confidence.
- Second, we will repair our alliances. As I noted in my earlier presentation, this approach will require much closer and more effective consultations than we have conducted in the past. Our perceptions and interests will never coincide perfectly with those of our allies, but it is important that we share a general sense of strategy and tactics in our approach to East-West problems.
- Finally, we will expand our capabilities for meeting Soviet challenges to our interests in the developing world. Doing so will require that we take better advantage than in the past of our political, economic, and other assets—and those of our allies. And, it will demand a greater investment of scarce economic and other resources. It will also take a greater effort in the realm of security—both directly and by strengthening the capabilities of our friends in areas threatened by Soviet expansionism. Our efforts in each of these fields will require great sensitivity to local conditions to insure that we do not create more problems for ourselves than we resolve.

**Reciprocity.** Demonstrating to the Soviets, by expanding our own capabilities, that there is no alternative to restraint is a *sine qua non* to the success of our approach. But, we recognize as well the value and long-term necessity of giving the Soviets incentives to act with greater restraint.

The Reagan Administration does not view cooperation with the Soviet Union as an end in itself. Nor does it believe that the prospect of cooperative activities will necessarily induce the Soviet Union to moderate its policies. Linkage will be an operative principle. The leaders of the Soviet Union cannot expect to enjoy the benefits of joint activities in areas of interest to them, even as they seek to undercut our interests.

But, in the context of adequate and credible U.S. defense and regional capabilities and on a basis of strict reciprocity of benefits, the United States is open to an expansion of mutually beneficial activities, if justified by Soviet behavior. The United States is prepared to respond positively to constructive initiatives by the Soviet Union. However, given the lessons of recent history, it is clear that we cannot be satisfied with words alone. Soviet actions in Afghanistan and elsewhere have created the existing obstacles to expanded relations. Soviet actions will be required to remove them.

The areas where our insistence on reciprocity will have its most direct applications are arms control and economic policy. With respect to arms control, the Administration's review remains underway. The issues are complex and related to basic decisions on U.S. military programs which will be made only in the months ahead. We have nonetheless made clear our recognition of the potential value of verifiable, balanced arms control agreements which enhance our national security. The President has expressed his commitment to the SALT process. It is also our intention to begin negotiations with the U.S.S.R. on theater nuclear forces (TNF) arms control by the end of the year. We are continuing to participate, along with our NATO allies, in the mutual and balanced force reduction talks in Vienna.

With regard to economic policy, the challenge for us is to develop an approach which minimizes the West's vulnerability to Soviet pressure, denies the Soviets technology and goods which would enhance their military capabilities, maximizes our own leverage, and is fair to U.S. producers. We will be working with our allies and economic partners in the months ahead toward this end. In both these areas, Soviet international conduct will have a major impact on the possibilities for real progress.

### Progress on New Approach

These are the broad outlines of the approach the Reagan Administration will take in its dealings with the U.S.S.R. I would like to describe briefly the progress we have made in implementing our policy.

With respect to improving our ability to restrain Soviet actions, we have moved dramatically in a range of areas to restore U.S. credibility and the capabilities which underlie it. In the defense sphere, our budgetary decisions have made clear to the Soviets and others the impossibility of their attaining superiority over the United States in any critical measurement of capabilities. At the same time, our decisions have given our allies and others an example to follow, and us, a sound position from which to urge greater allied efforts.

- With the ministerial of the North Atlantic Council, held in Rome in May, we have made a solid start at building a new NATO consensus on East-West relations based on a shared recognition of the need to restrain Soviet power.
- The meeting of the Defense Planning Group in May resulted in solid NATO reendorsement of a greater defense effort and in moving ahead on schedule with TNF modernization in Europe.
- Prime Minister Suzuki undertook in May to increase Japanese efforts in behalf of their own defense and to enhance support for U.S. forces in Japan in the interests of Far Eastern security.

Elsewhere, we are handling a variety of regional issues in ways designed to foster the climate of peaceful international change in which U.S. and Western advantages can best be brought to bear in our competition with the Soviet Union.

- We are working more effectively with the Government of Pakistan than at any time in the recent past to strengthen that strategically important nation in the face of Soviet aggression across its border into Afghanistan.
- At the same time, we continue to work closely with Pakistan and other nations to keep pressure on the Soviet Union to withdraw from Afghanistan and allow a political settlement there in keeping with the desires of the Afghan people.
- We are working with a variety of concerned governments in the region of the Persian Gulf to bolster security there in the wake of the Soviet invasion of Afghanistan and the opportunities for further Soviet expansion presented by continuing instability in Iran and the Iran-Iraq conflict.
- We are engaged actively in effort to resolve the current Israeli-Syrian impasse in a manner which prevents further expansion of Soviet influence in that critical and unstable region.
- In El Salvador, we have signaled our determination not to allow Soviet-backed subversion to topple a legal government seeking to implement badly needed internal reforms. We have made clear our determination to go to the source to prevent such subversion, if necessary.

We are working with the Associa- of Southeast Asian Nations AN) states to build pressure on am to end its Soviet-backed oc- ion of Kampuchea.

We are proceeding in a responsi- anner in building an expanded rela- nip with the People's Republic of a.

We are working with all in- ted parties to resolve such African s as a peaceful settlement of prob- in Namibia in ways which deny the t Union further opportunities to ex- its influence through violent s.

**pects for the Future**

activities have conveyed to the ts an unmistakable signal of our isness and have significantly ex- ed our ability to influence their vior. We must build on these efforts in the months ahead. At the same time, we have left open channels of communication with the Soviet Union. Our dialogue with the Soviet Union continues at all levels here and in Moscow. And we will build on that dialogue during the meeting in New York with Soviet Foreign Minister Gromyko this September.

We have made clear to the Soviets our preparedness for an improved relationship if Soviet behavior warrants it. The President's decision to lift the partial grains embargo in fulfillment of his campaign pledge could not have been taken had the Soviet Union intervened militarily in Poland. Our decision to enter into preliminary discussions with the Soviet Union on setting a date for resumption of TNF discussions should be seen in the same context. It should be clear that any Soviet move against Poland would have significant consequences for all aspects of East-West relations.

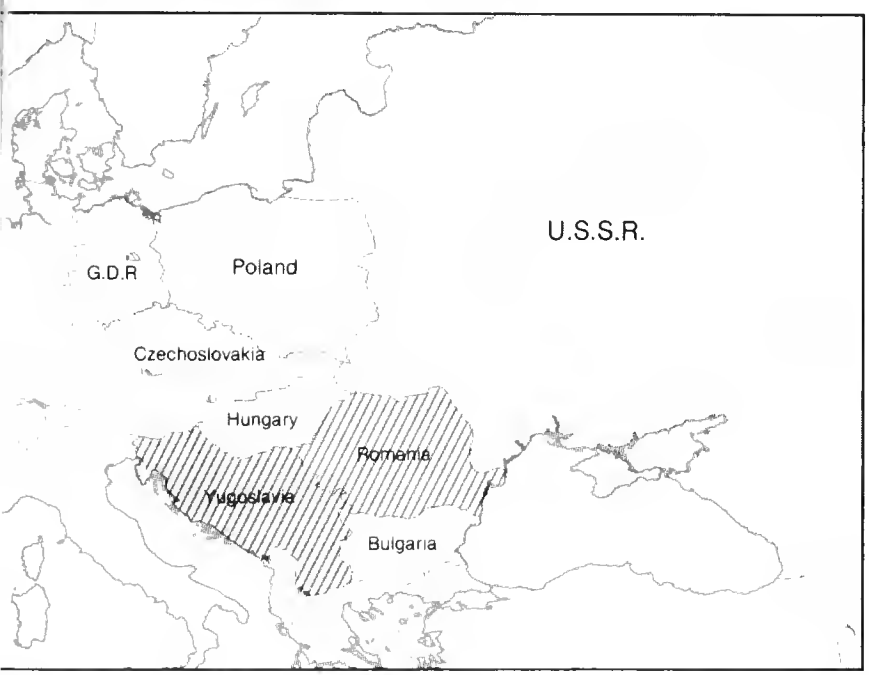
By the same token, further concrete evidence of Soviet willingness to accept peaceful change would allow a broader expansion of the relationship. Movement toward a settlement of the Afghanistan issue on terms which would insure the complete withdrawal of Soviet forces would be particularly important.

In the absence of this or similar initiatives, the United States and its allies have no alternative but to insure that we are in a position to deal more firmly and credibly than in the past with Soviet lack of restraint. We will direct our efforts over the months ahead toward that end.

## U.S. RELATIONS WITH EASTERN EUROPE

Eastern Europe is not a monolith. Each country in the area has its unique

## .S.S.R. and Eastern Europe*




Warsaw Pact and Council for Mutual Economic Assistance (COMECON)

Members of Group of 77 (G-77)

Member of nonaligned movement

e: Albania has no international affiliation except with the United Nations.

June 1981 DEPARTMENT OF STATE BULLETIN for description and nbership lists of COMECON, G-77, and nonaligned movement.

**Area:** 9 million sq. mi. (8.7 million sq. mi. is the Soviet Union)
**Population:** 369 million (1978); (261 million in the Soviet Union)
**GNP:** $1.3 trillion (1978)
**GNP Per Capita:** $3,500
**Share of World GNP:** 16%
**Share of World Trade:** 8% (1979)
**Value of Merchandise Imports from U.S.:** $4 billion (1980)
**Value of Exports to U.S.:** $1 billion (1980)

*Includes Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania.

The U.S. Government has not recognized the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

history and culture, and the trends in the region are toward increasing economic, social, and even political diversity. U.S. policy toward the Warsaw Pact member states of Eastern Europe—Poland, Hungary, Romania, Czechoslovakia, Bulgaria, and the German Democratic Republic—is tailored to our interests and to the situation prevailing in each country. We differentiate between these countries and the U.S.S.R. to the degree that they pursue independent foreign policies and/or more liberal domestic policies.

### U.S. Interests

Our primary interests are:

- A strong and legitimate security interest based on the proposition that a peaceful Eastern Europe, which is engaged in constructive interaction with the rest of Europe and the world, can be a force for stability in Europe.
- A deep, humanitarian interest in the welfare of the peoples of Eastern Europe, both because of their internationally recognized rights and because millions of Americans trace their heritage to the area.
- A growing interest in trade and other forms of economic cooperation.

Our bilateral relations with most of the Warsaw Pact member states of Eastern Europe have improved significantly in recent years. This Administration is prepared to work toward further improvements. In doing so, it will be guided by the following considerations:

- The degree to which individual Eastern European governments demonstrate both the desire and ability to reciprocate our interests in improved relations, and demonstrate sensitivity to U.S. interests;
- Indications that these governments are willing to play a constructive role in Europe, both through the CSCE [Conference on Security and Cooperation in Europe] process and in their bilateral relations with other European countries; and
- Indications that the Eastern European governments are sensitive to the traditions and aspirations of their peoples and seek to fulfill their commitments under the provisions of basket 3, as well as other sections of the Helsinki Final Act.

### Policy Instruments

Our instruments to further U.S. interests and improve relations with the countries of Eastern Europe include high-level visits, cultural and scientific exchanges, and trade and other forms of economic cooperation. We will welcome high-level contacts with leaders of those Eastern European countries with which our relations are positive and are susceptible to significant improvement. We will encourage cultural and scientific exchanges with Eastern Europe in the belief that they enhance mutual understanding and enable Eastern Europeans to experience the diversity of the United States and the vitality of its democratic institutions.

Bilateral trade has become an important component of our relations with Eastern Europe. Trade relations based on most favored nation (MFN) status now exist with Poland, Romania, and Hungary. In 1980, our total trade with Eastern Europe was $3.3 billion, and U.S. exports exceeded imports by well over $1 billion. In our trade and economic policy toward Eastern Europe, we seek to strike a prudent balance among our political, trade, and security interests. We seek, together with our allies, to offer Eastern Europe alternatives to even heavier reliance on trade with other members of the Council for Mutual Economic Assistance. We also want the American farmer and worker to share in the benefits of expanded export markets. At the same time, we do not intend to export technology which could adversely affect U.S. security interests.

The extension of MFN tariff treatment to Romania and Hungary has served our commercial interests and removed an obstacle to improved relations in other areas. It has also permitted substantial progress on emigration and humanitarian issues. The President's recommendation concerning continuation of his waiver authority on MFN status for Hungary and Romania, under Section 402 of the Trade Act of 1974, is subject to congressional review this month. We strongly support the continuation of the waiver for both countries. This recommendation does not ignore the fact that problems in emigration continue and that U.S. humanitarian concerns have not been entirely eliminated. But, it does take account of the progress that has been made and the likelihood of more positive results if the waiver is renewed.

### Relations With Warsaw Pact Countries

In view of the diversity of Eastern Europe and our policy of differentiatir among the individual countries, it is n surprising that our bilateral relations vary substantially from country to cou try.

**Poland.** The dramatic developmer in Poland over the past 11 months hav captured the attention of the world. W welcome changes which correspond to the aspirations and traditions of the Polish people. But, we will continue to refrain from words or actions which would complicate the resolution of Poland's problems by the Poles themselves. We continue to believe tha the resolution of Poland's internal prol lems can be achieved best in an atmosphere of calm and moderation, fre from all outside interference. We rema committed to the NATO communique December 12, 1980, which stated that any intervention in Poland would fundamentally alter the entire internation situation and that the allies would be compelled to react in a manner which the gravity of this development would require.

We have noted with concern the economic hardships faced by the Polish people and the detrimental effect of Poland's economic difficulties on effort to continue the process of peaceful renewal. Together with other Western countries, we have taken steps to ease Poland's economic difficulties.

- Poland received the largest alloc tion to any country of Commodity Cre Corporation agricultural guarantees in fiscal year 1981—$670 million.
- In April, as Poland's food supplie continued to deteriorate, we authorized the sale of $71 million of surplus dairy products (30,000 tons of dried milk and 30,000 tons of butter) and permitted payment in Polish currency.
- We joined other Western countries in easing Poland's financial positio by rescheduling repayments of official debt for the remainder of 1981. Approx imately $400 million in principal and interest owed to the U.S. Government wi be affected. Together with other creditor governments, we will consider the possibility of rescheduling repayments for subsequent years.

In taking these steps, we have emphasized to the Polish authorities that we expect the Polish Government and people to make meaningful efforts to reinvigorate the Polish economy and to

e Poland's creditworthiness. We lso stressed the need for com- e steps by Poland's Warsaw Pact particularly the Soviet Union. We ntinue to underscore these points ire discussions on Poland's mic and financial problems.

**omania.** Romania continues to pur- independent foreign policy, as ex- ied by its positions on Afghanistan e Middle East and its constructive the CSCE context. Romania car- ut more than 50% of its trade with ommunist countries. The United has become Romania's third t trading partner.

his Administration has already a high-level political dialogue with nia. Last month President Reagan ecretary Haig met with Foreign er Andrei in Washington, and nerce Secretary Baldrige traveled charest for the U.S.-Romanian Economic Commission and met with President Ceausescu. tary Haig underlined to Minister i our recognition of Romania's uni- osition in Eastern Europe and sup- or the principle of self- mination. He also emphasized that nian responsiveness to U.S. con- relating to emigration and arian issues would contribute to rther development of our ons.

**lungary.** Hungary has embraced SCE process, using it as a ework for relations with Western pe and the United States. We are nuing to build upon the momentum ated by the return of the Crown of tephen and the signing of the Hungarian Trade Agreement in Hungary is particularly interested proving economic relations with the d States, and our trade relations eveloping in a positive and esslike fashion. Hungary's record migration continues to be positive, ts leaders permit a relatively broad e of expression on other than ical topics.

**Bulgaria.** We have made measured ress in improving relations with aria over the past several years, ugh this progress has slowed what in the past year. We have a st but active educational, scientific, cultural exchange program with aria, and the maritime agreement ncluded at the beginning of this inistration is working out satisfac- y. U.S. trade with Bulgaria, while xtensive, is balanced in our favor, and the Bulgarian Government is interested in expanding exports to the United States and developing economic relations in other ways.

**Czechoslovakia.** Our relations with Czechoslovakia have been poor for some time due to the Czechoslovak Government's harsh repression of dissent and its close adherence to Soviet positions on foreign policy. Negotiations are presently underway on a settlement of postwar nationalization claims of U.S. citizens against Czechoslovakia. Some progress has been made toward an agreement, but it is far from certain that an acceptable settlement will be reached. We are consulting closely with the Congress on the progress of the negotiations.

**German Democratic Republic.** Despite deep differences between the United States and the G.D.R., we have sought and achieved practical improvements in our bilateral relations. Since the signing of the consular convention in 1979, we have begun negotiations on a cultural agreement, and may soon begin negotiating on claims. We have encouraged the G.D.R. to exercise restraint in Poland and in the developing world, to settle the claims of our citizens as well as Jewish claims, and to improve its implementation of the Helsinki Final Act. For its part, the G.D.R. has expedited the resolution of cases of divided families with the United States. The G.D.R. seeks MFN treatment with us, but we have made clear that it must first settle claims and give assurances required by the Jackson-Vanik amendment.

### U.S. RELATIONS WITH YUGOSLAVIA

The position of nonaligned Yugoslavia is intrinsically different from that of the

## East Berlin *Volkskammer* Elections

### ALLIED PUBLIC STATEMENT, JUNE 14, 1981[1]

On June 14, 1981, the authorities of the G.D.R. [German Democratic Republic] held elections in the Eastern sector of Berlin in which deputies from that sector were, for the first time, directly elected to the G.D.R. *Volkskammer*. The Governments of France, the United Kingdom, and the United States, through their Embassies in the Soviet Union, have [today] presented formal diplomatic protests to the Soviet Government concerning this action.

These elections were held on the basis of an amendment of the G.D.R. election law approved by the *Volkskammer* on 28 June 1979. They constituted a change in the previous practice whereby the representatives of the Eastern sector of Berlin were not directly elected but were nominated to the *Stadtverordnetenversammlung* of Berlin (East). The practice was part of the existing situation to which the Quadripartite Agreement of 3 September 1971 refers. The new procedures which the G.D.R. has introduced in the Eastern sector of Berlin treat this sector as though it were part of the territory of the G.D.R. This is in contradiction with the wartime and postwar agreements defining the status of the special Berlin area and, accordingly, also in contradiction with the Quadripartite Agreement of 3 September 1971 which applies to the whole of Berlin.

In the London declaration of May 9, 1977, the Governments of the United States, France, and the United Kingdom reaffirmed that the status of the special area of Berlin could not be modified unilaterally. They also stated that they would continue to reject all attempts to put in question the rights and responsibilities which the United States, France, the United Kingdom, and the Soviet Union retain relating to Germany as a whole and to all four sections of Berlin. These points were reiterated in the 29 June 1979 statement in Tokyo by the foreign ministers of France, the United Kingdom, the United States, and the Federal Republic of Germany and in the protest delivered in Moscow by the Embassies of France, the United Kingdom, and the United States on 9 July 1979.

Accordingly the three allied governments wish to reemphasize the position which they have publicly expressed on many previous occasions: No unilateral decision taken by the G.D.R. authorities can affect the legal situation of greater Berlin. The three governments will continue to exercise their full rights and responsibilities in Berlin.

[1]Press release 192 of June 15, 1981.■

member states of the Warsaw Pact, and we deal with Yugoslavia on the basis of its unique status. Yugoslavia's collective leadership has made it clear that it will continue to pursue the course set by President Tito: nonalignment in foreign policy and self-management at home.

An independent, economically viable Yugoslavia capable of resisting external pressure is a factor for stability and peace in the Balkans, the Mediterranean, and Europe as a whole. We firmly support Yugoslavia's independence, political unity, and territorial integrity. U.S.-Yugoslav relations are excellent. In recent years, we have created an extensive range of relations.

- We have maintained a mature and frank political dialogue and this Administration has furthered the dialogue.
- The United States has become Yugoslavia's fourth largest trading partner, and we are the leading foreign investor in Yugoslavia.
- Various agreements on culture, science, and technology provide the framework for a vigorous program of exchanges and joint projects.
- We are engaged with the Yugoslav military authorities in a modest program of visits, arms transfers, and training.

Despite this significant record of good relations, problems remain. Although we have made considerable progress in combating terrorist activity against Yugoslav officials and establishments in the United States, both we and the Yugoslavs are concerned over the continued existence of such activity in the United States. We are determined to deter such activity and to punish terrorists to the full extent of the law. We are pleased that 5 anti-Yugoslav terrorists were convicted recently by a court in New York City and that at present some 17 convicted terrorists are behind bars.

### ALBANIA

We have not had diplomatic relations with Albania since World War II. Since the termination of its special relationship with the People's Republic of China in the summer of 1978, Albania has followed a course independent of major outside powers. Albania has moved to improve relations with Greece and Western Europe. The process of improving Albanian-Yugoslav relations had advanced significantly before the outbreak of violent demonstrations by ethnic Albanians in Yugoslavia's autonomous Province of Kosovo in April and May. Albania's leaders have made it clear that they do not presently seek to improve relations with the United States. Should Albania display an interest in resuming relations with us, we would be prepared to respond.

### BALTIC STATES

Some reference to U.S. policy toward the three Baltic States—Lithuania, Latvia, and Estonia—is in order. Our policy of not recognizing their forcible incorporation into the U.S.S.R. remains unchanged. We continue to recognize and deal with diplomatic representatives of the last three Baltic governments.

### CONCLUSION

This assessment of U.S. relations with Yugoslavia, Albania, and the Warsaw Pact nations of Eastern Europe brings me full circle. I conclude, as I began, with reference to the overriding principles that govern foreign policy under the Reagan Administration.

- Ours is a policy that reflects respect for the territorial integrity of nations and the dignity of individuals.
- Ours is a policy that demonstrates determination to be firm in the face of aggression but forthcoming when there is constructive response to the shared challenges of the 1980s.

[1] The complete transcript of the hearing will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

## U.S. Contributions to the ICRC

The Department of State announced on June 1, 1981, that, in response to urgent humanitarian needs in war-torn areas, the U.S. Government is making a contribution of $4.15 million to the International Committee of the Red Cross (ICRC) for the following purposes:

- $1.5 million as a contribution to the worldwide ICRC program for protection and assistance to political detainees;
- $500,000 as an additional contribution to the ICRC general program budget (in addition to a previous contribution of $1 million), bringing the total U.S. contribution for 1981 to $1.5 million; and
- $2.15 million against various special appeals, as follows:

a) Lebanon—$1 million for emergency medical assistance and relief goods to victims of the conflict;

b) El Salvador—$500,000 for relief to persons displaced by the armed conflict;

c) Nicaragua—$250,000 to support relief activities;

d) Indonesia (East Timor)—$200,000 for food and medical assistance and to trace missing persons and facilitate family reunification; and

e) Iraq/Iran—$200,000 to finance visits to prisoners of war, to assist civilians in combat areas, and to trace persons displaced by military operations.

This announcement is made on the occasion of a visit to Washington of Mr. Jean-Pierre Hocke, Director of Operations of the ICRC. This current visit is one of a series of periodic visits that Mr. Hocke makes to Washington to discuss matters of mutual concern.

The ICRC is a nongovernmental, nonreligious Swiss organization, based on the principles of neutrality and humanitarianism, which is primarily concerned with giving protection and assistance to the victims of armed conflict. The Geneva conventions, which the ICRC helped develop, assign the following specific tasks to the ICRC:

- Visiting and interviewing prisoners of war and civilian internees;
- Providing relief to the civilian population of occupied territories;
- Searching for missing persons; and
- Offering its good offices to facilitate the establishment of hospital zones and safety zones.

Among the general reponsibilities of the ICRC are insuring the proper implementation of the Geneva conventions and acting as a neutral intermediary between the parties to a conflict.

U.S. contributions to the ICRC are an essential part of a coordinated U.S. effort to assist refugees and displaced persons in urgent need throughout the world by means of cooperation with the U.N. system, the ICRC and other international organizations, and private voluntary agencies.

Press release 173.■

# rael's Raid on aq's Nuclear Facility

*ollowing are two Department ents of June 8, 1981; the text of ary Haig's letter of June 10 to as P. O'Neill, Jr., Speaker of the of Representatives, and Senator es H. Percy, Chairman of the e Foreign Relations Committee; statement by Under Secretary for cal Affairs Walter J. Stoessel, Jr., the Senate Foreign Relations Com- on June 18.*

## ARTMENT STATEMENT, E 8, 1981[1]

overnment of Israel has informed nited States that the Israeli Air attacked the Iraqi nuclear rch facility at Tuwaitha on June 7. d no prior knowledge of the raid, e have no further information. We w seeking more information con- g the attack. This is clearly a very s development and a source of ut- oncern.

e have no first-hand details of the or of the overall damage, in- g casualities. Our initial estimate ential radiation effects is that they probably be minimal and limited immediate vicinity of the installa- his is based on preliminary infor- n about the amount and quality of ial in the facility at the time of the . The U.S. Government is ready to d to any requests for help in ring the extent of any nuclear ef- nd in dealing with any other l problems.

nce we have additional informa- ve will have more to say on the t.

## ARTMENT STATEMENT, E 8, 1981[1]

.S. Government condemns the ed Israeli air strike on the Iraq r facility, the unprecedented ter of which cannot but seriously the already tense situation in the Available evidence suggests rovided equipment was employed sible violation of the applicable ment under which it was sold to , and a report to this effect is be- epared for submission to the U.S. ess in accordance with the rele- J.S. statute.

## SECRETARY'S LETTER TO THE CONGRESS, JUNE 10, 1981[2]

I am providing the following information pursuant to section 3 (c) (2) of the Arms Export Control Act.

The Department of State has learned that on June 7, 1981, the Government of Israel carried out an air attack against a nuclear reactor under construction in Iraq. Israeli Air Force units taking part in this attack were reportedly equipped with defense articles that have been furnished to Israel by the United States under the Foreign Military Sales program, including F–15 and F–16 aircraft.

Sales to Israel under the Foreign Military Sales program are governed by a Mutual Defense Assistance Agreement of July 23, 1952 (TIAS 2675), which provides in pertinent part:

> "The Government of Israel assures the United States Government that such equipment, materials, or services as may be acquired from the United States . . . are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state."

In these circumstances, I must report on behalf of the President that a substantial violation of the 1952 Agreement may have occurred. We are conducting a review of the entire matter and will consider the contention of Israel, that this action was necessary for its defense because the reactor was intended to produce atomic bombs and would become operational very soon and that, once it become operational, an attack would have been impossible because it could not be carried out without exposing the inhabitants of Baghdad to massive radioactive lethal fallout.

While our discussions with Israel continue, and while your Committee is considering this matter the President has directed the suspension for the time being of the immediate shipment of four F–16 aircraft which had been scheduled for this week.

In responding to this incident we will make clear the seriousness with which we view the obligations of foreign countries to observe scrupulously the terms and conditions under which the United States furnishes defense articles and defense services. We will, of course, inform the Congress of the outcome of our discussions with the Government of Israel and our deliberations on the response warranted.

Sincerely,

ALEXANDER M. HAIG, JR.

## UNDER SECRETARY STOESSEL, JUNE 18, 1981[3]

Thank you for this opportunity to report to the committee on June 7, 1981, Israeli air attack against a nuclear reactor under construction in Iraq.

You have received the Secretary's June 10, 1981, letter on this attack pursuant to section 3 (c) (2) of the Arms Export Control Act. In his letter, the Secretary notified Congress that a substantial violation of the Mutual Defense Assistance Agreement of July 23, 1952, with Israel may have occurred and indicated that we were conducting a review of this entire matter, which is the subject of our session today.

The Mutual Defense Assistance Agreement with Israel includes assurance by Israel that U.S. weapons provided under the terms of the agreement would be used solely to maintain internal security, meet legitimate self-defense needs, or permit it to participate in the defense of the area of which it is part or in U.N. collective security arrangements and measures. The agreement also provides that Israel will not undertake any aggression against any other state.

Israeli Air Force units participating in Israel's attack were equipped with defense articles furnished to Israel by the United States under the foreign military sales program pursuant to the 1952 agreement with Israel.

Israel contends that the Iraqi reactor was intended to produce the required weapons-grade material for use in atomic weapons. Israel notes that a state of war exists between the two countries and has further contended that Iraq had made clear its intention to produce such a weapon for use against Israel. Israel indicated its belief that the reactor would become operational very quickly. Israel has pointed out that once the reactor became operational, an air attack would have been impossible since it would have exposed the inhabitants of Baghdad to massive lethal radioactive fallout. Israel also indicated that it had exhausted all diplomatic remedies prior to the attack. The Israelis, therefore, sincerely believe that their attack was an act of legitimate self-defense and not in violation of their 1952 agreement with the United States.

Iraq denies that its nuclear program has any application other than the peaceful uses of nuclear energy. It points out that it has ratified the Nonproliferation Treaty (NPT) and notes that Israel has not and that Iraq's reac-

tor and supply of enriched uranium were subject to International Atomic Energy Agency (IAEA) controls. Iraq further points out that no violations were found and that all enriched uranium supplied to Iraq was accounted for. Iraq, therefore, believes Israel's action was unprovoked aggression.

The United States is deeply concerned about nuclear proliferation. We have long been concerned about the Iraqi nuclear facility because it could give Iraq the capability to build atomic weapons if other elements were added. Furthermore Iraq has made no secret of its enmity toward Israel. We have shared these concerns in the past with appropriate governments and made clear our view that global adherence to, and respect for, the most stringent safeguards is essential. While the NPT and IAEA safeguards regime are still critical to any nonproliferation effort, we can all agree that we should work to strengthen today's safeguards to further allay the kind of suspicion and mistrust that contributed to Israel's action.

It is also important to understand that although safeguards are vital, there are other critical elements required to deal with the proliferation problem. For example, material that is in a nearly weapons-usable form presents special dangers and should be minimized or avoided. This is why we believe that suppliers must exercise care in their nuclear activities, and particularly so in volatile areas of the world. The nonproliferation policy guidelines we will soon be discussing with you take explicit account of these facts.

The United States was not consulted in any way about any phase of the Israeli action, nor were we informed of it in advance. Although we had concerns about the potential of Iraq's nuclear program, we do believe that the Israelis had not exhausted all the diplomatic options available for alleviating their concerns. We further believe that the unprecedented character of the Israeli air attack could not but seriously add to the already tense situation in the area and seriously complicate our effort to resolve the various problems in the area through peaceful means. For these reasons we condemned Israel's attack. In addition, the President decided to suspend the scheduled delivery of four F-16s to Israel while the Congress considered the issue and while we consulted with Israel and others.

Neither our condemnation nor the suspension of delivery of the four aircraft implied that we had reached any determination of the legal questions under the Arms Export Control Act that may have been raised by Israel's action. We have not made such a determination under the act. Nor should our condemnation be construed as implying that we did not ourselves have serious misgivings regarding the ultimate character and direction of the Iraqi nuclear program.

We are concerned by the damage that resorting to violence does to the cause of peace in the region. But we must note that Iraq has not recognize the legitimacy of Israel, has refused t ascribe to U.N. Security Council Resc tions 242 and 338 and rejected the Ca David accords, and has not played a c structive role in the peace process.

We continue to believe that force and hostility are not the answers to th problems of the Middle East. The peo of the Middle East yearn for peace so that the vast human, natural, and technical resources of the region can turned to the pursuits of peace and so that this area can become a model for coexistence and cooperation among na tions. This yearning can only be realiz through redoubled efforts by all parti to find negotiated solutions to the prc lems they face. The issues before us t day only accentuate this fact.

Since the attack, we have been engaged in consultations with Israel a other appropriate governments. Our consultations are continuing, and we a not prepared today to render any judgments on the merits of the issues reach any determinations. We believe that the issue in its essence is politica rather than legal, and for this reason our efforts are directed toward politic solutions. This is a grave matter that must not be treated in haste. Therefo our efforts and our review are contin ing. We will keep the committee informed as we continue our review of issues.

[1]Read to news correspondents by Depa ment spokesman Dean Fischer.

[2]Identical letters were sent to House Speaker O'Neill and Senator Percy (text of the letter to Senator Percy was issued as a White House press release).

[3]The complete transcript of the hearing will be published by the committee and wil be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

## Situation in the Middle East

### STATEMENT BY WHITE HOUSE DEPUTY PRESS SECRETARY, JUNE 11, 1981[1]

The President today is meeting with the Ambassadors to discuss his initiatives for peace in the Middle East.[2] He wants the Ambassadors of the various countries to be aware of his commitment and the commitment of the United States to the furtherance of the peace process in that critical region of the world. He wishes the Ambassadors to convey this to their respective governments. The President will welcome their views on this matter.

The mission of Ambassador Habib [Philip C. Habib, the President's special emissary to the Middle East] continues today with the important goals as outlined by the President when he asked the Ambassador to undertake this important venture. This is to seek a reduction of the tensions and a lessening of the possibility of conflict arising out of developments in Lebanon which affect the entire region. The President regards this goal to be of utmost importance. He wishes that the Habib mission will continue in cooperation with the concerned parties, whom we hope share our sense of the mission's continued importance.

[The President said,] "The incident[3] earlier this week is evidence the only answer in the Middle East is to achieve a true peace. As long as there is suspicion among the nations, the specter of further tragedies will hang over us."

[1]Read at the daily press briefing at the White House by Larry M. Speaks (text from Weekly Compilation of Presidential Documents of June 15, 1981).

[2]On the afternoon of June 11, the President held meetings with, first, the Ambassadors of Bahrain, Saudi Arabia, Morocco, Jordan, and Sudan, and then with the Ambassador of Israel.

[3]The Israeli bombing of the Osirak nuclear facility near Tuwaitha, Iraq ■

# S. Defers F–16 Shipment to Israel

ETARY'S PRESS BRIEFING,
WA,
20, 1981[1]

resident has authorized me to
the following statement.

ne President has decided to defer
ipment of F–16s to Israel. This
r remains under review.

**. The obvious question is why are eferring a decision on the ship-**

. Clearly, the President has con-
l that the escalating cycle of
ce in the Middle East at this time
make a decision to ship this equip-
inappropriate.

**. Is this still part of the original v of Israel's raid into Iraq, or now shifted primarily to the ion in Lebanon?**

. The basic review, of course, is
ated with the raid against the
reactor. But, as I said Sunday
ng, it would be specious to suggest
ne escalating cycle of violence in
iddle East, the casualties among
mbatants on both sides of the
- between Lebanon and Israel, was
contributing factor to the delay in
resident's ultimate decision on this
r, and he has decided to defer.

**What has been the problem in
; to get a cease-fire commitment?
ou try to get a cease-fire commit-
from [Prime Minister] Begin
e making your decision?**

. No. This decision is not related
way to the discussions ongoing
en Ambassador Habib [Philip C.
, the President's special emissary
Middle East] and his efforts to
ure a calming of the situation and,
ally, a cease-fire among the par-
his is a decision that is made
ially in the context of the overall
e in the Middle East in which the
f violence has been increasing in
days.

**. Did the President consult with
summit members here, and did
offer their support and en-
gement for this position?**

.. No, he did not consult on the
ic decision. This is a decision that
en made by the President alone
consultation with his key advisers within the U.S. Government. Incidentally, the view of his advisers was unanimous on this subject.

Having said that, I want to also suggest to you that there have been a number of expressions of concern by all of the summit participants with respect to the worsening situation in the Middle East and the dangers that it poses for future peace in the area.

**Q. Can you tell us the latest on the Habib mission? Has Mr. Begin been asked to agree to a cease-fire, and has he refused to do so?**

**A.** No, I wouldn't describe the situation in those terms at all. I think we have been, after attempting with all of the parties, directly and indirectly, to structure a cease-fire—an immediate cease-fire—to terminate the dangers to especially innocent noncombatants who have been involved, unfortunately, on both sides of the border. We have discussed this with Prime Minister Begin. He has not rejected the concept, but I think he feels, and correctly so, that he is a parliamentary government and he has to discuss this with his cabinet. That's scheduled to take place, as I understand, tomorrow.

There are a number of very difficult questions facing Mr. Begin and his cabinent with respect to this subject. However, it is our strong conviction that the elimination of the violence is the best method by which to proceed and to establish a more lasting peace.

**Q. Does this apply to all 10 of the aircraft, and would you say that the suspension is indefinite?**

**A.** I wouldn't describe it as indefinite or temporary or prolonged. It does involve all F–16 shipments, the four originally involved in the Iraqi raid and that suspension decision, plus the six which were scheduled to leave on the 21st—tomorrow morning.

**Q. Under what conditions would you decide to send the planes in the future?**

**A.** I don't want to establish preconditions. I think the situation has escalated to such a degree that the President felt it would have been highly inappropriate to send additional armaments into the area while this level of violence continues and until the situation clarified.

**Q. Has this been communicated to the Israeli Government, and is there no time limit? I mean, it's an indefinite delay as we see it now.**

**A.** The announcement I made here a few moments ago has been conveyed to the Israeli Government—prior to the announcement being made here.

**Q. And it is an indefinite delay? That is an appropriate way to state it?**

**A.** I would say the review continues and, clearly, the future level of violence in the area will have a very special impact on when that review will be completed and the ultimate decision that's made. But I do want to make the point that this is not a decision that's linked to any specific action on the part of the Government of Israel but rather our concern that any action that the United States would take at a tense period such as this must be dominated by what we consider to be a contributor to moderation and to a return to *status quo ante* and normalcy in the area.

**Q. Was this decision colored by the expressions of concern that the President heard here? Would he have made a different decision had he not been here?**

**A.** No. I think, frankly, he would have made his decision regardless of whether or not he had been here in Ottawa for a summit. I think the decision was based on the objective realities of the situation in the Middle East today.

**Q. There are other F–16s and F–15s that are being built for Israel and are coming up for shipment next month. Are all of them suspended as well?**

**A.** I would certainly anticipate that the circumstances of the moment which have contributed to the deferral decision this evening will be behind us. But it's too early to say and it would be premature for me to do so.

**Q. What message is being sent to Mr. Begin by deferring the shipment?**

**A.** It isn't a question of messages to Mr. Begin. It's a question of appropriate actions that the United States would take in a situation of increasing danger and in stability in the Middle East area, and I think it's very important we focus on that as the logic which determined the President's course of action this evening.

**Q. If you had sent the planes, would that not have been sending a message?**

A. I suppose you could say whatever you did would have sent a message one way or the other. The simple facts are that that was not the deciding factor in the President's decision but rather the escalating level of violence and a decision on the President's part which would be designed to contribute to greater moderation in the area.

**Q. Since the Israeli aggression in Lebanon undermines continuously the American influence and Israel knows very well that it can get away with this since Israel has tremendous influence over the U.S. Congress, I wonder if your government would negotiate this mattter with the U.S. Jewish congress?**

A. Without joining some of the premises of your question, which I'm not sure that I could do, let me assure you that we have been in rather constant touch with the leadership on this matter. There were, I believe, hearings today that touched upon this subject, and while there will be differing viewpoints in the Congress, we feel that we have consulted appropriately in conjunction with this decision.

**Q. Do you think the Israeli aggression in Lebanon is undermining American influence in the Middle East?**

A. I'm not sure I understood what you said. I think you said, "is this situation undermining American influence in the Middle East."

**Q. Yes.**

A. I think the United States bears a very special responsibility for the situation in the Middle East—it's been historically so. Anything that occurs in the Middle East, good or bad, the United States tends to enjoy or to suffer from the consequences. This is no exception.

**Q. A good deal of other military materiel has been in the pipeline—U.S. to Israel. Is that materiel continuing to be sent and that includes, I believe, air-to-air missiles and air-to-ground missiles?**

A. This deferral decision this evening involves the F-16 aircraft, the four and the six that I mentioned earlier. It does not involve other equipment in the pipeline and en route to Israel.

**Q. Could you explain to us the logic of that if the U.S. Government believes that it's not advisable to send additional weaponry in because of the escalating violence, why is it going ahead and sending other weaponry in?**

A. I think the question at hand and the decision facing the President this evening and over the past 48 hours has been the F-16 issue, and that issue has been addressed and that decision has been made. The other aspects of the problem do not apply in the deliberations that have taken place, and I'll just leave it there.

**Q. Could you elaborate a little bit more on this decision—exactly when it was made tonight, who took part in that decision, and, specifically, when and how this decision was made by the President?**

A. I don't think it's appropriate to lay out a litany of the checklist of who was involved. But clearly, everyone who is responsible for national security affairs in the broad sense, together with the President's closest advisers and his personal staff, have been engaged in this matter for an extended period of time. I don't have to suggest otherwise because it wouldn't be true. We had meetings last week on this subject, before we came here to Ottawa, and we have had meetings here at Ottawa with respect to that subject.

The decision was made this evening by the President, and we had the benefit of the advice of all appropriate officials of the executive branch. He had the benefit of consultative advice from certain leaders of the Congress, and in the face of that advice and the President's own responsibilities to be the ultimate decisionmaker, he made his decision.

**Q. You have said that this decision is not linked to any specific action by Israel. But won't the decision be read in this country, and perhaps elsewhere, as indicating that this Administration feels that Israel is more to blame than the Palestinians in the current wave of escalating violence?**

A. I would hope that that specific value judgment would not be made but rather that the facts of the situation, as I described them, would be the overriding contributor to the President's decision; that is, and I repeat, the President's personal conviction that the United States must conduct itself at this time in such a way that its actions will contribute to a peaceful solution to this anguishing and very tense situation in the Middle East today.

**Q. Against the background of Israel holding a cabinet meeting tomorrow, was the President's decision designed to put pressure on the cabinet to accept a cease-fire; and secondly, if the cabinet should, in fact, accept a cease-fire, will the suspension be lifted?**

A. Not at all. I think those of yo and I know you are among those wh follow this situation very, very closel know precisely the sequence of event which has led to tonight's decision, a in no way could that be attributed to effort to apply pressure one way or t other on an important national meeti which will take place in Israel tomorr

This is a decision which I reiterat again, and you gentlemen and ladies knew precisely, as deadlines approac and shipment schedules faced us that there was no way that the President could have manipulated the circumstances, or that we could have, which would have made tonight's dec sion any different. Something could h happened that would have made it m easier, but, nonetheless, that would b very incorrect logic that you just outlined.

[1]Press release 244.■

## Multinational Force in the Sinai

### DEPARTMENT STATEMENT, JUNE 25, 1981[1]

We are very pleased by the announce ment today in Cairo that Egyptian, Israeli, and U.S. negotiators have reached preliminary agreement on th texts of documents relating to the establishment of a multinational force and observers to carry out the terms the Treaty of Peace Between Egypt a Israel.

These documents are being submi ted to their respective governments f confirmation. It is expected that they will be initialed within a matter of da Formal signing by the three parties would then take place later next mon

This negotiation is a major step f ward in the implementation of the Tr ty of Peace Between Israel and Egyp and the strengthening of the relations between them. We congratulate the negotiators on their success.

[1]Read to news correspondents by actir Department spokesman David Passage.■

# S. Assistance to Pakistan

T STATEMENT,
15, 1981[1]

L. Buckley, Under Secretary of for Security Assistance [Science, echnology], and a team of U.S. of- from Washington, concluded their visit to Pakistan today and will fly o the United States from Karachi on the morning of June 16. During it, Mr. Buckley met for 2 days of with senior Pakistan leaders and ls including President [Moham- Zia-ul-Haq; Foreign Minister Aga Finance Minister Ghulam Ishaq the Secretaries General of the n and Defense Ministries, S. Shah and Maj. Gen. (retired) M. Rahim Foreign Secretary Riaz Piracha; n. Ejaz Azim; Ambassador- ate to Washington, Lt. Gen. K. M. hief of Staff to the President; and . Mr. Buckley also visited Murree fugee camps in the northwest r province and Baluchistan.

r. Buckley's visit, at the invitation Government of Pakistan, was part continuing dialogue established en the Pakistan Government and S. Government during the last 4 s and aimed at finding ways for nited States to assist Pakistan in ng the unprecedented threats it to its independence and sovereign- consequence of the developments region. The previous round in talks had taken place in April Foreign Minister Agha Shahi a team of senior Pakistani of- for talks with Secretaries Haig einberger [Secretary of Defense r W. Weinberger] in Washington,

r. Buckley's official talks in abad, which took place on June 13 4, centered on U.S. proposals to le economic assistance and to ate sales of military equipment to an. Detailed discussion took place ious levels of assistance and the sition of assistance required by an. The talks also provided an op- nity for discussions of urgent ani military requirements which nited States has agreed to look in- h a view toward determining ones the United States might be o satisfy through its foreign y sales program.

uring the talks, the two sides sed the serious threat to the region posed by the presence of foreign troops in neighboring Afghanistan. Both sides agreed that a strong and independent Pakistan is in the mutual interest of the United States and Pakistan, as well as of the entire world. Mr. Buckley affirmed American determination to assist Pakistan and to support Pakistan's sovereignty and territorial integrity.

The Pakistani side explained Pakistani policies, especially Pakistan's commitment to the principles and purposes of the nonaligned movement and the Organization of the Islamic Conference. Both sides agreed that U.S. assistance as proposed is consistent with these principles and with Pakistan's nonaligned status. Mr. Buckley specifically disclaimed any American interest in military bases or in establishing any new alliances.

The United States and Pakistan discussed the dimensions of an overall framework for American efforts to assist Pakistan over the next 6 years. This includes a program of cash military sales during this year. It also includes a 5-year program of economic support funds, development assistance, and loans for foreign military sales—the total value of which is expected to be approximately $3 billion, subject to annual approval by the U.S. Congress.

The multiyear approach is in response to the seriousness and immediacy of the threat to Pakistan's security. The United States has agreed to the sale of F-16 aircraft to Pakistan to assist Pakistan to improve its air defense capabilities; terms, timing, and numbers will be determined in a later meeting, likely to take place in Washington, between Pakistani and American military representatives. The United States agreed, also, to the early delivery of selected defense equipment urgently needed by Pakistan defense forces to meet the threats Pakistan faces.

Mr. Buckley invited the Government of Pakistan to send a team of military and defense officials to Washington to discuss military equipment needs and availabilities in detail. This visit is expected to take place before the end of June.

[1]Made available to news correspondents by acting Department spokesman David Passage.■

# Security Council Meets To Consider Israeli Raid

*The U.N. Security Council met June 12–19, 1981, to consider measures to be taken following the Israeli raid on Iraqi nuclear facilities. Following are two statements by Jeane J. Kirkpatrick, U.S. Permanent Representative to the United Nations, made on June 19 and the text of the resolution unanimously adopted that day.*

**AMBASSADOR KIRKPATRICK[1]**

I wish to thank the Ambassador from Mexico, who has acquitted himself with such distinction in carrying out the difficult responsibilities, showing so keen a sense of the importance which the international community attaches to these deliberations. May I also congratulate the distinguished Ambassador from Japan, who last month earned the esteem of the entire Council by managing our affairs with singular deftness.

The issue before the Security Council in the past week—Israel's attack upon the Iraqi nuclear reactor—raises profound and troubling questions that will be with us long after the conclusion of these meetings. The Middle East, as one prominent American observed last week, "provides combustible matter for international conflagration akin to the Balkans prior to World War I," a circumstance made all the more dangerous today by the possibility that nuclear weapons could be employed in a future conflict.

The area that stretches from Southwest Asia across the Fertile Crescent and Persian Gulf to the Atlantic Ocean, is, as we all know, torn not only by tension and division but also by deeply rooted, tenacious hostilities that erupt repeatedly into violence. In the past 2 years alone, one country in the area, Afghanistan, has been brutally invaded and occupied but not pacified. Afghan freedom fighters continue their determined struggle for their country's independence. Iraq and Iran are locked in a bitter war. And with shocking violence, Libya, whose principal exports to the world are oil and terror, invaded and now occupies Chad. Lebanon has its territory and its sovereignty violated almost routinely by neighboring nations. Other governments in the area have, during the same brief period, been the object of violent attacks and terrorism. Now comes Israel's destruction of the Iraqi nuclear facility. Each of these acts of violence undermines the stability and well-being of the area. Each gravely jeopardizes the peace and security of the entire area. The danger of war and anarchy in this vital strategic region threatens global peace and presents this Council with a grave challenge.

My government's commitment to a just and enduring peace in the Middle East is well-known. We have given our full support to efforts by the Secretary General to resolve the war between Iran and Iraq. Our abhorrence of the Soviet Union's invasion and continued occupation of Afghanistan—against the will of the entire Afghan people—requires no elaboration on this occasion. For weeks, our special representative Philip Habib has been in the area conducting talks which we still hope may help to end the hostilities in Lebanon and head off a conflict between Israel and Syria. Not least, we have been engaged in intensive efforts to assist in the implementation of the Egyptian-Israeli treaty, efforts that have already strengthened the forces for peace in the Middle East and will, we believe, lead ultimately to a comprehensive peace settlement of the Arab-Israeli conflict in accordance with Resolutions 242 and 338 of the Security Council.

As in the past, U.S. policies in the Middle East aim above all at making the independence and freedom of people in the area more secure and their daily lives less dangerous. We seek the security of all the nations and peoples of the region.

- The security of all nations to know that a neighbor is not seeking technology for purposes of destruction.
- The security of all people to know they can live their lives in the absence of fear of attack and do not daily see their existence threatened or questioned.
- The security of all people displaced by war, violence, and terrorism.

The instability that has become the hallmark and history of the Middle East may serve the interests of some on this Council; it does not serve our interests; it does not serve the interests of our friends, be they Israeli or Arab.

We believe, to the contrary, that the peace and security of all the nations in the region are bound up with the peace and security of the area.

It is precisely because of my government's deep involvement in efforts to promote peace in the Middle East that we were shocked by the Israeli air strike on the Iraqi nuclear facility and promptly condemned this action, which we believe both reflected and exacerbated deeper antagonisms in the region which, if not ameliorated, will continue to lead to outbreaks of violence.

However, although my government has condemned Israel's act, we know it is necessary to take into account the context of this action as well as its consequences. The truth demands nothing less. As my President, Ronald Reagan asserted in his press conference:

> . . . I do think that one has to recognize that Israel had reason for concern in view of the past history of Iraq, which has never signed a cease-fire or recognized Israel as a nation, has never joined in any peace effort for that . . . . [I]t does not even recognize the existence of Israel as a country.

With respect to Israel's attack on the Iraqi nuclear reactor, President Reagan said: " . . . Israel might have sincerely believed it was a defensive move."

The strength of U.S. ties and commitment to Israel is well known to the members of this Council. Israel is an important and valued ally. The warmth of the human relationship between our peoples is widely understood. Nothing has happened that in any way alters the strength of our commitment or the warmth of our feelings. We in the Reagan Administration are proud to call Israel a friend and ally.

Nonetheless we believe the means Israel chose to quiet its fears about the purposes of Iraq's nuclear program have hurt and not helped the peace and security of the area. In my government's view, diplomatic means available to Israel had not been exhausted, and the Israeli action has damaged the region's confidence that is essential for the peace process to go forward. All of us with an interest in peace, freedom, and national independence have a high stake in the peace process. Israel's stake is highest of all.

My government is committed to working with the Security Council to remove the obstacles to peace. We made clear from the outset that the United States will support reasonable actions of this body which might be likely to contribute to the pacification of the region. We also made clear that my government would approve no decision that harmed Israel's basic interests, was unfairly

nitive, or created new obstacles to a
t and lasting peace.

The United States has long been
ply concerned about the dangers of
clear proliferation. We believe that all
ions should adhere to the Non-
liferation Treaty. It is well known
t we support the International
mic Energy Agency (IAEA) and will
perate in any reasonable effort to
engthen it.

We desire to emphasize, however,
t security from nuclear attack and
ihilation will depend ultimately less
treaties signed than on the construc-
of stable regional order. Yes, Israel
uld be condemned; yes, the IAEA
uld be strengthened and respected by
ations. And yes, too, Israel's
hbors should recognize its right to
t and enter into negotiations with it
esolve their differences.

The challenge before this Council
to exercise at least the same degree
straint and wisdom that we demand
ie parties directly involved in Middle
tensions. Inflammatory charges,
as the Soviet statement that the
ed States somehow encouraged the
or that we knew of the raid
rehand, are false and malicious. One
speculate about whose interest is
ed by such innuendo. Certainly the
of truth, restraint, or peace is not
ed by such innuendo. Certainly the
ess of peace is not forwarded.

Throughout the negotiations of the
days, my government had sought
to move us closer to the day when
ine peace between Israel and its
neighbors will become a reality.
ave searched for a reasonable out-
of the negotiations in the Security
cil, one which would protect the
interests of all parties, and damage
ital interests of none, which would
orate rather than exacerbate the
erous passions and division of the
In that search we were aided by
operative spirit, restrained posi-
and good faith of the Iraqi
gn Minister Sa'dun Hammadi. We
ely believe the results will move
urbulent area a bit closer to the
when all the states in the region
the opportunity to turn their
ies and resources from war to
, from armaments to development,
anxiety and fear to confidence and
eing.

## SECURITY COUNCIL RESOLUTION 487

*The Security Council,*

*Having considered* the agenda contained in document/agenda/2280,

*Having noted* the contents of the telegramme dated 8 June 1981 from the Foreign Minister of Iraq,

*Having heard* the statements made to the Council on the subject at its 2280th through 2288th meetings;

*Taking note* of the statement made by the Director General of IAEA to the Agency's Board of Governors on the subject on 9 June 1981, and his statement to the Council at its 2288th meeting on 19 June 1981,

*Further taking note* of the resolution adopted by the Board of Governors of the IAEA on 12 June 1981 on the "military attack on the Iraq nuclear research centre and its implications for the agency",

*Fully aware* of the fact that Iraq has been a party to the Non-proliferation Treaty since it came into force in 1970, that in accordance with that treaty Iraq has accepted IAEA safeguards on all its nuclear activities, and that the agency has testified that these safeguards have been satisfactorily applied to date,

*Noting furthermore* that Israel has not adhered to the NPT,

*Deeply concerned* about the danger to international peace and security created by the premeditated Israeli air attack on Iraqi nuclear installations on 7 June 1981, which could at any time explode the situation in the area with grave consequences for the vital interests of all states,

*Considering* that, under the terms of Article 2, Paragraph 4 of the United Nations Charter: "All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations",

1. Strongly condemns the military attack by Israel in clear violation of the United Nations Charter and the norms of international conduct;

2. Calls upon Israel to refrain in the future from any such acts of threats thereof;

3. Further considers that the said attack constitutes a serious threat to the entire IAEA safeguards regime which is the foundation of the NPT;

4. Fully recognizes the inalienable sovereign right of Iraq, and all other states, especially the developing countries, to establish programmes of technological and nuclear development to develop their economy and industry for peaceful purposes in accordance with their present and future needs and consistent with the internationally accepted objectives of preventing nuclear weapons proliferation;

5. Calls upon Israel urgently to place its nuclear facilities under IAEA safeguards;

6. Considers that Iraq is entitled to appropriate redress for the destruction it has suffered, responsibility for which has been acknowledged by Israel;

7. Requests the Secretary General to keep the Security Council regularly informed of the implementation of this resolution.

## AMBASSADOR KIRKPATRICK[2]

Like other members of this Council, the United States does not regard this as a perfect resolution. With respect to the resolution, I must point out that my country voted against the resolution in the International Atomic Energy Agency which is referred to in the present resolution. We continue to oppose it. In addition, our judgment that Israeli actions violated the U.N. Charter is based solely on the conviction that Israel failed to exhaust peaceful means for the resolution of this dispute. Finally, we also believe that the question of appropriate redress must be understood in the full legal context of the relationships that exist in the region.

Nothing in this resolution will affect my government's commitment to Israel's security and nothing in these reservations affect my government's determination to work with all governments of the region willing to use appropriate means to enhance the peace and security of the region.

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[1]USUN press release 39.
[2]USUN press release 41.■

# International Conference on Kampuchea

*The U.N. International Conference on Kampuchea was held in New York on July 13–17, 1981. Following are a statement made at the conference by Secretary Haig, head of the U.S. delegation, on July 13 and the texts of the declaration and resolution adopted by the conference on July 17.*

## SECRETARY HAIG, JULY 13, 1981[1]

Our purpose in meeting here today is one of compelling importance—to restore Kampuchea's sovereignty and independence. The conquest of one nation by another represents the most fundamental violation of the U.N. Charter. The international community cannot and will not acquiesce in the eradication of Kampuchea's sovereign identity through the aggression of its neighbor.

The great majority of the members of that community have already expressed their desire for a comprehensive solution to the Kampuchea problem through U.N. General Assembly Resolution 35/6, which mandates this conference. Our gathering owes much to the initiative of ASEAN [Association of South East Asian Nations], which, besides the Kampuchean people themselves, represents those nations most affected by the situation. The United States will continue to work closely with ASEAN in seeking to resolve the Kampuchea issue while recognizing that the interests of Thailand are most directly threatened.

A successful conference will be of great importance to the entire world community, but most particularly to the smaller nations which are increasingly in danger of foreign intervention. Most of all, our efforts are crucial to the Khmer people, whose national life has been marred over the past 15 years by a succession of horrors. The position of the United States is clear: We believe that the world community has an obligation to assure the Khmer people their right to choose their own government and to live in peace and dignity.

### Vietnam

The facts of the Kampuchean problem are not less appalling for being well-known. In December 1978 Vietnam, supported and financed by the Soviet Union, invaded Kampuchea and installed a puppet regime. The puppets are maintained in power by an occupation army 200,000 strong. Vietnam's seizure of Kampuchea poses a direct threat to the security of Thailand and undermines the stability of the whole region. It is, thus, the source of tensions that inevitably affect the entire international situation.

We, therefore, see this conference as having two closely related goals:

- The restoration of a sovereign Kampuchea free of foreign intervention, whose government genuinely represents the wishes of the Khmer people; and
- A neutral Kampuchea that represents no threat to any of its neighbors.

These goals can be realized through the implementation of U.N. Resolution 35/6, which calls for U.N.-supervised withdrawal of all foreign forces and restoration of Khmer self-determination. The achievement of these goals would remove the main cause of conflict in the Southeast Asian region, greatly improving the prospect for resolving other regional disputes and for easing global tensions. All nations in the area—including Vietnam—would benefit from such an achievement.

Unfortunately, the Vietnamese authorities have been blind to their own best interests. They have rejected all serious efforts to negotiate the substantive issues of the Kampuchea problem, maintaining that the present arrangement there is an "irreversible" condition. We are, therefore, asked by Vietnam to ignore the facts, to pretend that there is no Kampuchea problem and that, instead of this forum, a regional meeting should be held between the ASEAN countries and an "Indochina bloc." Such a formulation is a thinly disguised effort to gain acceptance of Vietnam's actions in Kampuchea; the Kampuchea issue would be reduced to a mere border problem with Thailand. We cannot accept such a negotiating format. This is no minor squabble. The principles of self-determination and independence are at stake.

Vietnam is paying a price for its blindness in the form of an ever deepening diplomatic and economic isolation from the world community. Vietnam must recognize that participation in th conference provides the best opportun to escape the dead end of internationa reproach and economic depression. Th work being done here offers the avenu for Vietnam to rejoin the world community and to work toward a solution which protects its own interests as we as those of the other nations of Southeast Asia.

The United States has no intentio of normalizing relations with a Vietna that occupies Kampuchea and destabilizes the entire Southeast Asia region. We will also continue to quest seriously any economic assistance to Vietnam—from whatever source—as long as Vietnam continues to squande its scarce resources on aggression.

### Soviet Union

Vietnam is not the only party to this tragedy missing here today. We belie that the Soviet Union, the financier o the Vietnamese military occupation of Kampuchea, has a special obligation t cooperate in this effort to resolve a m jor source of international tension. Soviet participation in this conference and in the proposed conference on Afghanistan will indicate Moscow's in terest in surmounting these major ba riers to the development of more constructive East-West relations.

The dictates of self-interests cann be ignored forever, even by Vietnam the Soviet Union. In the meantime, th rest of the world community must pr ceed vigorously to search for a solutio to the Kampuchea tragedy. This pres session provides the opportunity to co sider the broad outlines of a settleme

Our fundamental obligation is to t suffering Khmer people, heirs of a pr history and rich culture. They deserv our best efforts to restore peace and self-determination to their land. We have seen already that the world com munity can act to help Kampuchea. Fourteen months ago, a meeting in Geneva put in motion a massive relief effort that saved thousands of Khmer lives, helping to insure the survival of the Khmer people. The same spirit of ternational cooperation can insure the survival of an independent Khmer nation.

## LARATION
## Y 17, 1981

rsuant to Articles 1 and 2 of the
ter of the United Nations and to General
mbly resolution 35/6, the United Nations
ened the International Conference on
uchea at its Headquarters in New York,
13 to 17 July 1981, with the aim of find-
comprehensive political settlement of
ampuchean problem.

. The Conference reaffirms the rights
States to the inviolability of their
eignty, independence and territorial in-
ty and stresses their obligation to
ct those rights of their neighbours. The
erence also reaffirms the right of all
es to determine their own destiny free
foreign interference, subversion and
ion.

3.The Conference expresses its concern
he situation in Kampuchea has resulted
the violation of the principles of respect
e sovereignty, independence and ter-
al integrity of States, non-interference
e internal affairs of States and the inad-
bility of the threat or use of force in in-
tional relations.

. The Conference takes note of the
is international consequences that have
n out of the situation in Kampuchea. In
cular, the Conference notes with grave
rn the escalation of tension in South-
Asia and major Power involvement as a
t of this situation.

. The Conference also takes note of the
is problem of refugees which has
ted from the situation in Kampuchea and
nvinced that a political solution to the
ict will be necessary for the long-term
ion of the refugee problem.

. The Conference stresses its conviction
the withdrawal of all foreign forces from
puchea, the restoration and preservation
independence, sovereignty and ter-
al integrity and the commitment by all
s to non-interference and non-
vention in the internal affairs of Kam-
ea are the principal components of any
and lasting solution to the Kampuchean
lem.

'. The Conference regrets that the
gn armed intervention continues and
the foreign forces have not been
drawn from Kampuchea, thus making it
ssible for the Kampuchean people to ex-
s their will in free elections.

3. The Conference is further convinced
a comprehensive political settlement of
Kampuchean conflict is vital to the
blishment of a Zone of Peace, Freedom
Neutrality in South-East Asia.

9. The Conference emphasizes that Kam-
ea, like all other countries, has the right
e independent and sovereign, free from
external threat or armed aggression, free
ursue its own development and a better
for its people in an environment of peace,
ility and full respect for human rights.

10. With a view to reaching a comprehen-
political settlement in Kampuchea, the
ference calls for negotiations on, *inter*
, the following elements.

(a) An agreement on cease-fire by all parties to the conflict in Kampuchea and withdrawal of all foreign forces from Kampuchea in the shortest time possible under the supervision and verification of a United Nations peace-keeping force/observer group;

(b) Appropriate arrangements to ensure that armed Kampuchean factions will not be able to prevent or disrupt the holding of free elections, or intimidate or coerce the population in the electoral process; such arrangements should also ensure that they will respect the result of the free elections;

(c) Appropriate measures for the maintenance of law and order in Kampuchea and the holding of free elections, following the withdrawal of all foreign forces from the country and before the establishment of a new government resulting from those elections;

(d) The holding of free elections under United Nations supervision, which will allow the Kampuchean people to exercise their right to self-determination and elect a government of their own choice; all Kampucheans will have the right to participate in the elections.

11. The Conference appreciates the legitimate security concerns of all States of the region and, therefore, deems it essential for Kampuchea to remain non-aligned and neutral and for the future elected governments of Kampuchea to declare that Kampuchea will not pose a threat to or be used against the security, sovereignty and territorial integrity of other States, especially those sharing a common border with Kampuchea.

12. The Conference also deems it essential for the five permanent members of the United Nations Security Council, all States of South-East Asia as well as other States concerned to declare, in conjunction with paragraph 11 above, that:

(a) They will respect and observe in every way, the independence, sovereignty, territorial integrity and non-aligned and neutral status of Kampuchea and recognize its borders as inviolable;

(b) They will refrain from all forms of interference, direct or indirect, in the internal affairs of Kampuchea;

(c) They will not bring Kampuchea into any military alliance or other agreement, whether military or otherwise, which is inconsistent with its declaration under paragraph 11 nor invite or encourage it to enter into any such alliance or to conclude any such agreement;

(d) They will refrain from introducing into Kampuchea foreign troops or military personnel and not establish any military bases in Kampuchea;

(e) They will not use the territory of any country, including their own, for interference in the internal affairs of Kampuchea;

(f) They will not pose a threat to the security of Kampuchea or endanger its survival as a sovereign nation.

13. The Conference expresses the hope that, following the peaceful resolution of the Kampuchean conflict, an intergovernmental committee will be established to consider a programme of assistance to Kampuchea for the reconstruction of its economy and for the economic and social development of all States of the region.

14. The Conference notes the absence of Viet Nam and other States and urges them to attend the future sessions of the Conference. In this context, the Conference takes note of the current bilateral consultations among the countries of the region and expresses the hope that these consultations will help to persuade all countries of the region and others to participate in the future sessions of the Conference.

15. The Conference expresses the hope that Viet Nam will participate in the negotiating process which can lead to a peaceful solution of the Kampuchean problem and to the restoration of peace and stability to the region of South-East Asia. This will enable all the countries of the region to devote themselves to the task of economic and social development, to engage in confidence building and to promote regional co-operation in all fields of endeavour, thus heralding a new era of peace, concord and amity in South-East Asia.

## RESOLUTION
## JULY 17, 1981

*The International Conference on Kampuchea,*

*Recalling* its Declaration on Kampuchea of 17 July 1981,

1. *Decides* to establish an *Ad Hoc* Committee of the International Conference on Kampuchea, consisting of Japan, Malaysia, Nigeria, Senegal, Sri Lanka, the Sudan and Thailand, and authorizes the President of the Conference, in consultation with the members of the Conference, to include additional members in the Committee;

2. *Entrusts* the committee with the following tasks:

(a) To assist the Conference in seeking a comprehensive political settlement of the Kampuchean question, in accordance with General Assembly resolution 35/6 of 22 October 1980;

(b) To act as an advisory body to the Secretary-General between sessions of the Conference;

(c) To undertake missions, where appropriate, in consultation with the Secretary-General and taking into account his recommendations, in pursuit of a comprehensive political settlement to the conflict in Kampuchea;

(d) To advise the President of the Conference, after consultations with the Secretary-General, when to reconvene the Conference;

3. *Requests* the Committee to submit reports to the Conference;

4. *Recommends* that the General Assembly should request the Secretary-General to consult with, to assist and to provide the Committee with the necessary facilities to carry out its functions;

5. *Recommends* that the General Assembly should request the Secretary-General to make a preliminary study of the possible future role of the United Nations, taking into account the mandate of the Committee and the elements for negotiations set out in paragraph 10 of the Declaration on Kampuchea;

6. *Requests* the Secretary-General to transmit the report of the Conference to the General Assembly at its thirty-sixth session;

7. *Recommends* that the General Assembly should authorize the reconvening of the Conference, at an appropriate time, upon the recommendation of the President of the Conference.

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[1]Press release 228.■

# Current Actions

## MULTILATERAL

**Antarctica**
Recommendations relating to the furtherance of the principal and objectives of the Antarctic Treaty (TIAS 4780). Adopted at Washington Oct. 5, 1979.[1]
Notifications of approval: Belgium, Japan, May 26, 1981; New Zealand, June 4, 1981.

**Aviation**
Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.
Accession deposited: United Arab Emirates, Apr. 16, 1981.

**Biological Weapons**
Convention on the prohibition of the development, production, and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London, and Moscow Apr. 10, 1972. Entered into force Mar. 26, 1975. TIAS 8062.
Ratification deposited: Netherlands, June 22, 1981.[2]

**Commodities—Common Fund**
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Acceptance deposited: Japan, June 15, 1981.
Ratification deposited: Bangladesh, June 1, 1981.
Signatures: Australia, May 20, 1981; Mali, June 17, 1981; Spain, May 27, 1981.

**Conservation**
Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1980.[1]
Approvals deposited: Japan, U.S.S.R., May 26, 1981.

**Cultural Property**
Statutes of the International Centre for the Study of the Preservation and Restoration of Cultural Property. Adopted at New Delhi Nov.-Dec. 1956, at the 9th session of the UNESCO general conference, as amended at Rome Apr. 24, 1963, and Apr. 14–17, 1969. Entered into force May 10, 1958; for the U.S. Jan. 20, 1971. TIAS 7038.
Accession deposited: Chile, Feb. 3, 1981.

Convention for the protection of cultural property in the event of armed conflict, and regulations of execution. Concluded at The Hague May 14, 1954. Entered into force Aug. 7, 1956.[3]
Accession deposited: Tunisia, Jan. 28, 1981.

**Environmental Modification**
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.
Ratification deposited: Canada, June 11, 1981.

**Genocide**
Convention on the prevention and punishment of the crime of genocide. Adopted at Paris Dec. 9, 1948. Entered into force Jan. 12, 1951.[3]
Accession deposited: Vietnam, June 9, 1981.

**Load Lines**
Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720), relating to amendments to the convention. Done at London Nov. 12, 1975.[1]
Acceptances deposited: F.R.G., Apr. 29, 1981;[4] Hungary, June 5, 1981; Romania, Mar. 5, 1981.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Adopted at London Nov. 15, 1979.[1]
Acceptances deposited: Bahamas, May 15, 1981; F.R.G., Apr. 29, 1981;[4] Madagascar, Apr. 28, 1981.

**Maritime Matters**
Convention on the Intergovernmental Maritime Consultative Organization. Signed at Geneva Mar. 6, 1948. Entered into force Mar. 17, 1958. TIAS 4044.
Acceptance deposited: Saint Vincent and the Grenadines, Apr. 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 14, 1975.
Acceptances deposited: Oman and Switzerland, May 22, 1981.
Enters into force: May 22, 1982, except for article 51.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptances deposited: Argentina, May 26, 1981; Oman and Switzerland, May 22, 197

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmen Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at Lond Nov. 15, 1979.[1]
Acceptance deposited: Switzerland, May 2 1981.

**Narcotic Drugs**
Convention on psychotropic substances. D at Vienna Feb. 21, 1971. Entered into for Aug. 16, 1976; for the U.S. July 15, 1980.
Accession deposited: Cameroon, June 5, 1981.
Ratification deposited: Turkey, Apr. 1, 198

**Patents-Microorganisms**
Budapest treaty on the international recog tion of the deposit of microorganisms for t purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980.
Accession deposited: Liechtenstein, May 1 1981.
Ratification deposited: Switzerland, May 1 1981.

**Patents-Plant Varieties**
International convention for the protection new varieties of plants of Dec. 2, 1961, as revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: Ireland, May 19, 19

**Pollution**
Convention on long-range transboundary a pollution. Done at Geneva Nov. 13, 1979.[1]
Ratification deposited: Bulgaria, June 9, 1981.

**Postal**
General regulations of the Universal Posta Union, with final protocol and annex, and t universal postal convention with final protocol and detailed regulations. Done at Rio Janeiro Oct. 26, 1979. Entered into force July 1, 1981.
Ratification deposited: Bhutan, Feb. 22, 1980.

**Refugees**
Protocol relating to the status of refugees. Done at New York Jan. 31, 1967. Entered to force Oct. 4, 1967; for the U.S. Nov. 1, 1968. TIAS 6577.
Accessions deposited: Egypt and Sierra Leone, May 22, 1981.

**Rubber**
International natural rubber agreement, 1979. Done at Geneva Oct. 6, 1979. Entere into force provisionally Oct. 23, 1980.
Ratification deposited: U.S., May 28, 1981.

**Safety at Sea**
Protocol of 1978 relating to the internationa convention for the safety of life at sea, 1974 (TIAS 9700). Done at London Feb. 17, 1978 Entered into force May 1, 1981.
Accessions deposited: Finland, Apr. 30, 198 U.S.S.R., May 12, 1981.

rotocol amending the interim conven-
Feb. 9, 1957, as amended and extend-
conservation of North Pacific fur seals
3948, 5558, 6774, 8368). Done at
ngton Oct. 14, 1980.[1]
advice and consent to ratification with
standing: June 11, 1981.

ing
Nations convention on the carriage of
by sea, 1978. Done at Hamburg
1, 1978.[1]
sion deposited: Morocco, June 12, 1981.

ment governing the activities of states
moon and other celestial bodies.
ed at New York Dec. 5, 1979.[1]
ation deposited: Philippines, May 26,

ure: Uruguay, June 1, 1981.

rism
ntion on the prevention and punish-
of crimes against internationally pro-
persons, including diplomatic agents.
ed at New York Dec. 14, 1973.
d into force Feb. 20, 1977. TIAS 8532.
sion deposited: Turkey, June 11, 1981.

ational convention against the taking of
es.
ed at New York Dec. 18, 1979.[1]
sion deposited: Bahamas, June 4, 1981.
ation deposited: Honduras, June 1,

O
tution of the United Nations Industrial
opment Organization, with annexes.
ed at Vienna Apr. 8, 1979.[1]
ations deposited: Denmark, May 27,
Finland, June 5, 1981.
ures: German Democratic Republic,
8, 1981; Vietnam, June 16, 1981.

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rotocol for the sixth extension of the
trade convention, 1971 (TIAS 7144).
at Washington Mar. 24, 1981. Entered
rce July 1, 1981.
tance deposited: U.S.S.R., June 15,

sions deposited: Canada, India, and
an, June 29 1981; Panama, June 11,

rations of provisional application
ited: Algeria, June 1, 1981; Argentina,
10, 1981; Bolivia, June 25, 1981; Brazil,
23, 1981; Egypt, Peru, June 22, 1981;
e and Japan, June 29, 1981; Guatemala,
17, 1981; U.S., June 23, 1981.[5]
cations deposited: Australia, June 4,
Cuba, June 30, 1981; Denmark,
29, 1981; Korea, Republic of, May 29,
Mauritius, June 9, 1981; Norway and
Africa, June 26, 1981; Saudi Arabia,
16, 1981; Sweden, June 9, 1981;
dad and Tobago, June 16, 1981; Vatican
State, June 25, 1981.

Food aid convention, 1980 (part of the international wheat agreement, 1971, as extended (TIAS 7144)). Done at Washington Mar. 11, 1980. Entered into force July 1, 1980.
Ratification deposited: U.K., June 30, 1981.

1981 protocol for the first extension of the food aid convention, 1980. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Accession deposited: Canada, June 29, 1981.
Declarations of provisional application deposited: Argentina, June 10, 1981; France, Japan,[6] June 29, 1981; United States,[6] June 23, 1981.
Ratifications deposited: Australia, June 4, 1981; Denmark, June 29, 1981; Norway, June 26, 1981; Sweden, June 9, 1981.

**World Health Organization**
Amendments to Articles 24 and 25 of the Constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the 29th World Health Assembly.[1]
Acceptance deposited: Fiji, May 20, 1981.

Amendment to Article 74 of the Constitution of the World Health Organization, as amended. Adopted at Geneva May 18, 1978 by the 31st World Health Assembly.[1]
Acceptances deposited: Egypt, Mar. 4, 1981; Libya, Apr. 20, 1981.

**Women**
Convention on the elimination of all forms of discrimination against women. Adopted at New York Dec. 18, 1979.[1]
Ratification deposited: Norway, May 21, 1981.
Signature: Guatemala, June 8, 1981.

**World Heritage**
Convention concerning the protection of the world cultural and natural heritage. Done at Paris Nov. 23, 1972. Entered into force Dec. 17, 1975. TIAS 8226.
Ratification deposited: Mauritania, Mar. 2, 1981.

## BILATERAL

**Austria**
Agreement extending the agreements of Feb. 25 and Mar. 3, 1977 (TIAS 8685, 8686), on research participation and technical exchange in the USNRC LOFT research program, and research participation and technical exchange in the USNRC PBF research program. Effected by exchange of letters at Vienna and Washington Mar. 18 and Apr. 9, 1981. Entered into force Apr. 9, 1981; effective Mar. 3, 1981.

**Argentina**
Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, with related protocol. Signed at Buenos Aires May 7, 1981. Enters into force upon the exchange of instruments of ratification.

**Canada**
Agreement on East coast fishery resources. Signed at Washington Mar. 29, 1979.
Returned from Senate at request of the President: June 17, 1981.

Treaty to submit to binding dispute settlement the delimitation of the maritime boundary in the Gulf of Maine Area, as amended, with annexed agreements. Signed at Washington Mar. 29, 1979.[1]
Instrument of ratification signed by the President: June 3, 1981.

**Colombia**
Agreement amending the agreement of Aug. 3, 1978, as amended (TIAS 9515, 9645, 9713, 9874), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bogota Feb. 18 and Mar. 12, 1981. Entered into force Mar. 12, 1981.

**Egypt**
Agreement for cooperation concerning the peaceful uses of nuclear energy, with annex and agreed minute. Signed at Washington June 29, 1981. Enters into force on date parties exchange notes that they have complied with all applicable requirements for its entry into force.

**France**
International express mail agreement, with detailed regulations. Signed at Washington and Paris Mar. 17 and Apr. 13, 1981. Entered into force May 18, 1981.

Convention relating to the initiation of reciprocal Express Mail/Postadex service. Signed at Washington and Paris June 6 and 24, 1975. Entered into force June 24, 1975; effective June 16, 1975. TIAS 8841.
Terminated: May 18, 1981.

**Federal Republic of Germany**
Technical exchange and cooperative arrangement in the field of reactor safety research and development, with appendix. Signed at Washington Apr. 30, 1981. Entered into force Apr. 30, 1981.

**Guinea**
Agreement for sales of agricultural commodities, relating to the agreement of Apr. 21, 1976 (TIAS 8378), with memorandum of understanding. Signed at Conakry May 9, 1981. Entered into force May 9, 1981.

**Haiti**
Agreement for sales of agricultural commodities, relating to the agreement of June 8, 1979, with memorandum of understanding. Signed at Port-au-Prince May 25, 1981. Entered into force May 25, 1981.

**Honduras**
Agreement for sales of agricultural commodities, relating to the agreement of Feb. 27, 1979 (TIAS 9521). Signed at Tegucigalpa May 22, 1981. Entered into force May 22, 1981.

International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICCROM)
Agreement relating to a procedure for United States income tax reimbursement. Effected by exchange of letters at Rome Apr. 1 and May 4, 1981. Entered into force May 4, 1981; effective Jan. 1, 1981.

**Italy**
Arrangement for the exchange of technical information and cooperation in nuclear safety matters, with appendices and patent addendum. Signed at Washington Apr. 1, 1981. Entered into force Apr. 1, 1981.

**Japan**
Memorandum of understanding relating to the protocol of Apr. 25, 1978, amending the international convention for the high seas fisheries of the North Pacific Ocean, as amended, (TIAS 9242). Signed at Washington June 3, 1981. Entered into force June 3, 1981.

**Kenya**
Agreement amending the agreement for sales of agricultural commodities of Dec. 31, 1980 (TIAS 9969). Effected by exchange of letters at Nairobi May 4 and 22, 1981. Entered into force May 22, 1981.

**Korea**
Agreement for sales of agricultural commodities, relating to the agreement of June 7, 1979 (TIAS 9562), with negotiating minutes. Signed at Seoul May 18, 1981. Entered into force May 18, 1981.

**Kuwait**
Memorandum of agreement for the U.S.-Kuwait technical cooperation program in health. Signed at Geneva May 8, 1981. Entered into force May 8, 1981.

**Liberia**
Agreement regarding the consolidation and rescheduling of certain debts owed to, or guaranteed by the U.S. Government and its agencies, with annexes. Signed at Monrovia May 7, 1981. Enters into force upon receipt by Liberia of written notice from the U.S. Government that all necessary legal requirements for entry into force of this agreement have been fulfilled.

**Mauritius**
Agreement for sales of agricultural commodities, relating to the agreement of June 29, 1979 (TIAS 9541), with minutes of negotiation. Signed at Port Louis May 27, 1981. Entered into force May 27, 1981.

**Mexico**
Arrangement for the exchange of technical information and cooperation in nuclear safety matters. Effected by exchange of letters at Mexico and Washington July 30 and Oct. 15, 1980, with implementing procedures signed at Bethesda Apr. 8, 1981. Entered into force Apr. 8, 1981.

Agreement amending the agreement of Nov. 9, 1972, as amended (TIAS 7697, 9436, 9647), concerning frequency modulation broadcasting in the 88 to 108 MHz band. Effected by exchange of notes at Mexico and Tlatelolco Feb. 18 and May 20, 1981. Entered into force May 20, 1981.

**Morocco**
Agreement for cooperation concerning peaceful uses of nuclear energy, with annex and agreed minute. Signed at Washington May 30, 1980.
Entered into force: May 16, 1981.

**Netherlands**
Treaty on mutual assistance in criminal matters, with exchange of notes. Signed at The Hague June 12, 1981. Enters into force 30 days after the exchange of instruments of ratification.

**Norway**
Agreement concerning fisheries off the coasts of the U.S., with annex and agreed minutes. Signed at Washington Jan. 26, 1981.
Entered into force: May 15, 1981.

**Pakistan**
Agreement regarding the consolidation and rescheduling of certain debts owed to the U.S. Government and the Agency for International Development, with annexes. Signed at Islamabad May 10, 1981. Enters into force upon receipt by Pakistan of written notice from the U.S. Government that all necessary legal requirements for entry into force have been fulfilled.

**Peru**
Agreement amending the cooperative agreement of July 24, 1980 (TIAS 9823), to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Signed at Lima Dec. 10, 1980. Entered into force Dec. 10, 1980.

Agreement amending the cooperative agreement of July 24, 1980, as amended (TIAS 9823), to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Signed at Lima Jan. 26 and Feb. 9, 1981. Entered into force Feb. 9, 1981.

**Sri Lanka**
Agreement for sales of agricultural commodities, relating to the agreement of Mar. 25, 1975 (TIAS 8107), with agreed minutes. Signed at Colombo May 29, 1981. Entered into force May 29, 1981.

Agreement extending the agreement of May 12 and 14, 1951, as amended and extended (TIAS 2259, 4436, 5037, 8414), relating to the facilities of Radio Ceylon. Effected by exchange of letters at Colombo Apr. 9 and 16, 1981. Entered into force Apr. 16, 1981.

**Thailand**
Agreement amending the agreement of Oct. 4, 1978, as amended (TIAS 9215, 9462, 9643, 9717, 9937), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Bangkok Mar. 30 and Apr. 27, 1981. Entered into force Apr. 27, 1981.

**Turkey**
Agreement amending the agreement of Aug. 15 and 31, 1979 (TIAS 9588), conc ing the grant of defense articles and ser under the military assistance program. H fected by exchange of notes at Ankara Apr. 13 and May 27, 1981. Entered into force May 27, 1981.

**United Kingdom**
Agreement regarding support to the Roy Air Force detachment at Hickam Air Fo Base. Signed at Honolulu Apr. 21, 1981. Entered into force Apr. 21, 1981.

Arrangement for the exchange of techni information and cooperation in nuclear s matters. Signed at Washington May 15, 1981. Entered into force May 15, 1981.

**Zaire**
Agreement for sales of agricultural commodities, relating to the agreement of May 30, 1980, with memorandum of understanding. Signed at Kinshasa May 1981. Entered into force May 7, 1981.

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[1]Not in force.
[2]On behalf of the Kingdom in Europe the Netherlands Antilles.
[3]Not in force for the U.S.
[4]With declaration.
[5]With reservation.■

# June 1981

**June 3**
Secretary Haig transmits the 10th s annual report on implementation of the Helsinki Final Act to Chairman Dante F of the Commission on Security and Coop tion in Europe. The report covers the pe December 1980–May 31, 1981.

In Geneva, the 67th annual Internati Labor Organization conference is held Ju 3–24.

**June 4**
The following newly appointed Ambassadors presented their credentials to President Reagan: Mohamoud Haji Nur Somali; Salah HADJI Farah Dirir of Djib Henricus A. F. Heidweiller of Suriname; Jose Rafael Molina Morillo of the Domini Republic; and Dr. Joseph Saye Guannu o Liberia.

French Foreign Minister Claude Cheysson makes official visit to Washing D.C. June 4–7.

**June 7**
Mexican President Jose Lopez Portill Pacheco makes official visit to Washingtc D.C. June 7–9.

**June 8**
U.S. Government condemns the June raid on the Iraqi nuclear facility near Tuwaitha.

**June 9**
Having arrived in the U.S. for consul tions on May 28, U.S. envoy Philip Habib

eparts for the Middle East for a second ound of talks with area leaders aimed at educing tensions in Lebanon.

Members of the U.S.-Iran Claims ribunal (three appointed by the U.S. and hree by Iran), acting within the framework f the Algiers declarations, mutually agree to ppoint the remaining three members of the ribunal. Those selected are Justice Gunnar agergren of Sweden, Justice Pierre Bellett f France, and Justice Nils Mangard of weden. Previous appointments of three U.S. nd three Iranian members, respectively, are oward M. Holtzmann, George H. Aldrich, nd Richard M. Mosk; and Mahmoud M. ashani, Seyyed Hossein Enayat, and Shafey hafeiei.

Deputy Secretary Clark departs U.S. for n official visit to South Africa June 10–14 to ntinue discussions begun during Foreign inister Botha's visit to Washington (May 14) n an internationally acceptable settlement of amibian independence. He is accompanied Elliott Abrams, Assistant Secretary for ternational Organization Affairs and nester Crocker, Assistant Secretary-signate for African Affairs.

**ne 10**

Secretary Haig departs for an official sit to Hong Kong June 12–14; Beijing to scuss U.S.-China bilateral relations ne 14–17; to Manila to attend the Associa-n of South East Asian Nations (ASEAN) nference June 17–20; and to Wellington to tend the ANZUS [Australia, New Zealand, ited States pact] Council meeting ne 21–23.

In response to the June 7 Israeli raid on e Iraqi nuclear facility, President Reagan spends delivery of four F–16 aircraft to ael pending a review of possible violation that country of the 1952 Mutual Defense sistance Agreement.

**ne 12**

The following newly appointed Am-ssadors presented their credentials to esident Reagan: Arturo J. Cruz of caragua; Nelson Thompson Mizere of lawi; Ernesto RIVAS Gallont of El lvador; Georges N. Leger, Jr. of Haiti; and sco Luis Caldeira Coelho FUTSCHER REIRA of Portugal.

**ne 14**

The U.S. and Pakistan announce agree-nt on the dimensions of a U.S. assistance ckage providing $3 billion in economic aid d military sales.

**ne 15**

Representing the Secretary of State, puty Secretary Clark attends the Interna-nal Energy Agency ministerial meeting in ris.

President El Hadj Omar Bongo of Gabon, ring a private visit to Washington, D.C. ets with the President and Vice President.

Organization of African Unity Council of nisters holds 37th ordinary session in irobi, Kenya, June 15–24.

**June 16**

Deputy Secretary Clark heads U.S. delegation to the OECD [Organization for Economic Cooperation and Development] ministerial meeting in Paris June 16–17.

**June 17**

Deputy Secretary Clark visits Brussels June 17–18 to meet with Belgian, NATO, and European Community officials.

Assistant Secretary-designate for Inter-American Affairs Thomas O. Enders visits Latin America June 17–22 to initiate a series of consultations on bilateral and regional issues with Latin American leaders and to seek views of new U.S. policy direction.

**June 19**

By vote of 15 to 0, U.N. Security Council adopts a resolution condemning the Israeli attack on an Iraqi nuclear facility as a violation of the U.N. Charter, calls on Israel to refrain from such acts in the future, considers that Iraq is entitled to appropriate redress, and calls for Israel to place its nuclear facilities under IAEA [International Atomic Energy Agency] safeguards.

Prime Minister Lee Kuan Yew of Singapore, during a private visit to the U.S., visits Washington, D.C. June 16–19 for meetings with the President and other U.S. officials.

**June 20**

Deputy Secretary Clark visits Austria to participate in the Alpbach "Dialogue Congress Western Europe-U.S.A." June 20–22. He addresses the opening session of the Congress on the 21st and goes to Vienna June 23–25 to meet with high-level Austrian officials to address a meeting (June 24) of the Austrian Foreign Policy Association.

**June 21**

In the final round of the French elections, the Socialists win an absolute majority of the National Assembly's 491 seats.

**June 22**

In view of improved emigration and human rights policies in China, Romania, and Hungary, the Reagan Administration asks the Congress to continue most-favored-nation (MFN) trade status for these Communist countries.

Iran's Ayatollah Khomeini dismisses President Bani-Sadr after the Iranian Parliament declares him politically incompetent. An arrest warrant is issued for the ex-President (June 25) who is in hiding.

Two U.S. diplomats, First Secretary John David Finney and Public Affairs Officer Michael Francis O'Brien, are expelled from Zambia for alleged CIA activities in that country. State Department denies the allegations of interference in Zambian internal affairs.

**June 23**

Vice President Bush makes official visit to France and the United Kingdom June 23–26.

A three-member ruling council assumes duties of Iran's ousted President Bani-Sadr. The council consists of clerical hardliners led by the Ayatollah Mohamaed Beheshti.

French President Mitterrand appoints a Socialist dominated Cabinet which includes four Communist ministers. The Communists will hold the Ministries of Transport, Civil Service, Health, and Professional Training.

**June 24**

Fifty-nation OAU [Organization of African Unity] opens annual summit meeting June 24–27.

**June 26**

U.S. envoy to the Middle East, Philip Habib, returns to Washington for consultations.

**June 27**

OAU Council of Ministers adopts a unanimous resolution condemning the U.S. for "undertaking steps to forge close links with the aparthied regime" of South Africa and denouncing the U.S., France, and the U.K. for vetoing the U.N. Security Council resolution calling for sanctions against that country. The resolution also condemns certain Western countries, particularly the U.S., for "overt or covert collusion with the South African racists" and "rejects sinister schemes" by "certain members of the Western contact group, particularly the U.S., to circumvent efforts made by the U.N. to achieve a settlement in Namibia." The U.S. issues a statement finding the OAU resolutions to "contain serious distortions" of U.S. policy and contends that the U.S. is "firmly committed to pursuing an internationally recognized independence for Namibia."

**June 29**

Australian Prime Minister J. Malcolm Fraser makes official visit to Washington, D.C. June 29–July 1.

Vice President Bush heads U.S. delegation to the inauguration of President Marcos in Manilla June 29–July 1.

In Iran, Ayatollah Beheshti, Chief Justice and leader of the Islamic Republican Party, and 71 other members of the party are killed by a bomb explosion during a meeting at the party's headquarters. Iran's security forces blame the bombing on the U.S., its agents, and internal leftist groups. Secretary Haig rejects Iranian allegations of U.S. complicity. Khomeini names a new Chief Justice, Iran's Prosecutor General, Abdolkarim Musavi Ardebili, to replace Beheshti.

U.S. and Egypt sign a peaceful nuclear cooperation agreement. The agreement culminates a negotiating process begun in 1974.

**June 30**

Israel holds parliamentary elections. Early projections suggest a close race between the Likud and Labor Parties, with an official tally expected shortly.

Garret Fitzgerald is elected Prime Minister of Ireland.

Results of July 16 Philippines elections show President Ferdinand Marcos wins 88% of the vote. He is inaugurated for another 6-year term.■

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Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

| No. | Date | Subject |
|---|---|---|
| 173 | 6/1 | U.S. contributions to ICRC. |
| *174 | 6/1 | James L. Malone sworn in as Assistant Secretary for Oceans and International Environmental and Scientific Affairs (bio. data). |
| *175 | 6/1 | Lawrence S. Eagleburger sworn in as Assistant Secretary for European Affairs, May 15 (bio. data). |
| 176 | 5/29 | Haig: address and question-and-answer session before the St. Louis Town Hall Forum. |
| *177 | 6/1 | Philip C. Habib named as personal representative to the President, May 5 (bio. data). |
| *178 | 6/2 | Leonore Annenberg sworn in as Chief of Protocol, May15 (bio. data). |
| *179 | 6/2 | James L. Buckley sworn in as Under Secretary for Security Assistance, Science, and Technology, Feb. 28 (bio. data). |
| 180 | 6/3 | Haig: remarks before the National Foreign Policy Conference for U.S. Editors and Broadcasters, June 2. |
| *181 | 6/3 | Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), panel on bulk cargoes of the working group on containers and cargoes, June 17. |
| *182 | 6/3 | Jacob K. Javits named as special adviser to the Secretary (bio. data). |
| *183 | 6/4 | Conference for Young Political Leaders, June 12. |
| *184 | 6/5 | Program for the official visit to the U.S. of President Lopez Portillo of Mexico, June 7–9. |
| *185 | 6/8 | SCC, SOLAS, working group on radiocommunications, June 18. |
| *186 | 6/9 | Three additional members appointed to the U.S.-Iran Claims Tribunal. |
| *187 | 6/10 | Foreign fishing allocations. |
| *188 | 6/10 | Chester A. Crocker sworn in as Assistant Secretary for African Affairs, June 9 (bio. data). |
| *189 | 6/11 | U.S. delegation named to the intergovernmental council of the international program for the development of communication. |
| *190 | 6/12 | Robert D. Hormats sworn in as Assistant Secretary for Economic and Business Affairs, May 21 (bio. data). |
| *191 | 6/12 | Ronald D. Palmer sworn in as Ambassador to Malaysia (bio. data). |
| 192 | 6/15 | Allied public statement on East Berlin *Volkskammer* elections, June 14. |
| 193 | 6/16 | Haig: toast at a banquet hosted by Vice Premier and Foreign Minister Huang Hua, Beijing, June 14. |
| *194 | 6/16 | U.S. Organization for the International Telegraph and Telephone Consultative Committee (CCITT), study group A, June 30. |
| *195 | 6/16 | Advisory Committee on International Investment, Technology, and Development, July 9. |
| 196 | 6/17 | Haig: news conference, Beijing, June 16. |
| 197 | 6/22 | Haig: toast at a banquet for Vice Premier and Foreign Minister Huang Hua, Beijing, June 16. |
| 198 | 6/22 | Haig: arrival statement, Manila, June 17. |
| 199 | 6/22 | Haig: news conference, Manila, June 20. |
| *200 | 6/23 | Haig: remarks at the American cemetery and memorial, Manila, June 18. |
| 201 | 6/23 | Haig: toast at a dinner hosted by Foreign Minister Romulo, Manila, June 20. |
| 202 | 6/26 | Haig: arrival statement, Wellington, June 21. |
| 203 | 6/26 | Haig: remarks at the ANZUS dinner, Wellington, June 2C. |
| *204 | 6/24 | Maxwell M. Rabb sworn in as Ambassador to Italy (bio. data). |
| *205 | 6/25 | Theodore E. Cummings sworn as Ambassador to Austria (bio. data). |
| *206 | 6/26 | Program for the official visit of Prime Minister J. Malcolm Fraser of Australia, June 29-July 1. |
| *207 | 6/26 | Arthur F. Burns sworn in as Ambassador to the Federal Republic of Germany (bio. data). |
| 208 | 6/29 | Haig: remarks to the press, Los Angeles, June 25. |
| *209 | 6/29 | Myer Rashish sworn in as Under Secretary for Economic Affairs (bio. data). |
| *210 | 6/29 | Thomas O. Enders sworn in as Assistant Secretary for Inter-American Affairs (bio. data). |



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|---|---|---|
| 211 | 6/30 | Haig: interview on "Face t Nation," June 28. |
| *212 | 6/30 | President's commission on hostage compensation, J and 7. |
| *213 | 6/30 | Advisory Committee on International Investmen Technology, and Develo ment, July 15. |
| *214 | 6/30 | Advisory Committee on th Law of the Sea, July 23 July 24 (partially closed) |

* Not printed in the BULLETIN.■

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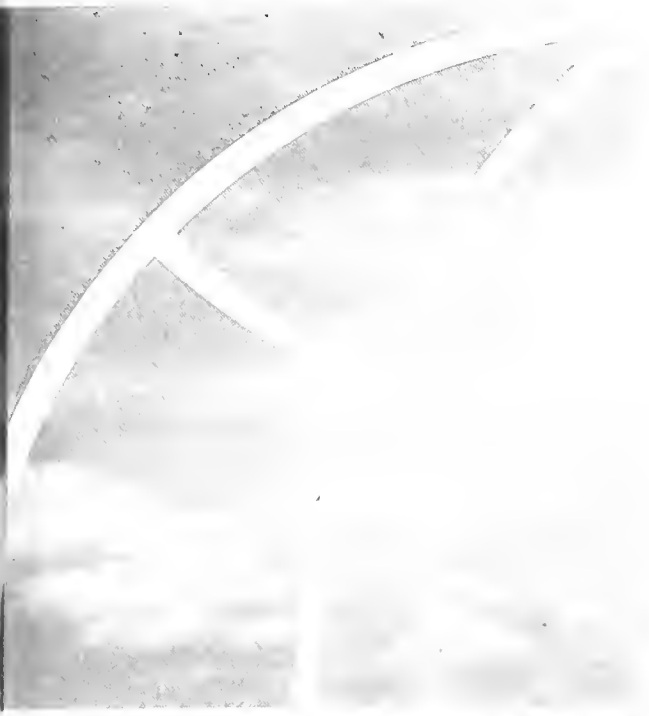



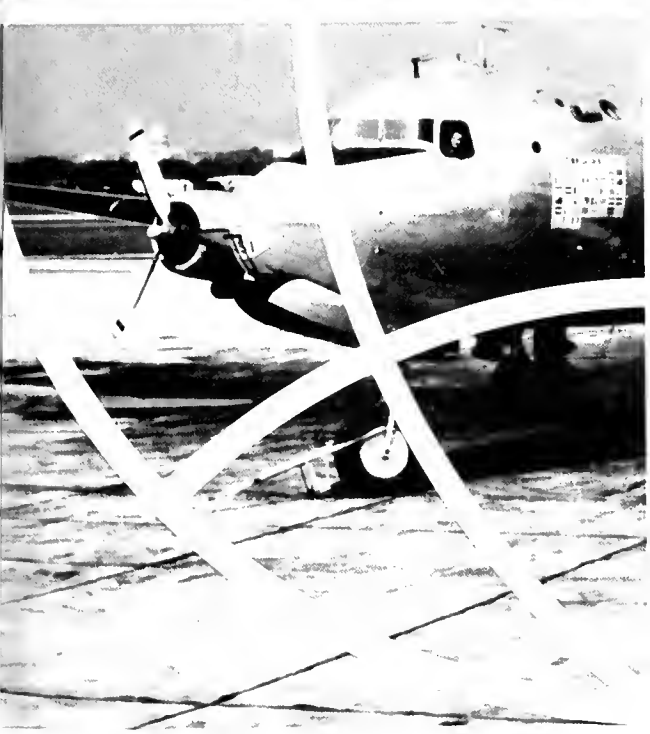

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bulletin

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Cover Photo:

A view of the "Sacred Cow," the president's plane, taken in August 1948. (Cover and article photos courtesy of the U.S. Air Force, the National Archives, and the White House.)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service.

The BULLETIN's contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; special features and articles on international affairs; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party.



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## SPECIAL (See Center Section)

*President Theodore Roosevelt was the first U.S. President to travel abroad, in 1906.*

# Presidents Abroad

Feature

Air Force One taxis to a stop at the edge of the red carpet. The honor guard comes to attention and a smiling President descends the ramp waving to the crowd. Thus begins a typical trip abroad for an American President. But such trips for a Chief Executive were not always so routine. In fact, some felt a President surrendered his authority at the territorial limits of the U.S., or even at the boundary of the District of Columbia.

In 1876 when President Grant returned to Washington, D.C., from a trip within the U.S., he was asked by the House of Representatives if he had performed any official duties far from the "seat of government" and whether such duties were "incompatible with the public interest." Grant's reply cited various official acts performed by his predecessors outside the District, and he contended that "the telegraph affords to the President . . . quick intercourse with the Departments at Washington as may be maintained while he remains in the capital."

Theodore Roosevelt was the first President to break with tradition when he sailed to Panama in 1906 to inspect progress on the "big ditch." While his journey aroused much comment, it caused few constitutional questions. He traveled aboard a U.S. warship and was outside U.S. jurisdiction for only a short time during a stop in Panama City.

William Howard Taft's trips to Panama and Ciudad Juarez created little comment, but in 1918, Woodrow Wilson's trip to Paris caused a furor.

Much of the criticism was partisan in nature and concerned American policy at the Paris peace conference, but there also was concern about the conduct of the government during the prolonged absence of the President. "An eminent jurist" wrote in *The New York Times* that since Congress had to present enacted bills to the President, the Vice President would lawfully assume the duties of office once the President was on the high seas.

Concurrent resolutions were introduced in congressional committees stating that the President's absence from the U.S. rendered him unable to discharge his official powers under the Constitution. The House proposal required the Vice President to assume power during the President's absence. The Senate resolution went so far as to declare the office of the President vacant. Neither resolution, however, was reported out of committee, and Vice President Marshall told the Cabinet that he was informally presiding over its meetings at the President's request.

In a 1918 article in *The Washington Post*, former President Taft defended Wilson's trip, arguing that the Constitution empowered the President to make treaties, and it was, therefore, "a curious error to assume that the President himself may not attend a conference to which he can send a delegate." Taft wrote that most official duties could be transacted by cable. The question of whether the President's authority traveled with him was never raised again.

It was Franklin Roosevelt's World War II meetings with Allied leaders that finally established foreign travel as an accepted means of conducting U.S. foreign relations.

The following chronology lists visits by Presidents and Presidents-elect, including all places they met with a chief of state or head of government, stops made en route, and the purpose of the visit. The characterization "state" or "official" visit is included when it appeared in an official announcement.

## Theodore Roosevelt

**November 14-17, 1906.** Panama: Colon, Panama City. Inspected construction of the Panama Canal; departed the United States on November 9 and returned November 26. First foreign visit by any President or President-elect.

*As President-elect, William Howard Taft visited Panama in 1909 to inspect construction of the canal.*

*In 1923 President Harding returned from Canada aboard the U.S.S.* Henderson.

## William Howard Taft

**January 29-February 7, 1909 (as President-elect).** Panama: Colon, Panama City. Inspected construction the Panama Canal; met with Presider Obaldia.

**October 16, 1909.** Mexico: Ciudad Juarez. Part of an exchange of visits with President Diaz across the borde

## Woodrow Wilson

**December 14-25, 1918.** France: Paris Chaumont. Preliminary to the Paris peace conference; departed the Unite States on December 4.

**December 26-28, 1918.** United Kingdom: London, Carlisle, Manches Met with Prime Minister Lloyd Geor and King George V.

**January 1-6, 1919.** Italy: Rome, Milan, Genoa, Turin. Met with King tor Emmanuel III and Prime Ministe Orlando.

**January 4, 1919.** Vatican City. Audience with Pope Benedict XV.

**January 7-February 14, 1919.** France: Paris. Attended Paris peace conference; departed for the United States on February 15.

**March 14-June 18,1919.** France: Paris. Attended Paris peace conferer departed from the United States on March 4.

**June 18-19, 1919.** Belgium: Brussels, Charleroi, Malines, Louvai Met with King Albert; addressed the parliament.

**June 20-28, 1919.** France: Paris. tended Paris peace conference; retur to the United States on July 8.

## Warren G. Harding

**November 24, 1920 (as President-elect).** Panama: Colon, Balboa. Infor visit to the Canal Zone.

Feature:

# Presidents Abroad

**26, 1923.** Canada: Vancouver.
al reception during return from
a.

## in Coolidge

**ury 15-17, 1928.** Cuba: Havana.
essed the 6th international con-
e of American states.

## bert Hoover

**nber 26-December 23, 1928 (as
dent-elect).** Honduras: Amapala
l Salvador: Cutuco (November 26);
agua: Corinto (November 27);
Rica: San Jose (November 28);
lor: Guayaquil (December 1); Peru:
(December 5); Chile: Antofagasta,
ugo (December 10-11); Argentina:
s Aires (December 13-15);
uay: Montevideo (December 16-18);
: Rio de Janeiro (December 21-23).
vill trip.

## klin D. Roosevelt

**-12, 1934.** Haiti: Cap Haitien
5); Colombia: Cartagena (July 10);
na: Panama City (July 11-12). In-
l visits en route to vacation in
ii.
**ctober 16, 1935.** Panama: Balboa.
nal visit with President Arias while
ing to Washington, D.C., from the
Coast.
**uly 31, 1936.** Canada: Quebec. Of-
visit; met with Governor General
Tweedsmuir.
**ovember 27, 1936.** Brazil: Rio de
o. Addressed the congress.
**ovember 30-December 2, 1936.**
ntina: Buenos Aires. Attended ses-
f the Inter-American Conference
e Maintenance of Peace.
**ecember 3, 1936.** Uruguay:
evideo. Official visit; met with
lent Terra.

**August 4-5, 1938.** Panama: Balboa. Informal visit with President Arosemena during vacation in the Caribbean.

**August 18, 1938.** Canada: Kingston. Received honorary degree from Queens University; dedicated Thousand Islands Bridge.

**February 27, 1940.** Panama: Cristobal, Balboa. Met informally with President Boyd during vacation.

**August 9-12, 1941.** United Kingdom: Newfoundland, Argentina. Conferred with Prime Minister Churchill.

**January 11-13, 1943.** United Kingdom: Trinidad (January 11); Brazil: Belem (January 12); United Kingdom: Bathurst (The Gambia) (January 13). Overnight stops en route to Casablanca.

**January 14-25, 1943.** Morocco: Casablanca. Attended Casablanca Conference.

**January 25, 1943.** United Kingdom: Bathurst (The Gambia). Overnight stop en route from Casablanca.

**January 26-27, 1943.** Liberia: Monrovia. Informal visit; met with President Barclay.

**January 28, 1943.** Brazil: Natal. Informal visit; met with President Vargas.

**January 29, 1943.** United Kingdom: Trinidad. Overnight stop en route from Casablanca.

**April 20, 1943.** Mexico: Monterrey. Part of an exchange of visits with President Avila across the border.

**August 17-25, 1943.** Canada: Quebec, Ottawa. First Quebec conference with British Prime Minister Churchill.

**November 20, 1943.** France: Oran (Algeria). Disembarked en route to Cairo.

**November 21, 1943.** Tunisia: Tunis. Overnight stop en route to Cairo.

**November 22-26, 1943.** Egypt: Cairo. First Cairo conference with British Prime Minister Churchill and Chinese Generalissimo Chiang Kai-shek.

**November 27-December 2, 1943.** Iran: Tehran. Tehran conference with Soviet Premier Stalin and British Prime Minister Churchill.

**December 2-7, 1943.** Egypt: Cairo. Second Cairo conference with British Prime Minister Churchill and Turkish President Inonu.

*While on a trip to Europe, President Wilson visited Rome to consult with King Victor Emmanuel III.*

*In late 1943 President Roosevelt met with Premier Stalin and Prime Minister Churchill in Tehran.*

*President Eisenhower consulted with President Laniel and Prime Minister Churchill in Bermuda in late 1953.*

**December 2-8, 1943.** Tunisia: Tunis. Conferred with General Eisenhower.

**December 8, 1943.** United Kingdom: Malta and Italy: Sicily, Castel Ventrano. Visited Allied military installations.

**December 9, 1943.** France: Dakar (Senegal). Reembarked for the United States.

**September 11-16, 1944.** Canada: Quebec. Second Quebec conference with British Prime Minister Churchill.

**February 2, 1945.** United Kingdom: Malta. Malta conference with Prime Minister Churchill.

**February 3-12, 1945.** U.S.S.R.: Yalta. Yalta conference with Soviet Premier Stalin and British Prime Minister Churchill.

**February 13-15, 1945.** Egypt: Great Bitter Lake, Suez Canal, Alexandria. Met with King Farouk, Ethiopian Emperor Haile Selassie, Saudi King Ibn Saud, and British Prime Minister Churchill.

**February 18, 1945.** France: Algiers (Algeria). Briefed U.S. Ambassasdors to the United Kingdom, France, and Italy on the Yalta conference.

*In Potsdam in 1945 President Truman participated in a conference with Prime Minister Attlee and Premier Stalin.*

## Harry S. Truman

**July 15, 1945.** Belgium: Antwerp, Brussels. Disembarked en route to Potsdam.

**July 16-August 1, 1945.** Germany: Potsdam. Potsdam conference with British Prime Ministers Churchill and Attlee and Soviet Premier Stalin.

**August 2, 1945.** United Kingdom: Plymouth. Informal meeting with King George VI.

**March 3-6, 1947.** Mexico: Mexico D.F. State visit; met with President Aleman.

**June 10-12, 1947.** Canada: Ottawa. Official visit; met with Governor General Alexander and Prime Minister Mackenzie King.

**September 1-7, 1947.** Brazil: Rio de Janeiro. State visit; addressed Rio conference and the congress.

## Dwight D. Eisenhower

**December 2-5, 1952 (as President-elect).** Korea: Seoul. Visited combat zone.

**October 19, 1953.** Mexico: Nuevo Guerrero. Dedicated Falcom Dam.

**November 13-15, 1953.** Canada: Ottawa. State visit; addressed joint session of the parliament.

**December 4-8, 1953.** United Kingdom: Bermuda. Attended conference with Prime Minister Churchill and French President Laniel.

**July 18-23, 1955.** Switzerland: Geneva. Attended conference with British Prime Minister Eden, French Premier Faure, and Soviet Premier Bulganin.

**July 21-23, 1956.** Panama: Panama City. Attended a meeting of the Presidents of the American republics.

**March 21-24, 1957.** United Kingdom: Bermuda. Met with Prime Minister Macmillan.

**December 16-19, 1957.** France: Paris. Attended meeting of NATO heads of government.

**July 8-11, 1958.** Canada: Ottawa. Informal visit; addressed joint session the parliament.

**February 19-20, 1959.** Mexico: Acapulco. Informal meeting with President Lopez Mateos.

**June 26, 1959.** Canada: Montreal. Joined Queen Elizabeth II in ceremony opening the St. Lawrence seaway.

**August 26-27, 1959.** Germany: Bonn. Informal meeting with Chancellor Adenauer and President Heuss.

**August 27-September 2, 1959.** United Kingdom: London, Balmoral, Chequers. Informal visit; met with Prime Minister Macmillan and Queen Elizabeth II.

**September 2-4, 1959.** France: Paris. Informal meeting with President De Gaulle and Italian Premier Segni; addressed North Atlantic Council.

**December 4-6, 1959.** Italy: Rome. Informal visit; met with President Gronchi.

**December 6, 1959.** Vatican City. Audience with Pope John XXIII.

**December 6-7, 1959.** Turkey: Ankara. Informal visit; met with President Bayar.

**December 8, 1959.** Pakistan: chi. Informal visit; met with Presi- Ayub Khan.

**December 9, 1959.** Afghanistan: il. Informal visit; met with King ammed Zahir.

**December 9-14, 1959.** India: New i, Agra. Met with President Prasad Prime Minister Nehru; addressed arliament.

**December 14, 1959.** Iran: Tehran. with Shah Mohammed Reza avi; addressed the parliament.

**December 14-15, 1959.** Greece: ns. Official visit; met with King and Prime Minister Karamanlis; essed the parliament.

**December 17, 1959.** Tunisia: Tunis. with President Bourguiba.

**December 18-21, 1959.** France: n, Paris. Conferred with President aulle, British Prime Minister Mac- n, and German Chancellor auer.

**December 21-22, 1959.** Spain: id. Met with Generalissimo Franco.

**December 22, 1959.** Morocco: blanca. Met with King Mohammed

**February 23-26, 1960.** Brazil: lia, Rio de Janeiro, Sao Paulo. Met President Kubitschek; addressed ongress.

**February 26-29, 1960.** Argentina: os Aires, Mardel Plata, San Carlos ariloche. Met with President Fron-

**February 29-March 2, 1960.** Chile: ago. Met with President Alessan-

**March 2-3, 1960.** Uruguay: evideo. Met with President Nar- .

**May 15-19, 1960.** France: Paris. erred with President De Gaulle, sh Prime Minister Macmillan, and t Premier Khrushchev.

**May 19-20, 1960.** Portugal: Lisbon. ial visit; met with President naz.

**June 14-16, 1960.** Philippines: la. State visit; met with President ia.

**June 18-19, 1960.** China: Taipei. with President Chiang Kai-shek.

**June 19-20, 1960.** Korea: Seoul. Met Prime Minister Chung; addressed national assembly.

**October 24, 1960.** Mexico: Ciudad Acuna. Informal visit; met with President Lopez Mateos.

## John F. Kennedy

**May 16-18, 1961.** Canada: Ottawa. State visit; addressed joint session of the parliament.

**May 31-June 3, 1961.** France; Paris. State visit; met with President De Gaulle; addressed North Atlantic Council.

**June 3-4, 1961.** Austria: Vienna. Met with President Schaerf; held talks with Soviet Premier Khrushchev.

**June 4-5, 1961.** United Kingdom: London. Private visit; met with Queen Elizabeth II and Prime Minister Macmillan.

**December 16-17, 1961.** Venezuela: Caracas. Met with President Betancourt.

**December 17, 1961.** Colombia: Bogota. Met with President Lleras Camargo.

**December 21-22, 1961.** United Kingdom: Bermuda. Met with Prime Minister Macmillan.

**June 29-July 1, 1962.** Mexico: Mexico D.F. State visit; met with President Lopez Mateos.

**December 18-21, 1962.** United Kingdom: Nassau (Bahamas). Conferred with Prime Minister Macmillan; concluded Nassau agreement on nuclear defense systems.

**March 18-20, 1963.** Costa Rica: San Jose. Attended conference of Presidents of the Central American republics.

**June 23-26, 1963.** Germany: Bonn, Cologne, Frankfurt, Wiesbaden, Berlin. Met with Chancellor Adenauer.

**June 26-29, 1963.** Ireland: Dublin, Wexford, Cork, Galway, Limerick. Addressed the parliament; visited ancestral home.

**June 29-30, 1963.** United Kingdom: Birch Grove, Sussex. Informal visit; met with Prime Minister Macmillan.

**July 1-2, 1963.** Italy: Rome, Naples. Met with President Segni and NATO officials.

**July 2, 1963. Vatican City.** Audience with Pope Paul VI.

*Thousands of Mexicans welcomed President Kennedy to Mexico City in June 1962.*

*While in Bonn in 1967, President Johnson met with President Luebke and President DeGaulle.*

## Lyndon B. Johnson

**September 16, 1964.** Canada: Vancouver. Informal visit; met with Prime Minister Pearson in ceremonies related to the Columbia River Treaty.

**April 14-15, 1966.** Mexico: Mexico D.F. Informal visit; met with President Diaz Ordaz.

**August 21-22, 1966.** Canada: Campobello Island, Chamcook. Laid cornerstone at Roosevelt-Campobello International Park; conferred informally with Prime Minister Pearson.

**October 19-20, 1966.** New Zealand: Wellington. State visit; met with Prime Minister Holyoake.

**October 20-23, 1966.** Australia: Canberra, Melbourne, Sydney, Brisbane, Townsville. State visit; met with Governor General Casey and Prime Minister Holt.

**October 24-26, 1966.** Philippines: Manila, Los Banos, Corregidor. Attended summit conference with the heads of state and government of Australia, South Korea, New Zealand, the Philippines, Thailand, and Vietnam.

**October 26, 1966.** Vietnam: Cam Ranh Bay. Visited U. S. military personnel.

**October 27-30, 1966.** Thailand: Bangkok. State visit; met with King Bhumibol Adulyadej.

**October 30-31, 1966.** Malaysia: Kuala Lumpur. State visit; met with Prime Minister Rahman.

**October 31-November 2, 1966.** Korea: Seoul, Suwon. State visit; met with President Park and Prime Minister Chung.

**December 4, 1966.** Mexico: Ciudad Acuna. Informal meeting with President Diaz Ordas; inspected construction of Armistad Dam.

**April 11-14, 1967.** Uruguay: Punta del Este. Summit meeting with Latin American chiefs of state.

**April 14, 1967.** Suriname: Paramaribo. Refueling stop en route from Uruguay.

**April 23-26, 1967.** Germany: Bonn. Attended funeral of Chancellor Adenauer; conversed with various heads of state.

**May 25, 1967.** Canada: Montreal, Ottawa. Attended Expo 67; conferred informally with Prime Minister Pears

**October 28, 1967.** Mexico: Ciudad Juarez. Attended transfer of El Chamizal from the U.S. to Mexico; co ferred with President Diaz Ordaz.

**December 21-22, 1967.** Australia: Canberra. Attended funeral of Prime Minister Holt; conferred with other attending heads of state.

**December 23, 1967.** Thailand: Khorat and Vietnam: Cam Ranh Bay. Visited U.S. military personnel.

**December 23, 1967.** Pakistan: Karachi. Met with President Ayub Khan.

**December 23, 1967.** Italy: Rome. Met with President Saragat and Prim Minister Moro.

**December 23, 1967.** Vatican City. Audience with Pope Paul VI.

**July 6-8, 1968.** El Salvador: San Salvador. Attended meeting of the Presidents of the Central American republics.

**July 8, 1968.** Nicaragua: Managu Informal visit; met with President Somoza.

**July 8, 1968.** Costa Rica: San Jos Informal visit; met with President Trajos.

**July 8, 1968.** Honduras: San Ped Sula. Informal visit; met with Preside Lopez Arrelano.

**July 8, 1968.** Guatemala: Guatem City. Informal visit; met with Preside Mendez.

## Richard Nixon

**February 23-24, 1969.** Belgium: Brussels. Attended North Atlantic Co cil meeting; met with King Baudouin

**February 24-26, 1969.** United Kingdom: London. Informal visit; hel conversations with Prime Minister Wilson; received by Queen Elizabeth I

**February 26-27, 1969.** Germany: Cologne, Bonn, Berlin. Addressed the Bundestag.

**February 27-28, 1969.** Italy: Rom

with President Saragat and Prime
ter Rumor.
**ebruary 28-March 1, 1969.** France:
. Met with President De Gaulle.
**larch 2, 1969.** Vatican City.
ence with Pope Paul VI.
**uly 26-27, 1969.** Philippines:
la. State visit, met with President
os.
**uly 27-28, 1969.** Indonesia:
rta. State visit, met with President
rto.
**uly 28-30, 1969.** Thailand:
kok. State visit, met with King
nibol Adulyadej.
**uly 30, 1969.** Vietnam: Saigon, Di
Met with President Thieu; visited
military personnel.
**uly 31-August 1, 1969.** India: New
. State visit; met with Acting Presi-
Hidayatullah.
**ugust 1-2, 1969.** Pakistan: Lahore.
visit; met with President Yahya

**ugust 2-3, 1969.** Romania:
arest. Official visit; met with Presi-
Ceausescu.
**ugust 3, 1969.** United Kingdom:
nhall Air Force Base. Informal
ng with Prime Minister Wilson.
**eptember 8, 1969.** Mexico: Ciudad
a. Dedicated Armistad Dam.
**ugust 20-21, 1970.** Mexico: Puerto
rta. Official visit; met with Presi-
Diaz Ordaz.
**eptember 27-30, 1970.** Italy:
e, Naples. Official visit; met with
dent Saragat; visited NATO
nern Command.
**eptember 28, 1970.** Vatican City.
ence with Pope Paul VI.
**eptember 30-October 1, 1970.**
slavia: Belgrade. State visit; met
President Tito.
**ctober 2-3, 1970.** Spain: Madrid.
visit; met with Generalissimo
co.
**ctober 3, 1970.** United Kingdom:
uers. Met informally with Queen
beth II and Prime Minister Heath.
**ctober 3-5, 1970.** Ireland:
rick, Timahoe, Dublin. State visit;
with Prime Minister Lynch.
**ovember 12, 1970.** France: Paris.
ded memorial services for former
dent De Gaulle.

**December 13-14, 1971.** Portugal: Terceira Island (Azores). Discussed international monetary problems with French President Pompidou and Portuguese Prime Minister Caetano.

**December 20-21, 1971.** United Kingdom: Bermuda. Met with Prime Minister Heath.

**February 21-28, 1972.** China: Beijing, Hanzhou, Shanghai. State visit; met with Chairman Mao Zedong and Premier Zhou Enlai.

**April 13-15, 1972.** Canada: Ottawa. State visit. Met with Govenor General Michener and Prime Minister Trudeau; addressed the parliament.

**May 20-22, 1972.** Austria: Salzburg. Informal visit; met with Chancellor Kreisky.

**May 22-30, 1972.** U.S.S.R.: Moscow, Leningrad, Kiev. State visit; met with Premier Kosygin and General Secretary Brezhnev.

**May 30-31, 1972.** Iran: Tehran. Official visit; met with Shah Mohammed Reza Pahlavi.

**May 31-June 1, 1972.** Poland: Warsaw. Official visit; met with First Secretary Gierek.

**May 31-June 1, 1973.** Iceland: Reykjavik. Met with President Eldjarn, Prime Minister Johanneson, and French President Pompidou.

**April 5-7, 1974.** France: Paris. Attended memorial services for former President Pompidou; met with French interim President Poher, Italian Prime Minister Leone, British Prime Minister Wilson, West German Chancellor Brandt, Danish Prime Minister Hartling, Soviet President Podgorny, and Japanese Prime Minister Tanaka.

**June 10-11, 1974.** Austria: Salzburg. Met with Chancellor Kreisky.

**June 12-14, 1974.** Egypt: Cairo, Alexandria. Met with President Sadat.

**June 14-15, 1974.** Saudi Arabi: Jidda, State visit; met with King Faisal.

**June 15-16, 1974.** Syria: Damascus. Met with President Assad.

**June 16-17, 1974.** Israel: Tel Aviv, Jerusalem. Met with President Katzir and Prime Minister Rabin.

**June 17-18, 1974.** Jordan: Amman. State visit; met with King Hussein I.

**June 18-19, 1974.** Portugal: Lajes Field (Azores). Met with President Spinola.

*President and Mrs. Nixon toured the Great Wall in China in February 1972.*

**June 25-26, 1974.** Belgium: Brussels. Attended North Atlantic Council meeting; met with King Baudouin I, and Queen Fabiola, Prime Minister Tindemans; also met with German Chancellor Schmidt, British Prime Minister Wilson, and Italian Prime Minister Rumor.

**June 27-July 3, 1974.** U.S.S.R.: Moscow, Minsku, Oreanda. Official visit; met with General Secretary Brezhnev, President Podgorny, and Premier Kosygin.

*President Ford met with General Secretary Brezhnev in Vladivostok, U.S.S.R., in 1974.*

## Gerald R. Ford

**October 21, 1974.** Mexico: Nogales, Magdelena de Kino. Met with President Echeverria; laid a wreath at the tomb of Padre Eusebio Kino.

**November 19-22, 1974.** Japan: Tokyo, Kyoto. State visit; met with Prime Minister Tanaka.

**November 22-23, 1974.** Korea: Seoul. Met with President Park.

**November 23-24, 1974.** U.S.S.R.: Vladivostok. Met with General Secretary Brezhnev and discussed limitations of strategic arms.

**December 14-16, 1974.** France: Martinique. Met with President Giscard d'Estaing.

**May 28-30, 1975.** Belgium: Brussels. Attended NATO summit meeting; addressed the North Atlantic Council; met with NATO heads of state and government.

**May 31-June 1, 1975.** Spain: Madrid. Met with Generalissimo Franco; received keys to city from Mayor of Madrid.

**June 1-2, 1975.** Austria: Salzburg. Met with Chancellor Kreisky and Egyptian President Sadat.

**June 3, 1975.** Italy: Rome. Met with President Leone and Prime Minister Moro.

**June 3, 1975.** Vatican City. Audience with Pope Paul VI.

**July 26-28, 1975.** Germany: Bonn, Linz. Met with President Scheel and Chancellor Schmidt.

**July 28-29, 1975.** Poland: Warsaw Krakow. Official visit; met with First Secretary Gierek.

**July 29-August 2, 1975.** Finland: Helsinki. Attended the opening sessio of the Conference on Security and Cooperation in Europe (CSCE); signe the Final Act of the CSCE (August 1 met with the heads of state and gove ment of Finland, United Kingdom, Turkey, West Germany, France, Italy and Spain; also met with Soviet Gene Secretary Brezhnev.

**August 2-3, 1975.** Romania: Bucharest, Sinaia. Official visit; met with President Ceausescu.

**August 3-4, 1975.** Yugoslavia: Belgrade. Official visit; met with Pres dent Tito and Prime Minister Bijedic.

**November 15-17, 1975.** France: Rambouillet. Attended an economic s mit meeting of the heads of state and government of France, West German Italy, Japan, and the United Kingdom

**December 1-5, 1975.** China: Beiji Official visit; met with Chairman Mao Zedong and Vice Premier Deng Xiaoping.

**December 5-6, 1975.** Indonesia: Jakarta. Official visit; met with Presi dent Suharto.

**December 6-7, 1975.** Philippines: Manila. Official visit; met with Presid Marcos.

## Jimmy Carter

**May 5-11, 1977.** United Kingdom: Lo don, Newcastle. Attended an econom summit meeting (May 7–8) with the heads of state and government of France, West Germany, and the Unit Kingdom; also met with Prime Minist of Belgium, Turkey, Norway, the Netherlands, Luxembourg, and the President of Portugal; addressed the North Atlantic Council (May 10).

**May 9, 1977.** Switzerland: Geneva Official visit; met with President Furg and Syrian President Assad.

**December 29-31, 1977.** Poland: Warsaw. Official visit; met with First Secretary Gierek.

Feature:

# Presidents Abroad

**ecember 31, 1977-January 1,** Iran: Tehran. Official visit; met Shah Mohammed Reza Pahlavi and nian King Hussein I.

**anuary 1-3, 1978.** India: New , Daulatpur-Nasirabad. Met with dent Reddy and Prime Minister ; addressed the parliament.

**anuary 3-4, 1978.** Saudi Arabia: h. Met with King Khalid and n Prince Fahd.

**anuary 4, 1978.** Egypt: Aswan. with President Sadat and West Ger- Chancellor Schmidt.

**anuary 4-6, 1978.** France: Paris, andy, Bayeux, Versailles. Met with dent Giscard d'Estaing and Prime ter Barre.

**anuary 6, 1978.** Belgium: Brussels. with King Baudouin I and Prime ter Tindemans; attended meetings Commission of the European nunities and the North Atlantic il.

**arch 28-29, 1978.** Venezuela: as. Met with President Perez; ad- ed the congress; signed maritime lary agreement.

**larch 29-31, 1978.** Brazil: Brasilia, e Janeiro. Official visit; met with dent Geisel; addressed the con- .

**larch 31-April 3, 1978.** Nigeria: s. Met with President Obasanjo; state visit of a U.S. President to ahara Africa.

**pril 3, 1978.** Liberia: Monrovia. with President Tolbert.

**une 16-17, 1978.** Panama: Panama Invited by President Lakas and ral Torrijos to sign protocol confir- exchange of documents ratifying ma Canal treaties; met informally Presidents Perez (Venezuela), z Michelson (Colombia), Lopez Por- Mexico), Carazo (Costa Rica), and e Minister Manley (Jamaica).

**uly 13-15, 1978.** Germany: Bonn, baden, Erbenheim Air Force Base, kfurt, Berlin. State visit; met with ident Scheel and Chancellor nidt.

**uly 16-17, 1978.** Germany: Bonn. nded an economic summit meeting e heads of state and government of nce, West Germany, Canada, Italy, n, and the United Kingdom.

**January 4-9, 1979.** France: Guadeloupe. Met informally with President Giscard d'Estaing, German Chancellor Schmidt, and British Prime Minister Callaghan.

**February 14-16, 1979.** Mexico: Mexico D.F. State visit; met with President Lopez Portillo; addressed the congress.

**March 7-10, 1979.** Egypt: Cairo, Alexandria, Giza. State visit; met with President Sadat; addressed the national assembly.

**March 10-13, 1979.** Israel: Tel Aviv, Jerusalem. State visit; met with President Navon and Prime Minister Begin; addressed the Knesset.

**March 13, 1979.** Egypt: Cairo. Met with President Sadat.

**June 14-18, 1979.** Austria: Vienna. State visit; met with President Kerchschlager and Chancellor Kreisky; met with Soviet General Secretary Brezhnev to sign the SALT II Treaty (June 16–18).

**June 25-28, 1979.** Japan: Tokyo, Shimoda. State visit; met with Emperor Hirohito and Prime Minister Ohira.

**June 28-29, 1979.** Japan: Tokyo. Attended an economic summit meeting with the heads of state and government of Canada, France, West Germany, Italy, Japan, and the United Kingdom.

**June 30-July 1, 1979.** Korea: Seoul. State visit; met with President Park and Prime Minister Choi.

**June 19-21, 1980.** Italy: Rome. State visit; met with President Pertini.

**June 21, 1980.** Vatican City. Audience with Pope John Paul II.

**June 21-24.** Italy: Venice. Attended economic summit meeting with the heads of state and government of Canada, France, West Germany, Italy, Japan, and the United Kingdom.

**June 24-25, 1980.** Yugoslavia: Belgrade. Official visit; met with President Mijatovic.

**June 25-26, 1980.** Spain: Madrid. Official visit; met with King Juan Carlos and Prime Minister Suarez.

**June 26, 1980.** Portugal: Lisbon. Official visit; met with President Eanes and Prime Minister Sa Carneiro.

**July 9-10, 1980.** Japan: Tokyo. Official visit; attended memorial services for Prime Minister Ohira; met with Chinese Premier Hua Guofing. ■

*At Giza, Egypt, President and Mrs. Carter were the guests of President and Mrs. Sadat.*

*This list has been prepared annually by the Office of the Historian, Bureau of Public Affairs, and was most recently updated by Evan M. Duncan, Research and Reference Historian.*

# A Strategic Approach to American Foreign Policy

*At Secretary Haig's address before the American Bar Association in New Orleans on August 11, 1981.*[1]

Americans admire law. At its best, it expresses our sense of justice, moderation, and fair play. It also reflects our national character—our enthusiastic idealism and our famous pragmatism. Uncoordinated, these traits could lead us in contradictory directions. Yet when they are in balance, they give us the strength, confidence, and skill that has made us great.

We have discovered that foreign policy, like law, must be rooted in the strength of our national character. A foreign policy that forsakes ideals in order to manipulate interests offends our sense of right. A foreign policy that forsakes power in order to pursue pieties offends our sense of reality. Only a vision with worthy ideals can capture our imagination. Only a practical program for achieving those ideals can be worthy of our support.

Despite the vicissitudes of history, Americans have always rallied to the vision of a world characterized by freedom, peace, and progress. President Reagan shares this vision. He also understands that progress toward such a world depends on the strength of the United States. More than money and arms, such strength comes from our willingness to work for our convictions and even to fight for them.

In the 1980s, these convictions will be put to a hard test. Familiar patterns of alliance and ideology are breaking down, and strategic changes have already occurred that demand a different approach to American foreign policy. Let me summarize these changes briefly.

• The Communist bloc, once the tightly disciplined instrument of Soviet power, has been shaken by the Sino-Soviet schism. Increasingly severe internal problems afflict the Soviet-controlled states. And chronic economic failure has eroded the appeal of Marxist-Leninist theories.

• At the same time, the Third World has emerged in all of its diversity. The fragile initial solidarity of the modernizing states has begun to fragment. Their internal stability is threatened by sudden social, political, and economic change. Simultaneously, the West has become increasingly dependent on their natural resources.

• The prospects for peaceful progress have been overshadowed, not only by regional conflict but also by the emergence of the Soviet Union as a global military power. The Soviets have chosen to use their power to take advantage of instability, especially in the developing world. They have become bolder in the promotion of violent change.

• The new Soviet military capability has not been offset by Western strength. The United States has gradually lost many of the military advantages that once provided a margin of safety for the West—in some cases by choice, in others through neglect and error. Our partnership with Western Europe and Japan has been shaken by quarrels over political and economic issues.

These strategic changes raise important questions about Western security in the decade ahead.

• Can the United States and its allies finance the rebuilding of their military strength? The answer is yes. Despite our economic troubles, we possess resources far exceeding those of potential adversaries. But this depends on popular support for defense polices and a diplomacy that encourages cooperation.

• Can the Atlantic alliance and other collaborative institutions survive in the new environment? The answer is yes. The cooperative impulse still exists. But this impulse may not survive another decade of relative military decline or sterile economic rivalry.

• Can the West and the developing countries find common interests? The answer is yes. The West alone offers the technology and know-how essential to overcoming the barriers to modernization. The developing countries, whatever their ideology, are beginning to recognize this fact. But a successful relationship also demands an imaginative approach on our part to both the economic and the security aspects of modernization.

• Can the United States hold together its allies and friendships, des adverse strategic changes? The ansv is yes. But our allies and friends mu confident of American leadership. T must also be confident that the secu arrangements deterring the Soviet Union are effective, and we are the linchpin of these arrangements. The American role remains unique and i dispensable.

These crucial questions can all b answered in the affirmative if Amer foreign policy is sensitive to both American ideals and the changes in strategic environment. President Reagan believes that the key to suc lies in a strategic approach. The tim long past when we could pursue for defense, and economic policies indep ently of each other. In today's worl failure of one will beget the failure the others. Instead, each of these policies must support the others if a to succeed. And success in each mal for the success of all.

### Pillars of Support

This strategic approach provides th support for a new foreign policy str ture with four pillars: first, the rest tion of our economic and military strength; second, the reinvigoration our alliances and friendships; third, promotion of progress in the develo countries through peaceful change; fourth, a relationship with the Sovie Union characterized by restraint an reciprocity.

**The first pillar** of our foreign p is the restoration of America's econ and military strength. The Presiden understands that a weak American omy will eventually cripple our effor abroad. His revolutionary programs budgetary reductions, tax cuts, and vestment incentives have earned the overwhelming support of the Ameri people and the Congress. After year persistent problems, American econ recovery will not be easy. But hope better future—a sounder dollar, mor creative enterprise, and a more effe government—has been raised.

At the same time, the President taking long overdue action to correc our military deficiencies. This includ modernization and balanced expansi

r existing forces. It also includes
nprovement of our industrial base.
e efforts will make it easier for the
ed States, our allies, and other na-
to resist threats by the Soviet
n or its surrogates.

'he American people's willingness to
ort this program, even in time of
rity, is the indispensable signal that
re prepared to defend our vital in-
ts. But we should not delude our-
s. A beginning is not enough. If we
o follow through on these forecast
ovements to our defenses, then our
gn policy, our prosperity, and ulti-
y our freedom will be in jeopardy.

**he second pillar** is the reinvigora-
f our alliances and friendships. We
been working toward a more effec-
Western partnership, sensitive to
ncerns of our allies and built on a
sophisticated process of consulta-
Already, we have taken action
her on such issues as the Polish
and theater nuclear forces. We are
vorking on common approaches to
roblems of southern Africa. Finally,
ttawa summit has enabled the
rs of the West to deepen their
standing of each other's policies.
merican leadership means coopera-
vith friends as well as with allies.
cooperation is not a favor, it is a
sity. We need friends to succeed.
oth we and our friends must be
g and faithful to each other if our
sts are to be preserved. Our ac-
in the Far East, in Southwest
and in the Middle East have
nstrated that the era of American
rity is over.

**he third pillar** of our policy is our
itment to progress in the develop-
untries through peaceful change.
ant to establish a just and respons-
elationship with the developing
ries. This relationship will be
., in part, on our belief that our
iples speak to their aspirations and
ur accomplishments speak to their
e. But it will also be based on our
al interest in modernization.
ern capital, trade, and technology
ssential to this process.

'he United States stands ready to
the developing countries and to
cipate in the so-called North-South
gue. President Reagan recognizes
the essence of development is the
ion of additional wealth rather than
elective redistribution of existing
h from one part of the world to
ner. Progress depends on both
stic economic policies and on the
gth of the world economy. The
governments of the developed and developing countries, along with the private sector, each have their special roles to play in establishing the close and constructive relationships that are crucial to success.

The United States has already begun to put this new approach into practice through a unique program with Jamaica. We are also acting with Mexico, Venezuela, and Canada to create a Caribbean Basin plan. And we are looking forward to the Cancun summit. We believe that this summit, free of a confrontational atmosphere, will facilitate the dialogue on problems of the developing countries.

Western assistance for development stands in stark contrast to the actions of the Soviet Union, which offers little economic aid. Instead, Moscow and its surrogates seek to exploit historic change and regional conflict to the detriment of peaceful progress. The United States and its allies are working with regional partners to arrest the trend toward violence and instability, and we have increased our security assistance in recognition of the crucial link between modernization and political stability.

***Over a century ago, Alexis de Tocqueville predicted that the United States and Russia were destined to become the world's most powerful states.***

**The fourth pillar** is a relationship with the Soviet Union marked by greater Soviet restraint and greater Soviet reciprocity. I want to discuss this pillar at length today because Soviet-American relations must be at the center of our efforts to promote a more peaceful world.

Over a century ago, Alexis de Tocqueville predicted that the United States and Russia were destined to become the world's most powerful states. This prophecy has come to pass in the nuclear age. Our unreconciled differences on human rights must, therefore, not be permitted to bring a global catastrophe. We must compete with the Soviet Union to protect freedom, but we must also search for cooperation to protect mankind.

This search has been both difficult and disappointing. Most recently, we invested extraordinary efforts in the decade-long search for detente. But even as the search for a reduction in tensions intensified, the instrument of tension—Soviet military power—was strengthened. This buildup gained momentum from a remarkably stable and prosperous period in Soviet history.

As the Soviet arsenal grew and the West failed to keep pace, Moscow's interventionism increased. The achievement of global military power, justified as parity with the West but exceeding it in several categories, assumed a more ominous role: the promotion of violent change, especially in areas of vital interest to the West. Today's Soviet military machine far exceeds the requirements of defense; it undermines the balance of power on which we and our allies depend, and it threatens the peace of the world. An international system where might—Soviet might—makes right, endangers the prospects for peaceful change and the independence of every country.

Perhaps predictably, the Soviet attempt to alter the balance of power has produced a backlash. The American people have shown that they will not support unequal treaties; they will not accept military inferiority. The once-staunch Chinese ally has become an implacable opponent of the Soviet quest for hegemony. And Moscow has earned the enmity and fear of many nonaligned states through such actions as the occupation of Afghanistan and support for Vietnam's subjugation of Kampuchea.

This backlash comes at a time when Soviet prospects are changing for the worse. The economies of Moscow's East European allies are in various stages of decline. The Soviet economy itself may have lost its capacity for the high growth of the past. Ambitious foreign and defense policies are, therefore, becoming more of a burden. Perhaps most seriously, as events in Poland have demonstrated, the Soviet ideology and economic model are widely regarded as outmoded.

The decade of the 1980s, therefore, promises to be less attractive for Moscow. But the troubles and power of the Soviet Union should give pause to

the world. Moscow's unusual combination of weakness and strength is especially challenging to the United States.

What do we want of the Soviet Union? We want greater Soviet restraint on the use of force. We want greater Soviet respect for the independence of others. And we want the Soviets to abide by their reciprocal obligations, such as those undertaken in the Helsinki accords. These are no more than we demand of any state, and these are no less than required by the U.N. Charter and international law. The rules of the Charter governing the international use of force will lose all of their influence on the behavior of nations if the Soviet Union continues its aggressive course.

Our pursuit of greater Soviet restraint and reciprocity should draw upon several lessons painfully learned over the past decade in dealing with the Soviet Union.

- Soviet antagonism toward Western ideals is deeply rooted. We cannot count upon a convergence of Soviet and Western political principles or strategic doctrines. Convergence should not be, and cannot be, a goal in negotiations. As a corollary, we should avoid dangerous optimism about the prospects for more benign Soviet objectives.
- The Soviet Union does not create every international conflict, but it would be dangerous to ignore Soviet intervention that aggravates such conflict. Even as we work to deal with international problems on their own terms, we must deal with Soviet interventionism. A regional approach that fails to appreciate the strategic aspect of Soviet activity will fail ultimately to resolve regional conflicts as well.
- A working relationship with the Soviet Union depends on a balance of alternatives and our ability to communicate to Moscow that such alternatives exist. We must indicate our willingness to reach fair agreements that speak to the legitimate interests of both the Soviet Union and the United States. But we must also be prepared to defend our interests in the absence of such agreements. Our ability to do so will be a major inducement for Soviet cooperation.
- Finally, the search for real reductions in tension with Moscow must cover the full spectrum of our relationship. We have learned that Soviet-American agreements, even in strategic arms control, will not survive Soviet threats to the overall military balance or Soviet encroachment upon our strategic interests in critical regions of the world. Linkage is not a theory; it is a fact of life that we overlook at our peril.

### U.S. Actions

Based on these guidelines, the United States has taken steps toward the achievement of a more stable and beneficial relationship with the Soviet Union. Our actions have been shaped both by the lessons of the past and by Winston Churchill's observation that the key to the Soviet riddle was Soviet national interest.

President Reagan has written President [Leonid I.] Brezhnev that we want a constructive and mutually beneficial relationship with the Soviet Union.

What, in turn, do we offer the Soviets? We offer a reduction in the tensions that are so costly to both our societies. We offer diplomatic alternatives to the pursuit of violent change. We offer fair and balanced agreements on arms control. And we offer the possibility of Western trade and technology.

But such a relationship can only be the consequence of a pattern of greater Soviet restraint. In the absence of such restraint, our military capability, our alliances, and our friendships will enable us to protect our interests.

Over the last 6 months, this message has been reinforced by over 50 direct contacts at senior diplomatic levels. And we have prepared a concrete agenda of the outstanding problems between us in these areas: geopolitical issues, arms control, and economic relations.

**Geopolitical Issues.** The most persistent troubles in U.S.-Soviet relations arise from Soviet intervention in regional conflicts, aggravating tensions, and hampering the search for peaceful solutions. Unless we can come to grips with this dimension of Soviet behavior, everything else in our bilateral relationship will be undermined, as we have seen repeatedly in the past.

The Soviet Union must understand that it cannot succeed in dominating the world through aggression. A serious and sustained international reaction will be the inevitable result, with greater dangers for everyone—including Moscow. The Soviet Government must recognize that such a reaction has finally occurred, provoked by the crises of Afghanistan and Kampuchea. And the international community has proposed ways and means for resolving those crises to the satisfaction of all legitim interests.

The people of Afghanistan overwhelmingly oppose the Soviet occupat and the Babrak Karmal regime. The vast majority of the world's nations ar challenging the Soviets to come to the negotiating table, to agree to a politic solution, to withdraw their forces, and to restore Afghanistan's nonaligned status. The proposal of the European Community for a two-stage conferenc is a sound step toward the achievemer of these objectives. But the Soviet Un still prefers to promote a bizarre them that the United States is unwilling to negotiate about questions of critical in ternational concern; that the United States wants a return to the cold war; that the United States is the source of the trouble in Afghanistan.

The Soviet Union must begin to understand that Afghan resistance an international pressure will be sustaine By supporting initiatives such as that the European Community, we offer th Soviet Union the alternative of an honorable solution.

The same is true for Kampuchea. The U.N. conference and the attempts of the ASEAN [Association of South East Asian Nations] nations to find a political solution to the Soviet-support Vietnamese occupation have won broa support. Here, too, the international community has been rebuffed by Vietnamese and Soviet refusal even to attend the conference. Here as well, we believe that patience and perseverance and the design of sound diplomatic sol tions—offer the Soviets and their surrogate the choice: international isolati and failure or international cooperatio and a way out.

I have often mentioned the activiti of the Soviet Union and its Cuban pro in aggravating tentions from Central America to southern Africa. Can there be a greater contrast between their efforts and those of the West in trying to resolve the political, economic, and security problems of these regions?

It is time for those who preach peace to contribute to peace. The way do it is through new restraint, both in Moscow and Havana.

**Arms Control.** Our past hopes for relaxation of tensions with the Soviet Union were eventually concentrated on the search for arms control. But we overestimated the extent to which arm control negotiations would ease tension elsewhere. And we underestimated the

ct of conflict elsewhere on the arms
ol process itself. The attempt to
ate and reduce nuclear weapons
remain an essential part of the
West agenda, but we must focus
s central purpose: to reduce the risk
r.
nly balanced and verifiable agree-
s that establish true parity at
ed levels can increase our security.
e already addressed the broader
iples that govern our approach. As
gin this part of the dialogue, it is
tial to recognize that fair agree-
s can be reached with patience and
verance. Above all, we must
nstrate that we can sustain the
ce by our own efforts if agreements
do so. Indeed, if we do not cause
oviets to believe that in the absence
ns control they face a more difficult
e, they will have little or no incen-
o negotiate seriously.

On this basis, we have commenced
ssions with the Soviets on theater
ar forces, and we have proposed
ormal negotiations open before the
f this year. We want equal,
able limits at the lowest possible
of U.S. and Soviet long-range
er nuclear weapons.

We have also launched a frank
ssion of compliance with existing
control agreements.

We have initiated the intense
rations and conceptual studies that
precede a resumption of progress
ategic Arms Limitation Talks .

We and our European allies have
sed an innovative new set of
dence-building measures in Europe,
could provide a valuable means to
e uncertainty about the character
urpose of the other side's military
ties.

is now up to the Soviet Govern-
to put its rhetoric of cooperation
ction.

**conomic Relations.** East-West
mic ties are also on our agenda
the Soviet Union. Over the past
le, these ties have grown rapidly,
ey have not restrained the Soviet
f force. The time has come to
hion East-West economic relations.
hall seek to expand those ties that
gthen peace and serve the true in-
ts of both sides.

he Soviets have looked toward
ern agriculture, technology, trade,
inance in order to relieve the press-
conomic problems of Eastern Europe and of the Soviet Union itself. But the Soviet leaders must understand that we cannot have full and normal economic relations if they are not prepared to respect international norms of behavior. We must, therefore, work to constrain Soviet economic leverage over the West. Above all, we should not allow the transfer of Western technology that increases Soviet war-making capabilities.

***. . . Soviet leaders must understand that we cannot have full and normal economic relations if they are not prepared to respect international norms of behavior.***

### Summary

In sum, American strategy toward the Soviet Union is proceeding on two fronts simultaneously.

**First,** we are creating barriers to aggression. We are renewing American strength. We are joining with our allies and friends to protect our joint interests. And we are making strenuous efforts to resolve crises which could facilitate Soviet intervention.

**Second,** we are creating incentives for Soviet restraint. We are offering a broader relationship of mutual benefit. This includes political agreements to resolve outstanding regional conflicts. It encompasses balanced and verifiable arms control agreements. And it holds the potential benefits of greater East-West trade.

We are not under any illusion that agreement with the Soviets will be easy to achieve. The strong element of competition in our relations is destined to remain. Nonetheless, we believe that the renewal of America's confidence and strength will have a constructive and moderating effect upon the Soviet leaders. By rebuilding our strength, reinvigorating our alliances, and promoting progress through peaceful change, we are creating the conditions that make restraint and reciprocity the most realistic Soviet options. The Soviets will eventually respond to a policy that clearly demonstrates both our determination to restrain their continued self-aggrandizement and our willingness to reciprocate their self-restraint.

The four pillars of foreign policy that I have described today will not be easy to build. International reality tells us that the hazards are great and the tasks enormous. We can expect disappointments. We should be prepared for reverses. Some will tell us that we are dreaming of a world that can never be. Others will tell us that the reassertion of American leadership is out of tune with the times.

An American foreign policy of cynical *realpolitik* cannot succeed because it leaves no room for the idealism that has characterized us from the inception of our national life. An America that accepts passively a threatening strategic environment is not true to itself or to the world. The test of our foreign policy is ultimately the test of our character as a nation.

Winston Churchill once said: "The only real sure guide to the actions of mighty nations and powerful governments is a correct estimate of what they are and what they consider to be their own interests." Our foreign policy must partake of what we are, what we represent to ourselves and to the world. Surely, the secret of America's ability to renew itself is our fundamental confidence in the individual. We stand for the rights, responsibilities, and genius of the individual. We rely on the individual's capacity to dream of a better future and to work for it. This is the conscience, even the soul of America. Ultimately this is what America is about. Ultimately, we must be prepared to give our fortunes, lives, and sacred honor to this cause.

[1]Press release 271. ■

# Question-and-Answer Session Following ABA Address

*At the conclusion of Secretary Haig's address before the American Bar Association in New Orleans on August 11, 1981, he answered the following questions from the audience.*[1]

**Q. Last week, President Anwar Sadat of Egypt was in Washington, apparently attempting to lobby the Administration into recognizing the Palestinian terrorist organization. I wonder how firm is the commitment of the U.S. Government and this Administration to refuse to do so until those organizations recognize the right of the State of Israel to exist behind secure and defensible borders?**

A. The question was, President Sadat, during his visit to Washington last week, suggested that we include the PLO [Palestine Liberation Organization], or the Palestinians—and there is a difference, of course—in the Middle East peace negotiations. The question was, how firm is President Reagan's commitment to the State of Israel that we will neither recognize nor negotiate with the PLO until they accept Israel's right to exist and until they accept the provisions of U.N. Resolutions 242 and 338. I put a little more in your question because—the commitment is very clear. It was explained in detail to President Sadat, who understands that commitment and, I believe, accepts it. He, of course, has the right to express his own opinion, as he did both in London prior to arriving in Washington and repeatedly during his stay in Washington.

I think it is important that we bear in mind that there is, of course, under the provisions of the Camp David accords the anticipated participation of the Palestinian inhabitants on the West Bank and Gaza. That is not an aspect of the commitment which your question suggests. But in terms of the U.S. commitment, it is firm, it remains firm; and I see no possibility of its being modified in the days ahead.

We believe—I know President Reagan believes very strongly—that such commitment must be met by the United States whether they involve the State of Israel or whether they involve our Arab friends. If the United States is seen to be unreliable in this peace process, the whole catalyst for the achievement of progress will be in jeopardy.

**Q. I am very concerned about the role you have in mind for us with the United Nations, how that Organization can assist in establishing better world peace—the four pillars on which you want to build this peaceful relationship. What is the role to be played by the United Nations and [inaudible] by both the United Nations and the United States in working together for peace?**

A. I think the past anticipated hopes for the United Nations as a world body that could effectively deal with all international crises and resolve them in a just and responsible way has been somewhat put in question as a result of the experiences and the limitations of the world body.

That does not suggest for a moment that the United Nations has not in the past, and must not in the future, play an extremely important role in the conduct of global international affairs. I think one could look back and say that the contributions have been unique, disappointing, but nonetheless substantial in their own way, especially in functional areas of responsibility carried out by the United Nations today. There is no other body that could effectively conduct these functional activities.

Secondly, it has always been, if you will, a platform for the exchange of views between the member states, whether they be characterized, as unfortunately is the case too frequently, with animosity and rhetoric; but also it does provide a vehicle for communication. We have seen this. The United Nations has played a very constructive role in our recent efforts at peacekeeping in Lebanon: it was, indeed, the United Nations that contributed to a communicating framework. It is the United Nations that we will have to work with if we seek to strengthen, as we are doing today, the peacekeeping force along the northern border with Israel and southern Lebanon. I think it is important, as Americans, that we do not expect too much, that we insist with clarity and courage on reforms that experience indicates must be undertaken by the body, and at the same time to continue to support that body as we have in the past, and I'm confident will in the future.

**Q. During the course of your speech I've heard you speak of reciprocity between ourselves and the Soviet Union. What effect will the neutron bomb have on the reciprocity between the two countries now?**

A. I think a dandy effect. [Applause] The question was, reciprocity and the impact of President Reagan's recent decision to follow the mandate of the Congress and proceed with the production and stockpiling of the various components of what we call the "enhanced radiation warhead" which we have already started to build as the result of President Carter's decision of 1978.

There has been a lot of talk about the ERW—or so-called neutron bomb—and clearly, the Soviet propaganda mills are churning out 24 hours a day since that announcement was made. Indeed, they have been churning rather heavily anyway on other issues! I only wish that objective international judgments were applied with equal ferocity to the relentless deployment of SS-20 missiles by the Soviet Union, conceived in the early 1970s and initiated with unprecedented speed and efficiency starting about the mid-1970s to the point where they have deployed well over 200 such systems threatening all of Western Europe and all of China today.

One might ask a word about the neutron bomb. The press has made it very clear that I had some reservations about the timing, not the substance, of the decision. People forget what deterrence is all about. We Americans and those in the Western world view ourselves as defensive in character. Never once has the West, in the European context, indulged in policies which militarily threatened the Soviet Union. It's all been the other way. It is the Soviet Union which is today developing military capabilities which far exceed their defensive needs, and it is the West which is behind in the power curve in rectifying the balances and the trends in those balances.

People say that a neutron bomb, because it is more efficient in technological terms, because it effects casualties on combatants as distinct from noncombatants—the innocent

ıns—in other words, it limits the
ge. It also limits the damage to
tures—somehow this is going to
nuclear war easier. Anyone who
s that claim doesn't understand
rence; and deterrence automatically
nes that we are on the defensive.
re trying to maintain a military
re that is going to prevent the
side from indulging in warfare of
ind, and particularly nuclear war-

is the usability of the systems that
aintain that give credibility to our
gness to use whatever is necessary
event conflict, and it is ludicrous to
st that because a system is easier
t is, therefore, going to be used.
really is the case is that the Soviet
ı is going to be less inclined,
se we have this array of weaponry,
dertake actions that would make
t to force likely, because they know
ıve the ability to respond at every
across the spectrum. And if you
gaps in that spectrum, they are
to be filled by Soviet actions which
generate the very outcome you
o prevent. And that's what deter-
is all about.
ı answering your question as to
ıer that is reciprocity vis-a-vis the
t Union, I only wish you would ask
ıme questions about the massive
I [intercontinental ballistic missile]
ruction program they have had
way, even under SALT—large
, multiple warheads, increasing ac-
y, the deployment of the SS-20,
ramatic growth in their submarine
e-launching capability—longer
than those which float outside the
rn shores of the United States and
ıoving increasingly into the regions
Pacific, formerly areas of
ern interest.

No, I'm not worried about reciprocity. I'm more worried about sitting down and negotiating seriously to get the growth of these armaments under control.

**Q. We here have a particular interest in our relationships with Latin America. We also are geographically, in a way, situated between Cuba and Mexico—and I believe at this time President Portillo is meeting with Mr. Castro. I would like for you, if you will, in summary form to state the Administration's policy on Latin America, and what, if anything, will be done with regard to Cuba's relationship with Mexico.**

A. Of course, it is not for the United States to determine what Cuba's relationship with Mexico should be any more than it should be Mexico's responsibility to determine what our relationship with Cuba might be.

I can comment on our relationships with Cuba. Clearly, we have been witnessing an extended period of unacceptable Soviet-sponsored, Cuban, worldwide activity. Today, they have some 30,000–40,000 mercenary forces operating on the African Continent—in Angola and in Ethopia—with advisers spread from Southern Yemen and a number of other African and Middle Eastern countries.

We have seen a step-up in Cuban subversive activity once again in this hemisphere—in Nicaragua—where they have 1,600-some advisers today creating an armed force that cannot be justified by any objective assessment of threats facing the Government of Nicaragua.

I made the comment 2 weeks ago that in this past year, Cuba has received from the Soviet Union more armaments than in any single year since the 1962 missile crisis, which we all remember so vividly. These levels of armaments are not only going into the Cuban force structure, which far exceeds any potential threat emanating from this hemisphere, but also are being used to provide the risk for the shipments of illicit arms into such target countries as Nicaragua and El Salvador. There are also recent manifestations of such armaments transshipped from Vietnam via Cuba into Guatemala. This is unacceptable Cuban activity from the U.S. point of view.

We are prepared to deal constructively with Cuba, just as we are with the Soviet Union; but this is going to require a new level of restraint not manifested in the recent past. We are prepared to deal with the situation whether Cuba "trims its sails" or whether it continues to engage itself in this illicit and very dangerous interventionism. We are prepared in either event.

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[1]Press release 271A of Aug. 12, 1981. ■

# Relationship of Foreign and Defense Policies

*Secretary's Haig's statement before the Senate Armed Services Committee on July 30, 1981.*[1]

It is a pleasure to appear before you today to discuss the relationship between foreign policy and the role of military power. This is an important, indeed critical, subject for our nation. It deserves the fullest attention of the legislative as well as executive branch of our government.

There can be no easy distinction drawn between foreign and defense policy. They are inextricably linked. Together with economic policy, they comprise a strategic approach to international relations which this country must pursue if we are to remain free and prosperous. Moreover, we must coordinate this approach within the executive branch, between the executive and legislative branches, and with our friends and allies around the world.

Historically, this nation has sometimes ignored the interrelationship between military power and foreign policy. Too often, we have assumed that military strength had no relation to the pursuit of peace, that preparations for war began only after diplomacy had failed. Rather than recognizing the utility of military power in preventing war, we frequently sought refuge behind our oceans, legal constructs, or moral idealism.

But the world has changed dramatically since World War II. Intercontinental missiles and bombers, armed with nuclear weapons, can span ocean barriers in minutes or hours. Resource dependence and the global economy have linked our fate and well-being with other regions as never before. We can no longer accept a policy which draws an artificial line between diplomacy and the ability to project military power. While the desire to avoid conventional war was insufficient to bring about this integration in the past, the responsibility of deterring nuclear war should offer a forceful incentive today.

The Soviets clearly understand the relationship of foreign policy and military power. Following World War II, they rapidly developed atomic weapons. After their humiliation in the Cuban missile crisis, they accelerated improvement of their power projection forces and their global capability to challenge ours.

Today, the Soviet Union is a global military power. Its capabilities are worldwide in reach and massive both in conventional and nuclear forces. As a result, the United States has no alternative but to achieve and maintain balancing capabilities. We can no longer afford to seek a shortcut by trying to offset conventional deficiencies with nuclear preponderance. Likewise, we can no longer view the world as divided into distinct strategic zones in which wars can be discretely fought and contained. We must recognize that a U.S.-Soviet war anywhere is likely to spread to other fronts and may become global very quickly.

In an era when editorial writers speak of the "impotence of power," the Soviets and their surrogates have successfully employed unsheathed military might in Angola, Kampuchea, Ethiopia, and Afghanistan. Most recently, the Soviets have sought to intimidate Polish Government domestic actions by massing forces along the border.

This last example illustrates a reality which we in the United States have not always appreciated. Military force alters political perceptions through the capacity to intervene as well as through intervention itself. Military power is not an end in itself, nor is it a substitute for diplomacy. It is, however, a critical backdrop for conducting a successful foreign policy. It is an essential precondition for a coherent strategic approach to international relations.

***This Administration is determined to deny the Soviets any opportunity to conduct a foreign policy aimed at exploiting real or perceived American military weaknesses.***

For a time following World War II, we understood this relationship. We set about to rebuild and protect Europe with all of the instruments at our disposal—political, military, and economic. The result was a highly successful strategic approach which led to NATO a European economic recovery.

During the 1960s and 1970s, the hesion of our foreign, defense, and economic policies disintegrated. Vietnam, Watergate, and prolonged ecor ic problems led to an inability or disi clination to define and implement an fective strategic approach. While dor tically debating the utility of military power, we watched a vigorous Soviet military modernization program take shape without pursuing compensatin actions. By failing to compete effecti ly, we allowed the military balance t shift toward the Soviets. In addition, high oil prices, inflation, limited inve ment, and even smaller gains in proc tivity caused our economy to stagnat As a result, U.S. ability to shape eve decreased. In particular, as Soviet military power increased, our ability deter Soviet adventurism declined dramatically.

### Integrated Approach

President Reagan fully appreciates t historical perspective. He has a clear sense of our objectives in foreign pol a world hospitable to our society and ideals, a world where peaceful chang the norm and nations can settle disp without war. The President also has coherent strategic approach for atta ing these objectives and restoring U. leadership. Let me map out the four basic elements of this integrated approach as I see them.

**First** is U.S.-Soviet relations. W recognize the inevitability, and in ma instances the desirability, of change. we insist that the Soviets avoid the u of military force, coercion, subversio or support for terrorism. They must restrain their international activities within the bounds of peaceful action the conventions of international law.

In order to enhance our security demonstrate our resolve in pursuing new course of U.S.-Soviet relations, are embarking upon a major prograr improve our military capabilities. Thi Administration is determined to deny the Soviets any opportunity to condu foreign policy aimed at exploiting rea perceived American military weaknesses. In addition, we will seek, through stricter export controls, to c tail the sale of military or dual-use technology to the Soviet Union.

**Second** is our effort to revitalize ıce relationships and to strengthen eral relationships with friends who e our strategic interests. We can on- complish this goal with a new spirit nsultation, a frank give-and-take ıg close friends. We must pursue linated foreign, defense, and omic policies, as was our objective te Ottawa summit. At the same we must show again that America reliable partner, consistent in our oach to international problems and ced in our policies. Above all, the strial democracies must achieve the ary strength, confidence, and unity rpose necessary to deter or defend nst those who threaten our vital in- sts.

**Third** we intend to construct helpful esponsive relations with the less in- ialized nations. We recognize that are significant cultural and, in cases, political differences between countries and the United States. ever, we all share an interest in and economic development. More- unlike the Soviets, the United s has offered markets, as well as ological assistance and humani- n aid, without the demeaning en- lement of a client-state relationship. ıre to continue to do so, and to ex- on these efforts, could weaken ical stability in these regions, en- er our access to vital resources, and the East-West political-military ıce against us.

n approaching the developing d, we do not construct any false otomies between North-South and -West issues, treating the former as omic and the latter as military. er, we recognize that progress in relations with the many nations of outh is dependent, in part, on our ess in dealing with East-West rity problems. Moreover, peaceful omic development and political ge can only take place when people secure and free from threat. Our in- ated program of economic and rity assistance is directed toward end. To the extent that we succeed oviding security and stability in loping countries, we remove targets portunity from the Soviets and surrogates.

**Fourth** and finally, the President this entire Administration are com- ed to strengthening the domestic nomy. All our other policy goals de- d on success in this area. Without a stable and growing economy, we can sustain neither a robust defense policy nor a strong foreign policy.

### Policy Linkage

I would like to turn now to a more specific discussion of how our military and foreign policies interrelate. Earlier this year, Cap Weinberger [Secretary of Defense Caspar Weinberger] submitted this Administration's first steps to rectify the mistakes of the past in his extensive additions to the FY 1981 and 1982 defense budgets. Our defense improvements, as part of a balanced national security effort, emphasize both nuclear and conventional forces.

***. . . in providing security and stability in developing countries, we remove targets of opportunity from the Soviets and their surrogates.***

Improvements in strategic nuclear forces will enhance our ability to deter attack or threats of attack on ourselves or our allies. These measures will remove the perception of U.S. vulnerability to nuclear blackmail. Theater nuclear forces form the bridge between America's global military posture and regional defense commitments. Improvements in this area will allow us to reassure allies that temporary conventional force imbalances in their regions will not result in intimidation.

Our conventional military improvements will further bolster friends and allies in the knowledge that we are reliable and consistent partners. They will also provide the initial—and crucial—deterrent to Soviet initiation of hostilities which, once started, could escalate to the nuclear level. In particular, improvements for U.S. naval forces and strategic mobility will reassure our security partners. They demonstrate that we are willing and able to aid them and that we can sustain that aid against any challenge to our lines of communication.

In NATO conventional and theater-nuclear improvements are intended to improve the military balance in that region. Our efforts are directed at encouraging greater allied defense contributions by example rather than compulsion. We are encouraging the allies to provide additional critical forces, and we will continue to do so. At the same time we should recognize that they already make important contributions—in manpower, for example—and that public criticism is often counterproductive. Improved European security will also benefit us elsewhere in the world. Confident of their security at home, West European nations may individually be more willing to assist us in external efforts in behalf of our common interests.

In Northeast Asia our conventional force improvements are directed toward similar goals. In particular, our naval improvements will enhance our force posture in the western Pacific where we rely primarily upon sea-based deployments to maintain an effective forward defense. In addition, we have decided to maintain our current ground force levels in Korea.

In Southwest Asia, the United States is seeking a strategic consensus among our friends directed toward the common Soviet threat. We are attempting to convince them that we are a reliable and capable security partner, serious about defending our vital interests in their region in partnership with them. The U.S. naval presence in the Indian Ocean, our efforts to improve security relations with Pakistan, and the generally expanded security assistance budget requests for Southwest Asia are examples of this.

There are, of course, other problems in Southwest Asia. The United States is seeking to bring an end to the current tensions in Lebanon, to build upon the breakthrough of Camp David, and, in general, to ameliorate the impasse between Israel and the Arab states. We recognize fully the need to pursue these efforts in parallel with our strategy to counter the Soviets.

Throughout the developing world we seek through a combination of security and development assistance to help in the maintenance of a secure and stable environment. A secure environment for these nations also helps to remove the incentive for nuclear proliferation.

In many cases creating a stable environment requires only economic assistance. In some cases, where external aggression and subversion are significant, we will offer security assistance to restore stability and provide an opportunity for peaceful change. Security assistance, however, will often be paired with economic aid. In El Salvador, for example, our economic aid is over three times the size of our military assistance. Our broad approach to these problems is

best illustrated by our program for the Caribbean basin in which we are asking regional states to join us in a social-economic program that deals with the root causes of internal instability.

As the Department of State is responsible for U.S. arms transfer and security assistance policies, the linkage of foreign and defense policies in this area is particularly important to me. Cap Weinberger and I regard U.S. defense expenditures in combination with arms transfers and security assistance as an integrated strategic program to strengthen U.S. and friendly military capabilities and defend our interests around the world. Arms transfers and security assistance also lend credibility to U.S. foreign policy efforts to revitalize our alliances and other strategic relationships. They also support secure and stable environments in the developing world.

As in the other areas of the military balance, it is worth noting that the Soviet Union spent $16 billion in 1980 for arms to the developing world; the United States transferred only $10 billion in equipment. Soviet arms shipments to Cuba provide a dramatic illustration of this global phenomenon. Soviet military deliveries to Cuba have increased sharply this year. They reached near record levels during the second quarter of 1981. The total for the first 7 months of the year is more than twice the volume in all of 1980; even with moderate additions over the rest of the year, this will lead to a 1981 total higher than any yearly figure since 1962. While most of the tonnage is believed to be earmarked for Cuba's regular Armed Forces and its newly created territorial militia, there is solid evidence that some of the goods are being reshipped to Central America.

As you know, the President recently announced this Administration's conventional arms transfer policy. Arms transfers are a logical extension of our national defense effort. They allow friends and allies to defend not only their own but also common interests. It is essential in important strategic areas that we maximize indigenous capabilities to deter local and regional violence while pressing ahead in parallel with our own efforts to counter threats which clearly require U.S. involvement. A coherent, forthcoming, measured response to local and regional military equipment requirements, coupled with steadfast adherence to our treaty commitments, will reassure our friends and allies that they can rely on us.

One important element of our arms transfer policy is the establishment of a special defense acquisition fund. The Administration is requesting authorization of such a fund in the international development and security cooperation bill currently before the Congress. The fund would procure long leadtime and other important military equipment in anticipation of foreign military sales. It would enable us to respond rapidly to equipment requests from allies and other strategic friends without diversions from the U.S. military. It would also aid in expanding the defense industrial base for mobilization contingencies. Our recent efforts at putting together an equipment package to offer for near-term delivery to Pakistan in support of our evolving bilateral security relationship vividly demonstrated the need for such a fund.

Because many important recipients are unable to purchase major weapons systems with their own resources or otherwise to provide fully for their defense, an expanded security assistance budget is an essential part of the arms transfer effort. Security assistance offers political, financial, and military backing to our strategic approach in the same way the defense budget does. In a number of cases, it is the most efficient way to defend U.S. interests in a particular area; in some cases, it is the only way.

The current state of affairs in the Congress regarding security assistance is alarming. If the foreign aid budget does not pass, it will be the third year in a row in which we will have operated from a continuing resolution. This short-sighted approach to security assistance cripples our foreign policy and places U.S. credibility on the line. I must state in all candor that we are liable to serious consequences if we do not remedy this depressing situation in FY 1982.

### Arms Control

Finally, I would like to touch on arms control and its relationship with foreign and defense policy. As you know, the search for sound arms control agreements is essential to our efforts to achieve and maintain peace. Sound agreements will require the careful integration of foreign and defense concerns. In discussing this issue with the Foreign Policy Association 2 weeks ago, I set forth six principles that are the core of President Reagan's approach.

- Arms control efforts will be an instrument of, not a replacement for, a coherent national and allied security policy.
- We will seek agreements that tr ly enhance security.
- We will pursue arms control be ing in mind the whole context of Sovi relations.
- We will seek balanced agreements.
- We will seek controls that inclu effective means of verification and mechanisms for securing compliance.
- We will pursue arms control by considering the totality of the various arms control processes and the variou weapons systems and not just those agreements and weapons systems bein specifically negotiated.

Let there be no misunderstanding: We intend to maintain the arms contr process and to conclude agreements from a position of secure and confiden military power. Arms control agreements are not a substitute for military capabilities. Only a strong and balance military force will provide sufficient in centive for the Soviets to negotiate meaningful agreements.

***Only a strong and balanced military force will provide sufficient incentive for the Soviets to negotiate meaningful agreements***

### Conclusion

I have attempted to outline a clear and coherent vision of our foreign policy goals and a strong view on the need to integrate foreign and defense policies i a strategic approach to international relations. Cap Weinberger and I are co ordinating the efforts of our two depar ments on a regular basis. We share an understanding of the threats to our na tion and the importance of integrating foreign and defense policies. The State Department supports the expansion of our defense capabilities as an essential ingredient of a strategic approach. Stat and Defense together support an expanded security assistance budget. We recognize the challenge posed by the need to coordinate foreign, defense, an economic policies into a coherent whole Your understanding and support will b crucial to our effort.

[1]Press release 258.■

# ternational Trade

*Secretary Haig's statement before the ommittee on International Trade of enate Finance Committee on 28, 1981.*[1]

me thank you for this opportunity to ss key elements of the Administra- s approach to international trade the part it plays in U.S. foreign y. International economic develop- s are of central concern to the e Department and every Secretary ate must devote a great deal of and attention to them. I am, there- particularly grateful for your in- ion to testify on our international omic policy before this committee. President Reagan has recognized a strong American economy is the erstone of our national security. The gth we seek depends first and fore- on the success of the President's omic recovery program. A pros- us, well-functioning world trading m will make an important contribu- to that success.

e Administration's approach to is shaped by the recognition that is an increasingly powerful source novation and growth for the Ameri- economy. We gain from access to world's markets and the spur of in- tional competition. Our producers consumers benefit from access to gn goods and raw materials. Trade ly reinforces the President's stic efforts to reduce inflation, to ase production, and to expand oyment. In addition trade can con- te to mutually beneficial coopera- among nations. Healthy trade rela- can strengthen friendships and ces and can help integrate coun- into the market-oriented trading m which has served us so well.

### Trade Policy

current trade policy has its roots in rical experience. Following World II the major industrial nations gnized that the bilateral ar- ements and protectionist policies ued by many nations during the -war period had done severe harm eir economies, played havoc with nternational economy, and con- ted to the frictions and tensions n ultimately led to the outbreak of war. The United States and its partners, therefore, set out to create a new trading system based on fair trading rules, on nondiscrimination among trading partners, and on the commitment to reduce trade barriers, especially high tariffs.

That system is embodied in the General Agreement on Tariffs and Trade (GATT). Despite its imperfections and departures from certain of its principles, this system has brought enormous benefits to virtually every nation in the world and served American interests well. The dramatic growth in trade since the war has strengthened our own economy and that of our trading partners. U.S. exports grew from $10.8 billion in 1950 to $221 billion in 1980. This has meant millions of jobs for American farmers, workers, shippers, railroad workers, truckers, longshoremen, insurers, and bankers—all of whom have directly benefited. And, while we often face difficult problems with some of our developed-country trading partners, we would be considerably worse off if we had chosen a trading system based on more restrictive principles and rules. Such a system might well have brought prolonged economic weakness to our trading partners and, as a consequence, poor markets for our exports, economic instability in Europe, and reduced Western resources for defense. Inevitably, the United States would have had to bear a much larger defense burden.

Today, there are strains in the system. Competition among developed countries and with developing countries is more intense than it was years ago. And slower growth in many developed nations increases the difficulty of adjusting to rapid increases in imports. In the face of keener competition, many countries face enormous pressures to protect industries by restricting imports or supporting noncompetitive exports. They are tempted to work out bilateral trade arrangements which protect certain patterns of trade or limit trade. Investment practices are increasingly used as a means of forcing increased procurement or increased exports. Barriers exist in services, where the United States is very competitve. Certain countries that benefit greatly from the trading system have failed to open their markets adequately, even while they take advantage of open markets in other countries.

Unless we resolve these problems and distortions, they will severely weaken the international trading system. Efforts to strengthen our domestic economy will be complicated, the world economy will be disrupted, and international cooperation among both the developed and developing nations will be threatened.

The Ottawa summit [July 19–21, 1981] provided a fresh impetus to address the problems and distortions in international trade. But this momentum must be sustained by firm leadership, not just by one or two nations but by the industrial and developing nations together.

The United States will play its part. President Reagan has committed this Administration to the support of an open trading system on the basis of agreed rules. At the same time, we have asked for similar undertakings from other countries. We were, therefore, pleased that we and our partners at Ottawa agreed to ". . . reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system. . . ." and to ". . . work together to strengthen this system in the interest of all trading countries. . . ." The meeting of the members of the GATT at ministerial level during 1982 and the study of the trade problems of the 1980s by the Organization for Economic Cooperation and Development (OECD) provide excellent opportunities to reduce and remove key trade distortions. Close consultation among ministers of the United States, European Community, and Japan can contribute significantly to the success of both efforts, as they did to the achievements of the Tokyo Round. For the sake of our own economy—which will benefit from genuinely open world trade—and of the world economy, we and our trading partners must take advantage of these opportunities.

### Promoting U.S. Exports

Just as we will work toward maintaining and improving the world trading system to increase opportunities for U.S. exports and for mutually beneficial trade among all nations, so we will want to help our citizens to take advantage of these opportunities. Fundamental to our export prospects is a strong, competitive American economy. Without this, the best of intentions and the best of export

programs cannot fully succeed. As the President's program brings down our rate of inflation and stimulates our productivity, it will permit our firms to improve their international competitiveness.

Such efforts need effective government support. The U.S. Trade Representative, Bill Brock, has conveyed to this committee the Administration's strong attempts to reduce self-imposed export disincentives and to improve U.S. export promotion programs. I fully support the work of Ambassador Brock and of Secretaries Baldrige and Block [Secretary of Commerce Malcolm Baldrige, Secretary of Agriculture John R. Block] to increase exports. In May I sent a cable to our ambassadors abroad asking them personally to take the lead at their posts and to deploy their entire country teams—not just economic and commercial officers—in this effort. And as a major part of this program, I have also emphasized to our ambassadors the importance I attach to increasing U.S. agricultural exports. I expect them to play an enthusiastic role in supporting such exports.

The State Department also supports the very vigorous efforts being made by the Department of Commerce and the office of the U.S. Trade Representative to insure that other countries live up to the spirit and the letter of the Tokyo Round agreements. Other countries expect us to do the same. And you can be sure that our trade negotiators will bargain hard to reduce impediments to U.S. exports.

### Trade with Developing Countries

Let me now address the specific issues related to trade with the developing nations. Trade between the United States and the developing countries has grown rapidly over the last decade. U.S. exports to these countries have grown from $10.8 billion in 1970 to $82 billion in 1980. The developing countries taken together are now a larger export market for U.S. goods than Japan and the European Community combined, accounting for 37% of our exports. These countries have also become formidable competitors in our markets. Some have accepted multilateral trading rules; others have been reluctant to do so. Some have benefited enormously from an open trading system; others are so poor that they have very little to export.

Over the next decade, access of developing-country exports to developed-country markets is crucial for the growth that is fundamental to the economic and political stability of the developing world. For many of the developing countries, export earnings, combined with private investment, are far more important than official aid flows. And for the United States and other developed countries, open and flourishing markets in the developing world will be increasingly important to our own export performance and to the domestic economy.

Developed and developing countries will have to work more closely than ever in the GATT to address the problems of the trading system. We intend to maintain open markets for developing-country products, and we expect developing nations that have demonstrated international competitiveness to open their markets to our products. Together we need to insure access to our markets for the products of the poorer nations, to broaden developing-country participation in the GATT codes, and to address the distortions—such as those imposed by investment performance requirements—to international trade. An open trading system, based on common adherence to agreed rules, is an objective shared by developed and developing countries. We must work, in the context of the GATT, to attain it.

More specifically, we have devoted considerable attention over recent months to the Caribbean Basin. We see a special need to work with countries of the region to promote the well-being of its people. We have begun careful and thorough discussions with Canada, Mexico, and Venezuela, along with other interested countries, about the best approach to promote economic progress. We have also begun intensive consultations with the Congress, from which we welcome advice and suggestions.

Our overall aim is to create an action program for regional development. It is too early to define the final form of the program. Much will depend on our consultations with other countries and the Congress. Trade liberalization, domestic and foreign investment, aid, and actions by the Caribbean countries to stimulate their own growth and development are all potential components.

***U.S. exports to [the developing countries] have grown from $10.8 billio in 1970 to $82 billion in 1980.***

### East-West Trade

The last area I would like to cover is East-West trade. Here the links betwe trade policy and foreign policy are clea We are not dealing with free market forces, and we face many issues in which security and political principles must override commercial concerns. Ou central objectives in this area are twofold. First, our trade relations, and our broader economic relations, must reinforce our efforts to counter the Soviet Union's military buildup and its irresponsible conduct in a number of areas of t world. While clearly we have commerc interests which must and will be taken into account, security concerns must re main paramount. Second, we must strengthen cooperation among friends and allies in this area. We cannot carry out an effective East-West economic policy unilaterally. We must take into account the complex interrelationships that exist among our allies and OECD partners and among the individual countries of the Warsaw Pact.

Over the last several months we have carefully reviewed our policy on East-West trade in the context of overall East-West relations. We did so because we wanted to be as precise an as clear as possible at the Ottawa summit about our concerns and about our proposals for addressing them. We did so not because we wished to impose an particular solutions on the countries represented there, but because we wanted to initiate a serious discussion East-West trade relations at the highes level.

I would like to touch briefly on two major elements of our policy.

**Strategic Trade Controls.** The
ed States and its allies have main-
ed controls on the export of strate-
goods and technology to the Soviet
n and Eastern Europe since 1949.
objective has been to restrict the
of advanced hardware and
nology in order to preserve our
nological edge and to inhibit and
ent advances in Soviet military
bility.

On the basis of our policy review, we
luded that a tightening of restric-
s on goods and technology which
l upgrade Soviet production in areas
vant to Soviet military strength was
desirable and necessary. The Presi-
presented our general approach to
other leaders at Ottawa, not expect-
heir immediate agreement but
ssing the importance he attaches to
king with them to achieve tighter
rictions. We look forward to discuss-
our proposals, and the ideas of other
OM [Coordinating Committee for
-West Trade Policy] countries, in
ing weeks and months and, in par-
ar, at a high level COCOM meeting
fall.

We recognize the strong possibility
several countries will differ on
ils and degree. Some have more ex-
ive commercial links with the East
our own. Others believe that
omic ties moderate political
vior. But while we may not always
eye to eye on specifics, I am en-
aged by the recognition, embodied
e Ottawa communique, that we
t ". . . ensure that, in the field of
-West relations, our economic
ies continue to be compatible with
political and security objectives."
that we will ". . . consult to improve
present system of controls on trade
rategic goods and related tech-
gy with the USSR."

I also believe that any tightening of
rt controls must be accompanied by
eased efforts to police these controls
to improve the efficiency of our
agement. The Soviet Union and
e of its Warsaw Pact partners are
aged in a major effort to obtain em-
goed equipment and technology. We
our allies must improve our coopera-
enforcement efforts. We have begun
ussions with other COCOM countries
ard this end.

We must also make decisions more
kly on requests by other countries to
items currently on the COCOM list.
ally, we should seek, where possible,
to relax restrictions on items at the very low end of the technology scale, the control of which penalizes our exporters rather than the Soviets.

**Foreign Policy Controls.** A second key area for enhanced cooperation is contingency planning—the need for the industrialized democracies to react clearly to Soviet adventurism and the use of force. The economic measures taken after the Soviet invasion of Afghanistan indicate that controls are more effective when implemented collectively and when the burden is not borne disproportionately by specific sectors or only a small group of countries. Coordination should take place in advance of a crisis. Much work has been done bilaterally and in NATO to anticipate and plan common approaches for contingencies. Discussions in Ottawa underlined a common interest in systematic and sustained exchanges on this subject.

These are two of the most important areas of East-West trade relations. We and our OECD partners have strong views on East-West trade relations because of our great concern over the Soviet Union. Over the last several years, there has been an awakening to the common dangers we face and a stronger dedication to deal with these dangers in a more integrated and effective way. Our objective is not to impose our views on our friends and allies but to make our case firmly and clearly on the basis of common interests with the aim of reaching agreement on a common approach.

***The United States and its allies have maintained controls on the export of strategic goods and technology to the Soviet Union since 1949 . . . to restrict the flow of advanced hardware and technology . . . .***

### Conclusion

To conclude, please accept my thanks for the opportunity to participate in your hearings. I have come here today because of my conviction that our trade policy—which you and your colleagues are so instrumental in shaping—has a major bearing on the health of our economy and on our country's place in the world.

An active and effective U.S. trade policy can strengthen our domestic economy and improve our political ties with developed and developing countries alike. An effective trade policy toward the Soviet bloc countries can permit commercial exchanges in certain sectors while insuring that we and our major trading partners limit such exchanges where required by our security interests.

The Department of State and our ambassadors and officials abroad stand ready to play an active role in support of U.S. trade interests and to work closely with Ambassador Brock and Secretaries Baldrige and Block to support their efforts. We will also pursue close and cooperative working relations with you in the Congress.

[1]Press release 256 of July 29, 1981.■

# Secretary Haig Interviewed on "Issues and Answers"

*Secretary Haig was interviewed on ABC's "Issues and Answers" by Frank Reynolds, ABC News, in Washington, D.C., July 19, 1981.*[1]

**Q. I know the Ottawa summit [July 19–21] is, of course, very important, and we'll discuss it later in this broadcast. But the situation in the Middle East seems to be at a particularly critical stage now. There are reports that perhaps more than 300 persons lost their lives in the Israeli raid on Beirut and other targets in Lebanon last Friday. There has been more rocket fire in the Israeli towns, even this morning. Ambassador Habib [Philip C. Habib, President's special emissary to the Middle East] has met with Prime Minister Begin today. Do you have any reason to believe that this cycle of attack and counterattack can be stopped? Have you had a report from Mr. Habib?**

A. The President and I have been following this situation minute by minute, since the escalation started 3 or 4 days ago, when the level of violence increased so dramatically. Mr. Habib was in a meeting this morning, Israeli time, with Prime Minister Begin. He'll return, Israeli time, this afternoon, to meet with the Prime Minister.

We've been very active in the United Nations with our European partners and, of course, with friendly governments in the Middle East to try to provide some tamping down of the situation, hopefully to achieve a cease-fire. We're not altogether discouraged that that might be possible. But the period ahead, of course, is a very tense and important one.

**Q. The United States has a decision; perhaps it's already made it. Are you going to ship the F–16s to Israel Tuesday as scheduled?**

A. I know there's been a lot of static on the airways on this subject, but the President has not made his decision with respect to that shipment, and I think in the context of that shipment, the important aspect of the problem is to get a moderation of the current level of tensions and a reduction of the violence. And that particular issue is not specifically related but rather to the Israeli raid on the Iraqi reactor. It would be specious to suggest that in this climate, however, it does not have an effect on it. And I think we must address this issue from a standpoint of whether or not it contributes to more moderate policies on the part of the two protagonists in this particular situation. That would be our hope.

**Q. So you are waiting then for what? Some assurance from one of the parties, Mr. Begin?**

A. No, I don't want to suggest that we are waiting for anything. We have no deadline on this, other than the scheduled shipment date sometime Tuesday, and I would judge that we will have completed our review, which is largely complete; and we've conducted consultations with both the Foreign Relations and Foreign Affairs Committees of the Senate and the House; and that the President will be prepared to make his decision very, very shortly.

**Q. And the Israeli raid on Friday, does that have a bearing on this decision? I know it's related specifically to the raid on the Iraq reactor.**

A. No, we've been very careful not to link these two issues. And I think it's important that we not. That does not suggest for a moment that they are not broadly interrelated in the context of events in the Middle East, and America's policy to seek to return to moderation, *status quo ante*, if you will, in the particular Lebanon crisis and to get on with the longer term objectives of establishing a lasting peace in the region.

**Q. Weren't you all set to announce though on Friday that the F–16s would be shipped?**

A. We had target dates which suggested Friday, with further clarification, of shipment schedules and the recognition that there would have to be movement from factory to jump-off points. We had additional time, and I think the President wanted to use that time, and quite correctly.

**Q. But the Israeli raid on Friday is what caused him to utilize additional time.**

A. I don't even want to suggest that. As I said, we've maintained that these issues are not directly linked. It serves no useful purpose to link them at this juncture, and we've avoided that very, very carefully. The point to be made is that the decision—which there's speculation about, due to some inside speculation, I must add, because the press reports only what it gets—was somewhat premature.

**Q. It's only a week ago that the Counselor of the State Department, Mr. [Robert C.] McFarlane, reached what was described as an understanding with Mr. Begin, about the use of American military equipment. Was the raid on Beirut on Friday consistent with that understanding? Or did it exceed the bounds—**

A. That's a judgment that's yet to be made, and clearly I don't think the United States ever visualized that the in providing equipment to Israel it did not have the right to employ that equipment in legitimate self-defense. I recognize there are many controversial points of view, differing points of view held by honest people, with respect to whether a particular issue was legitimate self-defense or whether it exceed that criteria.

We didn't make that judgment in context of the Iraqi raid; rather, we felt that—and we so stated our condemnation of the act both unilaterally and in joining a United Nations resolution with respect to that. We also, as you know, suspended the shipment of the four F–16s that were scheduled to leave several weeks ago.

The problem is, with respect to the Iraqi raid, that we felt the available diplomatic steps that might have preceeded whatever other decision with respect to use of force was made were not followed. Clearly, that's not the view of the Israeli Government, and we understand that. But they also understand that we have a commonality of interests in achieving stability in the Middle East and in providing for the continuing existence and viability of the State of Israel. But also we want them to consider our interests in these matters as well as their own, and I think there's been a clearing of the air with respect that issue.

**Q. What was the understanding that Mr. McFarlane reached with Mr. Begin?**

A. I wouldn't call it any understanding. I think we expressed our concerns, they expressed their point of view. We did not see unacceptable incompatibilities between the two. And based on that understanding and the feeling that our fundamental purposes all that has passed is to employ those events to add to promise for peace and tranquility in the period ahead, and that must dominate American policy on this this very volatile area.

**Q. A good many people, I think,**

**beginning to wonder whether the ted States has any influence over el, and certainly it has very little uence over the Palestine Liberation anization (PLO), which is respon- e for the rocket bombing of Kiryat hona and the other towns in north- Israel. I wonder if you believe —let's put it bluntly, because of estic political considerations in country, Prime Minister Begin eves there is not much the United tes can do or will do to temper his ons.**

A. No, I wouldn't share that judg- t at all, and I think it's very impor- that those in the executive and leg- ive branches responsible for Ameri- policy in the Middle East not be de- ed or influenced by domestic political siderations. And I know that that's the President's approach to these ing problems, but rather to focus, narily if not exclusively, on measures policies designed to bring about an mate peaceful solution to a historic blem.

After all, this is not a new set of blems for the United States. I've had e 20 years in government at a fairly level in periodic cycles, and the dle East situation has wrenched erican leadership. And I think it, un- unately, will continue for the period ad.

**Q. But hasn't it entered a new se now? I mean there is a new eli policy of striking at military gets even though they are located eavily populated, civilian popu- d areas. Doesn't this introduce a element, disturbing element?**

**A.** Any escalation of violence, ecially violence which might include age or injury or death to noncom- ants, is a matter of increasing con- n to all of us.

**Q. What would be the reaction in country and in the Government of United States if Tel Aviv had been bed and 300 people had been ied?**

**A.** I suspect it would be one of k and dismay; just as we expressed may on Friday as we learned of the ensive level of noncombatant casual- in the Beirut area.

**Q. The Arabs, the PLO are ding the United States directly re- nsible for the Israeli raid. They are ing that Mr. Begin could not have lered this raid without the active lusion of the United States.**

**A.** You have to be very careful en you read the rhetoric of any of the parties involved in this tragic situation and not necessarily be overly impressed by one news report or one public statement or another; rather to recognize the anguish associated with this terrible problem, and that anguish hits both sides. I think we Americans have got to be, as always, a responsible, moderating influence. And that's the policy that President Reagan is attempting to pursue in this current crisis.

**Q. Do you think we can be perceived as a responsible moderating influence in light of Friday's raid if we go ahead with the shipment of the F-16s? I mean, perceived in the Arab world.**

A. It isn't a question of perceptions. It's a question of what policy pursued by the United States will contribute first and foremost to the outcome we seek. You know, it's unprecedented that the United States engage in the kind of condemnation we did on the Iraqi raid; not only unilaterally but at the United Nations as well.

But it isn't as though we haven't made our view very, very clear in that regard. On the other hand, I think it's awfully important that we not succumb to the emotions or tensions of the moment, from whatever side, and keep a steady eye on the overall objective we seek to achieve. And that's sometimes difficult in a highly charged climate of the kind we're in today.

**Q. It's particularly difficult now. You have President Sadat coming here; Prime Minister Begin later on. Do you think that now there is any realistic chance for progress on the Palestinian autonomy talks?**

A. Why, of course. And you know, people forget several weeks ago we were on the verge—we were perhaps hours away from a major conflict in Lebanon. It was President Reagan's decision to send Mr. Habib there, and he's been conducting his own mini-shuttle, I would call it, except this is a three-sided one because he's come back to Washington repeatedly.

We're still hopeful that this process can continue and the superimposition, if you will, of this current crisis on Phil's platter, and the President's decision to engage him in this crisis, is, I think, both a wise one and a hopeful one.

**Q. I'll do now what I know you want to do in terms of Ottawa. You have said it is important not to expect momentous conclusions from the summit in Ottawa. Four of them are getting together for the first time, in this summitry business. Can this be more than a get-acquainted session? That can be valuable, too, can't it?**

A. I think the very fact of the meeting, with four first-time meetings, and five of the leaders having not participated in the past, on its own merits, such an exchange focusing primarily on economic conditions, which we are jointly experiencing the consequences of today, but also to provide a venue for some political exchanges, is both timely and invaluable.

**Q. And you expect to go to Ottawa and be able to disagree agreeably, is that right?**

A. I think we have to be very careful not to focus exclusively on differences, which are inevitable in relationships between major industrial powers of the kind to be assembled here. There is nothing new about that. It is an historic reality. I think the important point about this upcoming summit is convergence of objectives and outcomes sought by all of the leaders in which we refer to as the macroeconomic objectives. And what am I speaking about? I am talking about a return to more promising economic growth levels in all of our societies. We are talking about achieving a reduction in the runaway levels of inflation that we have all be plagued by. We are talking about increasing levels of unemployment.

It's when you get to the micro aspects of these problems, how you achieve these ends, there are natural and to-be-anticipated differences. Afterall, we are a capitalist market economy, free enterprise system, here in the United States. We participate in a world where Socialist regimes are also in power. It would be natural that each would visualize for itself different routes to achieving common macroeconomic objectives.

And we have to understand here in the United States that sometimes our policies are perceived, at least, to complicate the objectives of our European partners, as with Japan as well. We have to be sensitive to that. It doesn't mean we have to change our policies, and I don't think we intend to. But I do think they must know that we are sensitive to their needs, just as they must be aware of our own particular needs here in the United States. And I think this is an important outcome to be achieved at Montebello.

**Q. So the air will be cleared? I mean, they will complain. You will explain your policies, the President's economic policies. They will say that these policies are having an adverse impact on their own economies. And that will be that?**

A. No. It's not that simple. In the first place, I don't expect complaint, the

way you have characterized it. I think that expressions of concern are inevitable and desirable. Then I think it is also inevitable and desirable that responsible leaders will exchange views on why we hold certain principles important. And that in itself is an across-the-Atlantic and across-the-Pacific educational process.

**Q. In your briefing the other day, you said you expect a probing discussion on trade with the Soviets, to bring trade with the Soviets into line with political and security considerations. The Europeans want more, not less, trade with the Soviets. Are we going, really, to push for a more restrictive policy on trade, particularly on the exchange of high technology items?**

A. In the first place, I would not join the assessment that the Europeans seek more trade with the Soviet Union than we do. I think the issue is that both of us, for example, would favor improved trade relationships with Eastern Europe and the nations of Eastern Europe. I think both of us are always concerned about the degree to which trade with the Soviet Union contributes to the Soviet's ability to pursue the kinds of policies that it has been pursuing in the last 6 years, increasing use of armed force to effect historic change.

And I think we, jointly, are concerned about this issue. I think what we would like to do at the summit is to enlarge these concerns by focusing on specific measures that we might take in COCOM [Coordinating Committee for East-West Trade Policy] or in other broad East-West trade issues to be sure that we are not, in the classic sense, providing the Marxist system the rope through which to hang the Western world.

And I don't see very broad differences between the two sides on this. I do think that, in specific policies that each are pursuing, that these kinds of exchanges help to bring those policies in line.

**Q. If you do succeed in clarifying, let's say, the U.S. view about giving the Marxist system the rope with which to hang the West, isn't it likely that somebody is going to raise the question of the grain embargo which the U.S. Government relaxed? To be candid? I mean, the Soviets are still in Afghanistan, as far as we know.**

A. That is correct. And there's been a great deal of pressure applied, not only by the United States on that subject, but by our Western European partners, as well, particularly the European Economic Community initiative that Great Britain has launched with respect to the future of Afghanistan. The recent visit of the Foreign Minister of Great Britain, Mr. Carrington, to Moscow, and the essentially less-than-forthcoming response to the Soviets is a matter of concern to resolve. And it will be discussed, I am sure, at Ottawa.

Now, there's no question but the grain embargo represented, in the European eyes, somewhat of a contradiction. However, I think it's been very clear from the outset that this President, President Reagan, has never felt that that kind of a sanction imposed on one segment of the American complex, economic complex, was a sound way in which to proceed; and I share in that view.

**Q. You said this week that arms control is no longer the centerpiece of U.S.-Soviet relations. What is the centerpiece?**

A. I think the centerpiece of, not only U.S.-Soviet relations but American policy at large, is the preservation of peace and stability in a global sense. And to, in that way, insist that historic change occur through accepted rules of international law and the mores of Western society, not by resort to bloodshed and terrorism and so-called wars of liberation.

Now, in that context, arms control plays an important role, but it must not be the centerpiece. The centerpiece must be what contributes to the security of the American people, to international peace and stability. That always is the criteria against which any arms control initiative must be carefully measured.

**Q. This week, as you know, the Soviets indicated their willingness to step up their strategic capability, in direct response to the rhetoric or to the determination on the part of Washington to increase our strategic capability. This sounds, to a great many people, I suspect, like an arms race.**

A. It clearly can sound that way. But the simple facts are that for a number of years now the United States has been exercising unilateral restraint. Since 1970 we have reduced arms spending, roughly about 20% in real terms. The Soviet Union, on the other hand, has unilaterally increased its spending levels at the rate of a 4–5% increase, in real terms, each year, every year, for the past 12. Now, I don't think we can afford to be deflected on our determination to build up America's strength as is necessary by expressions of Soviet propaganda.

**Q. What is your view of what is taking place right now in Poland? Isn't this a tremendous event, really? People are voting in secret ballots to elect leadership in a Communist country.**

A. I think one could describe the events as—in Poland—historically, as one of the most significant events of th century. It certainly is among them. Now, it's an evolutionary process. The recent elections which have just been concluded and which changed over 90% of the leadership, the party leadership, in Poland, is, in itself, a rather dramati event. I think it is somewhat too early make a value judgment with respect to what the consequences of this change would be. But the change itself is unprecedented. And from that, I think we can all derive some sense of satisfactio The situation has been determined by the Polish people without excessive external intervention. There clearly has been some, both by blackmail and threa and internal manipulation. But I think the essence of the process is one from which we must draw some encouragement.

**Q. Do you agree with the President who believes that recent events in Poland are the first cracks in the Soviet domination of Eastern Europe the beginning of the end?**

A. I think what the President was trying to suggest is that we are seeing number of signs, and perhaps the Polis situation is the most significant, but these signs have been on the airways f years. I watched certain East Europea powers stand up several years ago and reject the pleas of the Soviet Union to increase defense spending. We saw repeated situations in Eastern Europe which would suggest a growing restiveness, not just in Poland. All of these things, I think, are both natural historically and inevitable. The main problem facing the world is whether or not the Soviet leadership can recognize the inevitability of these changes and a just their own policies accordingly.

**Q. I'd like to ask you if you have any more information about the killin of the nuns in El Salvador? The peopl are under arrest, but do you have any better idea of who ordered the killing**

A. No. And there's been a lot of speculation in that regard, and it serves no useful purpose for me to contribute further to it. I think we can draw some encouragement from the fact that suspects have been detained by the Government of El Salvador and the investigations continue.

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[1]Press release 240 of July 20, 1981.■

# ecretary Haig Interviewed r *The Wall Street Journal*

*The following interview with retary Haig appeared in* The Wall eet Journal *on July 9, 1981.*

**Where do you see U.S.-Soviet rela- s in, say, 5 years?**

**A.** I think it's a difficult picture to w with clarity at this juncture. So h depends on the reaction of the iet leadership. It remains our view most of the irritants—not all but t—that have emerged over the last ars between Moscow and shington have been the result of cies initiated in Moscow. It is our e that by being somewhat more nitive and clear with respect to the cceptability of some of these policies, tter understanding will develop be- en the two sides.

Historically one of the great prob- s with democratic societies in the duct of international affairs is that r day-to-day performance sometimes erates confusion within more iplined or dictatorial or authoritarian mes. Frequently that confusion lts in miscalculation.

**Q. But what is it you're trying to e them understand?**

**A.** We feel, and I think history will gest, that if you analyze Soviet ac- y over the past 5 years, there's been ncreasing proclivity to support nge—either directly or indirect- by rule of force, by bloodshed, ter- sm, so-called wars of liberation. At last the American people have ded that this is no longer acceptable iet activity.

I think it's in our mutual interests to e a clear understanding. We've at- pted to do that, not only through toric but through a host of resultant cies; not in a rigid, inflexible way, ause these things are never black and te; there must be a nuance, there st be a combination of incentives and ncentives—carrots and sticks, if you .

**Q. What are the carrots?**

**A.** Some of those are yet to be rified in the sense of what is the early iod of an emerging dialogue.

**Q. At what point would a Reagan- ezhnev meeting be warranted?**

**A.** The President's view on sum- ry is that summitry for its own sake can be self-deluding and can result in euphoric expectations which quite often historically have not been realized. He believes that summitry must be preceded by the most careful preparation on every one of the issues which are likely to arise and that there is some indication that summitry would result in progress.

This does not suggest that summitry must be abandoned in any situation in which that preparation and that anticipated outcome is not there, but it means, in general, that that would be the President's approach, and I expect he'll live by that. My upcoming talks with [Soviet Foreign Minister] Gromyko are rather important in that sense, to see whether or not there are prospects that offer some promise of higher level talks.

**Q. You've said, as has the President, that the Communist system faces a lot of difficulties over the next 10 years, but at this moment they are militarily very powerful. Is it wise to push the Russians so hard?**

**A.** I don't believe we are pushing too hard. It's been our belief that there was a need for a greater clarity with respect to the unacceptable aspects of Soviet policy. The conduct of international affairs is essentially dialectic, and you have a sine curve of attitudes. We felt that there had to be some clearing of the air.

**Q. Isn't there a fundamental contradiction, though, between the view that the Soviet system is fading and the view that their behavior can be ameliorated over a period of time?**

**A.** No. From an historic point of view, there are a number of indicators which suggest some fundamental systemic failures—failures with respect to levels of production in the Soviet Union, failures in the agricultural sector, worrisome signs in the future with respect to raw materials, energy, demographic problems. All of these things are clearly signs on the horizon today, which in historic terms—not in contemporary terms—will have an impact on the future evolution of the Marxist-Leninist system in the Soviet model.

What we would hope is the Soviet leadership would read these signposts and redirect their priorities. We hope they move from an excessive reliance on expenditures for military purposes to those which are designed to solve the internal contradictions—which are becoming increasingly evident—to meet the needs of the Russian people and the non-Russian populations in the Soviet Union. This would increasingly make the resulting policies of the Soviet Union more compatible with the world view I talked about: restraint, reciprocity, acceptance of historic change by rule of law and not by force of arms. These are not contradictions.

**Q. There seems to be some drift in relations with our allies. How do you explain the growing opposition in Western Europe to modernization of the theater nuclear forces there?**

**A.** First let me tell you that there is a great tendency in day-to-day affairs to focus on differences. I am more encouraged by the consensus that has been forged and which remains firm today to proceed with theater nuclear modernization and arms control under the two-track decision of December 1979 and reaffirmed in Rome this past spring.

Having said that, it is clear also that there are a number of very legitimate and strongly held concerns on the part of Europeans that Europe not become an exclusive nuclear battlefield in which the superpowers themselves might be sanctuaries. That is not a new set of concerns in Europe; it's classic. That's been joined by a very heavily orchestrated Eastern offensive which has seized the issue to suggest that there is a compulsive desire on our part to return to the cold war. That sometimes falls on hospitable ears in Europe.

**Q. What kind of progress would you like to see on actual deployment of modernized theater nuclear forces before we enter into serious discussions with the Soviets?**

**A.** I think we are proceeding. We have a consensus, sites are being selected in Europe, the production is under way, and I think that's all that's necessary. That must continue on the time schedule that has been understood and agreed upon.

**Q. Realistically though, isn't there some doubt that Belgium or the Netherlands will actually go along with deployment?**

**A.** We have residual questions in both of those countries, but we also have a firm consensus in the necessary countries. We feel that the others should join, too, ultimately. We have the West German and the Italian and the British consensus.

**Q. Some of the West Europeans have objected strongly to Administration and Federal Reserve economic policies, particularly on interest rates. France's foreign minister has asked how the United States can go it alone on the economic front while demanding more political and military cooperation. What's your answer to that?**

**A.** It was the Europeans who were most critical of the policies over the last 4 years here in the United States because of lack of discipline. Now the President has adopted a series of interrelated policies which are tightly balanced and designed to get inflation under control. These will have the practical consequence, if they succeed, of driving down the interest rates which concern our European partners. While the Europeans can be expected to complain bitterly, they must also recognize that we are working on solutions which are long-term and permanent and of which they will be the beneficiaries when they succeed.

**Q. President Sadat is scheduled to come here with the declared purpose of putting the Palenstinian issue back at the top of the Middle East agenda. Is it in our interests to have the Palestinian issue front and center?**

**A.** I think it's in our interest to have a renewed sense of momentum in the peace process in the broadest sense of that term.

**Q. Is it your intention to name another negotiator to carry on these talks?**

**A.** It's too early to say. We did not feel it would serve any useful purpose, given the current status of the peace process itself. I am somewhat leery of such a high-level American official being appointed unless we know that that individual would be a catalyst toward progress.

**Q. What I hear you saying is that you don't want to highlight Palestinian autonomy talks until you have some sense that you're going to make some progress there.**

**A.** I think one of the worst things we do day-to-day in the conduct of our affairs is to raise expectations. It usually is a self-defeating process.

**Q. After Israel bombed the Iraqi reactor, this Administration suspended the shipment of four F-16s, and I gather the policy now is to go ahead and send the six that are scheduled for delivery in the middle of July. So what have you accomplished by—**

**A.** No, that's not the policy. The policy is to recognize that we have made a suspension and to conduct a review of the circumstances that led to that decision and to complete that review as quickly as possible. Hopefully we will do so before the next delivery date.

**Q. If you don't, the other six planes don't go?**

**A.** The decision itself was on the shipment of the four, and that's all that is relevant at the moment.

**Q. What do you think would be the effect on U.S.-Saudi relations if the AWACS [airborne warning and control system aircraft] sale doesn't go through?**

**A.** It would have serious impact; not just on our bilateral relationship with the Saudi Government but also with respect to our objectives in the region.

**Q. North-South issues seem to be a high priority with some of our allies.**

**A.** They're a high priority with us.

**Q. There's been a lot of opposition in Congress to foreign aid. What is your philosophy of—**

**A.** It's very understandable that there would be opposition to foreign aid of any kind, and especially multilateral foreign aid. But I think it's important for us to recognize that we are dealing with a subject which is profoundly related to the national security of the United States. It is sometimes far more efficient and far more beneficial through aid and security assistance to develop the capabilities of nations which share our values than to spend some billions for a nice-to-have and important unilateral military asset.

**Q. There are those who are pushing to eliminate U.S. contributions to such multilateral institutions as the World Bank—**

**A.** Just plain decapitate this activity. I would hope they would step back and look at the positive aspects of multilateral institutions and work with us to correct the unacceptable aspects of funding allocations. We have commitments and obligations. If we were to renege on them, it would have a profound impact on American credibility.

Having said those things, I understand and am sympathetic with the need to funnel greater proportions of our foreign assistance into bilateral channels.

**Q. It is often said that President Reagan is not fully focused, yet anyway, on foreign policy issues and is spending most of his time on domestic programs.**

**A.** I think it is a distortion. I think he came into office disinclined to succumb to the syndrome that many of his predecessors followed; that is, that foreign affairs is the exciting part of the presidency. He came in with the clear recognition that the United States could not reinvigorate its leadership worldwide and be effective internationally if he presided over an economic shamble here at home.

I'm very sympathetic to that because I thought the interrelationship of our economic failures here at home with the problems we had in Europe during my time as a NATO commander were profound. What the President has concluded is that he's got to deal with them because they are the foundation on which all of the others can be successfully pursued.

In the meantime, he's already initiated in every area of foreign policy a whole host of departures from past policy. I have met with 42 foreign ministers, more than half that number of heads of state or government, and they understand we have a foreign policy, and they welcome it. There is no question in their minds about it.

**Q. What previous Secretary of State do you admire most?**

**A.** I suppose being a man who came through the military, I haven't given it great deal of thought. I tend to focus on military leadership. I suppose also having experienced the job for a brief period, I have nothing but the utmost respect for all of my predecessors.

I have been a great admirer, because I had a chance to watch him in the formative period, of Dean Rusk, an unusual public servant. In historic terms, of course, I guess I admire Dulles too because he had a conceptual view. But you can go back in the earlier period of history and find that there were certain Secretaries of State who made the decisions courageously that built our nation into what it is, decisions that were very, very controversial at the time. I think it's a controversial job. Few emerge without a few layers of scar tissue.

**Q. Do you have a few scars to show already?**

**A.** I have more than I thought my carcass could tote around.■

# terviews on the "Today" Show

*Secretary Haig was interviewed on NBC "Today" Show by Tom Brokaw July 14, 1981, in New York and on ust 5 in Washington, D.C.*

Y 14, 1981[1]

**he Soviet Union and their client e, Vietnam, which have a major in Kampuchea, are boycotting this erence [the U.N. conference on puchea]. You have said in the past our future relations with the et Union will depend, in part, on r behavior in places like Kam- ea. This is not a very encouraging al from them, is it?**

**A.** Not necessarily. I don't think ne expected them to rush with rness to a conference which is esented by over 70 nations, all con- ning the actions of Hanoi and Kam- ea and the sponsorship of those ac- by the Soviet Union. It's unfor- te that neither side chose to par- ate and to join in our efforts to ve a political settlement.

**Q. But the end result will not be positive at all if the Soviet Union Vietnam which, in fact, control puchea now do not respond to t you decide to do here.**

**A.** That remains to be seen. Clearly, would have preferred that they par- ate, but the very fact of the con- nce—a large group of nations that e to participate—is a firm indication e growing resistance worldwide to et interventionism.

**Q. There is a report in the *Daily* s that later today, in New York, will tell a New York audience that United States, that the Reagan inistration is, in fact, interested rms control negotiations and that ocess can begin before the end of year. Is that an accurate report?**

**A.** There is nothing newsworthy t that. I think President Reagan has e it very clear that he is an advocate rms control, and especially reduc- s—actual reductions—in the levels trategic nuclear weapons.

The reference to the initiation of s control talks before the end of the r goes back to the already announced sion of the North Atlantic Council in e this past spring, which was itself a reaffirmation of a decision made in 1979 to get on with the dual tracks for theater nuclear modernization on the one hand and discussions for reductions of theater nuclear weapons on the other.

**Q. I think that there may be some confusion on the part of the American people about just what is going on. Can we go ahead and have discussions with the Soviet Union about the reduction of missiles in Western Europe and in the Soviet Union until we have totally unified NATO alliance on the role of our own middle-range nuclear weapons in that part of the world?**

**A.** First, let me suggest that there has been for 35 years a rather unified position by the NATO alliance on the role of the nuclear weapon in the defense of NATO Europe. The problem today is to be sure that all the details associated with that strategic consensus, if you will, are understood by both Europeans and ourselves before we enter into these discussions. That process is underway and should be completed well before the end of the year.

**Q. But I know that there is concern within the State Department and within the Reagan Administration on the part of the resistance of the Netherlands, for example, to the placement of those kinds of weapons; the growing pacifistic movement within Western Germany, for example, some criticism, some ambivalence about the role of those missiles. Won't that have an effect on our attitude toward starting talks with the Soviet Union?**

**A.** Not necessarily. We have today the essential concensus for deployment of new systems on the Western side—in Italy, West Germany, and in Britain. We would like very much to have both the Netherlands and Belgium join in that consensus, and I'm optimistic that, over time, they will do so. In the meantime, we have what is necessary to get on with both the modernization and the discussions with the Soviets.

**Q. Can you expect that in October, November, or December of the next year that there will be a sitting down at the table with the Soviet Union on that question, before the end of the year?**

**A.** Yes. I anticipate that will happen. I am scheduled to discuss it here in New York at the United Nations in September with Soviet Foreign Minister Gromyko, and I would anticipate formal discussions beginning shortly thereafter.

**Q. What about the larger question of SALT talks? Will that begin, do you think, any time in the foreseeable future?**

**A.** Clearly, it is our posture and our policy to enter into such talks when a number of things have been completed, and that is our own internal assessment on this important subject—and I will talk to it today in my speech—and also when we have had a feeling of assurance that such discussions will be accompanied by other political activities which make the prospects for these talks promising.

**Q. Some linkage between SALT and other activity in the world?**

**A.** Of course, linkage is a fact of international life. Those who claim that it is not are accepting the opposite premise—the antithesis of that—and that is that we have to accept Soviet aggression in order to have progress in arms control.

**Q. Will the Soviets have to do something other than what they're doing right now in Afghanistan before we're interested in SALT talks?**

**A.** That remains to be seen. There is no one who would suggest that the problem has to be totally solved, but I think there have to be some mutual understandings with respect to progress on that subject.

**Q. Before we can sit down and talk about SALT?**

**A.** I would anticipate that would be one of the governors.

**Q. Are we going to deliver to the Israelis the F-16s that they feel are due this Friday [July 17]?**

**A.** This is a decision for the President to make. As you know, I've had Mr. McFarlane [Robert C. McFarlane, Counselor of the Department of State] in Israel. He concluded discussions yesterday with the Begin government and will be back today to report to me

and, subsequently, this week to report personally to the President. At that time, it will be necessary, following a Presidential decision, to conduct consultations with the appropriate committees and members on the Hill.

**Q. But based on what you know so far, does it seem likely that we will deliver the F-16s, if not this Friday, in the short-term future?**

A. In fairness to the President who has to make this decision, I think it would be premature to speculate. I've noted there has been quite a bit.

**Q. Prime Minister Begin will rule now with a very slim majority. There are many who believe that he is being held hostage by very conservative groups that make up part of his government, groups that do not want to give up in any fashion any part of the West Bank, which is crucial to an overall Middle Eastern settlement in that part of the world. Does this make it, if not impossible, very, very difficult to carry out the full accords of Camp David?**

A. First, with respect to the overall subject of the peace process, this has always been difficult. We are now on the verge of initialing the Sinai agreement, which will permit the return of the Sinai to Egypt. There have been expressions already from the Israeli Government—that government being formed—suggesting that they must get on with the autonomy talks. These are the two remaining aspects of the Camp David accords.

Beyond that, the longer term aspects of peace are, of course, very, very difficult, but I'm optimistic that with goodwill on both sides and a sense of urgency, which must be forthcoming, that there will be progress in the near future.

## AUGUST 5, 1981[2]

**Q. Egyptian President Anwar Sadat is in Washington today for meetings with President Reagan and Secretary of State Haig in an effort to get the Middle East peace talks started again. We have Secretary of State Haig in our Washington studios this morning.**

**The President is talking a great deal about an expanded role or some kind of a role for the Palestinians in any Middle East peace talks. Will you be able to offer him any encouragement that the United States will now reconsider its attitude toward a role for the Palestinians? We have always opposed that.**

A. Our position on this is longstanding. The requirements for PLO [Palestine Liberation Organization] participation in the peace process are clear: acceptance of U.N. Resolutions 242 and 338 and recognition of the existence and right of Israel to exist. I don't see any changes in that set of requirements and I think they are known by all parties.

**Q. Has Israel's recent attacks on the PLO strongholds in some Beirut civilian neighborhoods made it more difficult for the United States to defend our position against the Palestinians around the world, diplomatically?**

A. I think any escalation of violence from whatever side exacerbates the efforts to communicate and to effect a moderation on the part of the parties. We, of course, now are enjoying the consequence of a consensus which is designed to hold that violence down and to cease such actions on either side of the Israeli border with Lebanon, and we are very encouraged by that, although the situation remains fragile.

**Q. But something has to give on the Palestinian question, doesn't it, not only from the Palestinians but from the point of view of the Israeli Government?**

A. I don't see that it necessarily requires give on both sides if the conditions are met which have been established, then obviously we are then in a new framework and that remains to be seen.

**Q. So it is entirely up to the PLO to meet the U.N. resolutions and to recognize Israel's right to exist as a state.**

A. I think that's very clear.

**Q. Is there any chance that you'll try to arrange a summit meeting between President Sadat and Prime Minister Begin on this question of a role for the Palestinians alone?**

A. I think it's much too early to speculate about such a possibility. We are now just entering into a new phase. We're going to have the opportunity in the next few days to hear President Sadat's views on how to proceed with the autonomy talks and other peacekeeping efforts. We will, in September, he Prime Minister Begin here in Washington where again the fundame tal assessments of where we go from here can be finalized.

**Q. You will also be talking abou military aid between the United Sta and Egypt. Is there any chance that the United States will accept the off that he has made several times in th past to establish a real American tro presence within Egypt which will b able to make a strike anywhere in th Persian Gulf area?**

A. I don't anticipate that Presider Sadat or the United States is looking f a kind of permanent presence your qu tion suggests. I think President Sadat has very generously offered facilities t American forces which would be movi in and through the area. These subject will clearly be discussed during the President's visit here in the next 2 da

**Q. Do you think that's a good id for the United States to have that ki of facility available to it there?**

A. I think the access to facilities i crucially important in this period of th increasing danger and threat to our oi resources and, more importantly, to ou overall strategic posture in the Middle East.

**Q. May I ask you about the situa tion in Poland which seems to be deteriorating in terms of—once again—its relation with the Soviet Union. The Soviets today accused Solidarity of creating anarchy in Poland. The streets are jammed in Poland once again with trucks and demonstrators of one kind or anothe What happens? Is there any new U.S position if the Soviet Union begins t make some kind of a move or put ad tional pressure on Poland?**

A. It's true that the situation is growing increasingly tense due to food shortages, improper distribution of con modities within the society, and mount ing and tremendously complex fiscal problems. It is our hope and continues to be American policy that these are matters to be determined by the Polish people without external intervention in their internal affairs. And this policy is longstanding. It is shared with our allie in Western Europe, and the consequences of a violation of those conditio would clearly have profound and lastin impact on East-West relations at large

**Q. What is your judgment on the**

**step on the part of the Soviet n, however, based on the in- ence that you have available to ow?**

A. We are still watching the situa- very carefully. There's no sign of ular worrisome increases in levels of the kind we witnessed on earlier occasions, but the situation change and, therefore, requires ost careful overview.

**. Right after the Ottawa summit, German Chancellor Schmidt back to his country and almost ntly lowered the percentage of udget that's being spent on se matters in West Germany. Did surprise you?**

A. Clearly, the United States is hop- r increasing contributions of the vel by all of our participating O nations and if one or another it unable to meet these obligations ommitments, we, of course, regret y much. I think it's too early to say the German case.

**. [Inaudible.]**

A. Not at all. I think there have many very good friends of America ave been proposing the kinds of unications that President Sadat ed yesterday in London—for a period, and they have not nted the kind of cooperation that ve had with President Sadat in the and they won't in the future. I it's clear to all Americans that dent Sadat is a man of peace and usual international figure who has so much in the past. I am confident ll continue in the future to bring a ructive outcome of events in the le East.

**Q. What would happen if the PLO to say suddenly: "Alright, we nize Israel's right to exist." t do you think the reaction of e Minister Begin would be? Great sician?**

A. I think that's up to Prime ster Begin, but I think the condi- have long since been established by Government of Israel and if they met, I would anticipate there d be a constructive response.

**Q. Are we going to sell the ACS [airborne warning and con- system] airplanes to Saudi Arabia e next 24 hours or so?**

A. I think it may be a little longer 24 hours, but we are and the President is determined to proceed with this sale. We think it is the right thing to do both in terms of Middle Eastern strategic objectives of the United States, the need of the Saudi Arabian Government's own defense requirements, and in the long-term, it will meet Israel's interests as well.

**Q. Let me ask you about our general overall policy in the Middle East. Earlier this year you were talking about, and your people were talking about, a kind of strategic consensus there in an effort to keep the Soviet Union from staking out too large a role in the Middle East. It now seems to outsiders, at least, where it has come down to this role for the Palestinians—that we have had to focus on a much smaller point than you might have liked to have. Is that a fair assessment?**

A. No, not at all. This is not the case. You know, when we spoke of a strategic consensus, we were speaking of an already evident reality. It's been that reality—the coordination between the Arab League states, Saudi Arabia, Kuwait, Syria, and the Government of Lebanon—that have brought the progress that we are enjoying today along with, of course, appropriate Israeli cooperation. There is, indeed, a changing strategic environment in the Middle East which is an historic reality and not the creation of U.S. policy. What we have to do as Americans is recognize this change and use it to reinforce the peace process while also reinforcing our protective policies against Soviet encroachment in the area.

**Q. Could you give us your assessment of the new cabinet of Prime Minister Begin, which appears to be very conservative and hard-line and maybe even less flexible than his old government had been?**

A. It would be highly inappropriate for me to offer value judgments on internal Israeli affairs, and I won't do it this morning. What we are glad to see is a government formed with which we can deal, and we are anxious, of course, to get on with the peace process itself.

**Q. Back to this matter of a kind of dramatic summit meeting between Prime Minister Begin and President Sadat sponsored by the United States, give us your bottom line assessment of the chances of that happening in the next 9 months or so.**

A. I think you know that President Reagan's longstanding stated policy with respect to summitry is that we know where we are going to come out before we go in, and that the summitry itself which raises such hopes and expectations will, in fact, produce progress, and that's still not clear.

[1]Press release 232.
[2]Press release 262. ■

# Interview on ABC's "Nightline"

*While at the economic summit in Ottawa, Secretary Haig announced that the President had decided to defer shipment of F-16 aircraft to Israel.[1] Following is an interview with the Secretary on July 20, 1981, by Ted Koppel of ABC News.[2]*

**Q. You sat there very patiently and listened to [Sam] Donaldson, [Barrie] Dunsmore, and Koppel give their analysis of why the delay. How about giving us yours?**

A. I think the situation is very clear to any observer. We have had an escalating cycle of violence in the Middle East, primarily in Lebanon, and in such an atmosphere it would be highly inappropriate for us to send such lethal weapons to Israel. The President, therefore, decided to defer that shipment, to continue the review which has been underway with respect to the first 4 aircraft, and now to include all F-16s, the four and six that were scheduled to leave early this morning.

**Q. How do you avoid this kind of delay being interpreted generally throughout the world as a slap on the wrist of the Israelis?**

A. I think anyone would read in what he cares to read in. The simple facts are that it would have been inappropriate in this tense situation, with violence escalating, with high casualties—especially of the tragic kind—noncombatants on both sides of the border, creating a situation where it just wouldn't make good sense to send these aircraft on.

**Q. Where do we stand at the moment? Is there a U.S. review of its policies toward Israel going on at the moment, a continuation of the review that you announced 5 weeks ago?**

A. No, and that review had to do—the earlier review—with the strike on the Iraqi reactor. We are today attempting to lend good offices to a peace effort which hopefully might achieve a cease-fire or, at a minimum, a return to lower levels of violence so that we can get on with the peace process that Ambassador Habib [Philip C. Habib, the President's special emissary to the Middle East] started some weeks ago.

**Q. Then, the review on the Iraqi raid was over and had been resolved one way or another, and we were led to believe a few days ago, here in Washington, that it was reviewed and settled favorably to the Israelis—that the planes would be sent. So one is forced to the conclusion then that this particular decision is specifically linked to the raids in Lebanon.**

A. This particular situation is linked to the overall atmosphere in the Middle East in which there is an escalation of violence on both sides and should be interpreted strictly in that light. It's clear that the situation will have to be ameliorated by whatever outcome we ultimately see before an appropriate decision would be called for.

**Q. It is kind of hard to see how you are affecting both sides in this by withholding planes from Israel. What are you doing to slap the wrists of the PLO [Palestine Liberation Organization] or those who are firing rockets into Israel?**

A. Again, the efforts to achieve peace are not associated with the F-16 decision. The F-16 decision is based on the situation itself—the objective reality in the area. We have a number of initiatives underway that are trying to achieve the peace settlement. Discussions with Mr. Begin and the Government of Israel, efforts with the friendly Arab states to achieve some return to lessen violence on the other side, plus the longer-term efforts that Ambassador Habib has been involved with.

**Q. The point that I am trying to make is if, in fact, there is blame on both sides for the violence right now, it seems disproportionately unfair to the Israelis to punish them, and it is, after all, a punishment if they don't get the planes that they are counting on and not do anything to the other side.**

A. I think you know we are not providing armaments to the PLO and those elements of the PLO in Lebanon who are involved in rocket and artillery firings against Israel. I don't think your question has the appropriate texture.

**Q. No, but that's exactly my point. You're not in a position to punish one side, so you end up punishing only the Israelis, and that hardly seems fair.**

A. No, not at all. I think if we were providing armaments to the other side under these circumstances we would be equally reluctant to continue with those shipments. The simple facts are it would be inappropriate to send such lethal weapons into the Middle East at this very, very tense period.

**Q. You are, nevertheless—if I heard you correctly earlier this evening—continuing to send other lethal weapons to Israel. They're in the pipeline; they're not being stopped. It's all a little mind-boggling. You must understand that those of us on the outside had a little trouble understanding how one distinguishes between lethal weapons.**

A. One never has accused you of having a boggled mind and I won't tonight. Simple facts are that this was a very high profile act which the President was faced with making a decision on. He made that decision based on the unanimous recommendations of everyone in the executive branch and following a certain degree of consultation with the legislature. I am not so sure your premise is precisely on mark.

**Q. But, I mean, there are other lethal weapons still going to Israel, and you have no intention of stopping those?**

A. No, there has been no decision to do that and, as a matter of fact, I emphasize again, this F-16 decision which you correctly noted was delayed earlier, in the light of escalating violence in the area, has again been delayed. And it is precisely because of the circumstances in the Middle East today and certainly justified on those grounds alone.

**Q. What has to happen before that decision is going to be reconsidered? I mean would it help, for example, if the Israelis were to announce tomorrow that from their side, at least, there is going to be a cease-fire?**

A. I think answering that questic the way it has been worded would sug gest that it is linked to that decision, and that would be incorrect. I think ar number of things could happen which would justify a resumption of the shipment—a quieting down of the situ tion perhaps, a cease-fire, progress in Phil Habib's efforts with all of the par ties to achieve a return to *status quo ante*, which is, of course, our objective In the near term, we think a cease-fire is justified because of the intensity of the violence that has occurred.

**Q. Is there going to be some kin of general reappraisal of U.S. policy toward Israel?**

A. I do not anticipate this. Israel a longstanding, historic friend and ally And our relationship with the Govern ment of Israel will continue to be base precisely on that longstanding, historic relationship.

**Q. This is the first opportunity that the President has had to meet with his six democratic, industrial partners. I wonder what their reacti has been to what has seemed to be, least, a rather tough anti-Soviet line and anti-Soviet posture which this A ministration has deliberately struck over its first 6 months in office?**

A. We have already had some extensive political discussions in the margins and during the meals here at Montebello. Clearly, there is a consens among all of the participants that the cent Soviet activity, dating back from the period of about 4 or 5 years ago, i basically unacceptable. And I think the is a fundamental unanimity and solida ty emerging from this conference with respect to that issue. In the past, ther have been some questions, of course. But it has been the President's view th his policy toward the Soviet Union mu be clear and unequivocal—that means reciprocity and restraint and willingne to negotiate as well.

**Q. Do our European partners see to feel that it is necessary for the Soviets to make the first move in tha direction or have they been putting a little pressure on the President and you?**

A. No. I think we all are aware th there has been a certain degree of pressure on theater nuclear arms cont talks and the decision made last May i Rome and reaffirmed as recently as la week by me in a speech in New York.

y do hope that we will get on with se talks, and we intend to. But the ic consensus up here at Montebello is n reassuring and, surprisingly, one of l solidarity on most of the major es we are dealing with.

**Q. The conventional wisdom prior he summit was that there would tainly be a number of requests from u allies to get moving on talks on a le range of issues with the Soviet ion. First, has that pressure erialized or have those requests erialized, and what has the Presi-t's response been?**

**A.** No, they have not. In the area of tical consensus here there has been ng concern expressed about Afghan-n, about Kampuchea, about Soviet of responsiveness in the meetings in rid, about international ter-ism—a very important paper was eed to on that topic. I would say that general level of agreement was both arkable and encouraging.

**Q. What do you think is the atest accomplishment in foreign icy so far of the Reagan Ad-inistration? Is there one to which would like to point?**

**A.** There are a host of ac-plishments. I think one could erate after this week that our rela-nships with our European partners with Japan have never been better. I think we have established a unique new relationship with our northern neighbor Canada and our southern neighbor Mexico. I think we have launched a host of initiatives in the Caribbean and in Central America of fundamental importance, and I think, in general, this peace period in American foreign policy has been one that has been devoid, except for the Middle East area and the problems we have had in El Salvador, with the kind of crisis which frequently has characterized other Administrations in their earlier period.

**Q. You know that your critics say that your policy is floundering, it seems to have no direction.**

A. I would anticipate that those who don't agree with our policy to make such charges, and we have plenty of that, and it is not unusual. I think our policies thus far have been moving very, very well, very, very successfully. And if the American people will stop and think they are recognizing [inaudible] that after talking to some 40 foreign ministers, of half that many heads of state and government, there is a growing respect for the new direction of President Reagan's foreign policy. I think this meeting is ample testimony to that.

[1]For text of announcement see August 1981 BULLETIN, page 81.

[2]Press release 243 of July 21, 1981. ■

# uestion-and-Answer Session ollowing Foreign Policy ssociation Address

*At the conclusion of Secretary Haig's ress before the Foreign Policy ociation in New York on July 14, (see August* BULLETIN, *page 31), he wered the following questions from udience.*[1]

**What is, in your opinion, the pro-ility that the Soviet Union will in-ene with force in Poland if current els of labor unrest in that country tinue?**

**A.** There are, I suppose, two ools of thought on this subject: The -full theory and the half-empty ory. There are many who suggest, in ological terms, that the process of modernization and loosening up of Marxist-Leninist discipline in the Soviet model has already progressed to a point where inevitable retrenchment will be demanded, either by direct intervention or some other modification which would result in turning the clock back.

There are other theories that suggest that the consequences of direct or indirect intervention for the Soviet leadership are so grave, that the train has, in fact, left the station, that the process is so far forward, and that the cost of retrenchment so grave that we will be the witnesses of a continuing evolution of a process already underway.

I do not think it serves our purpose as Americans to indulge in speculations about one theory or another but merely to reiterate, with increasing clarity, the unacceptability of Soviet direct or indirect interventionism into the internal affairs of the Polish people; to make it clear that should such a decision be made, that the price and the consequences would be both grave and longlasting. This has been our position, and whether you are an optimist or a pessimist and whether or not the terms themselves accurately reflect reality is something I think we best leave untended.

**Q. Nonetheless, do you intend or contemplate using military force to counter Soviet military intervention in Poland?**

**A.** I think that is a question that has long since developed its own consensus, both within the NATO family and here at home, and I would not visualize military reaction to such an outcome should it occur. I think we have been considering, together with our allies in a very unified way, a host of political, economic, and diplomatic activities that would be the consequence of such an intervention.

**Q. Do you feel that our policy toward Israel, and particularly the Begin government, has been too lenient in view of its attack on Iraq and its professed intention to settle additional people on the West Bank?**

A. I would not like to label with a value judgment what American policy has been in the context of the question. I think it's awfully important that we Americans recognize that every American President since the founding of the State of Israel has joined in the American commitment for the preservation of that state and for its future vitality. This is a profound and serious obligation for Americans everywhere.

Secondly, I think it would be hard to suggest that as oil diplomacy and other considerations, including improvement and moderation in the Arab world, have sometimes placed obstacles in the continuing consistency of American policies with respect to this subject.

This does not relieve us of the obligation to call a spade a spade as we have done recently in the United Nations with respect to the raid on the Iraqi nuclear reactor. But I think we Americans are best served by recognizing that American credibility is always at stake in such fundamental issues in both human and international relations terms; I do not accept the premises of the question that was asked.

**Q. What ultimate resolution to the Palestinian situation do you suggest?**

A. We are engaged in a number of overlapping and intimately interrelated problem areas. The first, of course, is the F-16 issue itself, and I'm waiting this afternoon the return of Mr. McFarlane [Robert C. McFarlane, Counselor of the Department of State] with a report to me which will ultimately go to the President for a decision in consultation with the Congress with respect to the possible resumption of arms shipments of the F-16s that were suspended to Israel.

Secondly, we have a peace mission underway in the Middle East dealing with the Lebanon crisis that Mr. Phil Habib [Philip C. Habib, the President's special emissary to the Middle East] is engaged in. In that process he has enjoyed, not to the total satisifaction of everyone, the cooperation of both the State of Israel and a number of Arab states. The very fact that the process continues and that conflict has not emerged from the crisis in Lebanon, I think, is testimony to the prudence and wisdom of the effort in the first place, and it constitutes a continuing source of hope that we will resolve that issue peacefully.

Then we have the problem of the Camp David peace process itself. In an immediate sense that involves the ultimate withdrawal of Israeli forces from the Sinai and the introduction of a non-U.N. peacekeeping force in that area, as well as the so-called autonomy talks themselves.

I'm optimistic that we will soon initial, perhaps as early as this week, the Sinai disengagement proposal, and it has been the progress that has taken place following my trip to the Middle East in May and as a result of great flexibility and forthcomingness on the part of the Egyptians and the Israelis.

I think it was just 2 days ago that an Israeli official who will be associated with the new government urged that the autonomy talks resume at the earliest possible date. We have visits coming in August from President Sadat and shortly thereafter by the new Israeli Prime Minister who it appears will be Mr. Begin, and I would anticipate that as a result of those meetings that this peace process will be resumed with greater vigor and with greater hopes for a successful outcome.

The longer term and more anguishing aspects of the Middle East peace process remain to be developed in the context of our consultation with both governments and other affected parties in the area.

**Q. In terms of your use of the phrase, "the new government in Israel," can we conclude from what you have said that you expect that government to be headed by Menahem Begin?**

A. I think most analysts today would suggest that it looks very much that way, but I think it's far too soon in a highly dynamic and unpredictable political environment to say so with assurance.

**Q. Can you please explain how this Administration's policy of cuddling up to South Africa can achieve the declared objective of reducing Soviet and Cuban influence in Angola?**

A. Some time ago we had U.N. Resolution 435 which initiated a U.N. sponsored process that was picked up by the contact group—West Germany, France, the United Kingdom, the United States, and Canada. This resulted in efforts which stalled out badly in the face of what some described as South African intransigence or lack of cooperativeness.

When this Administration came in, we were faced almost from the first hours with a highly volatile, unsuccessful Geneva conference where the South African Government vetoed almost every effort that was made.

It was in the light of that that we assessed very carefully how we could go and how we could move to get the peace process moving and to ultimately achieve a fully independent, internationally recognized Namibia. Certainly, one of the urgent requirements was to re-establish a level of credibility and influence in the South African Government.

We have been in the process of doing that. We've been in the process of seeking some means to offer a hopeful formula. That process continues. One must recognize that it does no good to indulge in theology when you're dealing with very practical problems of vital internal concern to the parties in the southern African region.

I am not especially optimistic nor am I especially pessimistic that we have made a sufficient level of progress to soon indicate that there will be some further movement. But let me assure you it's a tough and anguishing job and, unfortunately, only the United States can bring this about.

It is very easy for South Africa to sit in a situation of intransigence over an extended period of time, given the assets available to them. Even in the case one might lament where we cut off arms shipments to South Africa. Today it's the fifth largest arms producer in the world. So these are people not without their own resources.

**Q. The United States has just lifted an arms embargo against four South American countries because of alleged improvements in human right in those countries. How do you recon cile this, with Amnesty International recent report that the human rights situation has not improved there?**

A. Let me assure this audience, th Amnesty International report notwithstanding, that we carefully assesse the human rights situation in each of t recipient countries described and name and without exception, in each case, th improvement has been dramatic.

That improvement does not represent a corresponding level of complacer cy here in Washington that all that mus be done has been done, but we do not believe that it serves any useful purpos to indulge in isolation and public punish ment and public admonishment in the face of internal improvements that hav already taken place. We want an incentive for that process to continue, and that's what that decision represented. I can tell you that over the last 6 months that approach has achieved a great dea more than ostracizing and criticizing publicly nations which are sovereign an which best respond to quiet diplomacy. [Applause]

**Q. West Germany and France plar to oppose U.S. economic policy at the Ottawa meeting [economic summit held in Ottawa, Canada, July 19-21]. What impact do you feel this will have?**

A. First, I want to be very careful not to charge the fourth estate with excess reporting because it's been my experience they report what they are given. They have been given, in a number of instances, a lot of robust, threatening language from some source in Western Europe. But let me assure you, I do not anticipate that the upcoming Ottawa summit will be characterized by West European bludgeoning of the United States on the high interest rate problem.

I think our European partners look at this meeting as an opportunity in that area to express their concerns to the American leadership with respect to the impact that those high interest rates are having on their economic situations in

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their own internal affairs with dif-
nt systems. I think that's the kind of
hange we will see at Ottawa; I think
ill be helpful for both sides.

# Secretary Negotiates Procedures for Cancun Summit

*Secretary Haig attended a preparatory meeting of foreign ministers in Cancun, Mexico, August 1-2, 1981, to discuss the arrangements for the October international meeting on cooperation and development. Following are the Secretary's remarks to the press aboard his plane en route to Cancun and his departure statement from Cancun.*

## REMARKS EN ROUTE, JULY 31, 1981[1]

As you probably know, this is a first, really an historic first—this meeting—in which for the first time national leaders—in October—of the developed world and the developing world will meet together. Historically they have met in separate venues—with the exception of the Commonwealth meeting—of the kind that are taking place in the Pacific this September.

This is the third preparatory meeting for the October 22-23 Cancun summit, but it is the first in which the 11 invited nations will be represented, and, of course, the first one in which the United States has participated. The 22 nations represented here comprise some 2.8 billion of the world's people and a combined gross product of about $6.6 trillion.

Conceptually, as I say, it is a first. And so what we seek first and foremost to do is to establish interpersonal lines of communication between national leaders who have not met in similar venues in the past.

This meeting in October and this preliminary meeting will occur at a time when the international economic environment is under great stress—second rounds of energy costs with dramatic impact on developed and especially developing nations: declining economic growth rates, runaway inflation, increased unemployment. These stresses tend to contribute to an inclination toward protectionism. And we believe all of these issues will be part of the discussions, which we hope will remain informal and free-wheeling. It is, of course, our view that cooperative efforts to solve these problems are necessary, but they depend fundamentally on national economic policies.

I think it's important also to highlight in the setting that we find ourselves the changing trade patterns, the emerging interdependence between the developed world and the developing world. For example, the United States today conducts about 36% of its trade with the developing world, and it's growing. This represents more than a combined total trade of the United States with the Economic Community and Japan exports. You will find similar patterns as we saw in ASEAN [Association of South East Asian Nations] with such other developed nations as Australia, New Zealand, and Japan, so the world trading patterns are changing.

I think you also see the interrelationship between these economic realities and developing political realities. Take, for example, the Middle East where the recent crisis was successfully managed—at least for the time being, as fragile as the situation is—by cooperating between developing and developed nations in a political sense. The Arab nations of the Arab League—the four—not only worked constructively on the initial Lebanon crisis, but they played a vitally important role in the recently established cessation of hostilities across the border of Lebanon and Israel.

I think in this upcoming meeting the effort will be toward mutual, cooperative efforts. From the U.S. point of view, we look at it as mutually cooperative. In other words, there are mutual responsibilities between the developed nations and the developing nations. The creation of circumstances in the developing nations serves as a catalyst to improve trade, improve investments, and participation in the developing nations serves as a catalyst to improve trade, improve investments, and participation in a worldwide financial system. We seek to approach this problem much the way we have already started out under President Reagan. Take for example the pilot program that has been developed for Jamaica, which is broadly based and involves investment—the private sector. It involves multinational participation in the critical country which is both regional and worldwide in context. It seeks to shape our programs based on the views not only of the nations externally but the recipient nation. So it is a mutually

[1]Press release 233A of July 15, 1981.■

shaped program, and we would seek that in our future efforts in the developing world. In other words, we don't like a template put upon the developing nations and broad common approaches, as distinct from individually tailored approaches, first individually, then regionally.

**Q. By that do you mean bilateral?**

**A.** No, we look at the conditions in each country because they are all distinctly different, and we tailor our programs together with that country to meet its individual needs.

The Reagan policy for Jamaica—which was a policy, a pilot policy—has now been expanded into the efforts we are seeking to achieve for the Caribbean Basin. And we see in the future other similarly shaped and tailored regional programs. In this broad approach that the President visualizes, we will, of course, use all of the international fora that are available abroad—worldwide fora, the regional fora, and bilateral fora as well.

I think, essentially, we hope this meeting this weekend—and, more importantly, the meeting in October—will get away from the classic North-South approach, which has proved to be both confrontational and sterile, and to structure a whole new cooperative, mutually beneficial approach to the developed-developing problem.

**Q. How about your bilaterals? What are the important ones?**

**A.** This meeting will give me a chance also for some important bilaterals. The Foreign Minister of India; the Foreign Minister of Brazil, with whom I have not met; the Foreign Minister of Saudi Arabia; Tanzania; and I hope—although I haven't arranged it yet—to see the Foreign Minister of Yugoslavia. In addition to that I will have a chance to have bilateral talks with the French, German, British, and hopefully, with Foreign Minister Castaneda [of Mexico] as well, and [Chinese Foreign Minister] Huang Hua.

**Q. What did you mean by confrontation as being sterile? What, in essence, do you believe is confrontational and/or sterile about the traditional mode of conversation?**

**A.** What it is usually is that they meet in separate organizational structures and the one side places demands on the other. Now for the first time we are sitting down as select nations, developed and developing, so I hope we can get away from that traditional approach.

**Q. Since it has come up several times, what's the story on Cuba's relationship to this whole affair, going back to the time when the President agreed at Ottawa to take part in the summit?**

**A.** I think, as I understand it, Cuba has not been included by the sponsoring nations. And I understood they discussed that in New York earlier this week, and the decision was that Cuba would not be included in this round of talks.

**Q. This round—did that cause any problems with [Mexican President] Lopez Portillo?**

**A.** Not that I'm aware of. We did not participate in those conferences, so you will have to ask them.

**Q. You say not in this round. Is it possible that they could be invited as observers in October?**

**A.** I would doubt that from what I understand the consensus of the sponsoring nations to be.

**Q. That would have a bearing on whether the President goes or not. He is going, isn't he?**

**A.** President Reagan is going, yes.

**Q. Even if Cuba should turn up as an observer?**

**A.** I think he accepted the invitation with the understanding that Cuba would not participate. It would be premature for me to answer your question should that premise change.

### DEPARTURE STATEMENT, CANCUN, AUG. 2, 1981[2]

We have been very pleased at the results of this preliminary ministerial conference for Cancun. The procedures agreed to will provide a framework for an informal exchange of views on major areas of concern to the developed and to the developing world and on ways to strengthen international cooperation among us.

The spirit in which these discussions took place, I feel, was unusually constructive. I believe that all of us recognize that we have an historic opportunity in October at Cancun to make a new beginning in relations among our nations. This new beginning would reject the North-versus-South confrontation and, instead, examine what we can do to make the world better for all of us and to address the particularly pressing problems faced by a number of the developing countries.

This spirit owes much to the positive outcome of the Ottawa summit. At that summit, President Reagan stressed the very great importance which he attaches to close and constructive working relationships between the United States and the developing world. I know President Reagan will come to Cancun with that same positive approach. At the same time, President Reagan has stressed that progress can only come as a result of shared commitment and acceptance of shared responsibility for mutual benefit.

Economic development depends primarily on domestic economic policies. That is why President Reagan devoted so much time and attention to strengthening the American economy. Similarly, the success of others will depend primarily on their own sound policies. At the same time, strengthening the world economy can complement and support these mutual and individual efforts. For this, also, each of our countries has a responsibility because each of us will be the beneficiaries of success. Working together at the summit in Cancun and in a variety of other fora, we can make constructive progress.

I'd also like to take this opportunity to express my sincere gratitude to President Lopez Portillo of Mexico and [Austrian] Chancellor Bruno Kreisky for their far-sightedness in convening this very unusual group. And on behalf of myself and the American delegation, I also want to thank the Mexican people for their warm reception and gracious hospitality for a constructive, valuable, and enthusiastic conference.

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[1]Press release 261 of Aug. 4, 1981.
[2]Press release 263 of Aug. 5.■

# WHO Infant Formula Code

***by Elinor Constable***

*Statement before the Subcommittee on International Economic Policy and Trade of the House Foreign Affairs Committee on June 16, 1981. Ms. Constable is Deputy Assistant Secretary for Economic and Business Affairs.*[1]

I welcome the opportunity to comment on the World Health Organization (WHO) infant formula code and specifically on the future implications for

United States. It seems to me that
e has been undue attention given to
U.S. vote against the code. There
e been charges that the U.S. Govern-
t is not interested in the health of
es. There have been exaggerated
ms that the vote makes it more dif-
t for the United States to carry out
tive foreign relations. There have
n suggestions that the U.S. vote in-
tes a lack of support for WHO or for
U.N. system. All of these claims are
ng.

In terms of infant nutrition, par-
arly in the developing world, U.S.
rnational programs will certainly
inue. Programs to educate mothers
e optimal methods of infant feeding
continue, as will training programs
ealth workers. The Agency for In-
national Development has several
grams in health family planning and
rition which support breastfeeding,
lopment of weaning foods, and
ishment of nursing mothers. Ac-
ies of the Center for Disease Con-
the National Institutes of Health,
Peace Corps, and other agencies also
e to promote breastfeeding, which is
ersally recognized as the preferred
of infant feeding. The Department
tate strongly supports this activity
hese other U.S. Government agen-
And we also support the work that
O, UNICEF, and other international
nizations are doing to promote bet-
nfant nutrition and especially to
r and protect breastfeeding.

The U.S. vote against the WHO in-
formula code carries no negative
ications for U.S. support for these
ly important programs. It should be
trued solely as a U.S. commentary
he specific document that was placed
ont of us. We believe that in all in-
ational organizations, we have an
gation to examine carefully any
lution, code, or document presented
s for a vote. Some have suggested
we should have voted in favor of
code on infant formula marketing
tices, regardless of what it con-
ed. We believe that would have been
sponsible.

We did examine this code, and, in-
d, we participated in discussions and
otiations on it over more than 16
ths. One thing we found was that
y of its provisions were largely ir-
vant to the United States—a coun-
where there is an educated populace,
re there is safe drinking water, and
re there is extensive health care.
ough the problems of promotion of
nt formula occur primarily in devel-
g nations—where often there is in-
adequate health care, unsafe drinking water, and low levels of literacy—the code was not addressed to the circumstances of developing nations alone but proposed a uniform and highly specific set of standards addressed to every member state.

We also found that many of the specific provisions of the code simply could not be implemented in the United States, that they raised questions under our Constitution and laws, and contained ambiguities which cast doubt on the intended and real impact of the code in certain key areas. In the circumstances, a positive vote would have carried with it the implication that we supported these specific provisions and recommended them to others, when the facts were quite the contrary. Honesty simply required us to vote no.

Did our vote have negative foreign relations implications? I think not. Certainly, there may be some officials in some countries who are puzzled or disappointed by the U.S. vote. But we deal with health and development officials in developing nations all the time—on a bilateral basis and in international organizations. They well know the extensive and historic concern of the United States to improve health and other conditions of life, they know of our generosity, and they know that our substantive programs to support breastfeeding and the improvement of infant and maternal nutrition will continue. I believe that our explanations about the unacceptability of many provisions of the code within the legal, social, and economic context of the United States are understood by most of these officials. In fact, the United States stands to gain respect for having the courage—on a well-publicized and controversial issue—to stand alone and say what it believes.

Further in relation to the development of new codes in the U.N. system, we think that our vote will have specific foreign relations value. Up until the adoption of the WHO infant formula code, there had never been an international code dealing with the marketing of a specific product. It is a troubling development. The problems that are faced by individual countries—on issues such as infant formula—are far from uniform. The place to address those problems is at the national level. Where there are good reasons for control of the private sector, then we believe national legislative and regulatory mechanisms should be responsive. But we are concerned about the prospect of a new series of international codes addressing the marketing of specific products, and we believe our negative vote at the World Health Assembly served as a clear signal—to the international agencies and to other nations as well—of our views.

What about our relations with WHO? We are very strong supporters of that organization and of its Director General, Halfdan Mahler. It would be erroneous for any contrary conclusion to be drawn from the U.S. vote. Although the United States may be outvoted on some issues by other member governments, the WHO staff and secretariat have been enormously responsive to U.S. expressions of interest and concern on various issues. Indeed, the staff was so responsive to this Administration's interest in more frugal financial management in the U.N. system that we were able to vote in favor of the proposed program and budget for WHO for 1982–83, at the same assembly at which we voted no on the infant formula code.

The code itself is recommended to each WHO member government, regardless of how each member may have actually voted. Since it is a recommendation, we have no obligation to implement it. We are free to accept some of it or none of it, to adapt it or reject it—in short, to do whatever we consider appropriate in light of our own circumstances. Article 62 of the WHO constitution provides that each member shall report annually on action taken with respect to recommendations to it by WHO, and this article has been specifically cited within the WHO infant formula code. We expect that a report on this subject will be assembled by WHO prior to the World Health Assembly in May 1982, and we would expect—as a member that honors its treaty obligations and supports WHO—that the U.S. Government would provide a report at that time on U.S. activity in promoting improved infant nutrition and, in relation to the principles of the code, what we are already doing, what we plan to do, and what we do not plan to do. In short, we would honor our obligations to WHO to report on any steps taken regarding this recommendatory code.

We are also considering providing governmental guidance regarding the relevance of the code, both within the United States and internationally, to the companies that could be affected by it. This would be in accord with standard State Department practice regarding other newly adopted international codes. Unlike these other codes, however, guidance in this case would also indicate which provisions are not relevant in the United States. It would also, I am certain, point out that, subject to the limita-

# OECD Ministerial Meeting Held in Paris

*Deputy Secretary of State William P. Clark represented the Secretary of State in Paris June 16–17, 1981, at the meeting of the Council of the Organization for Economic Cooperation and Development (OECD) at ministerial level. Following is his statement made before the council on June 16.*

It is a great pleasure for me to represent the Secretary of State at this, the first OECD ministerial since President Reagan assumed office in Washington.

As a new Administration, we have, of course, undertaken to assess the situation we face, to define our priorities, and to fashion our policies. While this process is well underway in Washington, it is possible to state certain fundamental positions which underlie our policy. These apply as well to this organization and to the important business which we, as other member countries, deal with here.

### Fundamentals of U.S. Policy

First, the success of U.S. foreign policy requires a dynamic, productive domestic economy. The most important contribution the United States can make to global economic health is to revitalize our own economy, restore noninflationary growth, and stimulate productive enterprise. To achieve this, President Reagan has proposed to the Congress a bold, four-part program that will attack the root causes of our economic problems rather than just cope with short-term factors or the symptoms of these problems. These proposals call for great sacrifice by the American people, but there is broad support to do what is clearly necessary.

The past 5 months in Washington have been eventful and exciting. We have already made dramatic progress, thanks to President Reagan's leadership. Success of this program must lead to success in our foreign policy in the OECD, and beyond.

Second, the United States fully appreciates the growing interdependence linking the economies of OECD nations—indeed, of member and nonmember nations as well. We are all affected by one another's successes and failures. We all recognize this interdependence is growing and affecting more and more aspects of our economic life. This interdependence is both a contributing cause as well as a result of the extraordinary economic progress of our countries since World War II. We all know the contribution trade and investment liberalization has made and the role of the OECD in providing an impetus to opening up the channels of world commerce.

Third, the United States, therefore, remains committed to an open world trading system, with minimum barriers to the flow of goods, services, capital, and technology across national boundaries—a system that allows all nations to advance in an environment of peaceful competition and mutual advantage. The United States remains firm in its resolve to resist protectionism. We and our trading partners must reaffirm our support for an open trading system. We can give effect to this resolve by full implementation of the commitments each of us made in the Tokyo Round of trade negotiations and in the OECD's declaration on trade policy and by continuing the effort to reduce barriers to trade and investment. The importance we assign to this subject will be further underlined in the statement which the U.S Trade Representative, Ambassador William Brock, will make later today.

Fourth on this abbreviated list of fundamentals, the United States supports the OECD as an indispensable forum for dealing with our common economic problems. This organization has played a valued and unique role in fostering economic cooperation among the industrial democracies. We expect it to remain a positive force in on-going cooperation and consultations among member countries.

Our agenda today reflects the range of our concerns as well as our preoccupation with global problems, and this is characteristic of the OECD.

### Relations With Nonmembers

Our relations with nonmember countries, the first agenda item, should be considered in a broad context. We believe that the most valuable contributions the United States can make to development are to restore and maintain a growing U.S. economy, free of inflation and unfettered by needless barriers to production and innovation, and to provide a secure and peaceful international climate. Our own domestic economic health will enable us to keep our markets open to the exports of developing countries, facilitate investment in such countries, increase their access to capital, and promote their development thereby. The same crucial connection between economic health at home and vigorous development abroad applies to all OECD countries. Both developed and developing nations must pay greater attention to the vital role of the private sector in the development process.

Concentration on the relatively small official aid contributions sometimes leads us to forget these much larger flows from the rest of our economy. U.S. imports from non-oil developing countries in 1979 were $58.6 billion, more than ten times our official aid flows. One out of every $4 of U.S. manufactured imports originates in the Third World. U.S. direct investment in the developing countries runs at, or above, the level of aid, and less developed countries' use of private capital markets results in commercial bank loans and bond issues far exceeding development assistance. In 1979 alone commercial banks provided $37 billion to the less developed countries, while total flows of official development assistance from all OECD countries were $22 billion. While noting these more significant contributions from other sources, I do want to emphasize that for FY 1982, the level of U.S. aid contributions will increase 18%, and, further, we will honor our commitments to the multilateral development banks.

The developing nations constitute a mosaic of diversity—not a monolith with one set of needs and one set of objec-

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tions of international law and agreements, states have the right to prescribe conditions under which enterprises operate within their jurisdictions and that enterprises located in a country are subject to the law of the country.

It is our understanding that the three American companies which are exporting infant formula have been concerned about the charges of improper marketing practices—probably more than manufacturers of other countries. We are confident that the companies will continue to give serious attention to the questions raised by the WHO code.

[1] The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 ■

s. They require the same individual
sideration and policy attention which
CD nations expect from one another.
recognize the growing interdepend-
e between OECD nations and
eloping countries and support the
of this organization in fostering
erative, mutually beneficial relations
veen members and nonmembers.

### de and Investment Issues

de and investment likewise warrant
continuing attention if we are to
ore vigor to our own economies and
e of our trading partners. The
ted States remains committed to
ntaining an open, multilateral, and
ket-oriented world trading system.
well-being of our people is more
ctly dependent than ever on inter-
onal trade. Between 1970 and 1980,
CD exports—as a share of
P—rose from 10.7% to 16%. At the
e time, however, because of low
wth, high unemployment, and
nce-of-payments pressures, protec-
ist forces are growing stronger in all
countries. We need to work together
solid trade agenda for the coming
ade. None of us can afford to let the
mentum toward liberalization that
generated in the Tokyo Round slow
n. We must deal with such pressing
mediate issues as export credit sub-
es and renewal of the multifiber ar-
gement. We must also work out our
roach to issues like trade in services
investment performance require-
nts, which have not yet been address-
dequately.

International investment also
sents challenges and opportunities.
Reagan Administration believes that
ket forces rather than government
produce the most efficient distribu-
of investment capital and the most
sible allocation of scarce resources.
OECD committee on international
stment has played an important role
stablishing a common framework for
stment. The committee has done
ticularly valuable work to define and
port the concept of national treat-
nt for enterprises under foreign con-
and to assure that such enterprises
treated no less favorably than
mestic entities in like situations. The
ted States takes this opportunity to
ffirm its strong support for national
atment and urges all OECD member
ntries to support extension of this
principle. At a time when many are
ffering from high inflation, excessive

# Challenge for Progress on the Helsinki Final Act

*by Max M. Kampelman*

*Statement made in a plenary session of the Conference on Security and Cooperation in Europe (CSCE) in Madrid on July 28, 1981. Ambassador Kampelman is chairman of the U.S. delegation.*

We have decided to recess at the close of our proceedings today and to reconvene on October 27. Many of us began to meet here in Madrid on September 9. Our inability, in more than 10 months of active and tiring deliberations, to complete the tasks assigned to us by the Helsinki Final Act is a regrettable but understandable reflection of the international reality. The same corrosive tensions that formed the background of our meeting in September remain with us today.

The American delegation is not surprised by our inability to conclude our work. The Helsinki Final Act, as we and most delegations here have pointed out during the initial review of the implementation phase of our meeting, has been grossly violated. It continues to be, in its basic essentials, defiantly challenged by those who choose not to live up to its provisions, in spite of their commitment to do so.

Nevertheless, our delegation and others continue to work and to consider new proposals, with the thought that we might at least agree on words to strengthen the Final Act; and with the hope that these words might in turn later produce the compliance that has been so conspicuously absent.

### Western Proposal on Security

Eleven days ago, in an effort to move this meeting to a constructive ending, our delegation joined a number of others in a package proposal. During informal meetings with every delegation here, we proposed language to resolve our differences on defining a mandate for a conference on the military aspects of our security. Our basis was the language proposed in the neutral and nonaligned text. Out of respect for the yearnings in this body for a conference on confidence and security-building measures and disarmament in Europe and in response to a real need to deal with the threat of surprise military attack in realistic,

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unemployment, and inadequate growth, we must make every effort to eliminate unjustified impediment and disincentive to investment flow.

### Energy Security

Energy security likewise remains a crucial topic for all of us. While market pressures on oil prices and supply uncertainties have recently lessened, now is not the time to relax our coordinated efforts to deal with our common energy problems. Rather, as our colleagues at yesterday's International Energy Agency ministerial meeting agreed, we must use this respite—however long it may last—to sustain and intensify our efforts to reduce dependence on imported oil and limit vulnerability to energy supply interruptions in time of crisis.

In the United States we have witnessed gratifying success in cutting our reliance on oil imports. After a sharp buildup through 1977 we have steadily reduced oil consumption and imports to below 1973 levels. The Reagan Administration is emphasizing, in the first instance, market-oriented policies to expand supply and insure that energy is used efficiently. A key element has been President Reagan's February decision to decontrol oil prices. Other supply-oriented policies are now in motion, including accelerated leasing of offshore oil and gas, restoration of public confidence in nuclear energy, and relaxation of regulatory constraints on coal production and use.

Thus all of us can agree on one undeniable fact: We have a very full agenda, not just for this meeting but for the 1980s. Our problems are many, our resources limited. But in trying to understand—and cope with—our common difficulties and challenges, we must not ignore our strength. We member nations have the strongest economies on Earth. We are blessed with strength and vitality. Our job is to harness and enhance these energies and return our economies to a path of growth and innovation without ruinous inflation. If we can restore the momentum that once sustained an unprecedented rise in living standards, expanding employment, and technological advance, we will serve the interests of people in all nations. ■

significant, and verifiable terms, we made our proposal.

This is not an American proposal. It is a Western proposal, with the full support of all Western delegations here. At the Ottawa summit meeting last week, our proposal was characterized by President Reagan and those other heads of CSCE participating states there as a major Western initiative. They called on the Soviet Union to accept it and thus bring our meeting to a constructive ending, thereby substantially reducing tension in Europe.

A number of delegates here, not authors with us of the proposal, told us it was a proper response and represented forward movement. We tabled that proposal formally 8 days ago in the appropriate forum.

The other objective of our package proposal was to satisfy the concept of balance by a listing of the important categories not yet agreed upon in the areas of human rights, human contacts, and information. The package, we said and still believe, would provide a balanced document that should be acceptable to all 35 participants.

Our proposal was, furthermore, accompanied by a stated willingness on our part to meet at any time, including over the weekend, to negotiate and define that vital human ingredient for our final document.

Finally, we made it clear in private discussions with many delegations here that if there were no agreement on a military conference, we would be ready to consider the convening of an experts meeting as proposed by some delegations with the responsibility of making intensive efforts to agree on a mandate for a conference and thus move our process forward.

Regrettably, our package initiative was quickly dismissed as unacceptable; that rejection was obviously the right of those who responded.

Regrettably, our offer to meet over the weekend to negotiate on the human rights and related issues was not taken up; that, too, was the right of those to whom we made the suggestion.

Regrettably, our language, designed to bring us together toward a conference on disarmament in Europe, not only was rejected but was met with the introduction of a completely new proposed formula far from the basis of our previous discussions and obviously unacceptable to most of us here. It led many of us, in all candor, to ask ourselves whether those who proposed it really want a conference on disarmament in Europe; here, too, those who proposed the formula had the right to do so.

And regrettably, our willingness to consider an experts meeting met with a decidedly negative attitude on the part of the other side; that, too, was, of course, their right.

But we also have a right. It is the right to state our own views as clearly as we can; and a right to evaluate this meeting in the light of those rejections.

We will continue to advance our language on the mandate. We believe it represents the most promising road to agreement on a conference on disarmament in Europe. We hope that those who rejected it will reconsider their position. But even if they do not, they should know that our position was not put forward as a negotiating position. Our views are firmly held and represent our security interests. They will not change. Our position will be the same in December as it is today, because it is a reasonable and responsible position. It opens the way to the progress that would advance genuine security for all of us. It does not damage the security interests of any other state.

### Negative International Atmosphere

As I have suggested, a major reason why we have not reached agreement here in Madrid is the international atmosphere outside our conference hall. The invasion of Afghanistan and the continued occupation of that tragic country by Soviet troops have had a corrosive effect on our meetings. Recently, as the delegate of the United Kingdom noted on Friday, the European Community presented an imaginative plan for a political settlement of the crisis in Afghanistan. The Soviet Union has not responded to it positively. That, too, has its negative effect here.

Moreover, the Soviet Union is continuing its military buildup, which intensified while my country, in the spirit of "detente," took significant disarmament steps. That buildup, as I noted in this hall several weeks ago, is the most massive that the world has ever known. On behalf of my government, I state with deep conviction that it must end. Continued military escalation and activity by the Soviet Union will not attain the security or respect they seek. It may instill fear in some, but it instills determination in many more. Military power, no matter how great, does not confer moral legitimacy.

There has been much debate at our meeting over the word I just used, "detente." The word is meant to describe a condition of relaxation of tension between states. I submit again that the Soviet Union's actions and attitudes toward its neighbors and its massive military buildup demonstrate to us that such a condition does not exist today. If a general pattern of aggression and intimidation can be referred to as "detente," then surely the continued use of the word is bereft of any significance. That is why our delegation has been reluctant to use it in our final document. We will not permit its use as an attempt to camouflage a policy of force.

### Repression of Human Rights

Within the Soviet Union, the repression of human rights continues with cruel relentlessness. Even if we look only at what has happened since April 10, when the last recess of our meeting began, we see that specific Soviet transgressions of the Final Act have increased in numbers and intensity.

Here in Madrid, we have had some movement in strengthening written commitments to reduce barriers to the reunification of families. But that movement on paper has not been reflected in the practice of Soviet authorities. Emigration figures for Armenians and for ethnic Germans who want to rejoin their families have dropped substantially. The number of Jews allowed to emigrate is dropping at an even greater rate. In the first 6 months of 1979, 24,794 Jews left the Soviet Union; in the first 6 months of this year only 6,668 left—a decline of 73% in only 2 years.

For those Jews remaining, conditions have continued to deteriorate. We and other delegations have already noted with deep regret and condemnation the sentencing on June 18 of Viktor Brailovsky. New arrests have taken place. My files are filled with names and letters reflecting individual human tragedy inflicted by an insensitive bureaucracy.

Here in Madrid, we have had difficulty in negotiating a text on religious freedom, in large part because of an insistence on a variety of loopholes which would enable real commitments to be evaded. One of the loopholes is that our commitments are to be qualified by the "national traditions" of participating states. Let us look at what that phrase "national traditions" might mean.

June 27, exactly a month ago, marked the third anniversary of the day two devout Pentecostal families from far Siberia sought refuge in the American Embassy in Moscow. This desperate action by the Vashchenko and Chmykhailov families culminated 20

# Economics—Part 2

*The U.S. role in world trade and investment is illustrated in the following maps and charts. The current U.S. trade and investment position is compared with a previous period or year. The comparative date for U.S. investment abroad is 1960. By this time Japan and Western Europe had rebuilt their war-damaged economies, and many developing countries were about to enter a period of sustained economic growth. Also, in 1960 the United States, Canada, and countries of Western Europe (later joined by Japan, Australia, and New Zealand) created the Organization for Economic Cooperation and Development (OECD) to consult more closely on economic problems.*

*For trade the comparative date is usually 1967. This corresponds to the end of the Kennedy Round—the sixth postwar round of multilateral trade negotiations held under the General Agreement on Tariffs and Trade. In this round, the United States, the European Economic Community, Japan, and other major trading powers agreed to deep cuts in their tariffs on manufactured goods.*

*The presentations on trade are limited to trade in merchandise, excluding services such as banking, insurance, and shipping. The maps on investment deal only with private direct investment, which refers to the purchase of a substantial interest in real estate or a business, often implying managerial control. Although developing countries are divided on the issue of foreign investment, OECD countries generally permit foreigners to invest in most fields as freely as a nation's own citizens.*

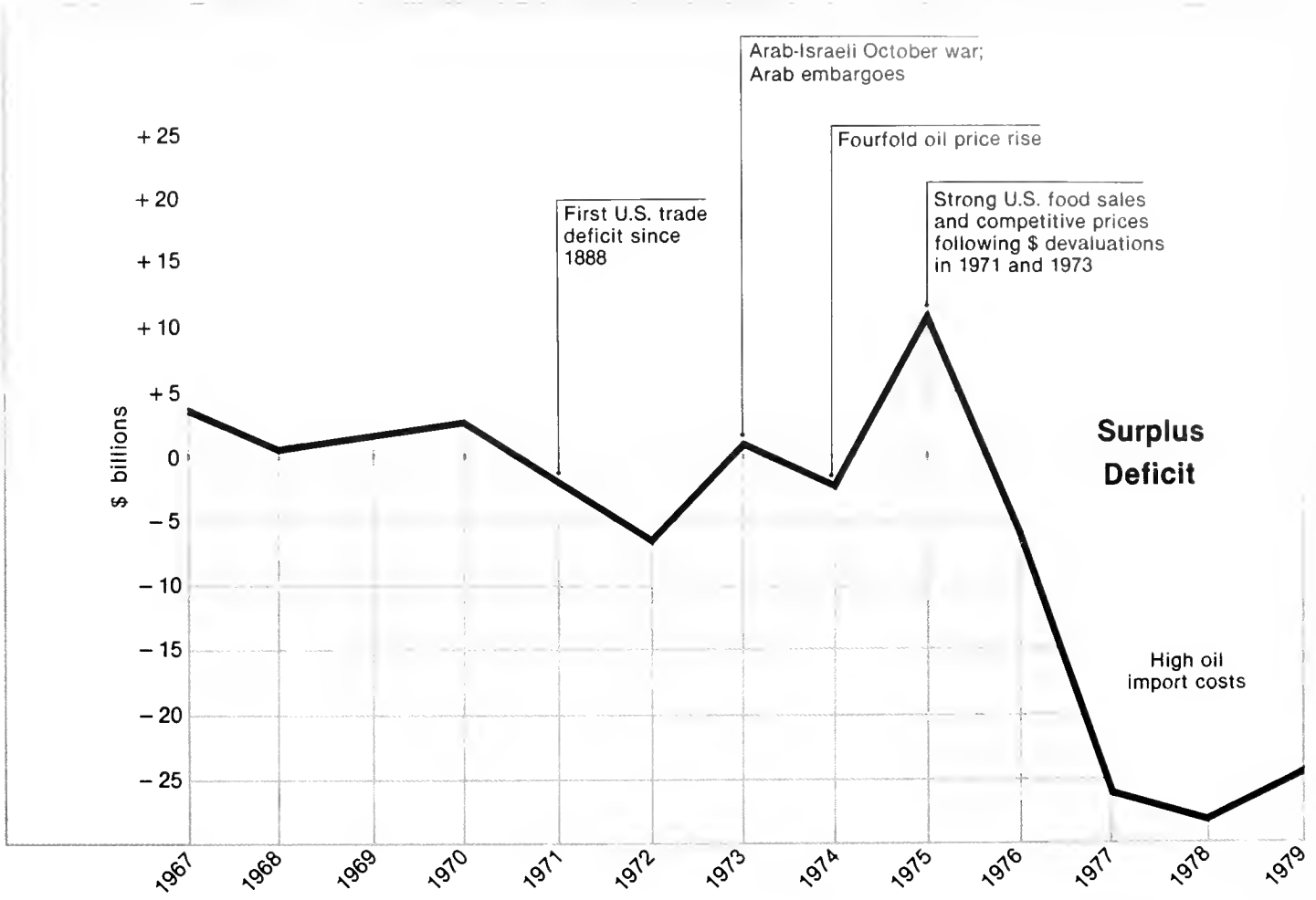
*This section generally follows the geographical divisions used by the Department of Commerce. Western Europe includes Yugoslavia; U.S.S.R. and Eastern Europe comprises European full members of the Soviet-bloc Council for Mutual Economic Assistance plus Albania; Asia includes the People's Republic of China but not Japan (treated separately as the region's only developed market economy); Africa excludes South Africa (the only developed market economy on that continent). Oceania, however, includes Australia and New Zealand as well as the very small developing economies of the region. To avoid distortions in trade data concerning developing market economies, members of the Organization of Petroleum Exporting Countries (OPEC) are often treated as a unit.*

*This atlas is compiled and written in the Bureau of Public Affairs by Harry F. Young and edited by Colleen Sussman.*

# U.S. Merchandise Trade Balance, 1967–79

In 1971 the United States imported more merchandise than it exported for the first time since 1888. This trade deficit was due in part to the inflation-fueled growth of prices for U.S.-produced goods between 1965 and 1970 and to increased foreign competition in the industrial products areas that the United States had once dominated. The continued deficits through most of the 1970s were due to the sharp increase in the price of imported oil, which quadrupled in 1974 and doubled again in 1979–80.

Source: U.S. Department of Commerce, *Overseas Business Reports: United States Foreign Trade Annual 1973–1979*, July 1980



World trade is dominated by countries with market economies. While industrial nations belonging to the Organization for Economic Cooperation and Development (OECD) account for about 68% of total world exports and developing market economies (including oil exporters) for about 25%, the U.S.S.R. and other centrally planned economies in Europe account for only 8%.

Although the United States is the world's largest trading nation with 11% of world exports, U.S. foreign trade as a fraction of gross national product (GNP) is smaller than for any other major trading country. This fraction rose, however, from 4.3% in 1970 to 7.4% in 1979.

West Germany has remained the second largest trading nation for the last 20 years while Japan has increased its share of world trade more than any other industrial nation for that period. The large trade increase shown in the developing economies in Asia is due in part to the demand for Middle East oil and to the growth of foreign-trade-oriented economies in South Korea, Malaysia, Singapore, Thailand, Hong Kong, and Taiwan.

Source: U.N., *Yearbook of International Trade Statistics, 1979*, 1980

## Major Trading Nations, 1979

$ billions

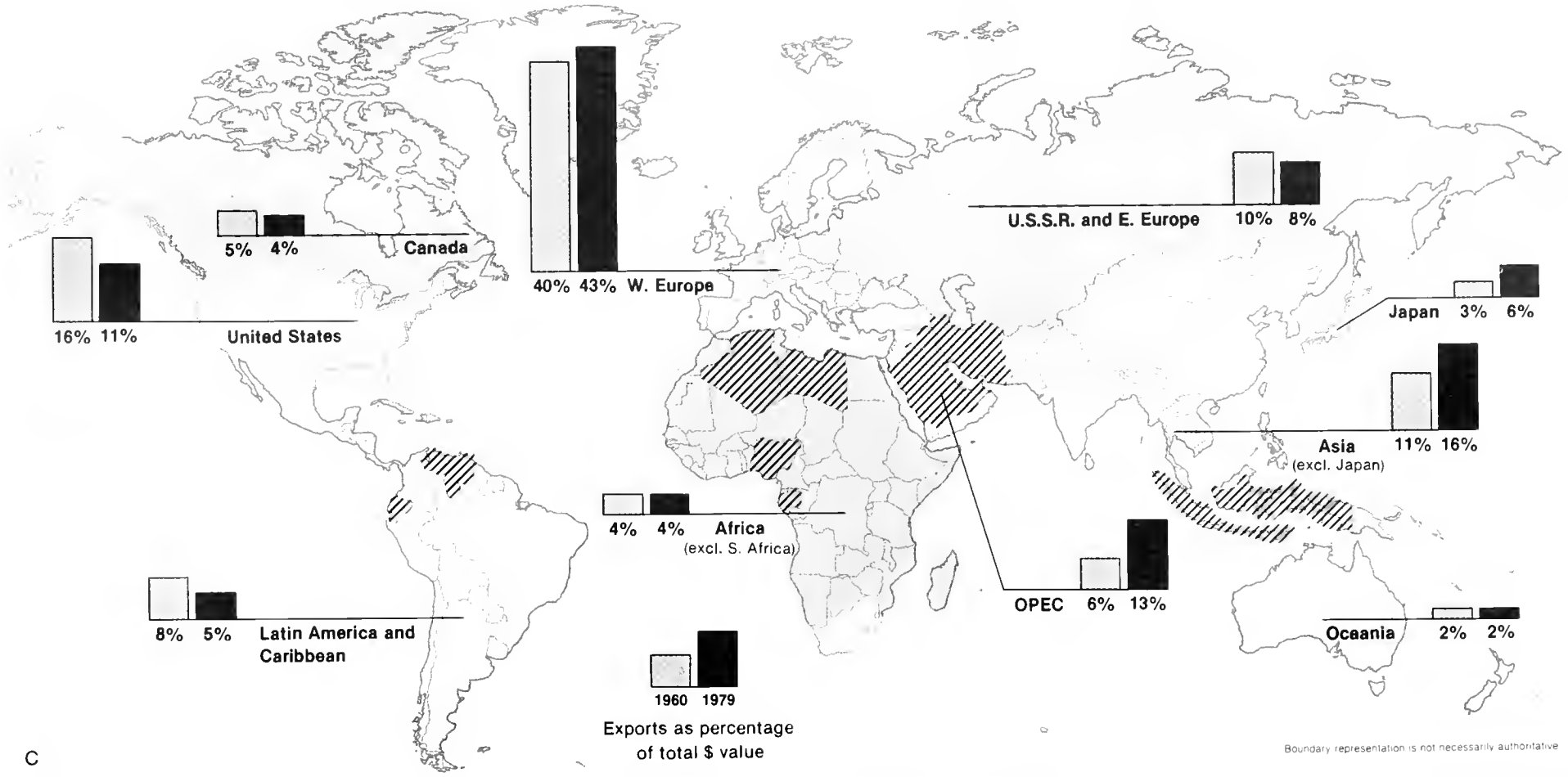
| | | | |
|---|---|---|---|
| **Total World Exports** | **1,627** | **Total World Imports** | **1,679** |
| United States | 179 | United States | 218 |
| W. Germany | 172 | W. Germany | 158 |
| Japan | 103 | Japan | 111 |
| France | 98 | France | 107 |
| U.K. | 91 | U.K. | 103 |
| Italy | 72 | Italy | 78 |
| U.S.S.R. | 65 | Netherlands | 67 |
| Netherlands | 64 | Belgium, Luxembourg | 60 |
| Belgium, Luxembourg | 56 | U.S.S.R. | 58 |
| Canada (1978) | 46 | Canada (1978) | 43 |
| **SUBTOTAL** | **946** (58%) | **SUBTOTAL** | **1,003** (60%) |

## 10 Leading Trade Items, 1979

(export value in $ billions for market economy countries)

| | |
|---|---|
| Crude petroleum | 142 |
| Passenger cars | 55 |
| Petroleum products | 54 |
| Electrical machinery | 33 |
| Clothing (not fur) | 32 |
| Organic chemicals | 30 |
| Motor vehicle parts | 29 |
| Plastic materials | 25 |
| Nonelectrical power machinery | 24 |
| Office machines | 19 |

NOTE: The largest agricultural trade item is coffee. With a world export value of $12 billion, it was the 14th largest general trade item in 1979

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# One-commodity Countries

Primary commodities (unprocessed agricultural and mineral products) often are subject to severe price fluctuations, as well as competition from synthetic products. This can create severe problems for developing countries that are heavily dependent on foreign exchange produced by the sale of such commodities. In an effort to stabilize markets and prices, the producers of some commodities have joined with the major consumers in international agreements. These agreements provide, among other things, for long-term contracts at fixed prices and buffer stocks to maintain stable supplies. International agreements exist for such commodities as cocoa, coffee, copper, sugar, and tin.

The Organization of Petroleum Exporting Countries (OPEC) consists exclusively of oil producers. OPEC was founded in 1960 to increase petroleum export earnings through agreement with foreign oil companies and control of production and prices. All OPEC members (with the exception of Iraq) derive more than 50% of their export earnings from oil. (This is also the case for non-OPEC members Angola, Brunei, Congo, Oman, Syria, and Trinidad and Tobago.) As a result of OPEC's policies, most OPEC members have a substantial surplus in their balance of trade. Such associations have not proved to be effective where producers are too numerous or where other products are easily substituted.

**One-commodity Countries** (market economy countries only)

**Latin America and Caribbean**

The Bahamas
Sugar
Barbados
Sugar
Chile
Copper
Colombia
Coffee
Guyana
Sugar
Jamaica
Aluminum oxide
Panama
Bananas
Trinidad and Tobago
Crude petroleum

**Middle East**

Oman
Crude petroleum
Syria
Crude petroleum
Yemen (Sanaa)
Cotton

**Africa**

Angola
Crude petroleum
Burundi
Coffee
Central African Republic
Cotton
Chad
Cotton
Congo
Crude petroleum
The Gambia
Oil seeds
Ghana
Cocoa
Liberia
Iron ore
Malawi
Tobacco
Mali
Iron ore
Mauritius
Sugar
Morocco
Natural phosphates
Niger
Uranium
Rwanda
Coffee
Sierra Leone
Diamonds
Somalia
Live animals
Togo
Crude fertilizer
Zaire
Copper
Zambia
Copper

**Asia/Pacific**

Brunei
Crude petroleum
Fiji
Sugar
Papua New Guinea
Copper

**OPEC**

Algeria
Ecuador
Gabon
Indonesia
Iran
Iraq
Kuwait
Libya
Nigeria
Qatar
Saudi Arabia
United Arab Emirates
Venezuela
Crude petroleum

The European Economic Community (EEC) has special economic relations with 58 developing countries known as the African, Caribbean and Pacific (ACP) Group of States. Created in 1975 through the Lome Convention, the original members were former colonies of the EEC constituents. The convention provides for free entry into the European Common Market of ACP manufactured goods and many agricultural products. Members also have attempted to relieve the problem of fluctuating markets and prices for commodities important to ACP members.

## ACP and EEC Members

### ACP

#### Africa

Benin
Botswana
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Djibouti
Equatorial Guinea
Ethiopia
Gabon
The Gambia
Ghana
Guinea
Guinea-Bissau
Ivory Coast
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
Sudan
Swaziland
Tanzania
Togo
Uganda
Upper Volta
Zaire
Zambia

#### Caribbean

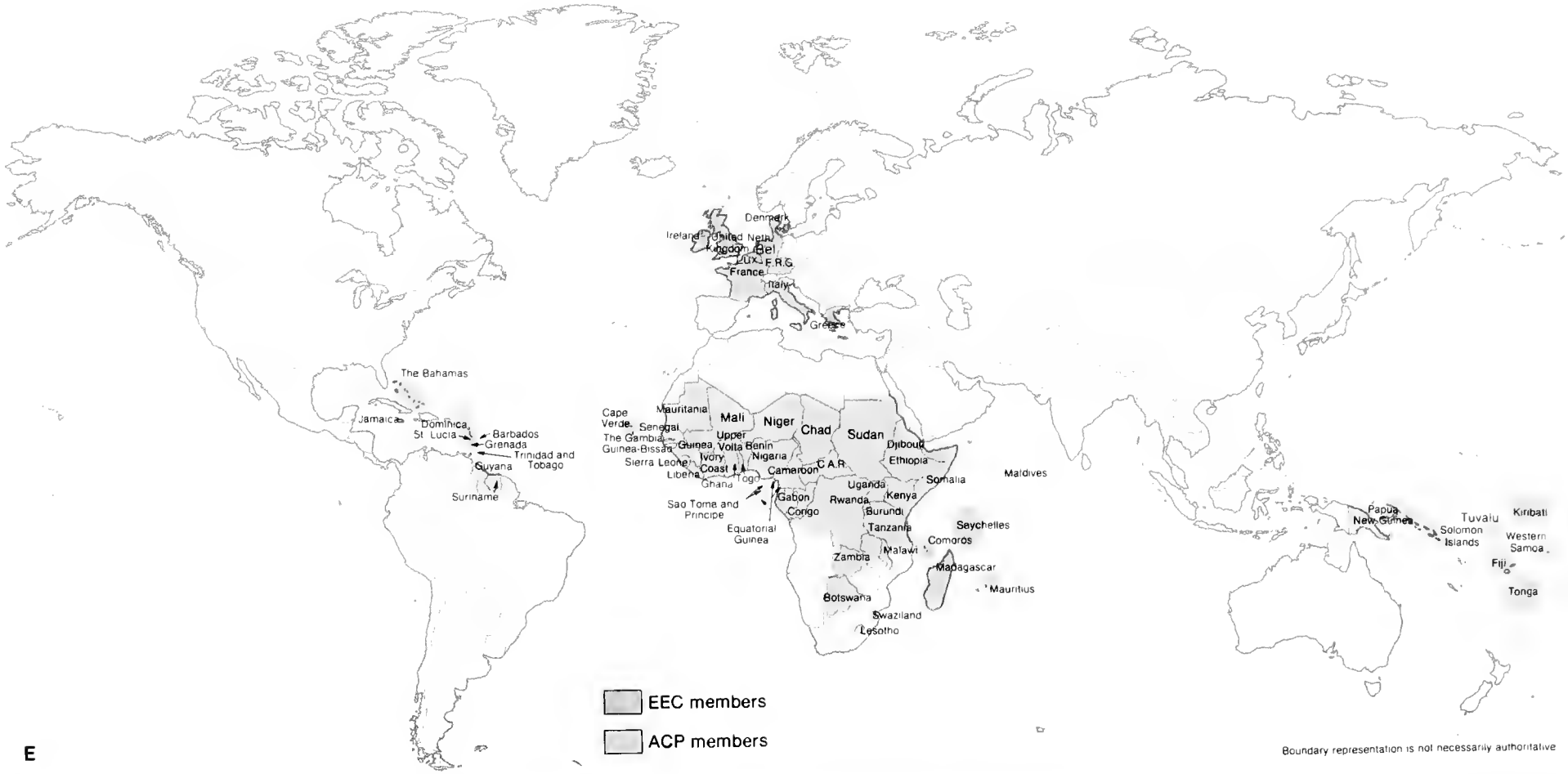
The Bahamas
Barbados
Dominica
Grenada
Guyana
Jamaica
St. Lucia
Suriname
Trinidad and Tobago

#### Pacific

Fiji
Kiribati
Papua New Guinea
Solomon Islands
Tonga
Tuvalu
Western Samoa

### EEC

Belgium
Denmark
France
West Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
United Kingdom




Boundary representation is not necessarily authoritative

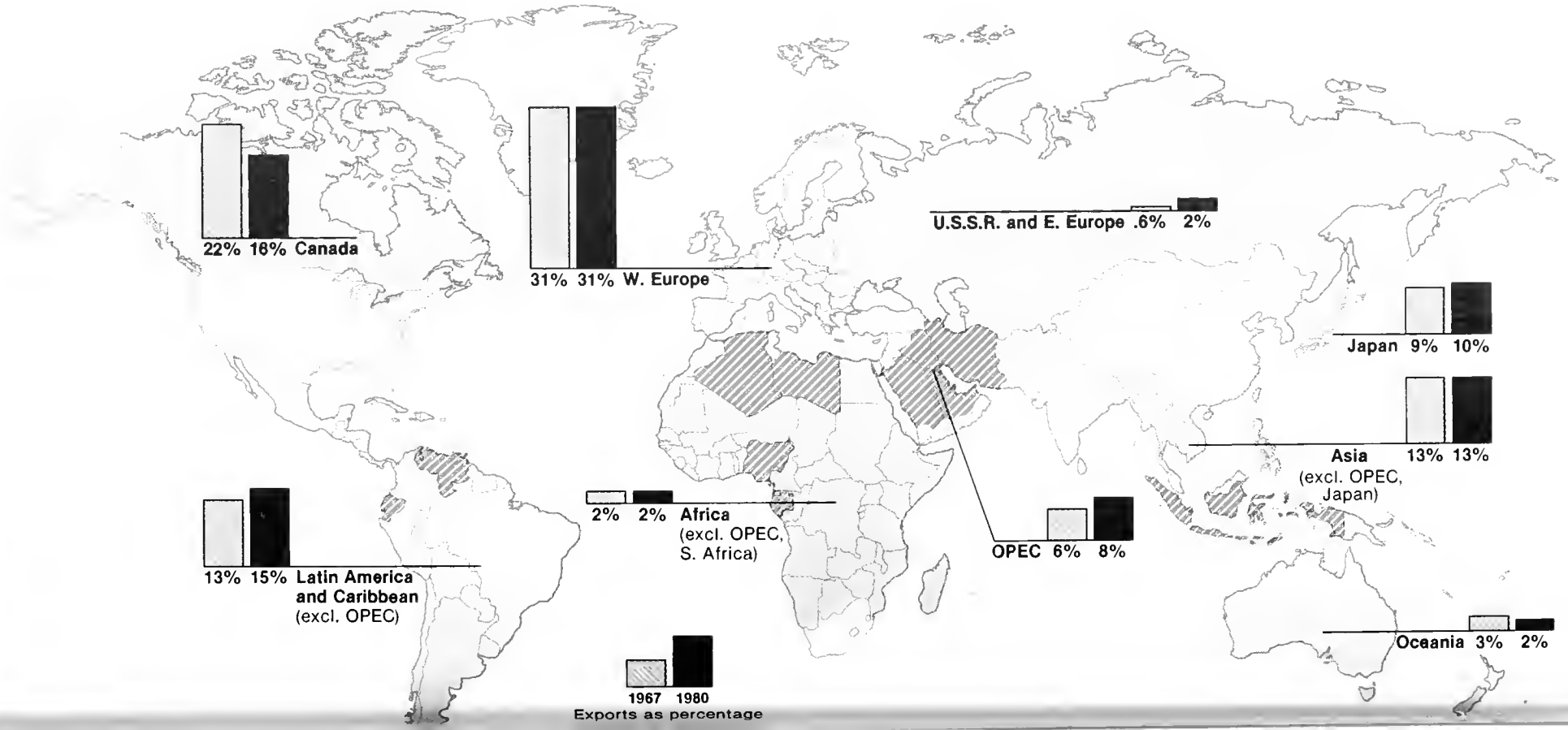
# U.S. Merchandise Exports, 1967 and 1980

The value of U.S. exports (excluding services) almost tripled between 1967 and 1980. But U.S. export trade in this period did not grow as rapidly as that of other developed market economies. The leading single-country importer of U.S. goods is Canada. Other major importers, in order of rank, are Japan, Mexico, the United Kingdom, and West Germany. Western Europe as a whole consistently buys 30% or more of U.S. merchandise exports annually. Developing countries (including oil exporters but not the People's Republic of China) accounted for about 31% of U.S. exports in 1967 and about 36% in 1980.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980)

**U.S. Merchandise Exports, 1980**
$ billions

| | |
|---|---|
| **TOTAL** | **221** |
| Western Europe | 68 |
| United Kingdom | 13 |
| West Germany | 11 |
| Canada | 35 |
| Latin America and Caribbean (excl. OPEC) | 31 |
| Mexico | 15 |
| Asia (excl. OPEC, Japan) | 29 |
| Japan | 21 |
| OPEC | 18 |
| Oceania | 5 |
| Africa (excl. OPEC, South Africa) | 4 |
| U.S.S.R. and Eastern Europe | 4 |
| Other | 6 |

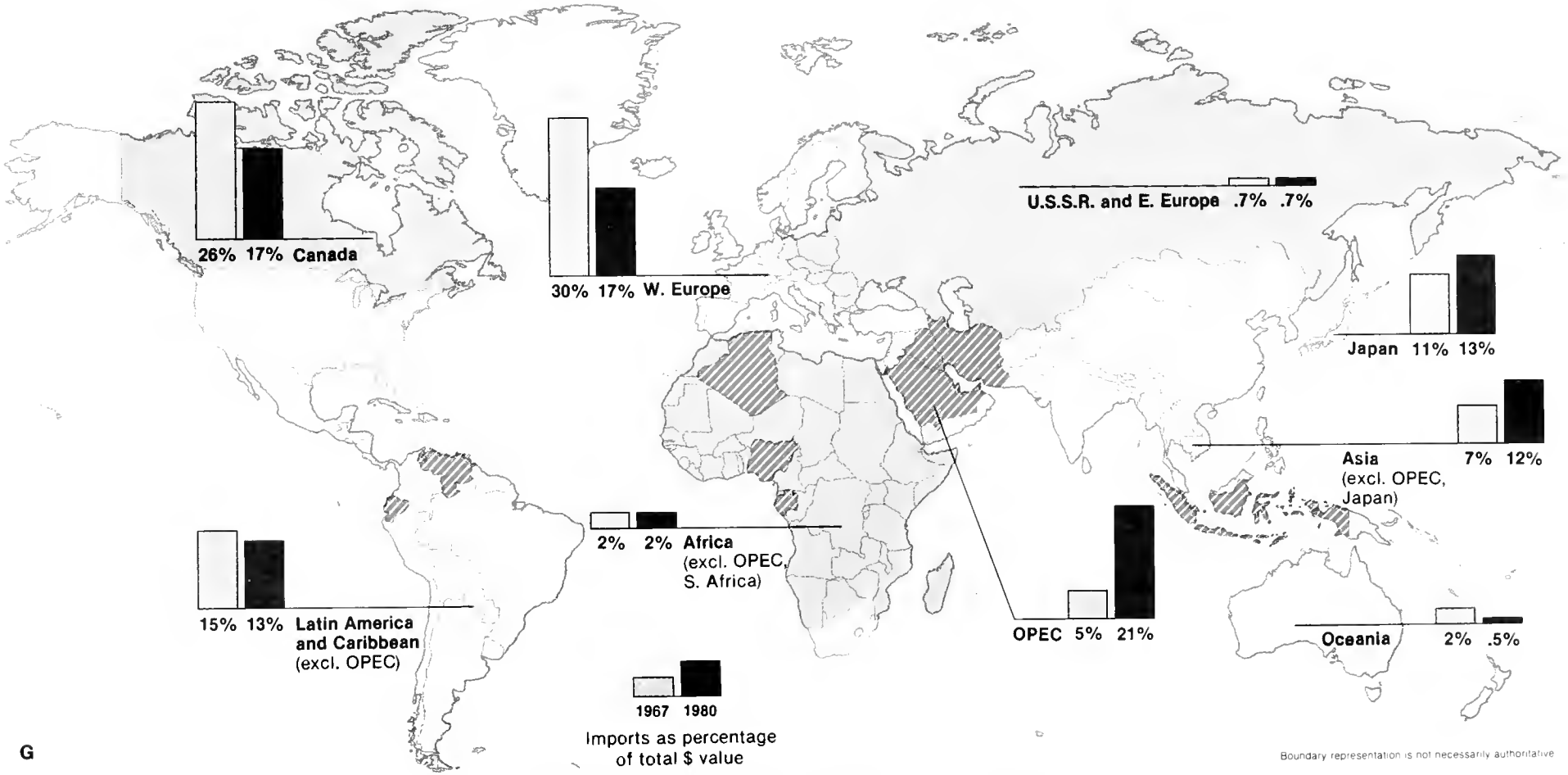


U.S. merchandise imports include manufactured items that compete with American goods as well as farm products and raw materials that generally do not compete. Petroleum and petroleum products have been the single most expensive import since 1974.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980)

**U.S. Merchandise Imports, 1980**
$ billions

| | |
|---|---|
| **TOTAL** | **241** |
| OPEC | 52 |
| Western Europe | 46 |
| Canada | 41 |
| Latin America and Caribbean (excl. OPEC) | 31 |
| Japan | 31 |
| Asia (excl. OPEC, Japan) | 27 |
| Africa (excl. OPEC, South Africa) | 4 |
| Oceania | 3 |
| U.S.S.R. and Eastern Europe | 1 |
| Other | 5 |

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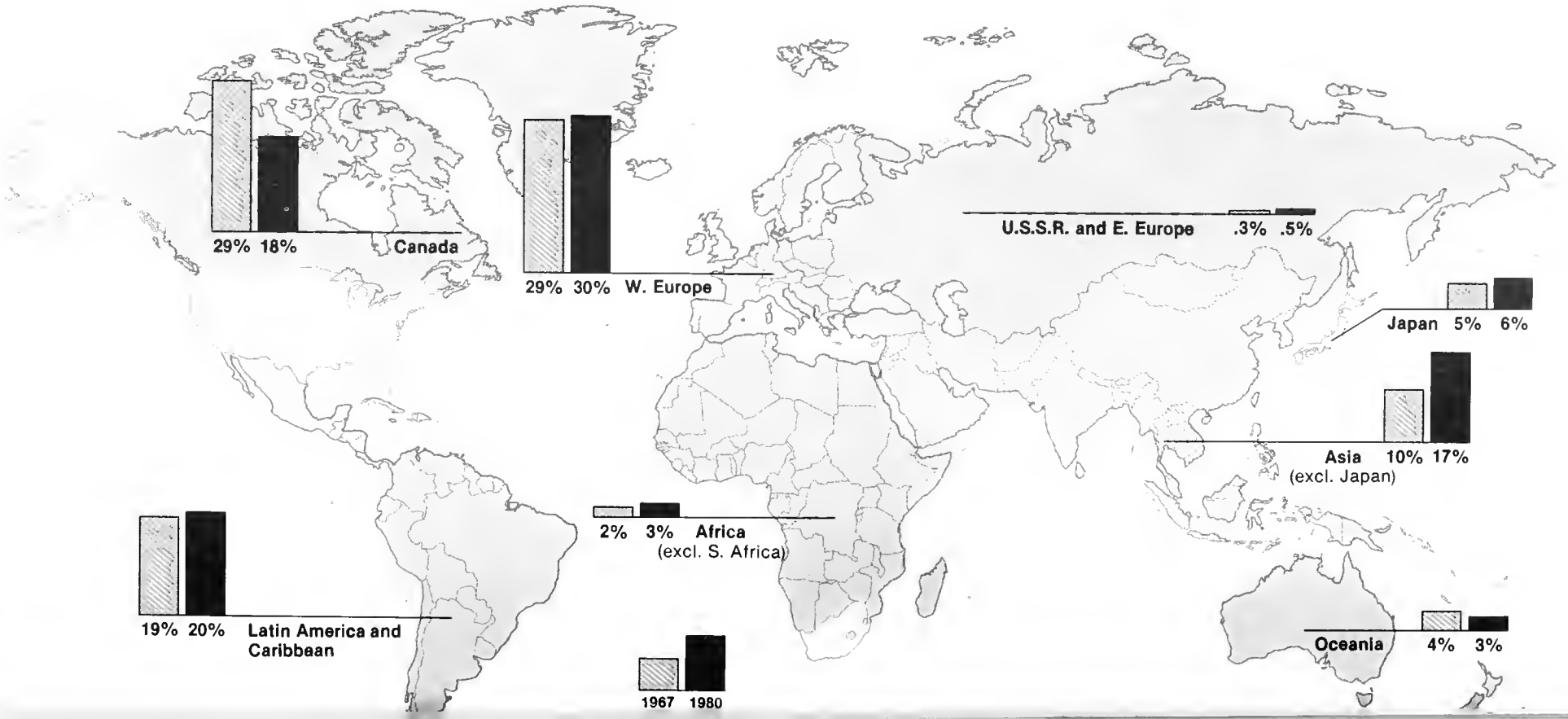
# U.S. Manufactured Exports, 1967 and 1980

The United States is the world's second largest exporter of manufactured goods, accounting for nearly 18% of the world total in 1980. Machinery accounted for nearly one-third of U.S. manufactured exports in 1980. Automobiles, buses, and trucks were the largest single export category. West Germany is the largest exporter of manufactured goods with nearly 21% of the world's total. Most of West Germany's manufactured exports went to other members of the European Economic Community. While Canada, Japan, the United Kingdom, and West Germany have long been the largest individual importers of U.S. manufactured goods, the Asian developing countries as a group are now the fastest growing market.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1980; EM 450/455 (U.S. Exports-Domestic Merchandise)

**U.S. Manufactured Exports, 1980**
$ billions

| | |
|---|---|
| **TOTAL** | **144** |
| Western Europe | 42 |
| United Kingdom | 9 |
| West Germany | 7 |
| Latin America and Caribbean | 28 |
| Canada | 26 |
| Asia (excl. Japan) | 25 |
| Japan | 9 |
| Africa (excl. South Africa) | 4 |
| Oceania | 4 |
| U.S.S.R. and Eastern Europe | 1 |
| Other | 5 |

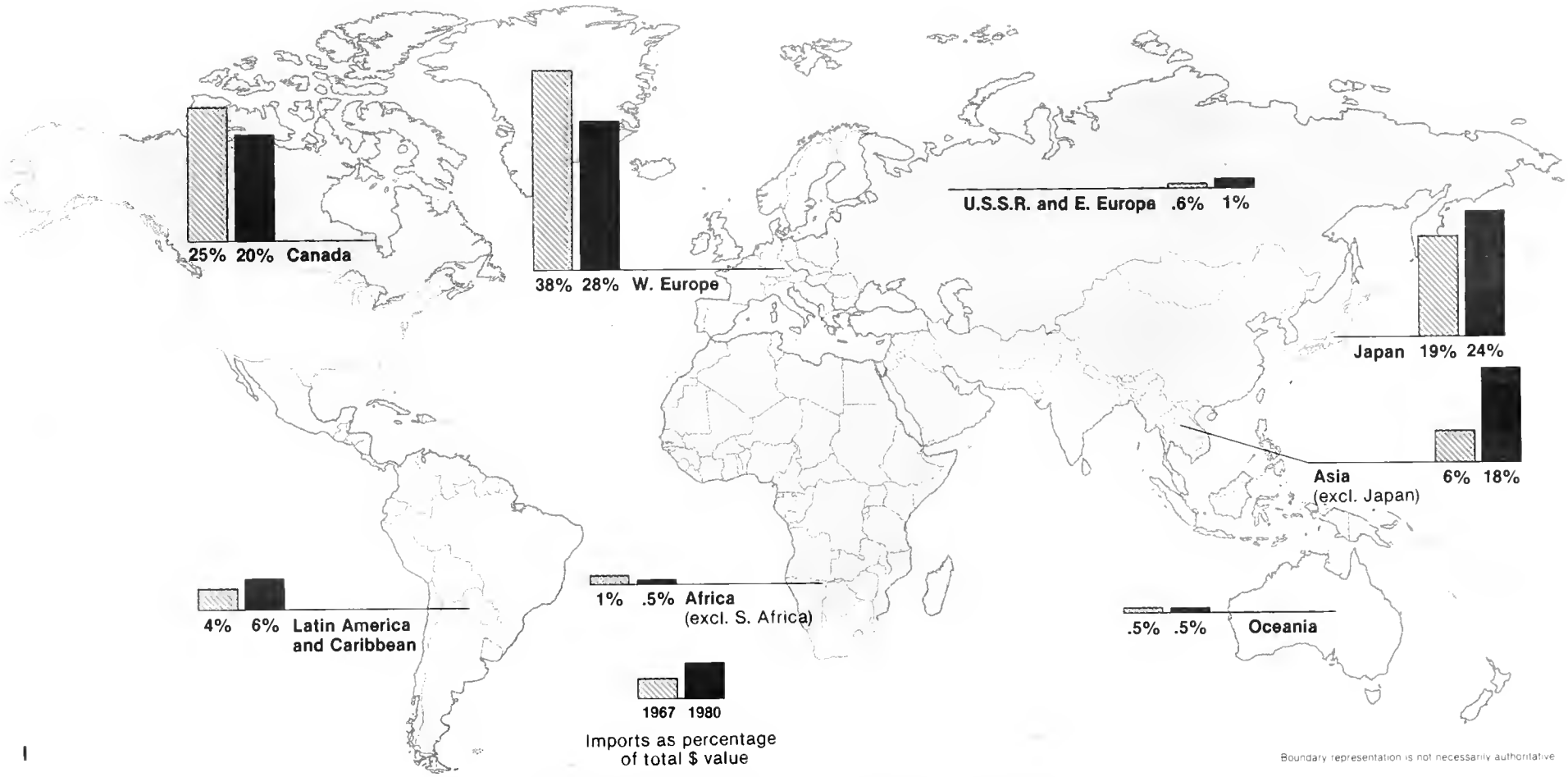


Although Western Europe has remained the principal supplier to the U.S. of manufactured imports, the share of Asian developing countries has tripled while Japan's has grown nearly one-third since 1967. Automobiles, buses, and trucks were the largest single category of manufactured imports in both 1967 and 1980. Japan has surpassed both Western Europe and Canada in auto exports to the United States. In 1980 Japan sold 1.9 million cars in the American market.

Source: U.S. Department of Commerce, *Highlights of U.S. Export and Import Trade*, FT 990 (December 1968, December 1980); IM 150/155 (U.S. General Imports)

**U.S. Manufactured Imports, 1980**
$ billions

| | |
|---|---|
| **TOTAL** | 125 |
| Western Europe | 35 |
| Japan | 30 |
| Canada | 25 |
| Asia (excl. Japan) | 23 |
| Latin America and Caribbean | 8 |
| Africa (excl. South Africa) | 1 |
| U.S.S.R. and Eastern Europe | 1 |
| Oceania | 1 |
| Other | 1 |



# U.S. Agricultural Export Markets, 1961-65 and 1977-79

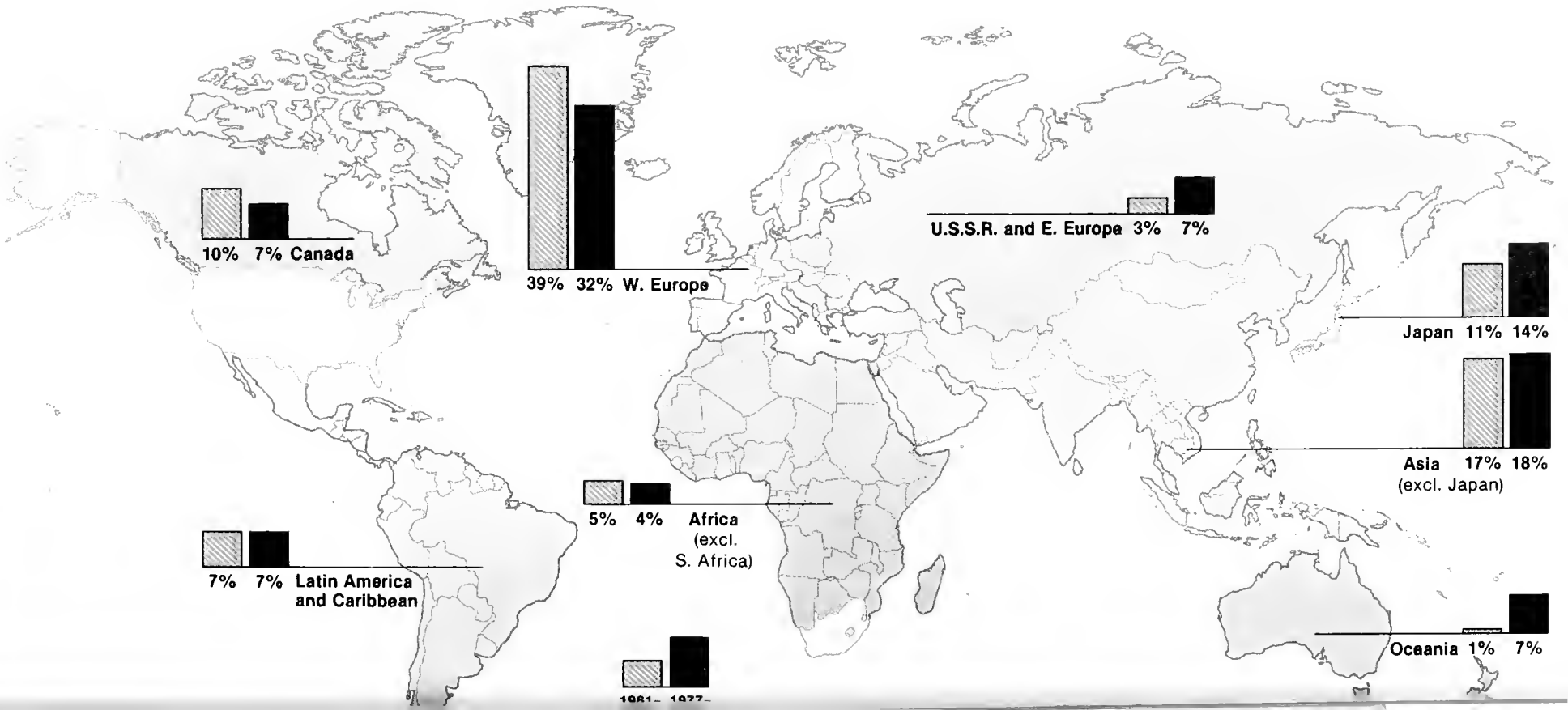
The United States is the world's largest exporter of agricultural products, accounting for about 18% of the world total in 1979. For the past 25 years, between 20% and 25% of the annual U.S. agricultural product has been sold abroad. The chief farm products exported in 1979, in order of importance, were feed grains, soybeans, wheat, cotton, and tobacco.

Japan has been the largest individual purchaser of U.S. farm products for many years. Other major purchasers are the Netherlands, Canada, West Germany, United Kingdom, South Korea, and (since 1976) the U.S.S.R. Western Europe as a whole now takes a smaller share of U.S. agricultural exports than in the early 1960s.

Source: U.S. Department of Agriculture, *Agricultural Statistics*, 1968 and 1980

**U.S. Agricultural Exports, 1980**
$ billions

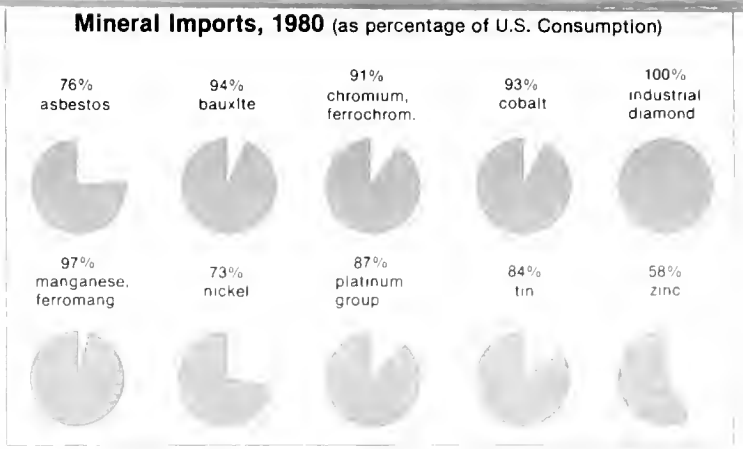
| | |
|---|---|
| **TOTAL** | **41.0** |
| Western Europe | 11.6 |
| Netherlands (1979) | 1.8 |
| West Germany | 1.8 |
| United Kingdom | .9 |
| Japan | 6.1 |
| Latin America and Caribbean | 6.1 |
| Asia (excl. Japan, China) | 2.5 |
| U.S.S.R. and Eastern Europe | 2.2 |
| U.S.S.R. | 1 |
| China | 2.2 |
| Africa (excl. South Africa) | 2.2 |
| Canada | 1.9 |
| Other | 6.2 |



Most industrial countries must import some nonfuel minerals. Although domestic sources account for a large part of minerals used in the U.S., the United States relies on foreign sources to meet some or all of its needs for more than 20 of the 80 strategic and critical minerals included in the national defense stockpiles. Western Europe is more dependent on imports than the United States, and Japan is almost wholly dependent on foreign mineral sources. The U.S.S.R., on the other hand, is relatively self-sufficient in minerals.

The map shows the sources of 10 nonfuel minerals of which imports accounted for more than 50% of U.S. consumption in 1980. Map percentages are the principal suppliers' share of the amount imported for each mineral for 1976–79.

Source: U.S. Bureau of Mines, *Mineral Commodity Summaries*, 1981, and other bureau data.




**Canada**
asbestos, 96%
nickel, 52%
zinc, 100%

**Ireland**
industrial
diamond, 36%

**U.S.S.R.**
chromite, 16%
platinum group, 22%

**Jamaica**
bauxite, 42%

**Guinea**
bauxite, 32%

**Brazil**
manganese ore, 24%

**Gabon**
manganese ore, 44%

**Bolivia**
tin, 17%

**Zaire**
cobalt, 42%

**Thailand**
tin, 15%

**Philippines**
chromite, 15%

**Malaysia**
tin, 49%

**South Africa**
chromite, 40%
industrial diamond, 33%
ferrochromium, 62%
ferromanganese, 38%
platinum group, 53%

Boundary representation is not necessarily authoritative.

# Sources of U.S. Crude Oil Imports, 1970 and 1979

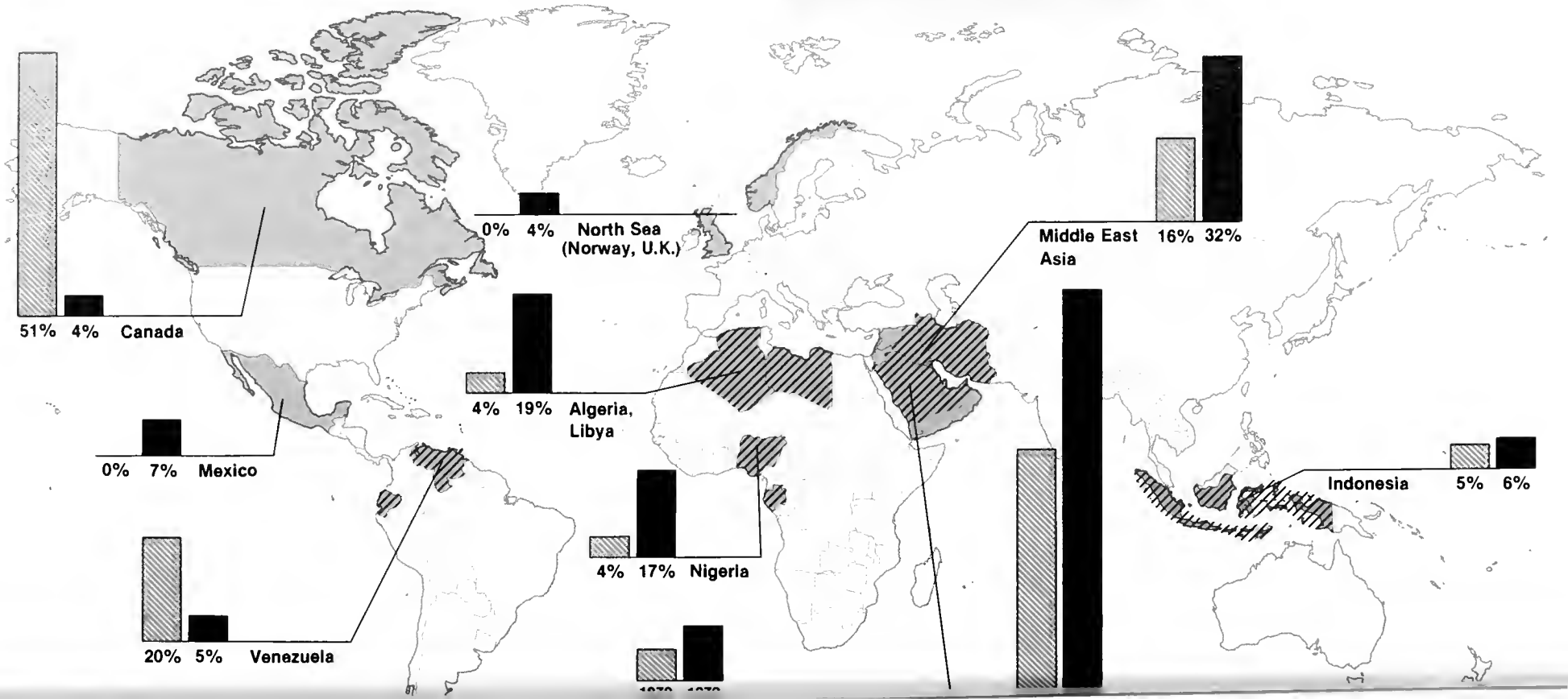
The United States is the world's third largest oil producer (after the U.S.S.R. and Saudi Arabia) but has been a net importer of oil since 1949. Imports, growing rapidly in the 1970s, provided about 45% of U.S. petroleum needs in 1979. The two largest suppliers were Saudi Arabia (with about 21% of total import volume) and Nigeria (with about 17%). The Organization of Petroleum Exporting Countries as a whole accounted for about 80% of total import volume.

There was a severe drop in the amount of oil imported from Canada in the 1970s because of Canada's policy during that period of reducing oil exports to the United States (Canada's only foreign oil customer).

Sources: U.S. Department of Commerce, *Statistical Abstract of the United States*, 1980; IM 150/155 (U.S. General Imports, 1979)

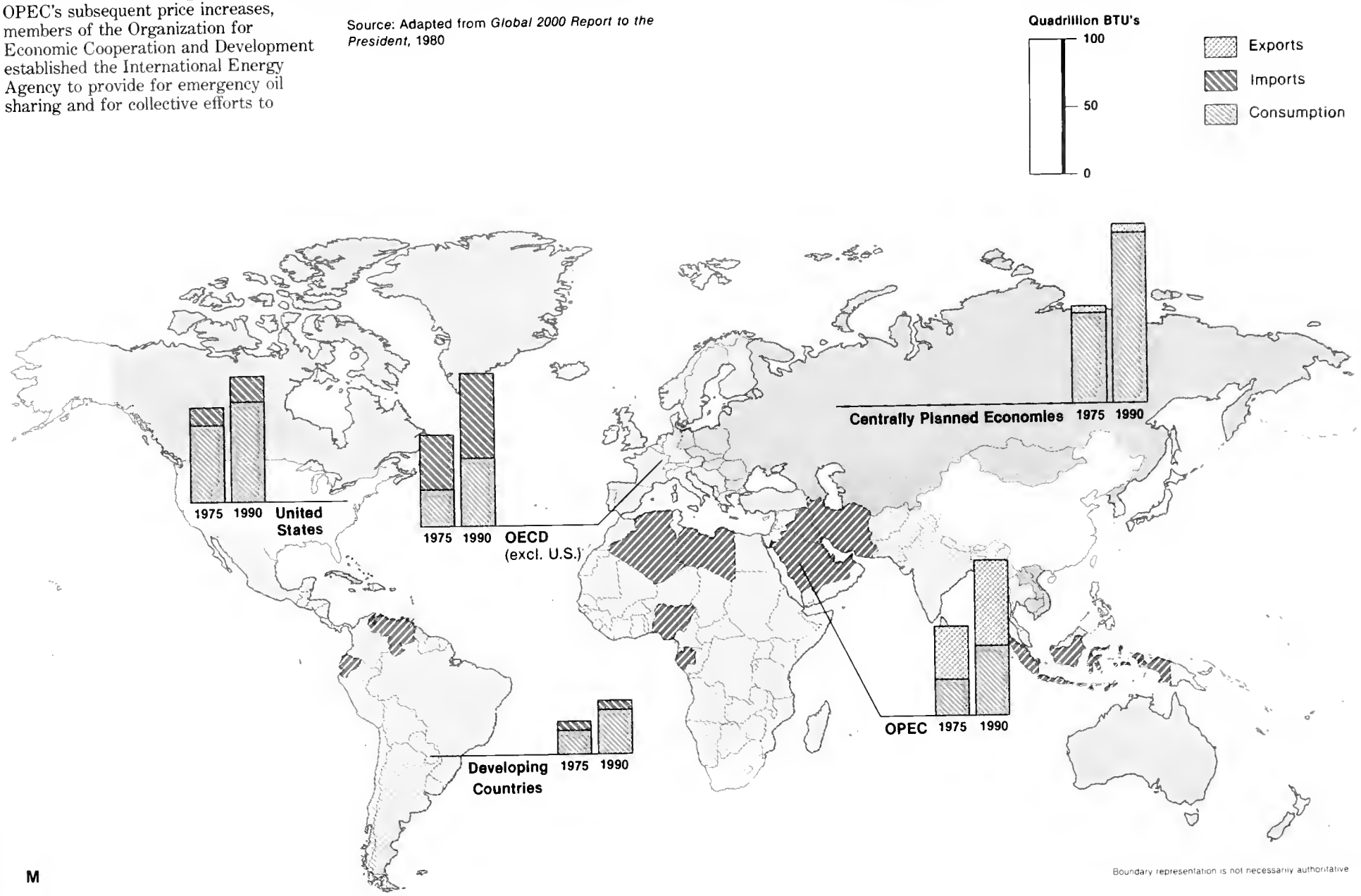
**Value of Imported Petroleum and Its Products, 1979** ($ billions)

| | |
|---|---|
| **TOTAL** | 60.0 |
| Nigeria | 8.0 |
| Saudi Arabia | 7.9 |
| Libya | 5.2 |
| Venezuela | 4.8 |
| Algeria | 4.6 |
| Mexico | 3.0 |
| Indonesia | 2.6 |
| Iran | 2.6 |
| Canada | 2.5 |
| United Arab Emirates | 2.0 |
| Netherlands Antilles | 1.8 |
| Trinidad and Tobago | 1.5 |
| United Kingdom | 1.4 |
| Norway | .7 |
| Other | 11.4 |



Japan and Western Europe import 50% of their oil—more than three-fourths from the Organization of Petroleum Exporting Countries. In 1974, as a result of the 1973 Arab embargoes and OPEC's subsequent price increases, members of the Organization for Economic Cooperation and Development established the International Energy Agency to provide for emergency oil sharing and for collective efforts to develop other sources of energy. Ultimately, the world will have to derive the major portion of its energy from other sources, but there is no immediate substitute for oil.

Source: Adapted from *Global 2000 Report to the President*, 1980

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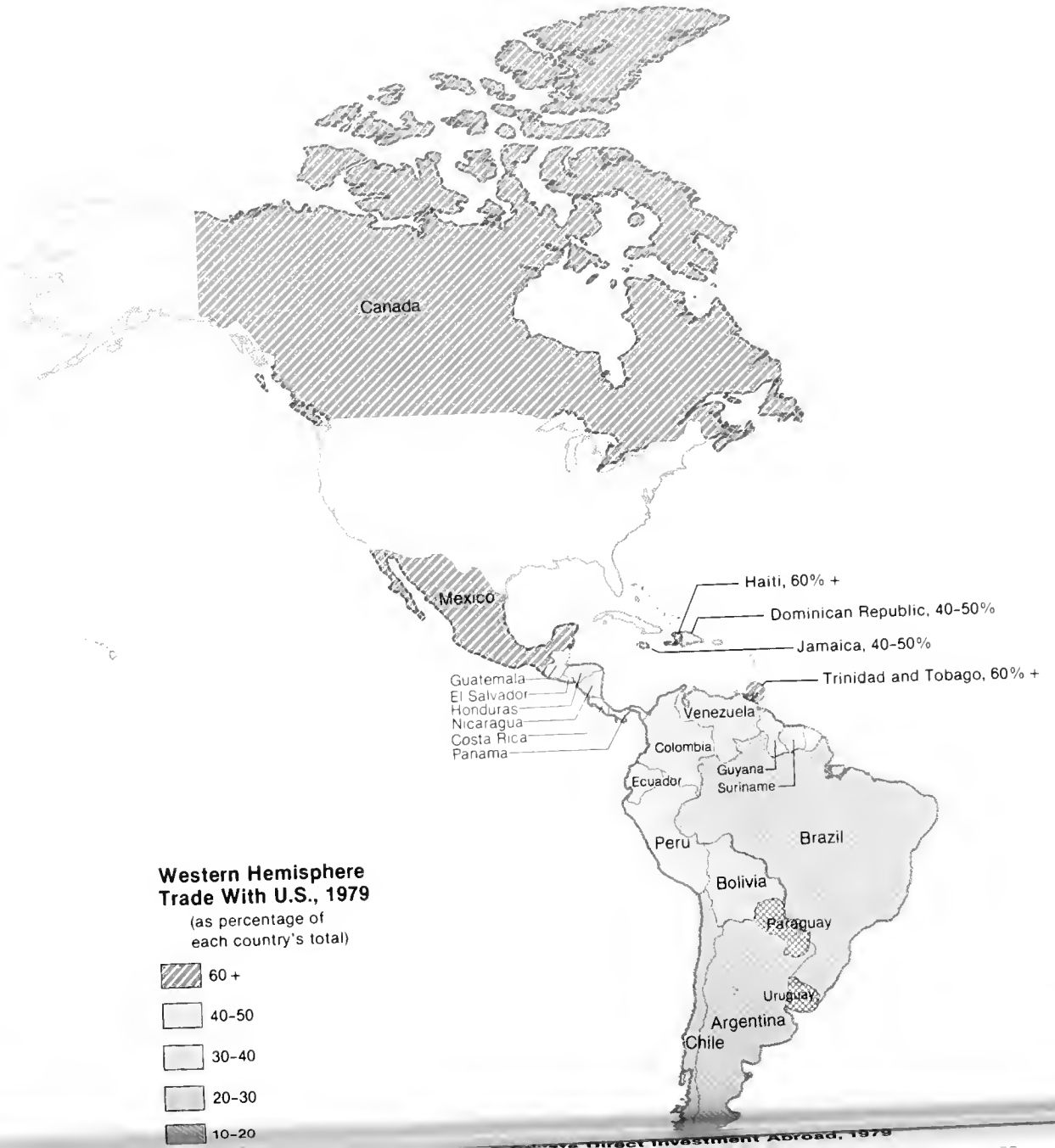
# Western Hemisphere Trade with the United States, 1979

The United States is the destination of about one-third of the total exports of Canada and the Latin American and Caribbean nations, and these countries account for more than 30% of U.S. exports. The only Western Hemisphere countries of which the United States is not the major trading partner are Argentina, Guyana, Paraguay, Uruguay, and Cuba. (About two-thirds of Cuba's trade is with the U.S.S.R. and other centrally planned economies.)

Note: Not included in these calculations are The Bahamas, Bermuda, Dominica, Grenada, St. Lucia, St. Vincent and the Grenadines, and all dependencies.

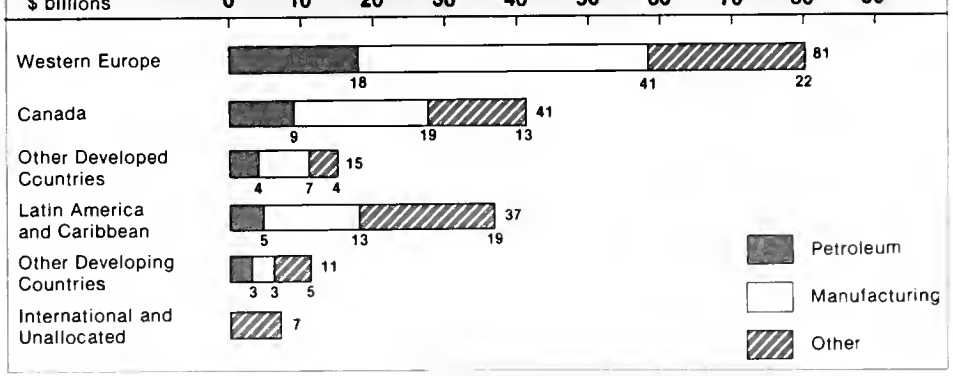
Source: International Monetary Fund, *Direction of Trade Yearbook, 1980*

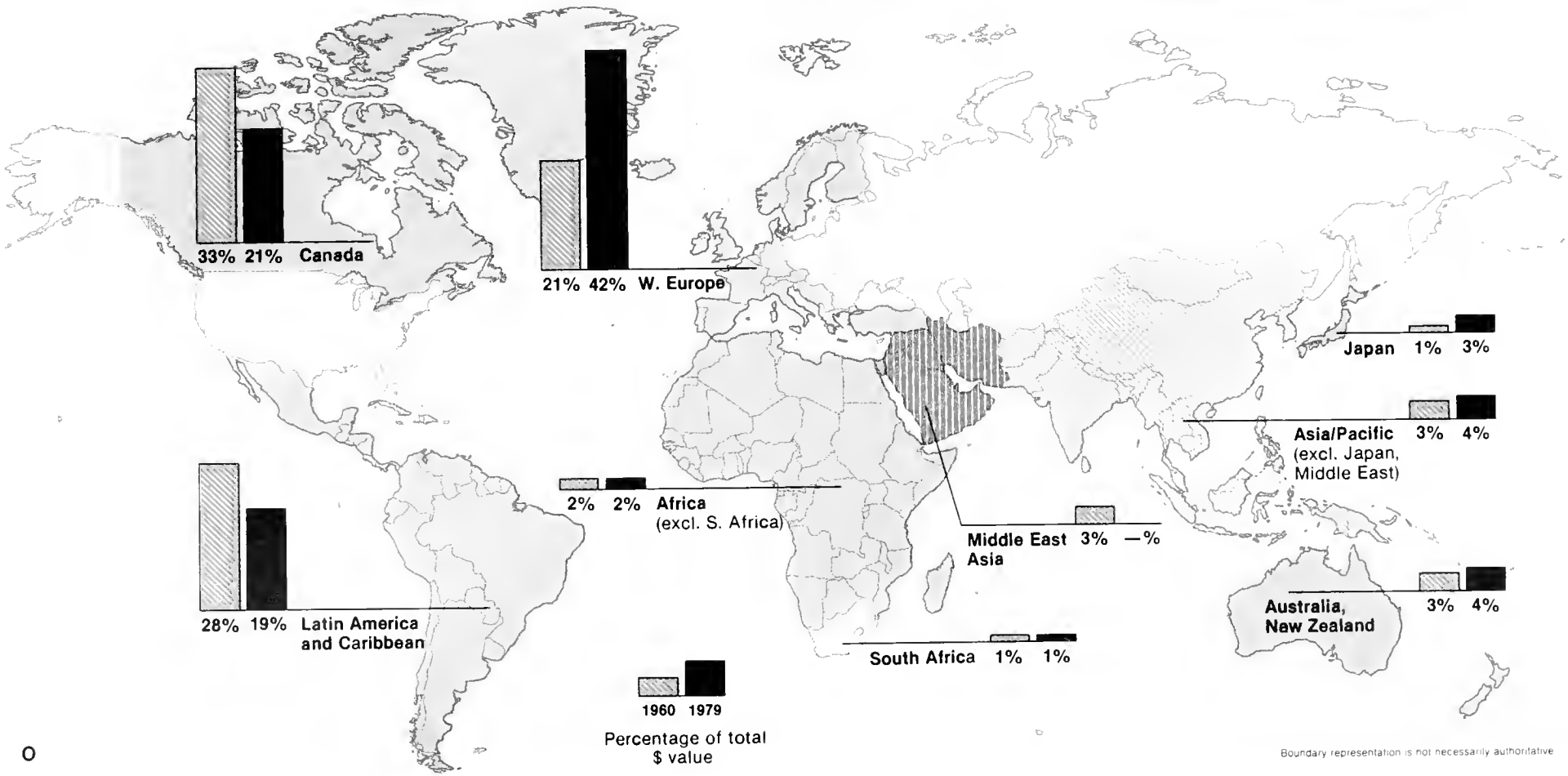


Although the United States continues to be the largest source of foreign direct investment, the rapid growth of Japanese and European investment abroad after 1960 caused the U.S. share of the world total to fall from over 60% in 1961–67 to less than 30% in 1974–78. In the 1960s, U.S. firms invested heavily in the European Economic Community in order to take advantage of high growth potential and to avoid tariffs by manufacturing within the community.

Source: U.S. Department of Commerce, *Statistical Abstract of the United States*, 1980; *Survey of Current Business*, August 1980, February 1981

**U.S. Private Direct Investment Abroad, 1978**
(by area and industry)

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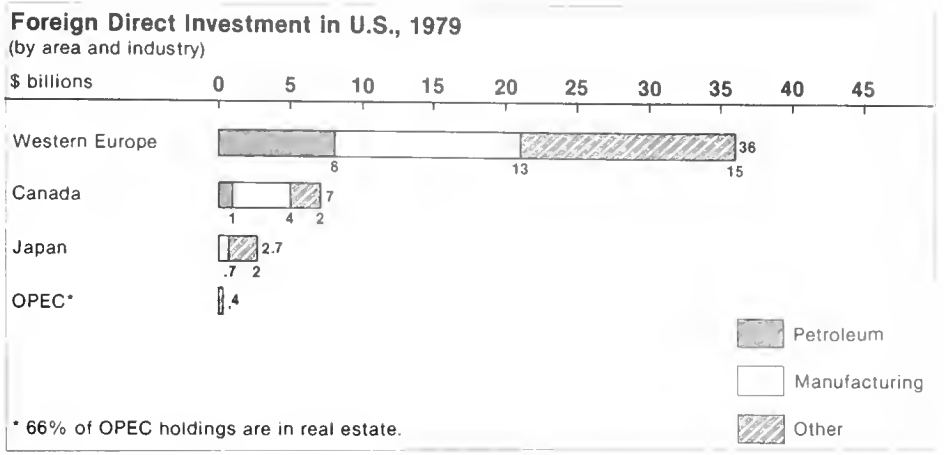
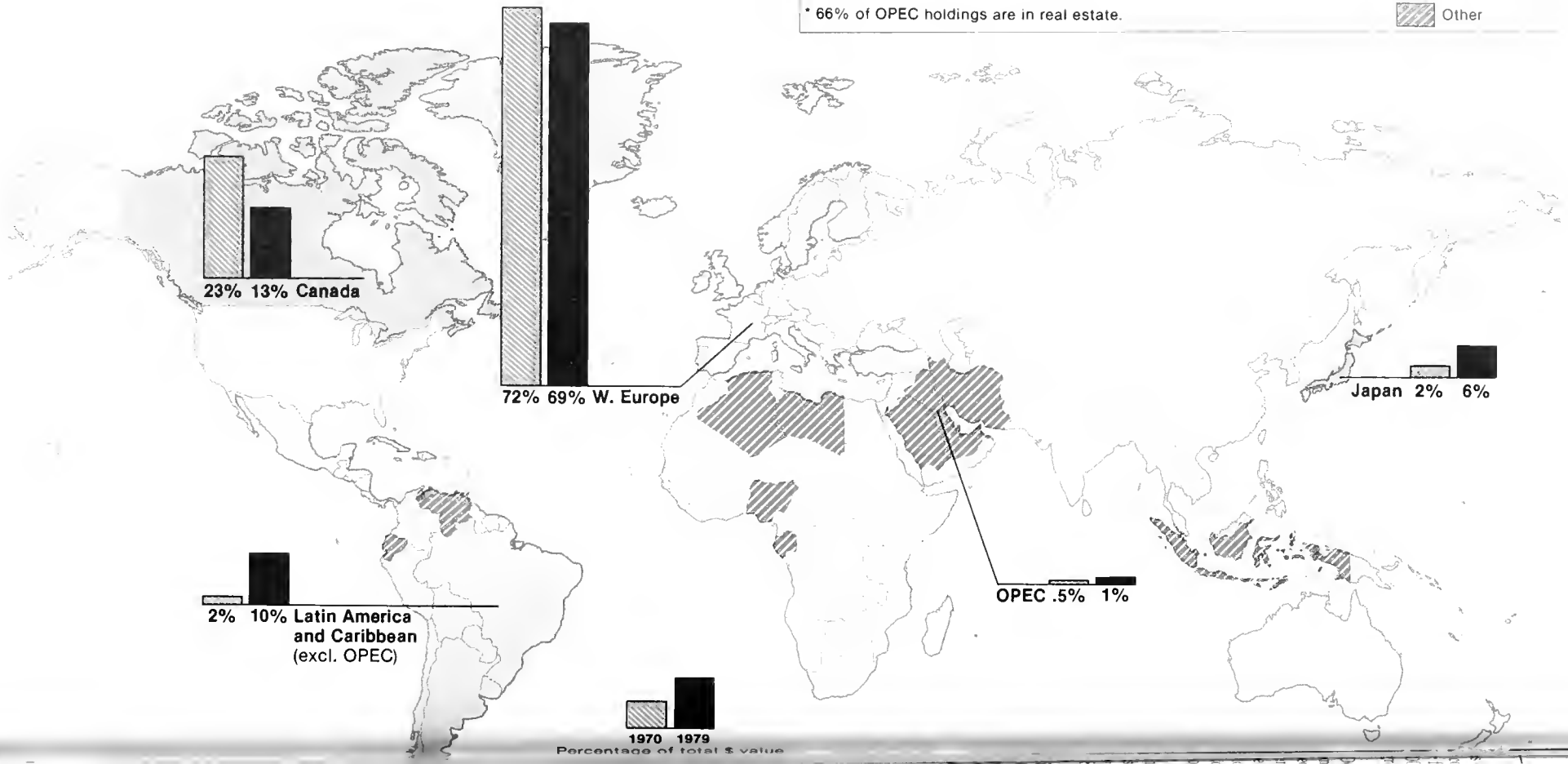
# Foreign Direct Investment in U.S., 1970 and 1979

In the 1970s the United States attracted large amounts of direct investment from abroad. While this resulted chiefly from dollar devaluation, it also reflected international confidence in the strength of the American economy. Between 1967 and 1979 the amount of foreign direct investment in the United States rose from $9 billion to about $52 billion. In 1974–78 the United States attracted one-quarter of the world's direct investment, with Western Europe accounting for about two-thirds of the inflow.

Largest investors were the Netherlands (largely in the petroleum industry) and the United Kingdom (chiefly manufacturing and petroleum).

Source: U.S. Department of Commerce, *Survey of Current Business*, February 1973, August 1980



of frustrated attempts to emigrate
ountry where they could practice
faith freely. There are at least
0 Pentecostals who want to
ate and are denied the right to do

evout Christian believers of all
inations have faced years of
cution, imprisonment, and
matic discrimination in education
mployment. Indeed, during
us efforts to emigrate, four of the
henko children were placed by the
rities in a state orphanage, and
father was forcibly confined in a
iatric hospital. During the last 3
at least 250 Christians, to our
edge, have been imprisoned in the
.R. for pursuing the dictates of
faith and conscience. These include
sts, Adventists, Pentecostals, Rus-
Orthodox, True Orthodox, Greek
lics, Roman Catholics, and
ah's Witnesses.

'e have every reason to wonder
er this pattern of arrests may not
"national tradition" we are asked
done. This kind of "national tradi-
has no place in any document
ht forth by our meeting.

major objective of many delega-
at Madrid, including our own, has
to seek language in our final docu-
that calls for the removal of
cles preventing the individual from
ssing his views and otherwise
ing and acting upon his rights and
s in the human rights area, in-
g those concerning the implemen-
of the Final Act. The basis for
s in principle VII of the Final Act.
therefore, relevant to examine
has happened to the human rights
sts and groups in the Soviet Union,
e purpose is exactly to concern
selves with the implementation of
elsinki Final Act.

ince early June, three members of
sychiatric watch group, which was
o to monitor the abuse of
iatric medicine to inflict political
hment, have been sentenced to
n terms.

One of them, Anatoly Koryagin, a
iatrist, was sentenced on June 5 to
rs in a labor camp plus 5 years of
nal exile for "anti-Soviet agitation
propaganda." Koryagin's crime was
test to the sanity of Aleksie Nikitin,
ning engineer who was forcibly com-
ed to the Dnepropetrovsk special
iatric hospital for protesting
ist unsafe working conditions of
rs in the Donetsk region.

In a plenary statement on May 12, I noted the fifth anniversary of the Moscow Helsinki monitoring group. Since then, that group, and the Lithuanian and Ukrainian monitoring groups as well, have been further decimated by arrests and trials. This is the occasion to remember that the health of the Moscow group's founder, Yuri Orlov, and of founding member Anatoly Shcharansky, continues to worsen in prison, as does the health of Estonian rights advocate Mart Niklus, who is serving a 15-year sentence.

Raisa Rudenko, the wife of the founder of the Ukrainian Helsinki monitoring group, Mykola Rudenko, who is himself serving a 12-year sentence, was arrested on May 12 in Kiev. We have only recently learned of the rearrest on March 24 of Ivan Kandyba, founding member of the Ukrainian group, who now faces the possibility of yet another 15-year sentence, which would bring the total years he will have spent in confinement to 30.

We learned, too, that two new members of the Lithuanian monitoring group, Vytautas Vaiciunas and Mecislovas Jurivicius, were arrested and charged with "anti-Soviet fabrications" and participating in religious processions.

And in Latvia on June 9, Juris Bumeisters, a 63-year-old electrical engineer, was sentenced to 15 years of strict regimen camp for treason, reportedly in connection with his involvement in the Latvian Social Democratic Party, which belongs to the Socialist International.

And Andrei Sakharov remains banished to Gorky, weaker in physical strength, isolated by the Soviet authorities—but not forgotten by the world.

I am aware that we have mentioned many names today. I only wish that the list of arrests and persecutions since April 10 was much smaller, indeed, nonexistent. Let me only state that the names mentioned were but a few, il-

## CSCE Review Conference

The CSCE [Conference on Security and Cooperation in Europe] review conference in Madrid has agreed to recess until late October, when it will reconvene for about 8 weeks. The inflexible position taken by the Soviet Union on both security issues and human rights has made a constructive outcome impossible and precipitated the recess. The NATO nations, with the expressed appreciation of members of the neutral/nonaligned group, attempted during the past 2 weeks to bridge East-West differences. Toward this end we presented a major initiative for a balanced outcome at Madrid. It proposed movement forward in the human rights area, along with a revised formulation for the mandate for the French-proposed conference on disarmament in Europe which would negotiate confidence-and-security-building measures in Europe.

The Soviet Union, however, rejected both the human rights and security components of this initiative out of hand and tabled a counterproposal which reflected no forward movement whatsoever and was recognized quickly by the Western nations as being so extreme as to close off any serious negotiations. The impasse reached at Madrid has highlighted, once again, the serious shortcomings of the Soviet Union in carrying out CSCE obligations, as well as its record of human rights violations generally. At the same time, the Soviet response to the West's efforts to reach agreement on a disarmament conference mandate—and particularly the continuing Soviet refusal to permit all of its European territory to be covered by a confidence- and security-building measures regime—reinforces serious doubts about Moscow's commitment to the arms control process and to practical efforts to reduce international tensions.

Developments in Madrid have underlined, once again, the importance of the allied unity and firmness which have characterized the negotiations throughout the conference. We and our allies value highly the CSCE process. We remain dedicated to a dialogue on humanitarian and arms control issues wherever serious dialogue is possible. But this depends on Soviet willingness to participate in meaningful negotiations and to seek constructive solutions. We hope such an attitude will be reflected in the East's positions when the Madrid meeting resumes in the fall and will enable the participants to agree on a balanced and substantive concluding document by mid-December.

CSCE press release of July 27, 1981 (made available to news correspondents by Department spokesman Dean Fischer). ■

lustrative of many more men and women who have become victims of state oppression.

What we have witnessed during the entire life of this Madrid meeting—while the Soviet delegation has been professing its fidelity to the Final Act—is a systematic effort by the regime to destroy the entire human rights movement in the Soviet Union. No human rights group has been left untouched. But these men and women know they have friends. They are not forgotten. We remember them here. Their friends will continue to remember. Books published all over the world will recall their deeds for new generations to remember.

We have on another occasion noted that in Czechoslovakia human rights champions are facing similar dangers. On July 9, Jiri Gruntorad, a young fighter for human rights and a signer of Charter 77, was sentenced to 4 years in prison for subversion. Following mass arrests on April 28, trials have begun for members of Charter 77 and VONS (the Committee for the Defense of the Unjustly Persecuted). Just yesterday, the trial of spokesman Rudolph Battek took place. There are reports that other trials are imminent. We deeply hope that the Czechoslovak regime will reconsider before it does new damage to its standing at this conference and its relations with the states represented here.

The head of the Soviet delegation has reminded us many times of the small number of human rights activists that exist in his country. Then why is his government so afraid of them? Has it so little confidence in itself that it cannot tolerate the activities of a handful of people? Why is a state that calls for peaceful coexistence unable to coexist with its own internal differing views? Why must it punish people for asking their government to observe the commitments it assumed of its own free will?

I will make a prediction—not a warning, a prediction. The regime can, by force, weaken and even come close to obliterating the formal human rights movement in the Soviet Union. We know from recent history that any totalitarian regime can, if it is ruthless enough, succeed with repression—in the short run. But the struggle for liberty will remain alive. The movement will survive and in time flourish. It will remain alive because new people will emerge to take the place of those who have fallen. It will survive because the whole of history has shown that no method of police brutality has yet been devised to crush the human spirit.

Let me now state that we do not here seek, nor do we have a right to seek under the Helsinki Final Act, to interfere with the political, social, economic, and cultural system of any other participating state. We do not do so. But we have every right to insist that participating states conform to the provisions of the act. What state here maintains that human brutality and repression are an integral part of its system? What state here maintains that to abide by the terms of the Helsinki Final Act is incompatible with its system? To insist that respect for human rights and fundamental freedoms be maintained is our right under the act; indeed, it is our duty if we are to take the Helsinki Final Act seriously.

I speak for the American people when I say we want the peoples governed by the Soviet Union to become the great contributors to civilization that they aspire to be. We look to the day when their government can unlock the genius of its peoples—great peoples with profound cultures and proud histories. We pray that the government will gain the self-confidence and the moral courage to advance human rights rather than suppress them because that is the key to the genius and greatness of any people.

The transgressions of the Final Act here cited, all of them applying to the short period since our last recess, are raised to underscore a point essential to the success of the Madrid meeting. Events outside our conference cloud the possibility of significant achievements here. Their improvement will be reflected in an improved spirit here.

### The Tasks Ahead

The U.S. delegation will return in October with determination to fulfill its responsibilities under the Helsinki Final Act. We join nearly all of the delegations here in our determination to bring this meeting to a close with positive, substantial, and balanced results. What we need to accomplish this objective is a reciprocal commitment. We need a demonstration that the Soviet Union intends to abide by the provisions of the Final Act. Our peoples have every right to ask what good it does to talk about new promises when the old ones are not kept.

The delegation of the United States will persevere in our efforts here for peace, security, and understanding and for the building of the CSCE proces What we have already done in a lon months in Madrid is inadequate, but can provide a good basis on which w can build.

It is our view that the best way build is by:

- Finding language which make mistakable reference to the importar role that Helsinki monitors can play;
- Agreeing to discuss our proble in the human rights area and human contacts in a serious, thoughtful, and constructive spirit at post-Madrid experts' meetings;
- Putting specific content into th Final Act language on freedom of religion;
- Reaching consensus on a stron information text. It is the unique gift thought which distinguishes man fro the animal world. The right to hear f and ideas through, among other thing the unimpeded dissemination of broa cast information is an integral part o that thought process, as is clear prot tion for professional journalists, a vit channel through which facts and idea are communicated; and
- Agreeing on a final document which sets an early date for the next follow-up meeting. In the very first d of the Madrid meeting last September urged that the best way to show commitment to the Helsinki process was agree at the very outset that we woul have another follow-up meeting at a reasonable time following the close of this one. For more than 10 months, t Soviet Union has refused to join us in this commitment.

These objectives can be met in the weeks that remain to us. Indeed, they could have been met in these last few weeks if our offer to negotiate on the issues I have just listed had been accepted.

As we look ahead to our reconven session, it is important to take care th the length of this meeting does not distort its original and intended balanc This would not be healthy for the Helsinki process. We must not turn th CSCE into a military forum or our meeting into a preparatory one for a military conference. Thus, when we return, our delegation intends to assur an equitable balance by continuing to press for our human rights proposals; and we will continue to refer to implementation issues as events require. We cannot treat this meeting as if it were an ivory tower, above the clouds which darken the world.

nally, let us face the fact that the session is, in all likelihood, our last e for a substantial concluding docu- We note here the realism of the delegate last Friday. To proceed d December without agreement vell risk scorn for the CSCE proc- is too early to contemplate such a pointing result. But we have less han we think. Facing reality early elp us to mobilize ourselves for the positive results we seek.
o delegation represented here will iate more seriously in the 8 weeks us than the U.S. delegation. We icans return home today deter- to continue to do our part to the full contribution that the process and the aims of security operation require of all of us. I that in this we are joined by . We pray that we will be joined by

# th Anniversary the Berlin Wall

st 13, 1981, marks the 20th an- sary of the construction of the n Wall. During the past two les, this ugly barrier has provided a ant reminder of the tragic division e German nation and the European inent. It has provided poignant nce of the painful human divisions ght about by Soviet hegemony in ern Europe and the German ocratic Republic. It has also been atic proof of the inability of Com- st systems throughout Europe to the allegiance of their peoples.
'or more than 30 years, the situa- in Berlin has drawn the attention of men everywhere. Construction of Berlin Wall in August 1961 followed unprecedented exodus of more than llion East Germans fleeing from ical oppression. In that same year, letermined people of West Berlin onstrated anew the spirit that has led them to maintain the freedom of Western Sectors 110 miles inside munist territory. This determination continued unabated during the past ears. Today, as in the past, West in remains a vibrant, prosperous The variety of its economic, ical, and cultural achievements ds in stark contrast to the controlled otone of the East.
The United States is honored to ntain with the British and French

**Between 1946 and 1961, more than 4 million people fled from East Berlin to the West. Since the construction of the wall in August 1961, the number of refugees has been reduced to a trickle. The Berlin Wall (shown here) is being constantly reinforced by East German authorities.**

allies the responsibility for defense of freedom in the Western Sectors of Berlin. It also views its commitment to maintenance of Four Power rights and responsibilities for all of Berlin as one of the cornerstones of the American presence in Europe. In times of crisis, the United States has demonstrated its determination to help preserve the democratic system in West Berlin, with military means if necessary. When compromise appeared possible, the United States took the lead in seeking pragmatic solutions to the problems which plagued the divided city. The Quadripartite Agreement of September 3, 1971, is a prime example of the type of understandings which can be reached between East and West if the Western nations demonstrate clearly their intention of seeking practical and beneficial solutions without abandoning their readiness to defend their interests when necessary.

The United States remains committed to seeking practical solutions to problems which cause tensions in and around Berlin. It views seriously the commitments contained in the Quadripartite Agreement, including the reaffirmation of quadripartite rights and responsibilities for Berlin and Germany as a whole. This means that these joint rights and responsibilities apply to all sectors of Berlin, including East Berlin.

At the same time, the United States views this 20th anniversary of the tragic division of Berlin through the Berlin Wall as an occasion to reaffirm its commitment to the freedom of the human spirit which has refused to die in Berlin. The continued need of the East German regime to maintain the Berlin Wall is proof that Berliners in both East and West have not abandoned their ties to each other. They have not lost their attachment to one of the most basic of human desires—the desire to be allowed to live one's life as one chooses without undue interference from the state. At a time when the complexity of problems facing the world is severely taxing the abilities of societies everywhere, the example provided by Berliners, despite the ugly East German Wall, demonstrates anew the flexibility, adaptability, and basic human appeal of a free, pluralistic way of life.

Press release 276 of Aug. 12, 1981.■

# U.S. Commitment to Human Rights

*by Walter J. Stoessel, Jr.*

*Statement before the Subcommittee on Human Rights and International Organizations of the House Foreign Affairs Committee on July 14, 1981. Ambassador Stoessel is Under Secretary for Political Affairs.*[1]

Under this Administration, the protection and enhancement of human rights is a principal goal of our foreign policy. Indeed, it shapes the fundamental purposes and helps define the context of our international relationships. This commitment to human rights, like our entire foreign policy, is an expression of values deeply held by the American people themselves. In the debate over how best to pursue human rights, we should not lose sight of the broad consensus that exists about most human rights issues. It is recognized the world over that America, as a nation, is in the forefront in the struggle to advance human rights. Americans object to violations of human rights wherever they occur. We believe that human rights practices are an important factor in our relations with other countries, and we Americans believe that when things are wrong, they should be set right—that is our duty to help. Our law and our policy reflect these deep feelings and draw strength and inspiration from them.

As the spokesman for the American people, this Administration opposes the violation of human rights whether by ally or adversary, friend or foe. Ours is not a policy of "selective indignation." Rather, it is one of balanced and even-handed condemnation of human rights violations wherever they occur. Secretary Haig has outlined the main tenets of this Administration's foreign policy:

- Our emphasis on defending U.S. national security;
- Our determination to work closely with our allies and friends and to strengthen our alliances;
- Our dedication to improving our relations with developing countries; and
- The President's economic program which is transforming and revitalizing the nation's economy and providing the material basis for a sound foreign policy.

Our commitment to human rights is fundamental. It is an integral element of this Administration's foreign policy, which must be considered along with—not against—these other factors in making particular foreign policy decisions. Just as the consideration of human rights should not be a mere afterthought in the foreign policy process, neither should it be isolated and pursued as if it were the only goal in our relations with other countries. We believe that human rights are not only compatible with our national interest; they are an indispensable element of the American approach—at home and abroad. Our objective is to make our security interests and our human rights concerns mutually reinforcing so that they can be pursued in tandem.

U.S. human rights policy also should be directed toward attaining real results. It should utilize the approaches most likely to attain a real improvement in human rights. It should be effective. This has usually been the American approach, one of effective pragmatism. In pursuing this course, we recognize that the countries of the world vary tremendously in political, economic, and cultural terms, representing a diverse inheritance of historical traditions and contemporary circumstances. We need, in the 1980s, the sophistication to apply our instruments of influence in ways that correspond to—and respect—the complex international system, while working to move all countries to show greater respect for the internationally agreed standards of human rights. Our task is to translate these agreements into reality.

The United States has a number of instruments with which we can—and will—promote human rights. If the United States is to show leadership in the cause of human rights, we must lead in the first instance by our own example. This is a precondition for success. We need to be an example to other nations—both of strength and prosperity—and of our vibrant democratic institutions, for we cannot call on others to meet high human rights standards unless we do so ourselves. President Reagan has captured this concept clearly in speaking of the United States as a city upon a hill. We have much to be proud of in this regard.

We must match our commitmen principle with strong political resolve Our influence on human rights can e tend only as far as our reputation fo reliability to friends and allies and th respect we generate from our adversaries. This Administration will meet these preconditions for a successful human rights policy.

We believe that the use of traditional diplomacy is generally more ef tive than other approaches and is mo likely to lead to results. Traditional diplomacy has always combined publi and private aspects but with greater reliance on private approaches becau of their flexibility and precision and because they avoid injury to the dign of sovereign states. If we want other governments to curb human rights abuses in their countries we should speak to them privately first and in ways which do not threaten them wit public loss of face, which often leads only to obstinacy. We should speak t them, where possible, in the framew of friendly relations grounded in trus and reciprocity.

In a large number of countries in areas of the world we are undertakir vigorous diplomatic interventions, bo to remind governments of our contin concern about general human rights ditions and to seek relief for particul victims. We have done the latter wit governments whose relationships wit us are very diverse. But in pursuing diplomacy, it is particularly importan avoid any attitude that seems patron ing or arrogant.

While private diplomacy will be t preferred approach of this Adminstra tion, it is, of course, vital not to forg that public expressions of concern ca also be a useful instrument of human rights policy. We will continue to use this instrument where it is needed. A one example, the Administration was pleased to be able recently to contribu $1.5 million to the International Com mittee of the Red Cross (ICRC) in su port of its program for protecting an assisting political detainees in many countries. This was the first U.S. con tribution, in response to an appeal wh ICRC made in early 1980. The progra is a valuable means of providing supp to political prisoners through neutral channels and also is consonant with th Administration's intention to heighten international consciousness of human rights problems.

We will never be in the position o seeming, through silence, to renounce what America stands for. But in using

acy to raise the world's con-
ness of human rights, we will
nproductive posturing that could
cate real progress.

o current examples of our public
rights diplomacy are the Ad-
ration's approach to the Con-
e on Security and Cooperation in
e (CSCE) and the 37th session of
N. Human Rights Commission.

At Madrid the U.S. delegation has
ntly upheld the banner of human
while throwing full light on viola-
y the Soviet Union and some East
ean states, and pressing hard for
e steps which will assist in the
tion of human rights.

At the U.N. Human Rights Com-
n meeting, which opened barely 2
after the inauguration, we em-
ed the continued U.S. interest in
rights. The major achievement
e commission's adoption of the
ation on the Elimination of All
of Intolerance and Discrimination
on Religion or Belief. Also
rthy were the resolutions con-
g Soviet activities in Afghanistan
man rights violations in Kam-
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those instances where nothing
or will be effective and where
emains a need to make our posi-
equivocally clear to preserve in-
onal standards, we will be
ed to deal with human rights
ns with the various diplomatic
onomic measures available to us.
ally, to encourage a better world
for human rights, we are at-
ng to strengthen adherence to in-
onal legal standards whenever
e. The international sense of what
nissible and impermissible can be
beneficial to the suffering people
the world. We do not nurture
ternational sense of acceptable
or if we respond weakly to
es against our citizens and
ats or fail to defend our rights.
is reason, we have declared we
t negotiate with hostage takers,
e have begun a serious program to
r international terrorism which
rates some of the cruelest viola-
f human rights.

dealing with specific human
problems, we will be applying a
r of common sense criteria.

• We should act in ways that are most likely to improve actual human rights conditions. This is our most important principle.

• At the same time, we should consider the absolute as well as the relative human rights conditions. There can be cases where human rights violations are so extreme that even improved conditions should not make us change our attitude.

• Trends are important. Improvements—as well as deterioration in past performance—should be weighed carefully.

• In a few cases we must take a stand even if it will have no immediate effect. In a case like the Kampuchean genocide we must speak out simply to maintain our conception of decency and to preserve the shreds of international consensus on human rights standards.

• When we decide on an action promoting a right or remedying a violation, we must weigh the importance of the particular human rights involved. Torture and physical abuse are especially abhorrent. We also attach particular importance to promotion of political rights.

• We also realize that there are differences in the universality with which we can secure various rights. Some rights can easily be instituted everywhere, given good will; others require complex preconditions. It follows that we demand the first category more universally than the second. Some parts of the world have longer and deeper traditions of respect for human rights.

There is, of course, no general formula for how we weigh the criteria with one another in all parts of the world, and these criteria are only illustrative. Moreover, human rights considerations will be weighed with other foreign policy concerns. In short, we must decide human rights issues on a case-by-case basis, but in the light of American principles. We are developing our criteria in light of experience and welcome this opportunity to gain the wisdom of the committee on this subject.

To conclude, in making decisions on human rights policy we are likely to confront many dilemmas. We will face many difficult cases, and it will be hard to be sure that we have made the right decision; sometimes we may err, but, if we are guided by our principles and learn from our experience, we will refine our judgments as we proceed. We will move closer to our goal of serving human rights and our national interest, of living in a world that is both safer and more just.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# U.S. Immigration Policy

### PRESIDENT'S STATEMENT, JULY 30, 1981[1]

Our nation is a nation of immigrants. More than any other country, our strength comes from our own immigrant heritage and our capacity to welcome those from other lands. No free and prosperous nation can, by itself, accommodate all those who seek a better life or flee persecution. We must share this responsibility with other countries.

The bipartisan select commission which reported this spring concluded that the Cuban influx to Florida made the United States sharply aware of the need for more effective immigration policies, and the need for legislation to support those policies.

For these reasons, I asked the Attorney General last March to chair a Task Force on Immigration and Refugee Policy. We discussed the matter when President Lopez Portillo visited me last month, and we have carefully considered the views of our Mexican friends. In addition, the Attorney General has consulted with those concerned in Congress and in affected States and localities and with interested members of the public.

The Attorney General is undertaking administrative actions, and submitting to Congress, on behalf of the Administration, a legislative package based on eight principles. These principles are designed to preserve our tradition of accepting foreigners to our shores but to accept them in a controlled and orderly fashion.

• We shall continue America's tradition as a land that welcomes peoples from other countries. We shall also, with other countries, continue to share in the responsibility of welcoming and resettling those who flee oppression.

• At the same time, we must insure adequate legal authority to establish control over immigration: to enable us,

when sudden influx of foreigners occur, to decide to whom we grant the status of refugee or asylee; to improve our border control; to expedite (consistent with fair procedures and our Constitution) return of those coming here illegally; to strengthen enforcement of our fair labor standards and laws; and to penalize those who would knowingly encourage violation of our laws. The steps we take to further these objectives, however, must also be consistent with our values of individual privacy and freedom.

• We have a special relationship with our closest neighbors, Canada and Mexico. Our immigration policy should reflect this relationship.

• We must also recognize that both the United States and Mexico have historically benefitted from Mexicans obtaining employment in the United States. A number of our States have special labor needs, and we should take these into account.

• Illegal immigrants in considerable numbers have become productive members of our society and are a basic part of our work force. Those who have established equities in the United States should be recognized and accorded legal status. At the same time, in so doing, we must not encourage illegal immigration.

• We shall strive to distribute fairly, among the various localities of this country, the impacts of our national immigration and refugee policy, and we shall improve the capability of those agencies of the Federal Government which deal with these matters.

• We shall seek new ways to integrate refugees into our society without nurturing their dependence on welfare.

• Finally, we recognize that immigration and refugee problems require international solutions; we will seek greater international cooperation in the resettlement of refugees and, in the Caribbean Basin, international cooperation to assist accelerated economic development to reduce motivations for illegal immigration.

Immigration and refugee policy is an important part of our past and fundamental to our national interest. With the help of the Congress and the American people, we will work toward a new and realistic immigration policy, a policy that will be fair to our own citizens while it opens the door of opportunity for those who seek a new life in America.

[1]Text from White House press release.

# Sinai Multinational Force and Observers Established

*At a ceremony at the Department of State on August 3, 1981, Ephraim Evron, Ambassador of Israel to the United States, and Ashraf A. Gorbal, Ambassador of Egypt to the United States, signed the protocol establishing the Sinai multinational force and observers (MFO). Secretary Haig signed as witness for the United States.*

*Following are the texts of identical letters from Secretary Haig to Yitzhak Shamir, Foreign Minister of Israel, and Kamal Hasan Ali, Deputy Prime Minister and Minister of Foreign Affairs of Egypt, of August 3; the protocol, annex, and appendix; and a statement by Nicholas A. Veliotes, Assistant Secretary for Near Eastern and South Asian Affairs, before the Senate Foreign Relations Committee on July 20, 1981.*

## SECRETARY'S LETTER TO EGYPTIAN AND ISRAELI FOREIGN MINISTERS, AUG. 3, 1981

Dear Mr. Minister:

I wish to confirm the understandings concerning the United States' role reached in your negotiations on the establishment and maintenance of the Multinational Force and Observers:

1. The post of the Director-General will be held by U.S. nationals suggested by the United States.

2. Egypt and Israel will accept proposals made by the United States concerning the appointment of the Director-General, the appointment of the Commander, and the financial issues related to paragraphs 24–26 of the Annex to the Protocol, if no agreement is reached on any of these issues between the Parties. The United States will participate in deliberations concerning financial matters. In the event of differences of view between the Parties over the composition of the MFO, the two sides will invite the United States to join them in resolving any issues.

3. Subject to Congressional authorization and appropriations:

A. The United States will contribute an infantry battalion and a logistics support unit from its armed forces and will provide a group of civilian observers to the MFO.

B. The United States will contribute one-third of the annual operating expenses of the MFO. The United States will be reimbursed by the MFO for the costs incurred in the change of station of U.S. Armed Forces provided to the MFO and for the costs incurred in providing civilian observers to the MFO. For the initial period (July 17, 1981-September 30,1982) during which there will be exceptional costs connected with the establishment of the MFO, the United States agrees to provide three-fifths of the costs, subject to the same understanding concerning reimbursement.

C. The United States will use its best efforts to find acceptable replacements for contingents that withdraw from the MFO.

D. The United States remains prepared to take those steps necessary to ensure the maintenance of an acceptable MFO.

I wish to inform you that I sent today to the Minister of Foreign Affairs of Israel [of Egypt] an identical letter, and I propose that my letters and the replies thereto constitute an agreement among the three States.

Sincerely,

ALEXANDER M. HAIG, JR.

## PROTOCOL

In view of the fact that the Egyptian-Israeli Treaty of Peace dated March 26, 1979 (hereinafter, "the Treaty"), provides for the fulfillment of certain functions by the United Nations Forces and Observers and that the President of the Security Council indicated on 18 May 1981, that the Security Council was unable to reach the necessary agreement on the proposal to establish the UN Forces and Observers, Egypt and Israel, acting in full respect for the purposes and principles the United Nations Charter, have reached the following agreement:

1. A Multinational Force and Observers (hereinafter, "MFO") is hereby established as an alternative to the United Nations Forces and Observers. The two parties may consider the possibility of replacing the arrangement hereby established with alternative arrangements by mutual agreement.

2. The provisions of the Treaty which relate to the establishment and functions and responsibilities of the UN Forces and Observers shall apply mutatis mutandis to the establishment and functions and responsibilities of the MFO or as provided in this Protocol.

3. The provisions of Article IV of the Treaty and the Agreed Minute thereto shall apply to the MFO. In accordance with paragraph 2 of this Protocol, the words "through the procedures indicated in paragraph 4 of Article IV and the Agreed Minute thereto" shall be substituted for "by the Security Council of the United Nations with the affirmative vote of the five permanent members" in paragraph 2 of Article IV of the Treaty.

4. The Parties shall agree on the nations from which the MFO will be drawn.

The mission of the MFO shall be to
ake the functions and responsibilities
ted in the Treaty for the United Na-
orces and Observers. Details relating
nternational nature, size, structure
eration of the MFO are set out in the
d Annex.
The Parties shall appoint a Director-
l who shall be responsible for the
n of the MFO. The Director-General
ubject to the approval of the Parties,
t a Commander, who shall be responsi-
the daily command of the MFO.
relating to the Director-General and
mmander are set out in the attached

The expenses of the MFO which are
ered by other sources shall be borne
by the Parties.
Disputes arising from the interpreta-
d application of this Protocol shall be
d according to Article VII of the

This Protocol shall enter into force
ach Party has notified the other that
Constitutional requirements have been
l. The attached Annex shall be regard-
n integral part hereof. This Protocol
e communicated to the Secretary
l of the United Nations for registra-
accordance with the provisions of Ar-
2 of the Charter of the United Na-

e Government of the
epublic of Egypt:
F A. GORBAL

e Government of
ate of Israel:
IM EVRON

sed by:
NDER M. HAIG, JR.
e Government of the
States of America

EX

**or-General**

Parties shall appoint a Director-
l of the MFO within one month of the
g of this Protocol. The Director-General
erve a term of four years, which may
ewed. The Parties may replace the
or-General prior to the expiration of his

The Director-General shall be responsi-
the direction of the MFO in the fulfill-
of its functions and in this respect is
ized to act on behalf of the MFO. In
lance with local laws and regulations
e privileges and immunities of the
the Director-General is authorized to
e an adequate staff, to institute legal
dings, to contract, to acquire and
e of property, and to take those other
s necessary and proper for the fulfill-
of his responsibilities. The MFO shall not own immovable property in the territory of either Party without the agreement of the respective government. The Director-General shall determine the location of his office, subject to the consent of the country in which the office will be located.

3. Subject to the authorization of the Parties, the Director-General shall request those nations agreeable to the Parties to supply contingents to the MFO and to receive the agreement of contributing nations that the contingents will conduct themselves in accordance with the terms of this Protocol. The Director-General shall impress upon contributing nations the importance of continuity of service in units with the MFO so that the Commander may be in a position to plan his operations with knowledge of what units will be available. The Director-General shall obtain the agreement of contributing nations that the national contingents shall not be withdrawn without adequate prior notification to the Director-General.

4. The Director-General shall report to the Parties on developments relating to the functioning of the MFO. He may raise with either or both Parties, as appropriate, any matter concerning the functioning of the MFO. For this purpose, Egypt and Israel shall designate senior responsible officials as agreed points of contact for the Director-General. In the event that either Party or the Director-General requests a meeting, it will be convened in the location determined by the Director-General within 48 hours. Access across the international boundary shall only be permitted through entry checkpoints designated by each Party. Such access will be in accordance with the laws and regulations of each country. Adequate procedures will be established by each Party to facilitate such entries.

**Military Command Structure**

5. In accordance with paragraph 6 of the Protocol, the Director-General shall appoint a Commander of the MFO within one month of the appointment of the Director-General. The Commander will be an officer of general rank and shall serve a term of three years which may, with the approval of the Parties, be renewed or curtailed. He shall not be of the same nationality as the Director-General.

6. Subject to paragraph 2 of this Annex, the Commander shall have full command authority over the MFO, and shall promulgate its Standing Operating Procedures. In making the command arrangements stipulated in paragraph 9 of Article VI of Annex I of the Treaty (hereinafter "Annex I"), the Commander shall establish a chain of command for the MFO linked to the commanders of the national contingents made available by contributing nations. The members of the MFO, although remaining in their national service, are, during the period of their assignment to the MFO, under the Director-General and subject to the authority of the Commander through the chain of command.

7. The Commander shall also have general responsibility for the good order of the MFO. Responsibility for disciplinary action in national contingents provided for the MFO rests with the commanders of the national contingents.

**Functions and Responsibilities of the MFO**

8. The mission of the MFO shall be to undertake the functions and responsibilities stipulated in the Treaty for the United Nations Forces and Observers.

9. The MFO shall supervise the implementation of Annex I and employ its best efforts to prevent any violation of its terms.

10. With respect to the MFO, as appropriate, the Parties agree to the following arrangements:

(a) Operation of checkpoints, reconnaissance patrols, and observation posts along the international boundary and Line B, and within Zone C.

(b) Periodic verification of the implementation of the provisions of Annex I will be carried out not less than twice a month unless otherwise agreed by the Parties.

(c) Additional verifications within 48 hours after the receipt of a request from either Party.

(d) Ensuring the freedom of navigation through the Strait of Tiran in accordance with Article V of the Treaty of Peace.

11. When a violation has been confirmed by the MFO, it shall be rectified by the respective Party within 48 hours. The Party shall notify the MFO of the rectification.

12. The operations of the MFO shall not be construed as substituting for the undertakings by the Parties described in paragraph 2 of Article III of the Treaty. MFO personnel will report such acts by individuals as described in that paragraph in the first instance to the police of the respective Party.

13. Pursuant to paragraph 2 of Article II of Annex I, and in accordance with paragraph 7 of Article VI of Annex I, at the checkpoints at the international boundary, normal border crossing functions, such as passport inspection and customs control, will be carried out by officials of the respective Party.

14. The MFO operating in the Zones will enjoy freedom of movement necessary for the performance of its tasks.

15. MFO support flights to Egypt or Israel will follow normal rules and procedures for international flights. Egypt and Israel will undertake to facilitate clearances for such flights.

16. Verification flights by MFO aircraft in the Zones will be cleared with the authorities of the respective Party, in accordance with procedures to ensure that the flights can be undertaken in a timely manner.

17. MFO aircraft will not cross the international boundary without prior notification and clearance by each of the Parties.

18. MFO reconnaissance aircraft operating in Zone C will provide notification to the civil air control center and, thereby, to the Egyptian liaison officer therein.

### Size and Organization

19. The MFO shall consist of a headquarters, three infantry battalions totalling not more than 2,000 troops, a coastal patrol unit and an observer unit, an aviation element and logistics, and signal units.

20. The MFO units will have standard armament and equipment appropriate to their peacekeeping mission as stipulated in this Annex.

21. The MFO headquarters will be organized to fulfill its duties in accordance with the Treaty and this Annex. It shall be manned by staff-trained officers of appropriate rank provided by the troop contributing nations as part of their national contingents. Its organization will be determined by the Commander, who will assign staff positions to each contributor on an equitable basis.

### Reports

22. The Commander will report findings simultaneously to the Parties as soon as possible, but not later than 24 hours, after a verification or after a violation has been confirmed. The Commander will also provide the Parties simultaneously a monthly report summarizing the findings of the checkpoints, observation posts, and reconnaissance patrols.

23. Reporting formats will be worked out by the Commander with the Parties in the Joint Commission. Reports to the Parties will be transmitted to the liaison offices to be established in accordance with paragraph 31 below.

### Financing, Administration, and Facilities

24. The budget for each financial year shall be prepared by the Director-General and shall be approved by the Parties. The financial year shall be from October 1 through September 30. Contributions shall be paid in U.S. dollars, unless the Director-General requests contributions in some other form. Contributions shall be committed the first day of the financial year and made available as the Director-General determines necessary to meet expenditures of the MFO.

25. For the period prior to October 1, 1981, the budget of the MFO shall consist of such sums as the Director-General shall receive. Any contributions during that period will be credited to the share of the budget of the contributing state in Financial Year 1982, and thereafter as necessary, so that the contribution is fully credited.

26. The Director-General shall prepare financial and administrative regulations consistent with this Protocol and submit them no later than December 1, 1981, for the approval of the Parties. These financial regulations shall include a budgetary process which takes into account the budgetary cycles of the contributing states.

27. The Commander shall request the approval of the respective Party for the use of facilities on its territory necessary for the proper functioning of the MFO. In this connection, the respective Party, after giving its approval for the use by the MFO of land or existing buildings and their fixtures, will not be reimbursed by the MFO for such use.

### Responsibilities of the Joint Commission Prior to Its Dissolution

28. In accordance with Article IV of the Appendix to Annex I, the Joint Commission will supervise the implementation of the arrangements described in Annex I and its Appendix, as indicated in subparagraphs b, c, h, i, and j of paragraph 3 of Article IV.

29. The Joint Commission will implement the preparations required to enable the Liaison System to undertake its responsibilities in accordance with Article VII of Annex I.

30. The Joint Commission will determine the modalities and procedures for the implementation of Phase Two, as described in paragraph 3(b) of Article I of Annex I, based on the modalities and procedures that were implemented in Phase One.

### Liaison System

31. The Liaison System will undertake the responsibilities indicated in paragraph 1 of Article VII of Annex I, and may discuss any other matters which the Parties by agreement may place before it. Meetings will be held at least once a month. In the event that either Party or the Commander requests a special meeting, it will be convened within 24 hours. The first meeting will be held in El-Arish not later than two weeks after the MFO assumes its functions. Meetings will alternate between El-Arish and Beer Sheba, unless the Parties otherwise agree. The Commander shall be invited to any meeting in which subjects concerning the MFO are discussed, or when either Party requests MFO presence. Decisions will be reached by agreement of Egypt and Israel.

32. The Commander and each chief liaison officer will have access to one another in their respective offices. Adequate procedures will be worked out between the Parties with a view to facilitating the entry for this purpose of the representatives of either Party to the territory of the other.

### Privileges and Immunities

33. Each Party will accord to the MFO the privileges and immunities indicated in the attached Appendix.

### Schedule

34. The MFO shall assume its functions at 1300 hours on April 25, 1982.

35. The MFO shall be in place by 1300 hours, on March 20, 1982.

## APPENDIX

### Definitions

1. The "Multinational Force and Observers (hereinafter referred to as "the MFO") is t organization established by the Protocol.

2. For the purposes of this Appendix, t term "Member of the MFO" refers to the Director-General, the Commander and any person, other than a resident of the Recei ing State, belonging to the military contingent of a Participating State or otherwi under the authority of the Director-Genera and his spouse and minor children, as appropriate.

3. The "Receiving State" means the authorities of Egypt or Israel as appropria and the territories under their control. "Government authorities" includes all natic and local, civil and military authorities call upon to perform functions relating to the MFO under the provisions of this Appendi without prejudice to the ultimate responsil ty of the Government of the Receiving St

4. "Resident of the Receiving State" in cludes (a) a person with citizenship of the Receiving State, (b) a person resident therein, or (c) a person present in the territory of the Receiving State other than a member of the MFO.

5. "Participating State" means a State that contributes personnel to the MFO.

### Duties of members of the MFO in the Receiving State:

6. (a) Members of the MFO shall respect t laws and regulations of the Receiving Stat and shall refrain from any activity of a political character in the Receiving State a from any action incompatible with the inte national nature of their duties or inconsist with the spirit of the present arrangement The Director-General shall take all appropriate measures to ensure the observar of these obligations.

(b) In the performance of their duti for the MFO, members of the MFO shall receive their instructions only from the Director-General and the chain of comman designated by him.

(c) Members of the MFO shall exerc the utmost discretion in regard to all matt relating to their duties and functions. They shall not communicate to any person any i formation known to them by reason of the position with the MFO which has not been made public, except in the course of their duties or by authorization of the Director-General. These obligations do not cease up the termination of their assignment with t MFO.

(d) The Director-General will ensure that in the Standing Operating Procedures the MFO, there will be arrangements to avoid accidental or inadvertent threats to t safety of MFO members.

**ınd exit: Identification**

ıidual or collective passports shall be
ɔy the Participating States for
rs of the MFO. The Director-General
ɔtify the Receiving State of the names
ıeduled time of arrival of MFO
rs, and other necessary information.
ceiving State shall issue an individual
ective multiple entry visa as ap-
ıte prior to that travel. No other
ents shall be required for a member of
O to enter or leave the Receiving
Members of the MFO shall be exempt
mmigration inspection and restrictions
ering or departing from the territory
Receiving State. They shall also be ex-
rom any regulations governing the
nce of aliens in the Receiving State, in-
g registration, but shall not be con-
d as acquiring any right to permanent
nce or domicile in the Receiving State.
eceiving State shall also provide each
er of the Force with a personal identity
rior to or upon his arrival.
Members of the MFO will at all times
their personal identity cards issued by
ceiving State. Members of the MFO
e required to present, but not to sur-
, their passport or identity cards upon
ıd of an appropriate authority of the
ving State. Except as provided in
raph 7 of this Appendix, the passport or
y card will be the only document re-
for a member of the MFO.
If a member of the MFO leaves the
es of the Participating State to which
ongs and is not repatriated, the
or-General shall immediately inform
thorities of the Receiving State, giving
particulars as may be required. The
or-General shall similarly inform the
rities of the Receiving State of any
er of the MFO who has absented
lf for more than twenty-one days. If an
sion order against the ex-member of the
has been made, the Director-General
be responsible for ensuring that the per-
ncerned shall be received within the
ory of the Participating State concern-

**diction**

he following arrangements respecting
nal and civil jurisdiction are made hav-
gard to the special functions of the
and not for the personal benefit of the
ers of the MFO. The Director-General
cooperate at all times with the ap-
riate authorities of the Receiving State
ilitate the proper administration of
e, secure the observance of laws and
ations, and prevent the occurrence of
buse in connection with the privileges,
unities, and facilities mentioned in this
ndix.

**minal jurisdiction**

a) Military members of the MFO and
bers of the civilian observer group of the
O shall be subject to the exclusive jurisdiction of their respective national states in respect of any criminal offenses which may be committed by them in the Receiving State. Any such person who is charged with the commission of a crime will be brought to trial by the respective Participating State, in accordance with its laws.

(b) Subject to paragraph 25, other members of the MFO shall be immune from the criminal jurisdiction of the Receiving State in respect of words spoken or written and all acts performed by them in their official capacity.

(c) The Director-General shall obtain the assurances of each Participating State that it will be prepared to take the necessary measures to assure proper discipline of its personnel and to exercise jurisdiction with respect to any crime or offense which might be committed by its personnel. The Director-General shall comply with requests of the Receiving State for the withdrawal from its territory of any member of the MFO who violates its laws, regulations, customs, or traditions. The Director-General, with the consent of the Participating State, may waive the immunity of a member of the MFO.

(d) Without prejudice to the foregoing, a Participating State may enter into a supplementary arrangement with the Receiving State to limit or waive the immunities of its members of the MFO who are on periods of leave while in the Receiving State.

**Civil jurisdiction**

12. (a) Members of the MFO shall not be subject to the civil jurisdiction of the courts of the Receiving State or to other legal process in any matter relating to their official duties. In a case arising from a matter relating to official duties and which involves a member of the MFO and a resident of the Receiving State, and in other disputes as agreed, the procedure provided in paragraph 38(b) of this Appendix shall apply to the settlement.

(b) If the Director-General certifies that a member of the MFO is unable because of official duties or authorized absence to protect his interests in a civil proceeding in which he is a participant, the court or authority shall at his request suspend the proceeding until the elimination of the disability, but for not more than ninety days. Property of a member of the MFO which is certified by the Director-General to be needed by him for the fulfillment of his official duties shall be free from seizure for the satisfaction of a judgment, decision, or order, together with other property not subject thereto under the law of the Receiving State. The personal liberty of a member of the MFO shall not be restricted by a court or other authority of the Receiving State in a civil proceeding, whether to enforce a judgment, decision, or order, to compel an oath of disclosure, or for any other reason.

(c) In the cases provided for in subparagraph (b) above, the claimant may elect to have his claim dealt with in accordance with the procedure set out in paragraph 38(b) of this Appendix. Where a claim adjudicated or an award made in favor of the claimant by a court of the Receiving State or the Claims Commission under paragraph 38(b) of this Appendix has not been satisfied, the authorities of the Receiving State may, without prejudice to the claimant's rights, seek the good offices of the Director-General to obtain satisfaction.

**Notification: certification**

13. If any civil proceeding is instituted against a member of the MFO, before any court of the Receiving State having jurisdiction, notification shall be given to the Director-General. The Director-General shall certify to the court whether or not the proceeding is related to the official duties of such member.

**Military police: arrest: transfer of custody and mutual assistance**

14. The Director-General shall take all appropriate measures to ensure maintenance of discipline and good order among members of the MFO. To this end military police designated by the Director-General shall police the premises referred to in paragraph 19 of this Appendix, and such areas where the MFO is functioning.

15. The military police of the MFO shall immediately transfer to the civilian police of the Receiving State any individual, who is not a member of the MFO, of whom it takes temporary custody.

16. The police of the Receiving State shall immediately transfer to the MFO any member of the MFO, of whom it takes temporary custody, pending a determination concerning jurisdiction.

17. The Director-General and the authorities of the Receiving State shall assist each other concerning all offenses in respect of which either or both have an interest, including the production of witnesses, and in the collection and production of evidence, including the seizure and, in proper cases, the handing over, of things connected with an offense. The handing over of any such things may be made subject to their return within the time specified by the authority delivering them. Each shall notify the other of the disposition of any case in the outcome of which the other may have an interest or in which there has been a transfer of custody under the provisions of paragraphs 15 and 16 of this Appendix.

18. The government of the Receiving State will ensure the prosecution of persons subject to its criminal jurisdiction who are accused of acts in relation to the MFO or its members which, if committed in relation to the forces of the Receiving State or their members, would have rendered them liable to prosecution. The Director-General will take the measures within his power with respect to crimes or offenses committed against citizens of the Receiving State by members of the MFO.

### Premises of the MFO

19. Without prejudice to the fact that all the premises of the MFO remain the territory of the Receiving State, they shall be inviolable and subject to the exclusive control and authority of the Director-General, who alone may consent to the entry of officials to perform duties on such premises.

### MFO flag

20. The Receiving States permit the MFO to display a special flag or insignia, of design agreed upon by them, on its headquarters, camps, posts, or other premises, vehicles, boats, and otherwise as decided by the Director-General. Other flags or pennants may be displayed only in exceptional cases and in accordance with conditions prescribed by the Director-General. Sympathetic consideration will be given to observations or requests of the authorities of the Receiving State concerning this last-mentioned matter. If the MFO flag or other flag is flown, the flag of the Receiving State shall be flown alongside it.

### Uniform: Vehicle, boats and aircraft markings and registration: Operating permits

21. Military members of the MFO shall normally wear their national uniform with such identifying MFO insignia as the Director-General may prescribe. The conditions on which the wearing of civilian dress is authorized shall be notified by the Director-General to the authorities of the Receiving State and sympathetic consideration will be given to observations or requests of the authorities of the Receiving State concerning this matter. Members of the MFO shall wear civilian dress while outside the areas where they are functioning. Service vehicles, boats, and aircraft shall not carry the marks or license plates of any Participating State, but shall carry the distinctive MFO identification mark and license which shall be notified by the Director-General to the authorities of the Receiving State. Such vehicles, boats, and aircraft shall not be subject to registration and licensing under the laws and regulations of the Receiving State. Authorities of the Receiving State shall accept as valid, without a test or fee, a permit, or license for the operation of service vehicles, boats, and aircraft issued by the Director-General. MFO drivers shall be given permits by the Receiving State to enable them to drive outside the areas where they are functioning, if these permits are required by the Receiving State.

### Arms

22. Members of the MFO who are off-duty shall not carry arms while outside the areas where they are functioning.

### Privileges and immunities of the MFO

23. The MFO shall enjoy the status, privileges, and immunities accorded in Article II of the Convention on the Privileges and Immunities of the United Nations (hereinafter, "the Convention"). The provisions of Article II of the Convention shall also apply to the property, funds, and assets of Participating States used in the Receiving State in connection with the activities of the MFO. Such Participating States may not acquire immovable property in the Receiving State without agreement of the government of the Receiving State. The government of the Receiving State recognizes that the right of the MFO to import free of duty equipment for the MFO and provisions, supplies, and other goods for the exclusive use of members of the MFO, includes the right of the MFO to establish, maintain, and operate at headquarters, camps, and posts, service institutes providing amenities for the members of the MFO. The amenities that may be provided by service institutes shall be goods of a consumable nature (tobacco and tobacco products, beer, etc.), and other customary articles of small value. To the end that duty-free importation for the MFO may be effected with the least possible delay, having regard to the interests of the government of the Receiving State, a mutually satisfactory procedure, including documentation, shall be arranged between the Director-General and the customs authorities of the Receiving State. The Director-General shall take all necessary measures to prevent any abuse of the exemption and to prevent the sale or resale of such goods to persons other than the members of the MFO. Sympathetic consideration shall be given by the Director-General to observations or requests of the authorities of the Receiving State concerning the operation of service institutes.

### Privileges and immunities and delegation of authority of Director-General

24. The Director-General of the MFO may delegate his powers to other members of the MFO.

25. The Director-General, his deputy, the Commander, and his deputy, shall be accorded in respect of themselves, their spouses, and minor children, the privileges and immunities, exemptions, and facilities accorded to diplomatic envoys in accordance with international law.

### Members of the MFO: Taxation, customs, and fiscal regulations

26. Members of the MFO shall be exempt from taxation by the Receiving State on the pay and emoluments received from their national governments or from the MFO. They shall also be exempt from all other direct taxes, fees, and charges, except for those levied for services rendered.

27. Members of the MFO shall have the right to import free of duty their personal effects in connection with their first taking up their post in the Receiving State. They shall be subject to the laws and regulations of the Receiving State governing customs and foreign exchange with respect to personal property not required by them by reason of their presence in the Receiving State wi the MFO. Special facilities for entry or e shall be granted by the immigration, cus and fiscal authorities of the Receiving St to regularly constituted units of the MF provided that the authorities concerned l been duly notified sufficiently in advance Members of the MFO on departure from area may, notwithstanding the foreign e change regulations, take with them such funds as the Director-General certifies w received in pay and emoluments from th respective national governments or from MFO and are a reasonable residue there Special arrangements between the Direct General and the authorities of the Receiv State shall be made for the implementati the foregoing provisions in the interests the government of the Receiving State a members of the MFO.

28. The Director-General will coopera with the customs and fiscal authorities of Receiving State and will render all assist within his power in ensuring the observa of the customs and fiscal laws and regula tions of the Receiving State by the mem of the MFO in accordance with this Appe or any relevant supplemental arrangeme

### Communications and postal services

29. The MFO shall enjoy the facilities in respect to communications provided for i Article III of the Convention. The Direct General shall have authority to install an operate communications systems as are necessary to perform its functions subjec the provisions of Article 35 of the Interna tional Telecommunications Convention of April 11, 1973, relating to harmful interference. The frequencies on which any such station may be operated will be duly communicated by the MFO to the approp authorities of the Receiving State. Appropriate consultations will be held betwe the MFO and the authorities of the Recei State to avoid harmful interference. The right of the Director-General is likewise recognized to enjoy the priorities of gover ment telegrams and telephone calls as pr ed for the United Nations in Article 39 ar Annex 3 of the latter Convention and in cle 5, No. 10 of the telegraph regulations nexed thereto.

30. The MFO shall also enjoy, within t areas where it is functioning, the right of unrestricted communication by radio, telephone, telegraph, or any other means, and of establishing the necessary facilities maintaining such communications within a between premises of the MFO, including t laying of cables and land lines and the establishment of fixed and mobile radio se ing and receiving stations. It is understood that the telegraph and telephone cables an lines herein referred to will be situated within or directly between the premises of the MFO and the areas where it is functio ing, and that connection with the system o telegraphs and telephones of the Receiving State will be made in accordance with arrangements with the appropriate authoriti of the Receiving State.

. The government of the Receiving recognizes the right of the MFO to arrangements through its own facilities f processing and transport of private ddressed to or emanating from ers of the MFO. The government of the ing State will be informed of the of such arrangements. No interference ake place with, and no censorship shall plied to, the mail of the MFO by the ment of the Receiving State. In the that postal arrangements applying to e mail of members of the MFO are ex- to operations involving transfer of cy, or transport of packages or parcels he Receiving State, the conditions which such operations shall be con- in the Receiving State will be agreed etween the government of the Receiv- ate and the Director-General.

**vehicle insurance**

e MFO will take necessary ar- ments to ensure that all MFO motor es shall be covered by third party liabili- urance in accordance with the laws and tions of the Receiving State.

**f roads, waterways, port facilities, ds, and railways**

hen the MFO uses roads, bridges, port es, and airfields it shall not be subject ment of dues, tolls, or charges either y of registration or otherwise, in the where it is functioning and the normal of access, except for charges that are d directly to services rendered. The rities of the Receiving State, subject to l arrangements, will give the most ble consideration to requests for the to members of the MFO of traveling es on its railways and of concessions egard to fares.

**r, electricity, and other public utilities**

e MFO shall have the right to the use ter, electricity, and other public utilities es not less favorable to the MFO than to comparable consumers. The rities of the Receiving State will, upon quest of the Director-General, assist FO in obtaining water, electricity, and utilities required, and in the case of in- ption or threatened interruption of serv- ill give the same priority to the needs MFO as to essential government serv- The MFO shall have the right where sary to generate, within the premises of FO either on land or water, electricity e use of the MFO and to transmit and bute such electricity as required by the

**ncy of the Receiving State**

he Government of the Receiving State f requested by the Director-General, available to the MFO, against reim- ment in U.S. dollars or other currency lly acceptable, currency of the Receiving State required for the use of the MFO, including the pay of the members of the national contingents, at the rate of exchange most favorable to the MFO that is officially recognized by the government of the Receiving State.

**Provisions, supplies, and services**

36. The authorities of the Receiving State will, upon the request of the Director-General, assist the MFO in obtaining equipment, provisions, supplies, and other goods and services required from local sources for its subsistence and operation. Sympathetic consideration will be given by the Director-General in purchases on the local market to requests or observations of the authorities of the Receiving State in order to avoid any adverse effect on the local economy. Members of the MFO may purchase locally goods necessary for their own consumption, and such services as they need, under conditions prevailing in the open market.

If members of the MFO should require medical or dental facilities beyond those available within the MFO, arrangements shall be made with the appropriate authorities of the Receiving State under which such facilities may be made available. The Director-General and the appropriate local authorities will cooperate with respect to sanitary services. The Director-General and the authorities of the Receiving State shall extend to each other the fullest cooperation in matters concerning health, particularly with respect to the control of communicable diseases in accordance with international conventions; such cooperation shall extend to the exchange of relevant information and statistics.

**Locally recruited personnel**

37. The MFO may recruit locally such personnel as required. The authorities of the Receiving State will, upon the request of the Director-General, assist the MFO in the recruitment of such personnel. Sympathetic consideration will be given by the Director-General in the recruitment of local personnel to requests or observations of authorities of the Receiving State in order to avoid any adverse effect on the local economy. The terms and conditions of employment for locally recruited personnel shall be prescribed by the Director-General and shall generally, to the extent practicable, be no less favorable than the practice prevailing in the Receiving State.

**Settlement of disputes or claims**

38. Disputes or claims of a private law character shall be settled in accordance with the following provisions:

(a) The MFO shall make provisions for the appropriate modes of settlement of disputes or claims arising out of contract or other disputes or claims of a private law character to which the MFO is a party other than those covered in subparagraph (b) and paragraph 39 following. When no such provisions have been made with the contracting party, such claims shall be settled according to subparagraph (b) below.

(b) Any claim made by:

(i) a resident of the Receiving State against the MFO or a member thereof, in respect of any damages alleged to result from an act or omission of such member of the MFO relating to his official duties;

(ii) the Government of the Receiving State against a member of the MFO;

(iii) the MFO or the Government of the Receiving State against one another, that is not covered by paragraph 40 of this Appendix;

shall be settled by a Claims Commission established for that purpose. One member of the Commission shall be appointed by the Director-General, one member by the Government of the Receiving State, and a Chairman jointly by the two. If the Director-General and the Government of the Receiving State fail to agree on the appointment of a chairman, the two members selected by them shall select a chairman from the list of the Permanent Court of Arbitration. An award made by the Claims Commission against the MFO or a member or other employee thereof or against the Government of the Receiving State shall be notified to the Director-General or the authorities of the Receiving State as the case may be, to make satisfaction thereof.

39. Disputes concerning the terms of employment and conditions of service of locally recruited personnel shall be settled by administrative procedure to be established by the Director-General.

40. All disputes between the MFO and the Government of the Receiving State concerning the interpretation or application of this Appendix which are not settled by negotiation or other agreed mode of settlement shall be referred for final settlement to a tribunal of three arbitrators, one to be named by the Director-General, one by the Government of the Receiving State, and an umpire to be chosen jointly who shall preside over the proceedings of this tribunal.

41. If the two parties fail to agree on the appointment of the umpire within one month of the proposal of arbitration by one of the parties, the two members selected by them shall select a chairman from the list of the Permanent Court of Arbitration. Should a vacancy occur for any reason, the vacancy shall be filled within thirty days by the methods laid down in this paragraph for the original appointment. The tribunal shall come into existence upon the appointment of the chairman and at least one of the other members of the tribunal. Two members of the tribunal shall constitute a quorum for the performance of its functions, and for all deliberations and decisions of the tribunal a favorable vote of two members shall be sufficient.

**Deceased members: disposition of personal property**

42. The Director-General shall have the right to take charge of and dispose of the body of a member of the MFO who dies in the territory of the Receiving State and may dispose of his property after the debts of the deceased person incurred in the territory of the Receiving State and owing to residents of the Receiving State have been settled.

**Supplemental arrangements**

43. Supplemental details for the carrying out of this Appendix shall be made as required between the Director-General and appropriate authorities designated by the Government of the Receiving State.

**Effective date and duration**

44. This Appendix shall take effect from the date of the entry into force of the Protocol and shall remain in force for the duration of the Protocol. The provisions of paragraphs 38, 39, 40, and 41 of this Appendix, relating to the settlement of disputes, however, shall remain in force until all claims arising prior to the date of termination of this Appendix and submitted prior to or within three months following the date of termination, have been settled.

## ASSISTANT SECRETARY VELIOTES, JULY 20, 1981[1]

My purpose today is to begin the process of seeking congressional authorization for U.S. participation in and financial support for the multinational force and observers (MFO), which is being established in connection with the withdrawal of Israeli forces to the international border with Egypt, in keeping with the Treaty of Peace between them. On July 17 in London, representatives of Egypt and Israel, together with Ambassador Michael Sterner [Deputy Assistant Secretary for Near Eastern and South Asian Affairs] representing the United States, initialed the protocol and related documents which constitute the international agreement which establishes the MFO and determines its functions. The texts of the protocol and all related documents have been furnished to this committee. We have benefited, greatly, from your wise counsel during these months of negotiation.

It is important to U.S. interests in the Middle East that the MFO be established in as smooth a manner as possible and that it be enabled to carry out its functions as efficiently and effectively as possible. The establishment of this force represents the final step in the implementation of the Egyptian-Israeli treaty which, in turn, is the first step toward comprehensive peace in the Middle East. It is fair to say, therefore, that the documents we are discussing today represent the end of the beginning in our search for a just and lasting peace in that troubled region.

At the outset, the Treaty of Peace Between Egypt and Israel calls for the presence of a peacekeeping force and observers to monitor the parties' compliance with the terms of the treaty and to perform specified functions designed to enhance the mutual confidence of the parties. The treaty specifically mandates that the force should be under the direction of the U.N. Security Council.

In response to a formal request from the Permanent Representative of Egypt, however, the President of the Security Council on May 18 reported that the members of the Council were unable to reach the agreement necessary for the United Nations to provide a force and observers as envisioned in the treaty. This possibility had been foreseen and provided for during the treaty negotiations. In connection with the signing of the treaty, President Carter provided each party with a letter in which he assured them that, in the event the United Nations failed to provide a force, "the President will be prepared to take those steps necessary to ensure the establishment and maintenance of an acceptable alternative multinational force."

Pursuant to that assurance, a U.S. delegation led by Ambassador Sterner has participated over the past several months in negotiations with Egyptian and Israeli delegations which have resulted in the agreement package which has been provided to the committee.

### Financial Commitments

We have undertaken certain financial commitments, subject to congressional approval. Beginning in FY 1983, Egypt, Israel, and the United States will each provide one-third of the annual operating costs of the MFO, which we tentatively estimate will be approximately $35 million for each country. During the period prior to September 30, 1982, there will be unusual startup costs associated largely with necessary construction activities. We have undertaken, again subject to congressional authorization, to provide 60% of those costs, with Egypt and Israel dividing the remainder equally. Accordingly, the legislation we are submitting today, in addition to providing for the partici tion of U.S. personnel in the MFO, authorizes the appropriation of $125 million for our FY 1982 contributior

We also intend to reprogram $1( million in FY 1981 from economic su port fund assistance to the peacekee operations account to assist with the funding of initial activities necessary prepare for the establishment of the MFO. Egypt and Israel are each mal $20 million available immediately fro their own resources for the same pu pose.

We have agreed to contribute to force an infantry battalion, a logistic support unit, and a group of civilian observers. The number of American sonnel will be slightly more than 1,0( or a bit less than one-half of the tota complement of the MFO, which may proach 2,500 persons.

The Administration intends to co ply voluntarily with the reporting re quirements of the war powers resolu concerning the introduction of U.S. Armed Forces equipped for combat i foreign countries.

The committee should also be aw that the United States has undertake to propose to the parties a U.S. natic to serve as Director-General of the MFO. In this connection, Egypt and Israel, on Friday, presented to Ambassador Sterner letters in which the appoint Mr. Leamon R. Hunt, a retir Foreign Service officer, to serve as i terim Director-General.

### Additional Actions

The United States has assured the pa ties that it will take certain additiona actions as required and, as appropria subject to congressional authorizatior

- In the event the parties are un to agree on the appointment of the Director-General, the appointment of force commander, or MFO financial n ters, the United States will make pro posals which the parties will accept.
- The United States will use its b efforts to find acceptable replacement for contingents that withdraw from t MFO.
- The United States will take ste necessary to insure the maintenance o an acceptable MFO.

Finally, let me say a word about troop contributions from other countries. Egypt and Israel have asked the United States to assume the primary role in approaching potential contributors. In this we have had encoura ing success. It appears thus far that w

able to count on one battalion
atin America and another from
owever, our approaches con-
ongoing diplomatic discussions
within the countries concerned,
sidered politically sensitive. I,
re, believe that that subject
best be addressed in closed ses-

sion

l be consulting with Egypt and
concerning a mutually agreeable
r the protocol to be signed, an
t which the United States will act
ness as was the case with the
of Peace. The agreement will
me into force when each party
tified the other that all its con-
nal requirements have been
l. In the meantime Mr. Hunt, as
Director-General, is empowered
parties to undertake construction
in the Sinai and other activities
ary to assure that the MFO can
lace by March 20, 1982, as

e conclusion of this agreement
ents a victory for creative
acy. It also reflects the deter-
on of both Egypt and Israel to
d with the strengthening of peace
n them despite severe obstacles.
wn undertakings are nothing more
hat should be expected of a na-
at has been, and is pledged to re-
a full partner in their historic
or. It is in this light that I re-
this committee to lend its support
it is truly an essential cornerstone
emerging structure of peace in
ddle East.
would like to emphasize the urgen-
he task before us. Much remains
done before the MFO can be in
All available FY 1981 funds will
igated by September, and legisla-
essential if the necessary prepara-
are to continue without interrup-
October and be completed by
March. I know that you will
lly examine the joint resolution we
proposed. My colleagues and I are
red to respond to your questions
be of all possible assistance in
consideration of this important
ation. I hope that you will be able
clude your deliberations as soon as
le and report the resolution
ably with a view to its early
ge.

he complete transcript of the hearings
published by the committee and will
ilable from the Superintendent of
ments, U.S. Government Printing Of-
Washington, D.C. 20402.■

# Visit of Egyptian President Sadat

*Egyptian President Anwar al-Sadat made a state visit to the United States August 4–9, 1981, to meet with President Reagan and other government officials. Following are remarks made at the arrival ceremony on August 5, an exchange of dinner toasts that evening, and remarks made on President Sadat's departure from the White House on August 6.*

## ARRIVAL REMARKS, AUG. 5, 1981[1]

### President Reagan

It's an honor and a very great pleasure to welcome President and Mrs. Sadat, those who have accompanied them here from their country, and for their family. Egypt and the United States enjoy a warm and a strong relationship, testimony to the honest good will of the people of both nations and recognition of President Sadat's foresight and leadership.

We are today friends and partners. We've come to trust each other so much that the bonds of unity grow stronger each day. We are a young country; Egypt a nation mature and rich with the blessings of time, a nation which cradled Western civilization in its arms. History will record that in the last half of the 20th century, Egypt reemerged as a significant force among the nations, not by conquest but because one man, with the courage that it took, set out to lead mankind toward peace.

In 1799 the Rosetta Stone was discovered, a tablet that served as a key to the understanding of Egypt's history. Like that famous stone, President Sadat serves as a key to understanding the depth and character of the Egyptian people, opening the eyes of the world to new opportunities for peace.

Mr. President, earlier this year you said: "The answer to our present anxiety and fears in the world is not for us to cling to the past, with all its negative aspects, but to forge ahead toward a happier future."

Those words exemplify the values that speak well of your roots—roots planted deeply in the great and ancient culture of Egypt, roots planted deeply in the village culture of which you have spoken so often and so eloquently. We know what you have done was not intended to bring the blessing of peace just to your own nation, itself a lauditory goal, but to all the people of the Middle East, something smaller minds had discarded as impossible.

There are those who claim the engrained hatred can never be overcome. To them I assert President Sadat has shown the way. There are those who think that distrust will always submerge and suffocate faith. To them I assert President Sadat has shown the way. And there are those who say that peace is impossible, and are afraid to reach out. And, again, I assert President Sadat has shown the way.

You were a soldier. But your greatest victory came in preventing bloodshed and thereby capturing the hearts of peaceloving people everywhere. Your courage in taking the first step, your good faith in pursuing a tangible agreement with a former enemy, your maturity and moderation in the face of frustration since Camp David—all of these are worthy of a man whom history will undoubtedly label one of the 20th century's most courageous peacemakers.

I welcome this opportunity to get to know you personally and to discuss ways to strengthen our bilateral relations. We want you to know that although the Americans have changed Presidents, we have not altered our commitment to peace or our desire to continue building upon the achievements of Camp David.

Our mutual concern for the regional stability of the Middle East is a timely matter for discussion. External threats and foreign-inspired subversion menace independence. As we both know, the only beneficiary of violence, chaos, and blind hatred will be our adversaries.

But good men, with the help of God, cooperating with one another, can and will prevail over evil. We're anxious to explore with you the road ahead and to see that the Egyptian people enjoy the fruits of peace and security from aggression. You have taken the first steps on a long and arduous journey with many obstacles to overcome. But today, I assure you and the Egyptian people that we will walk that road together and that we will not be deterred from reaching our destination. [Applause]

### President Sadat

Thank you for your very kind words. It is with pleasure and happiness that I

meet with you, and I'm going to hold a dialogue which is certain to strengthen the structure of peace and enrich our perception of the world today. We look upon you with admiration and esteem. You're a man of faith and determination. Your leadership is inspiring. Your commitment is unwavering. Since you assumed your awesome responsibility as the leader of this great nation, you've set an admirable record of achievement and fulfillment.

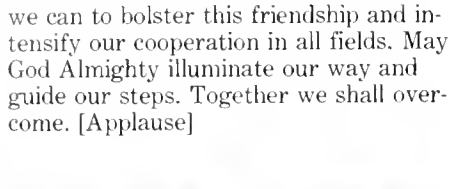
You vowed to work for a stronger America, capable of confronting the challenges of our age. You pledged to exert tireless efforts in order to make the world more secure and just. You promised to introduce a better international equilibrium for the benefit of free nations. Within a few months much has been achieved through your vigor and determination. We remain hopeful that much more will be attained in the months and years ahead. We are holding our talks at a crucial moment. It is crucial for our region, for the Middle East, for the United States, and for the world at large. The rising tension and violence which we witnessed during the past few weeks in our area is a living evidence of the urgent need for a comprehensive peace in the Middle East.

No other goal is more pressing or crucial. At the same time, no other nation is more qualified to serve and safeguard the noble cause than your great nation. I am confident that you will assume this responsibility with a sense of purpose and history, and I'm sure also that you will continue to play the role of the full partner willingly and vigorously.

We are equally committed to the cause of peace. No event or development can shake our belief that peace is the word of God and the only road to a happy future. It is a sacred mission that doesn't belong to a few persons or to one nation; rather, it belongs to mankind.

While I look forward to our talks today and in the days ahead with optimism and confidence, I am sure much will depend on our common strategy for peace and stability. Much needs to be done to strengthen peace in the Arab world, in Africa, and in the Third World. New steps have to be taken to introduce a global balance that does not leave small nations under the mercy of those who possess the means of pressure and intervention.

I would like to address a word of appreciation and gratitude to the gallant American people. We are proud of our friendship and cooperation. You are a great companion and a most reliable friend, and like us in Egypt you are a nation of believers. We shall do all that we can to bolster this friendship and intensify our cooperation in all fields. May God Almighty illuminate our way and guide our steps. Together we shall overcome. [Applause]



White House photo by Mary Anne Fackelman

## EXCHANGE OF TOASTS, AUG. 5, 1981[2]

### President Reagan

Tonight we welcome a man who leads a nation recognized for its magnificent contributions to mankind. His depth of character and hard-won accomplishments suggest that Egypt's contributions will not be limited to those of antiquity.

In the recent past, there have been few foreign leaders who have truly captured the hearts of the American people. Anwar Sadat is one of those rare exceptions. Historians often argue about whether events are shaped by people or people by events. There's little doubt that the man we honor this evening is an individual who shaped history.

It's truly an honor to have you with us. I know that you struggled many years and played a prominent role in creating an organization which brought independence to your country. But then on the night of the revolution when it actually began, you were in a movie theater watching a picture with your family. You wouldn't by chance remember who happened to be in that movie, would you? [Laughter; applause] I never won an Oscar but a revolution would do. [Laughter]

But seriously, those charged with enormous responsibility are, after all, people and must have a very human quality of flowing with events. Nevertheless, some, like the man we hon tonight, do more than live through history—they make it. And you cou have let the flow of events continue checked. Instead, with brilliant insi you recognized an opportunity and seized the moment.

During your historic journey to Jerusalem, you explained—there co moments when it becomes imperati for those endowed with wisdom and lucidity of vision to penetrate beyon past with all its complications a vestiges to usher in an undaunted m toward new horizons. More than wisdom, it takes courage to make fu damental decisions—the kind that y talked about.

Time and time again, he has demonstrated that vital courage as as a majestic sense of decency and dedication to universal human princ Instead of pounding on podiums and romanticizing the illusionary glory c conflict, President Sadat set goals f his people of peace, prosperity, and freedom. As your people have striv for these ends, Americans and Egy tians have unavoidably been drawn together—unavoidably because we the same goals. And as many who l visited both nations point out, we—Egyptians and Americans—are sim people. Certainly our love of freedo and independence unites us.

In a passage reminiscent of ou Thomas Jefferson, President Sadat penned his definition of freedom in autobiography: "Freedom," he said, the most beautiful, holy, and precio fruit of our culture. And individuals should never be made to feel that h the mercy of any force or coercion that his will is subordinated to that others."

We're grateful to have in Egyp full partner in achieving our mutua goals which include our common de mination to making the blessings of peace available to all the people of Middle East. We will sincerely ende to help where possible, and we wan to know that all of your efforts, you forbearance in times of frustration, most of all, your goodwill, is appreciated. You are following a path is natural for us. You've said: "No m can be honest with others unless he true to himself."

The ancient pharaohs built pyra to their glory. Your monuments are strong and healthy young men alive day because you pursued peace—sy bols to all mankind that there is a b way.

sk all of our friends who are with tonight to join me in a toast to yptian people and to their gallant nt and his lovely wife.

**ent Sadat**

overwhelmed by your genuine lity and warmth. The sentiments nt Reagan expressed toward me e Egyptian people clearly reflect nds of friendship and amity which day between our nations.

r years we worked hand-in-hand our relations on the course which patible with the long history of respect and admiration between ples. We are determined to ce- his friendship even further.

r meeting today was an historic any measure. Let me state first was delighted to meet you and an everlasting friendship with ou are a statesman of conviction mpassion. You have a clear vision world and our duty to make it nd happier for the living genera- nd those to come. Your priorities htly set. I was pleased that we full agreement over the issues we ed.

ur nation has played a pivotal role g about peace in the Middle East. gress, as I told you in the morn- uld have been made without such ve and dynamic role. No result have been achieved, but with your e have taken gigantic steps on the peace.

hen we launched our peace ini- , we had in mind the support of nerican people. And as we ed for the second stage we count r continued interest and backing. her we shall continue to work usly until the sacred mission is d. What I heard from you today ery encouraging, indeed.

e believe that the time is right for sumption of the peace process. vent in the area demonstrated d any doubt that we cannot wait we are to spare the region fur- estruction and devastation. We take additional steps promptly and ut delay in order to maintain the ntum for peace. We are deter- to complete our mission. We will deterred or discouraged by any pment.

new initiative, a bright side of this was the willingness of the Pales- s to accept a cease-fire in Lebanon phold it. This is a turning point hould not escape our notice. In ef- t means that for the first time the Palestinians have come close to endorsing the peaceful solution. Those who are genuinely interested in peace in the Middle East should recognize this positive development and build upon it for the good of all nations.

At the same time this is an added ammunition for our goal for mutual and simultaneous recognition between the Israelis and the Palestinians. As I have repeatedly said, the answer to persisting fears and suspicions is a real willingness to coexist and live together as good neighbors. We have set a good example with the establishment of peace between Egypt and Israel within the context of a comprehensive settlement. That model applies to the relation between Israel and the other party.

You can help this process of reconciliation by holding a dialogue with the Palestinians through their representatives. This is certain to strengthen the forces of moderation among them. It would also undermine the designs of those who exploit the present state of affairs for their own self ends. It would be an act of statesmanship and vision.

If we succeed to achieve tangible progress with respect to the Palestinian problem, a whole new situation will emerge. We will be able to confront the real challenges we face. They are challenges which involve the survival of many nations and the protection of the vital interests of the West. I am confident that we will meet these challenges decisively and without hesitation.

I came here hopeful and optimistic. After our first session, I have become most confident and certain under your upright and under your inspiring leadership; this great country can realize its dreams and reach its goals.

On behalf of the Egyptian people I invite you and your family to visit Egypt. This will give our people an opportunity to express to you directly their feelings of gratitude and respect. Such a visit will also serve the cause of peace and stability in the Middle East. It will enable us to pursue this stimulating dialogue and bolster the bonds of friendship and mutual understanding.

Allow me to invite you to rise in a tribute to President Reagan, Mrs. Reagan, and the friendly people of the United States.

## DEPARTURE REMARKS, AUG. 6, 1981[3]

**President Reagan**

Sadly the time has come for a farewell. I hope it will only be an *au revoir* and that we will be meeting again soon. My meetings with President Sadat have now ended, and I want to say how valuable our exchanges have been and how encouraged I am with the progress that has been made and how much I personally have learned from President Sadat about the complexities of the problems that we all face in seeking a just and lasting peace in the Middle East.

I am greatly impressed with his intimate knowledge and his passionate concern. Our talks covered three general areas; first, the growing strategic threat to the region posed by the growth of Soviet military power and the activities of Soviet surrogates in the Near East, Southwest Asia, and Africa. The second issue, discussed in great detail, was the peace process, and here, to be completely candid, I was a willing listener. We are both anxious to insure that the negotiating process stemming from the Camp David agreements will resume and succeed. President Sadat has urged that the United States continue to play an important role in this process and this we will do. I will be meeting with other Middle East leaders in the coming months to continue the process of sharing views with our friends about our common goals of peace, stability, and security in the area.

The third area that we discussed had to do with the growing bilateral relations between the United States and Egypt. We covered issues of mutual security, military cooperation, and economic matters. President Sadat shares our belief that a strong defense and a strong economy go hand-in-hand. We will work closely with Egypt as full partners in our search for peace and stability in the Middle East.

And finally, let me add another personal note. I had, of course, heard a great deal about President Sadat and was optimistic that we would establish a close rapport. My optimism was justified. I respected him for all that he has done and getting to know him has vastly increased that respect. I share his belief that with courage, determination, foresight, and a bold vision of the future, we can succeed in our common endeavors.

We have been delighted to have President Sadat and his family here with us, and we look forward to meeting again.

**President Sadat**

I quite agree—full agreement with what President Reagan has said. If I am to add anything it is expressing my deep gratitude to President Reagan for this kind invitation to meet with him and to survey all the problems that we are facing together and then to meet again with the American people with whom I cherish the full pride to be friends, to be understanding. I am happy to tell the American people as always I have told them, I am very happy because after this visit I can say that I enjoy the friendship of President Reagan as a great leader of a great nation.

Again, I shall end like I have always ended. I shall never let you down.

[1]Made on the South Lawn of the White House (text from White House press release).
[2]Made at the dinner in the State Dining Room (text from White House press release).
[3]Made on the North Portico (text from White House press release).■

# Secretary Haig's News Conference on President Sadat's Visit

*Secretary Haig held a news conference on August 6, 1981, to brief news correspondents on President Reagan's meetings with Egyptian President Sadat.*[1]

I'm very pleased to welcome the press contingent traveling with President Sadat. We're pleased to have you here, and after I make a very few opening remarks, I want to be sure to give our first questions to our visiting press personnel from Egypt. So if you have one or two questions, ask them, and then we'll open it up to the group at large. I understand we also have some White House press corps here, and that's an unusually flattering thing for us here at State.

At the outset I want to emphasize that I think there's a strong consensus on both sides that President Sadat's visit here over the last 2 days has been an outstanding success from almost any point of view you care to list.

As you probably know, we really sought four objectives from the President's visit to Washington.

The **first**, and perhaps the most important, given the character of the two leaders, was the establishment of a personal relationship—a rapport, if you will—between two world leaders who bear great responsibility. I'll say more about that in a moment.

The **second** objective was the exchange of views on strategic matters, global and with specific focus on the Middle East region.

The **third** objective was to exchange views and, in the words of the President, to listen carefully—for President Reagan to listen carefully—to the observations of President Sadat on the peace process in the Middle East, based on President Sadat's enormous contributions to this process and his vast experience with it.

The **fourth** objective, of course, was to deal with a number of ongoing bilateral matters between the Government of Egypt and the Government of the United States.

Turning first to the strategic discussions, which in many respects were the greatest contributors to the personal rapport objective as well as the very constructive exchange of views on a number of important matters.

In the restricted session the first day, President Reagan anticipated President Sadat's sense of concern and interest and sense of urgency for regional threats emanating from the Soviet Union and its surrogates, ranging as far as Afghanistan in the east through the entire Middle East area to the west coast of Africa. Anticipating that, he provided several maps in the Oval Office which President Sadat very effectively employed to launch what was about a 30-minute *tour d'horizon*, encompassing the entire area I've described—without notes—and one of the most effective overviews, and sensitive overviews, that I've heard in some time.

During this period President Reagan asked a number of questions and joined in and elaborated on a number of observations. The conclusion of this overview was clearly almost total unanimity of views on the importance and the criticality of developments in that area and the need for the Government of Egypt and the Government of the United States to continue and intensify collaboration in the future, to take the necessary steps to vigorously resist Soviet direct or inspired aggression an area of traumatic and dynamic change, and to work together in con to establish the conditions conducive peace and stability in the area.

With respect to the peace proce think the President looked forward t mendously on this visit to drinking i you will, the experiences of Presider Sadat, who in many respects launche the hopeful progress we've realized date and our anticipated progress in future by his courageous visit to Jerusalem some years ago. During t exchange on the peace process, Pres dent Reagan made very clear his co tinuing and firm commitment to pur the Camp David peace process as ag to by the Governments of Egypt, Isr and the United States.

The two Presidents discussed st to further this process in the period ahead and to provide a new impetus the process itself. Both agreed that would continue these discussions wi Prime Minister Begin of Israel in th period ahead.

The President also reiterated th U.S. commitment to continuing its r as a full partner in the search for pe in the Middle East. President Sadat pressed his strong view—which has been made public both in London pr to arrival here and during his visit here—of what he viewed as the imp tance of dealing with the Palestinian and urged the United States to esta contact with the PLO (Palestine Lib tion Organization).

President Reagan explained the American stand on this issue and reiterated the American commitmen Israel not to recognize or negotiate the PLO until the PLO itself recogni Israel's right to exist and accepts U. Resolutions 242 and 338.

In his response, President Reag emphasized his own personal convict that American fidelity to all of its co mitments—whether they be to Israe Egypt, or to the other important fri ly nations in the region—are a funda mental aspect in our own hopes to achieve peace and stability in the are wanted to make this comment at the outset.

I think both leaders understood p cisely the position of one another on and accepted the position of each oth on this issue.

Our third objective in these discu sions was to expand on and to impro the U.S.-Egyptian bilateral relations and to consider ways to promote the

e development of Egypt and to its military modernization During the discussions involving future, President Sadat de- very poignantly to President the difficulty he had during the ays of his incumbency as a leader rn Egypt in just accumulating a dollars to prevent the bankruptcy t.

ink this underlies and underpins ay Egypt is clearly on an im- economic growth path. It is g an increasingly important of the international community ader in the region. President xpressed great gratitude to the n Government and people on a an basis for the assistance that ve given to the growth and ment—which is increasingly ng—in Egypt. I think this s his success story and the im- e of American foreign assistance rity assistance to our friends the world.

he case of Egypt, of course, the path is still in its early stages, continuing need for a high level ican support was very evident. nt Reagan emphasized categori- intention to maintain a high support to Egypt.

ally, I want to say a word about ort between the two men I think it was the most impor- ect of the visit itself. As you President Reagan is a new player nternational scene. President s an experienced veteran who has great deal and whose own inter- l stature is perhaps unparalleled contemporary scene. He is as a man of vision, a man of nd a man of courage. I know esident Reagan had looked for- ith great anticipation to an ex- of views with him.

ink from President Sadat's point —and it's presumptuous of me to or him—but he found an equally sive, though a somewhat less ex- ed, counterpart: a man who sees rld from the same point of view a man who believes that Ameri- nmitments, American reliability, an consistency of policy are the al aspects of a successful Ameri- eign policy and will be the ingre- n the Middle East which will be ndamental catalyst to a peace s in which all the parties can view ited States as a responsible part- t will meet its commitments and engaged in this process and will the leaders, wherever they may be located, to accept risks for peace with the confidence that the United States will carry out its obligations for this process.

I welcome your questions, and I will turn first to our distinguished friends from Egypt.

**Q. When you were discussing the question of the PLO, how can you proceed in enlarging this peace process when you have the Palestinians out, or the PLO, when you have the Saudis and the Jordanians out? How can you bring these people of these countries to this peace process?**

**A.** I think that's a very important question, and the real question here is how best to achieve the progress we seek. I think in that context American commitments and reliability to all of the parties and with all of the parties, as I said a moment or so ago, will be the essential catalyst for creating conditions under which the parties involved can accept risks for peace. That's step one.

Step two is: I think it's important—and we've talked about a strategic consensus—that the U.S. policies in the near term create a sense of confidence to do what can be done to disperse fear so that, for example, radical minorities cannot pursue policies which will upset the progress underway.

Third, and the most important thing of all in response to your question, is the recognition that we have got to pursue our own policies in such a way that long-term objectives do not derail achievable, realistic, near-term progress. That's probably the essence of the question that you asked.

In that context, Egypt, Israel, and the United States committed themselves to a process under the Camp David framework. And there has been progress. First, as you know, this past week we signed the agreement for the Sinai peacekeeping and observation force which will seek to put in place the conditions to permit the withdrawal from the entire Sinai of Israeli forces by spring of next year.

We discussed during this visit the need to get on with the autonomy talks which, while not satisfying the long-term objectives that you've outlined in your question, would represent the further progress on the West Bank and in Gaza for the Palestinian populations there and to create conditions under which future progress can be achieved in a realistic way.

I think it's very important that we keep realism on our agenda day to day as we approach this historically anguishing problem. It doesn't answer your question as to how we are going to ultimately get there; but you know we have other activities under way today, too, that have been brought about by the crisis in Lebanon—the work that is under way under the auspices of the Arab League and the four Arab states which have been involved actively in contributing, along with Israel, along with the internal parties, in Lebanon, and with the help of the United Nations, to a reduction in hostilities.

Those efforts with respect to Lebanon, within the framework established, are going to continue, and I see these two processes, while not linked, nonetheless in a *de facto* sense mutually reinforcing.

**Q. The other day when you had the meeting with some Arab ambassadors here, their impression was that you had told them that we are now at the turning point as far as the Middle East situation is concerned. And then you told them that you are seriously now looking into the question of Palestine. And on Lebanon you gave them some, but I want to ask you the question that you made—or the communique that you issued in Ottawa—and then you said in your communique, the political communique, that the disputes between the Arab and the Israelis must be solved [sic].**

**Secondly, you made, I think, [inaudible] that you support the reconciliation efforts within Lebanon among the Lebanese. When you said that, I would like you to elaborate what you meant by that particular thing. Does that mean that the seven are going to help Lebanon to be created back into a sovereign state with a central government and all these differences among them are to be reconciled? Are you going to achieve this?**

**A.** I want to be careful not to endorse everything you said I said. I'm not sure that I did say all those things. Sometimes in the retelling distortions creep in, and understandably in human terms they do. But with respect to the Lebanon problem, we are looking at a number of steps and we've already begun to work actively in the wake of Ambassador Habib's return to the United States—the ultimate objective of which will, of course, be to strengthen the central government of Lebanon to seek a reconciliation of the parties there and to create conditions for a peaceful, stable Lebanon in the future.

We are considering such things as enlarging the sphere of responsibility for the UNIFIL (U.N. Interim Force in Lebanon) contingent along the Israeli border. We are considering specific measures along with those states which can help—both in the region and in Europe—to strengthen the central government of Lebanon; and these reinforce previous actions we have been taking with respect to that objective which has been long held by the U.S. Government.

We feel and hope that in the interest of peace and stability in Lebanon all responsible parties will recognize the need to defuse the situation with respect to the provision of heavy armaments to the PLO. We would look especially to the Soviet Union, to Libya, perhaps Syria. In the long run I think this process, which has already begun and has managed to survive two specific crises, is a very encouraging development in the Middle East at large; and that is what triggered my comment to the Arab ambassadors recently.

**Q. Could you be more specific about your phrase that the two men discussed steps to provide new impetus to the talks? Specifically what steps? And, also, could you tell us about Mr. Sadat's three-point scenario that he was going to propose to Administration officials?**

A. His three-point scenario?

**Q. He spoke of a three-point scenario.**

A. I'll have to go back to my office and start counting becuase I'm not sure that I got that clear.

**Q. Maybe it wasn't three points, but it was a new scenario.**

A. I think, as President Reagan mentioned this morning, he was essentially in a listening mode. As you know, President Sadat's visit is the first visit we had this summer and in September Prime Minister Begin will be here. So President Reagan listened carefully, not only to President Sadat's views but also very carefully to the historic evolution of developments which brought us to the current situtation we find ourselves in.

This was extremely valuable to President Reagan, and he very clearly told President Sadat. And I think President Sadat not only expected but accepted and agreed with the need to now listen to Prime Minister Begin on how we can proceed, then reassess and meet at the necessary levels to try to concert all three parties in progress. We're talking about autonomy talks within the Camp David framework.

**Q. Following up on that, from what you heard from President Sadat and what you know of Mr. Begin's position, could you tell us if there is support for an early resumption of the autonomy talks?**

A. Yes.

**Q. And can you give us some sense of timing on that?**

A. Well, clearly, I think my last question tended to answer it. We will have to conduct discussions with Prime Minister Begin, of course, and then assess where we stand with respect to the views of both Egypt and Israel.

**Q. Is there a possibility of a non-PLO participation by the Palestinians which might square this circle which you appear to be involved in?**

A. Let me just go back to the Camp David accords themselves which visualize Palestinian participation. Palestinian inhabitants on the West Bank and Gaza clearly will have a role; and this is visualized under what I call a Camp David framework, which I emphasize is a realistic approach to progress toward longer-term objectives.

**Q. In the real world as it exists today, is there a non-PLO Palestinian-type participation possible?**

A. I think, as I say, that is both within the framework and the spirit of the Camp David accords, in the context of the West Bank inhabitants and the Gaza inhabitants.

**Q. On the Sinai force, did you get into specific countries? And, if so, can you name them? And what progress are you making with Canada, Australia, New Zealand for example? And when do you expect to announce those countries?**

A. I'm going to have to refrain from labeling or giving a progress report on the conduct of the discussions which are seeking participation in that force, because it tends to put it in jeopardy. I am confident it will be announced when it's firm.

**Q. I'm confused. Did President Sadat lay out a scenario here—that is, at least his own ideas about how to get the talks going again, and not only to get the talks going again but how to get some progress?**

A. Of course.

**Q. And, if so, can you tell us something about what it is?**

A. No, I don't think it serves a useful purpose to do that, and I don think President Sadat would expect we would do it publicly. There was a very clear and frank exchange on h President Sadat sees progress. But want to make it clear that he knows recognizes, and did in the discussion that we now have to hear how Mr. Begin would approach the problem i the direction of progress. Until then would serve no purpose to reveal on side's views.

**Q. Could you anticipate a thre way summit at some point this yea following your talks with Prime Minister Begin?**

A. I think it's too early to say. Clearly, we have to hear the views o both sides. We would probably have discuss this at ministerial level. And wouldn't anticipate a summit-level meeting until we knew precisely wh would be achieved by it and what th outcome would be, and I think both President Sadat and President Reag were very, very clear on this—the n to have preparations in place rather than to convene an ad hoc situation, outcome of which you would not be to anticipate.

**Q. As you know, there has be over the years a good deal of deba over the exact terms of the 1975 pledge to Israel regarding the PL exactly how far it goes. I believe i says the United States will not ne ate with or recognize the PLO as l as they don't do these things that called for. Do you see any room fo complishing Mr. Sadat's objective encouraging moderation on the PL by doing something that doesn't g far as to negotiate with or recogni but some kind of lesser U.S. mane or action or reciprocal move towar the PLO?**

A. No. I think the conditions ar very clear and they are understood. Having said that, it is also clear that PLO is well aware of that and has b aware of it in the context of the situ tion in Lebanon. So maybe you've answered your own question.

**Q. You talked about a "strateg consensus." Would you please, defi for me what the strategic consensu in the Middle East and who agrees with your assessment of it, once yo have given us the assessment?**

t's presumptious of me to say
ees or doesn't agree. What I
e're talking about when we
a strategic consensus is a great
concern over and above the
ions and concerns associated
e Arab-Israeli dispute, with the
ment brought about by historic
which has been and can in the
e even more dramatically ex-
oy the Soviet Union or its surro-
A large number of the Arab
oday are extremely aware of
ad that awareness has been
ned by a number of events in the
past: the fall of the Shah of Iran,
at they perhaps view as the
States own inadequacies during
iod; secondly, the conflict be-
ran and Iraq which followed it;
the Soviet invasion of Afghani-
d the threat that it poses in a
l sense; and fourthly, the un-
ged and very worrisome aspects
la, Ethiopa, and Southern
in the attack against Northern

of these things have heightened
areness of the leaders in the area
eality that they are not only
ith the frustrations of the Arab-
problem and the threat that has
ally posed, but they are equally—
haps as greviously—threatened
other events that I spoke of.
hat context, as we deal with that
l-threat problem or that surro-
reat problem and concert to deal
we also contribute to conditions
nake the solution to the long-
g Middle East dilemmas some-
ore tractable, just as progress in
iddle East peace process facili-
e development of this consensus.
u say, "Who accepts it?" Clearly,
nt Sadat not only accepts it but
a leader in expressing his con-
this area. He was at the
nt of warning the world about
ituations.

**From the feedback you have
ed so far through indirect con-
nd direct contacts, do you
e that Saudi Arabia would be
to enter the peace process dur-
e coming phase?**

. I can't speak for Saudi Arabia.
earlier position on the Camp
accords is well known. On the
hand, I would be remiss were I
note and highlight the great
nce they have been—and I mean
ndamental way—to the moderat-
ogress we've made in Lebanon.

**Q. Do you think there's a change in the stance of the Saudis at present?**

A. I wouldn't want to speak for the Saudis on that.

**Q. As you described President Sadat's approach on the PLO, he urged us to begin contacts with the PLO and President Reagan referred to the 1975 pledge and the matter was dropped. I just wonder whether there might not have been more to it than that and whether President Sadat suggested that the PLO was about to take some step toward accepting 242 or that you should deal with them through Saudi Arabia or some other way that's not quite black and white.**

A. No, he didn't, but you remember there are ways and ways. We know, under Camp David. We expect Palestinian, as distinct from PLO, participation in Camp David. That's as visualized in the accords themselves. There are other aspects of that, direct and indirect, which were discussed but in a very general way.

**Q. Could you please amplify for us or reiterate as to the U.S. position with regard to several points which have not been mentioned? One is, as I remember it, you had described the PLO as a terrorist organization without qualification—which is in line with the President's own statement before and after his election.**

**Two, the United States has been—apparently, at least—committed for several years now against a Palestinian state in any shape or form on the West Bank and Gaza. Would you comment on those two points? And then the third point is about the facilities for the U.S. military in Egypt.**

A. Let me start with the easiest first, and that's the last one. As you know, President Sadat has offered Egyptian facilities—and I'm being very clear in making a distinction between facilities and bases—to American forces. He has made public a letter to President Reagan offering Ras Banas. And we are in the process of seeking the necessary support from the American Congress to give us the resources to develop that facility—as a facility, not as a base.

With respect to the other questions you asked, they are old historic hookers. I think, again, I would refer you to what I've already said as the framework of our discussions—and I've been precise about what the framework of our discussions was—and just leave it there.

**Q. There has been a great deal of talk here today about Soviet surrogates. Do you consider the PLO to be a Soviet surrogate?**

A. I would prefer not to classify them as that. I think there are certain elements of the PLO that would clearly fit under that mantle. But when you talk of the PLO, you're talking about a diverse group and organization, some of the differences of which may be evident in the very recent past.

**Q. Was the Egyptian President told when the F-16s would be going to Israel?**

A. I don't think he was, because a decision hasn't been made.

**Q. On the resumption of autonomy talks, I just want to make sure we understand what you are saying. Was there an agreement or a statement by the President that the United States would like to see the three-way autonomy talks resumed in about the same type of format that existed in the last Administration—that is, the last time they were held? And, secondly, have you decided in your own mind how the United States should handle that? Do you have in mind a special envoy, do you plan to do it yourself, or what?**

A. I think the essence of that question is that there were two approaches under the Camp David framework for the autonomy talks. Initially, the United States, under Ambassador Strauss, tended to join a process in which a very detailed set of arrangements were sought. That seemed to be a reflection more of the Israeli wish than it was the Egyptian wish. That seemed to stall out. During Ambassador Linowitz' period, there seemed to be more pressure for going toward some broad principles. And, of course, we haven't made a decision on this.

I don't see any difference developing from past viewpoints in Israel on one side and Egypt on the other. I think the important thing is that whatever we ultimately seek to adopt—more detailed or rather broad principles, which seem somewhat easier in a sense—it must be a reflection of a three-way consensus that it's the best hope for the progress we seek.

With respect to a negotiator or a high-level U.S. representative, I think it's too early to say. We will clearly make that decision on our own judgment and on the judgment of the other two

parties as to what would be the best contributor to progress. We have no biases for it or against it.

**Q. Is President Sadat advocating that you involve Palestinians in the talks when they resume or that you make an effort to involve Palestinians in that?**

A. No, not at all. We're talking about ultimate arrangements agreed upon in which the Palestinian inhabitants would be clear participants, whatever government or arrangements would be agreed to in the West Bank and Gaza.

**Q. Did President Sadat specifically ask for any new defense commitments or security assistance commitments, and did he receive any?**

A. I think it goes without saying that any of America's friends who go into security assistance relationships with us are concerned about delivery schedules and times. It's a consequence of a long period of neglect here in the United States of our own industrial complex that supports defense industries, and it usually means long delays between the agreement to provide a system and its actual delivery. I think that's at the center of the Egyptian concerns, and it's not an uncharacteristic set of concerns because most of our security partners experience the same concerns.

As you know, Secretary Weinberger is working very actively on this today, and we have asked for a contingency fund in the fiscal year 1983 program that will enable us to purchase ahead certain equipment so that we wouldn't then have to be faced with these delays.

**Q. But there wasn't a commitment for new ones or new machinery?**

A. No. There was a discussion, in a broad sense. It is the United States intention to maintain a high level of security assistance support for Egypt, because we feel this is in our American vital interest, and Egypt, because of a convergence of strategic views, serves not only its own security needs and the security needs of the region but the vital interests of the American people as well.

**Q. Have you promised to get the F-16s to the Egyptians faster than they are currently scheduled to reach there?**

A. These discussions are going on and have been going on in the Pentagon. And you know there are long delays.

[1]Press release 267.■

# Secretary Haig Interviewed on CBS Morning News

*Secretary Haig was interviewed on CBS–TV morning news on July 24, 1981, by Robert Pierpoint and Jed Duvall of CBS News.*[1]

**Q. We have some good news which has just broken as you've heard; namely, it appears that Prime Minister Begin has agreed to Ambassador Habib's [Philip C. Habib, the President's special emissary to the Middle East] and President Reagan's request for a cease-fire. What do you know about it?**

A. What Mr. Habib has announced this morning after discussions with Prime Minister Begin and his contacts with the other elements involved in the situation would suggest that the hostilities will cease from both sides of the border, and, of course, we're very encouraged by this development.

**Q. You say the hostilities will cease on both sides of the border, and I think it was actually to take effect about 3 minutes ago. How do we know that the PLO [Palestine Liberation Organization] is going to go along with this cease-fire?**

A. We've had the necessary assurances to make this a very serious effort by the parties. Of course, it has taken a degree of moderation and responsibility on all sides, and we're encouraged.

**Q. You say assurances, so you feel confident that both sides are going to go along with this, at least, for the time being?**

A. Yes, it should have been effective as of 12 noon, local time, so that's about 1½ hours ago.

**Q. Yes, so I was a little off on the timing of it, but, in other words, it ought to already be in effect.**

A. That's correct.

**Q. What do you think is the next step in achieving a peace in that area now?**

A. I think with the reduced levels of violence, which is an encouraging sign, and an agreement to maintain that—and we'll have to see in the period ahead—that the process that Ambassador Habib started earlier to try to arrive at a *status quo ante* in Lebanon and now, clearly, the border area of southern Lebanon is an additional f that will have to be dealt with, and hope effectively.

**Q. Are you talking now about ing back to the problem of the Syr antiaircraft missiles and the probl surrounding the Israeli strikes in area?**

A. I think all of these problems ternally in Lebanon are an aspect of peace effort that Ambassador Habib going to have to deal with and has, deed, been dealing with.

**Q. Ambassador Habib has had some difficulty up until today in g ting the Israelis to agree to a cea fire; in fact, they haven't even wan to use the words "cease-fire." Wha you think has been the Israeli goal its escalation of the violence in th last couple of weeks?**

A. I think the important factor day is that we have achieved the necessary consensus for the cessatio hostilities either emanating from Isr into Lebanon or from Lebanon into Israel.

**Q. What did it? What did Hab do differently last night or this m ing that hasn't been done over the few weeks? In other words, what unlocked it?**

A. I don't think there were any tricky, little keys that were involved just a yeoman, professional effort de ing with all of the elements that can fluence this situation with a great de of cooperation and help from some A states and, also, Israel as well.

**Q. We have been pressing Mr. Begin for some weeks now to agre a cease-fire. This morning he apparently has. I think Jed's question deserves a little further explanatio agree with him. What happened? W it, for instance, the speaking out o Defense Secretary [Caspar] Weinberger and of your Deputy, M [Deputy Secretary William P.] Clar when they criticized Mr. Begin ratl strongly the day before yesterday? Was it that kind of pressure that brought the Israelis to this point?**

A. I think it serves no useful pur pose to engage in that kind of Washington fun and games. We are

very serious business. Our deal-th all of the governments, the se Government, with other Arab hat have been involved, and with te of Israel must be serious, and private, and that is precisely ey have been.

**I assure you that I'm not ng in fun and games. I don't either Mr. Clark, when he criti-Mr. Begin, or the Defense ary were engaging in that. They bviously and are obviously men nderstand the thinking of the istration and of the President, ey did directly criticize Mr. My question again to you is: at help bring about this situa-r were they simply speaking on wn and didn't really mean what aid?**

I think there have been a lot of ations made about a lot of people thing. I think the White House yesterday to the issue, and has been said about it.

**You mentioned in your answer that some—what indicated s some new move by some Arab ies or some new contacts with nericans and some Arab coun-hat contributed to the cease-s some new element there that n't know about?**

No, there is nothing new or l. It was done and has been way for a considerable period of n the earlier peace effort engaged Ambassador Habib, these same ls were applied, and the same s were extremely helpful.

**I gather that since Mr. Habib from Saudi Arabia today that the s have been particularly involved s, is that correct?**

They have been very helpful he very outset.

**What has been the effect on lationship with the Saudis and members of the Arab world—of ntinuing support of Israel te the escalation of the violence . Begin's government?**

I think it's important, at this re, while this delicate process is uing and after this, I think, very tant achievement, that we just those kind of observations out of ix.

**Are the F-16s on the way now?**

No, they are not.

**Q. Will they be soon?**

**A.** This remains to be seen.

**Q. You are going to continue the review then of the bombing of the Iraqi nuclear reactor installation by the Israelis?**

**A.** I think we all know very well that that review, as such, has been largely concluded, and it was the environment in the area that made it inappropriate for the President to go ahead and send that kind of lethal equipment into Israel. That means that we are going to be watching the situation very carefully in the hours, days, and, perhaps, weeks ahead.

**Q. Why has it been that you undertook review of the bombing of the Iraqi installation, but you have declined to undertake a review of the bombing by Israel of downtown Beirut, of the Palestinian headquarters in Beirut?**

A. I think the important thing here is to bear in mind that there are two sides to this situation. There are rockets, Kaytushas, and 130-millimeter artillery rounds that have been falling in Israel with equally grave consequences to innocent noncombatants, and these are the mutually, escalating conditions that lead to conflict in the first instance. Our concerns are strictly involved in trying to return to a state of moderation, *status quo ante,* and to get on with the process which is vitally important for all the parties, and that is the return to peace.

**Q. And you think we're on that path now as a result of this morning's developments?**

**A.** I think it's a very encouraging first step. And after all, we have achieved what we hoped for in the immediate sense.

**Q. And there is a cease-fire, and that is a good note for us to end with.**

[1] Press release 249. ■

# U.S. and Egypt Sign Nuclear Energy Agreement

DEPARTMENT ANNOUNCEMENT, JUNE 29, 1981[1]

At 11:30 this morning, Secretary Haig signed an agreement for cooperation concerning peaceful uses of nuclear energy with Egypt's Minister of Electricity, Maher Abaza. The signing took place at the State Department. The agreement culminates a process begun in 1974 when the United States offered to share peaceful nuclear technologies with both Egypt and Israel.

In 1976 we initialed identical draft cooperation agreements with both countries. Due to subsequent developments in the Middle East and then to the review of U.S. nonproliferation policy, these agreements were never signed or forwarded to the Congress.

In May 1979 we again presented identical draft agreements, revised to include provisions conforming with the requirements for such agreements established in the Nuclear Nonproliferation Act of 1978, to both Israel and Egypt. The Israelis indicated that they were not interested in proceeding with such an agreement at this time. Two negotiating sessions were held with the Egyptians in 1979.

During 1980 the Egyptians reviewed their plans for peaceful development of nuclear energy. At year end, they announced that Egypt would ratify the Nonproliferation Treaty (NPF), which they had signed in 1968, and that oil-export revenues would be set aside to finance nuclear power development. Egypt's parliament approved the NPT on February 16, 1981, and Egypt's instrument of ratification was deposited in London on February 26.

The agreement signed today specifies terms and conditions forming the framework within which various cooperative activities and exchanges may take place. These activities include possible purchase by Egypt from U.S. suppliers of nuclear power reactors and low-enriched uranium fuel to provide, at the outset, a generating capacity of about 2,000 megawatts. Private suppliers and Egyptian authorities would have to agree on the terms of any pur-

chases Egypt may decide to make. The agreement is, in many respects, the same as agreements which the United States has concluded with a number of other countries and also contains special provisions which the executive branch believes should apply generally to U.S. peaceful nuclear cooperation in the region. Such agreements are required under the Atomic Energy Act of 1954, as amended, for the export of reactors, enriched uranium fuel, and other items. Additionally, the export of such items must still be licensed by the United States in accordance with our law.

For the United States, further procedures necessary before the agreement may enter into force are specified in the Atomic Energy Act. The signed agreement now will be transmitted to Congress. The statute provides that it may enter into force after 60 days of continuous congressional session unless during that time the Congress adopts a concurrent resolution disapproving the agreement.

In addition, under article III of the NPT, Egypt is obliged to conclude an agreement with the International Atomic Energy Agency (IAEA). The treaty requires that the agreement with the IAEA provides for the application of safeguards on all nuclear materiel in all peaceful nuclear activities in Egypt, under its jurisdiction, or carried out under its control anywhere. No cooperation can take place under our agreement until Egypt's safeguards agreement with the IAEA is in effect. Egypt and the IAEA initialed such an agreement on June 25.

U.S. Government financing support is not dealt with in the present agreement. Egypt has stated that it will earmark up to $500 million annually from its oil-export revenues for alternative sources of energy, including nuclear power. Nuclear power plant suppliers from the United States and other countries are keenly interested in participating in Egypt's peaceful nuclear power development program.

The U.S. Government wishes to reiterate its support and appreciation for Egypt's decision to ratify the NPT. This is an important step toward controlling the dangers of the spread of nuclear explosives and yet another affirmation of Egypt's commitment to peace and stability in the Middle East and Africa under the courageous and statesmanlike leadership of President Sadat.

[1]Made available to news correspondents by Department spokesman Dean Fischer. ■

# Nuclear Nonproliferation Policy

**PRESIDENT'S STATEMENT, JULY 16, 1981.[1]**

Our nation faces major challenges in international affairs. One of the most critical is the need to prevent the spread of nuclear explosives to additional countries. Further proliferation would pose a severe threat to international peace, regional and global stability, and the security interests of the United States and other countries. Our nation has been committed on a bipartisan basis to preventing the spread of nuclear explosives from the birth of the Atomic Age over 35 years ago. This commitment is shared by the vast majority of other countries. The urgency of this task has been highlighted by the ominous events in the Middle East.

The problem of reducing the risks of nuclear proliferation has many aspects, and we need an integrated approach to deal with it effectively. In the final analysis, the success of our efforts depends on our ability to improve regional and global stability and reduce those motivations that can drive countries toward nuclear explosives. This calls for a strong and dependable United States, vibrant alliances and improved relations with others, and a dedication to those tasks that are vital for a stable world order.

I am announcing today a policy framework that reinforces the long-standing objectives of our nation in nonproliferation and includes a number of basic guidelines. The United States will:

- Seek to prevent the spread of nuclear explosives to additional countries as a fundamental national security and foreign policy objective;
- Strive to reduce the motivation for acquiring nuclear explosives by working to improve regional and global stability and to promote understanding of the legitimate security concerns of other states;
- Continue to support adherence to the Treaty on the Nonproliferation of Nuclear Weapons and to the Treaty for the Prohibition of Nuclear Weapons in Latin America (treaty of Tlatelolco) by countries that have not accepted those treaties;
- View a material violation of these treaties or an international safeguards agreement as having profound consequences for international order and U.S. bilateral relations and also view any nuclear explosion by a non-nuclear-weapon state with grave concern;
- Strongly support and continue work with other nations to strengthen the International Atomic Energy Agency (IAEA) to provide for an improved international safeguards regime;
- Seek to work more effectively with other countries to forge agreements on measures for combating the risks of proliferation; and
- Continue to inhibit the transfer of sensitive nuclear material, equipment, and technology, particularly where the danger of proliferation demands, and to seek agreement on requiring IAEA safeguards on all nuclear activities in a non-nuclear-weapon state as a condition for any significant new nuclear supply commitment.

I am also announcing that I will promptly seek the Senate's advice and consent to ratification of protocol I of the treaty of Tlatelolco.

The United States will cooperate with other nations in the peaceful use of nuclear energy, including civil nuclear programs to meet their energy security needs, under a regime of adequate safeguards and controls. Many friends and allies of the United States have a strong interest in nuclear power and have, during recent years, lost confidence in the ability of our nation to recognize their needs.

We must reestablish this nation as a predictable and reliable partner for peaceful nuclear cooperation under adequate safeguards. This is essential to nonproliferation goals. If we are not such a partner, other countries will tend to go their own ways, and our influence will diminish. This would reduce our effectiveness in gaining the support we need to deal with proliferation problems. To attain this objective, I am:

- Instructing the executive branch agencies to undertake immediate efforts to insure expeditious action on export requests and approval requests under agreements for peaceful nuclear cooperation where the necessary statutory requirements are met; and
- Requesting that the Nuclear Regulatory Commission act expeditiously on these matters.

The Administration will also not inhibit or set back civil reprocessing and breeder reactor development abroad in nations with advanced nuclear power

# nventional Arms Transfers Policy

*lowing are a White House an-nent concerning a Presidential e on U.S. arms transfers policy 9, 1981, and a statement by L. Buckley, Under Secretary for y Assistance, Science, and logy, before the Senate Foreign ns Committee on July 28.*

## E HOUSE ANNOUNCEMENT, 9, 1981[1]

y 8, the President signed a direc- conventional arms transfer which superseded Presidential ve 13 of May 13, 1977. The new ransfer policy follows.

e challenges and hostility toward ental U.S. interests, and the in- of its friends and allies, have significantly in recent years. rends threaten stability in many and impede progress toward political and economic develop-

e United States cannot defend the rld's interests alone. The United must, in today's world, not only hen its own military capabilities prepared to help its friends and o strengthen theirs through the r of conventional arms and other of security assistance. Such rs complement American security ments and serve important U.S. ves. Prudently pursued, arms rs 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 U.S. defense production capabilities and efficiency.

Attainment of these objectives in turn requires effective U.S. Government control and direction over arms transfers. Because of the diversity of U.S. 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 which 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 U.S. 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 U.S. 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 U.S. 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.

U.S. Government representatives overseas will be expected to provide the same courtesies and assistance to firms that have obtained licenses to market items on the U.S. 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

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ms where it does not constitute a ration risk.

e United States will support programs and other international ative efforts in the areas of r safety and environmentally nuclear waste management.

o carry out these policies, I am in- ing the Secretary of State, work- th the other responsible agencies, e priority attention to efforts to e proliferation risks, to enhance ternational nonproliferation e, and, consistent with U.S. securi- erests, to reestablish a leadership or the United States in interna- nuclear affairs.

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ext from Weekly Compilation of ential Documents of July 20, 1981. The House issued a fact sheet on the Presi- statement on July 16. ■

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.

## UNDER SECRETARY BUCKLEY, JULY 28, 1981[2]

I am pleased to be here today to discuss the Administration's conventional arms transfer policy and to answer any questions you may have about it. The policy directive signed by the President on July 8 capped an interagency effort of several months to design an approach to arms transfer that would support the President's foreign policy and national security goals. Those goals include restoration of a greater degree of global stability and balance that will allow individual societies to develop their own economies and pursue their own political and social destinies in peace free of outside intervention or coercion.

That objective cannot be achieved, however, without an America that is strong enough to protect its own legitimate interests around the globe while helping other strategically located nations to enhance their own ability to protect themselves. The fact that must be recognized, in assessing the Administration's arms transfer policy, is the degree to which key regions of the world have become destabilized in recent years, and critical American interests brought under potential challenge.

This statement raises obvious questions: What are those U.S. interests that are being challenged, and what are the sources of this instability? In keeping with the committee's interest today, I am addressing these issues in the narrow context of arms transfer policy. Thus the policy rationale which follows makes no attempt to deal comprehensively with the many other interests encompassed by our foreign policy. It does not, for example, include an analysis of the economic, political, human rights, and other considerations which are major factors in our approach to the Third World, nor of the powerful impact on our policy of our ties with traditional allies.

### Regional Concerns

We must maintain and strengthen the NATO alliance in all its political, economic, and military dimensions. But we also have the most obvious interest in a stable and lasting peace in the Middle East and in continued access to its oil resources and to the peaceful transit of Western shipping through the Persian Gulf and the Suez Canal. In Africa, we need to preserve our access to strategically important minerals on which our high-technology economy literally depends; while in Southeast Asia, we, along with other Pacific industrial powers, require assurance that the Strait of Malacca will remain open to our commerce. In our own backyard, we have the most obvious interest in preventing the colonization of Central America by an ideology hostile to every value in which we believe and which can be counted upon, if successful, to pose a threat to the stability of the American hemisphere.

And who today feels insecure? Some of the most strategically important nations of the Third World: the oil-producing states of the Arabian Peninsula, for example, when a Soviet-supplied South Yemen is made militarily stronger than Saudi Arabia; when Iranian fighters can cruise unopposed down the eastern coast of the Arabian Peninsula to underscore a threat to close the Persian Gulf to Western shipping; when Soviet client states flank the entry to the Red Sea; and when Soviet divisions march into Afghanistan, bringing their tactical fighters within range of the Strait of Hormuz.

The more moderate nations of north Africa feel insecure when an oil-rich Libya acquires an arsenal more than twice the size of that of all its neighbors combined, sends its troops into Chad, and threatens other neighbors in Niger and the Sudan while stirring up trouble around the globe.

Thailand and the other states bordering Indochina feel insecure as the Vietnamese send their troops into Kampuchea, set up a puppet government, and then engage in a policy of military harassment against Thailand.

And nations in our own hemisphere are begining to feel insecure as a coalition of Marxist states, spearheaded by Cuba, train and equip revolutionary groups operating in a half dozen countries, and seek to topple a moderate government in El Salvador while contributing to the buildup of a military established in Nicaragua unprecedented in Central American history.

A quick tour of the globe thus reveals a dramatic deterioration in areas of the developing world of special importance to the West. And it is no coincidence that here, over the past 4 years, Soviet transfers of some of the most sophisticated weapons have surpassed those of the West by impressive margins.

This is a fact of absolute importance for the Congress to understand if it is to place the Reagan arms transfer policy in proper perspective. Impressions that the United States will destabilize regions by pouring additional billions of dollars of high technology weapons into the developing world, in what one former Carter Administration spokesman describes, in a recent article in the *Wall Street Journal*, as a "burning desire to resume our role . . . as the world's leading arms merchant," are simply unfounded.

Gross dollar figures can be misleading, but no one quarrels with the fact that the Soviet Union's arms transfers exceeded those of the United States this past year by any calculation. What is of critical importance, however, is to know what is being sold, and why. A billion dollars of Soviet military equipment cannot be equated with a billion dollars of American sales.

When concerns are raised about instability arising from increased U.S. arms transfers, they are focused on the developing world. Yet almost half of our military sales are to our NATO allies and Japan, Australia, and New Zealand. A large part of the balance is represented by support services and installations, such as the construction of port facilities, hospitals, and military academies and housing, as in our Saudi program.

What is key to understanding the impact of arms transfers on regional stability—as reflected by a given country's perception of its ability to defend itself against a hostile neighbor—is the quantity and quality of the weapons transferred. Here are some facts on which to judge the Reagan Administration's policy on arms transfers and our security assistance proposals, which also respond to that policy.

the past 4 years (from 1977 1980), Soviet sales to the Third ceeded ours by a margin of 2%; but what is really important, gested, is what it is the Soviets their clients in comparison with provided our friends and allies. a moment at the numbers of ound and air weapons in six ma- ories that were delivered by the rpowers to developing nations is 4-year period: From 1977 1980, the Soviets delivered (in gures) 6,000 tanks and self- ll guns to the Third World ver- 0 by the United States; 7,600 ar- ersonnel carriers and recon- e vehicles versus 7,200; 10,500 pieces versus 2,300; 1,800 ic combat aircraft versus 500; onic combat aircraft versus 200; urface-to-air missiles versus other words, in four out of the r categories of lethal weapons, ets out-delivered the United y margins ranging 2-to-1 to -to-1, while edging out the States in the remaining two.

**proach**

n indication of some of the with which we have to deal. r not, there exist today signifi- llenges to U.S. and Western in- But we cannot meet them alone. o, is a reality we must address; here that a prudent policy of ansfers can play a critical—in essential— role in shaping our policy to achieve our most fun- al security goals.

ress the word "prudent" because ninistration's new policy steers a course between unrestricted nd the use of arms transfers lly as political capital to be d without reference to the needs of the recipient, and the at arms transfers are inherently e in their impact and must, re, be restrained for the sake of t.

e latter approach was, at least cally, the policy in effect when ministration took office. It was n the belief that arms transfers ssentially wrong and, therefore, ngaged in only in exceptional cir- nces. At least in principle, the Administration sought unilateral t in the sale of arms and hoped, , to inspire others to follow our e. In practice, neither the t nor the example proved par- y effective. The total dollar value of agreements under the foreign military sales (FMS) program did drop from FY 1976 to FY 1977, but it began rising steadily thereafter under the imperatives of the security needs of our friends and allies in NATO, the Middle East, and elsewhere. At the same time, there was not discernible slackening in the activities of the Soviet Union and other major arms suppliers.

The policy of this Administration, enunciated earlier this month, will deal with arms transfers as a resource to be used along with other resources for the achievement of national goals. We intend to employ them as an instrument that can and should be used flexibly and carefully to serve our interest. We believe that with effective U.S. Government control and direction, but without the arbitrary prohibitions and annual ceilings of the past, arms transfers can help to enhance the state of readiness of friends and allies; to demonstrate U.S. determination to respond to threats to our interests and thus help deter such threats; to revitalize our alliances and cooperative security relationships and develop new ones; and to make a modest contribution to the needed upgrading of our own defense manufacturing base.

For these reasons, the Administration believes that arms transfers, properly employed, complement and supplement our efforts to improve our own defense capabilities and are an indispensible component of our foreign policy. To use arms transfers for these purposes, we have fashioned a policy that is responsive to individual circumstances and that can be applied flexibly and promptly. We will judge each prospective transfer in the light of both U.S. interests and its own particular merits. In so doing we will consider a wide spectrum of factors, including:

- The military justification for transfer, including the nature of the threat, how the article would help respond to this threat, and whether it would enhance potential collective security efforts;
- The ability of the recipient to absorb the transfer in terms of its technical capacity, military support system, and financial resources;
- The effect of the transfer on regional stability, particularly where friends of the United States may be at odds with one another; and
- Whether the needs of U.S. forces would be adversely affected by the transfer, bearing in mind that, on occasion, scarce items may be needed by friends to meet emergencies.

These, of course, are not the only factors we will be taking into account as we make our case-by-case examination of specific arms purchase requests. Human rights considerations are an obvious case in point and not merely because we are required by law to take them into account. It is hard to imagine any Administration worthy of representing the American people that will not use its influence to the maximum to encourage other societies to meet our standards in this regard. It should be kept in mind, however, that our principal purpose in transferring arms to another country is not to help a particular regime but to buttress our own security and serve our own interests.

There are other significant factors to consider, such as those which take into account the varying capabilities of the nations with which we wish to establish security relationships. Some requests, for example will present compelling reasons in favor of coproduction or the transfer of defense technology. In these cases, we will give special attention to domestic economic and industrial aspects of the proposed transfer, to its relationship to our arms cooperation programs with NATO and other allies, and to the possible subsequent need for third-party transfers. The need to protect advanced and sensitive U.S. technology against possible compromise will also remain a central factor in our decisionmaking.

We must also discriminate between the widely varying threats faced by friends and allies who have widely varying military needs and absorptive capacities. Some may well require our front-line equipment, while others would be better off with less costly and sophisticated alternatives. Perhaps most important, even when some countries are capable of absorbing the most sophisticated systems, it may make better military sense for them to deploy larger numbers of less expensive and more easily maintained systems. Accordingly, we will continue to support the concept of export or "FX" aircraft because such aircraft are needed to satisfy the requirements of nations which desire and need a capability between, for example, the F-5E, and the more advanced, complex, and costly systems now in service with our air force; and we intend to encourage their consideration.

The countries with which we share strategic concerns differ in another respect as well, and that is in their ability to pay for the military equipment which is required to meet our own ultimate foreign policy and national

security objectives as well as theirs. This is why, given current inflationary price increases and skyrocketing interest rates, we have asked authority to offer selected countries significantly better-than-market interest rates to help them finance the purchase of the arms they need. This offer of concessional rates does not represent an act of altruism on our part but, quite the contrary, a most deliberate calculation of our own self-interest.

As I stressed earlier, we in the United States are no longer capable of the unilateral defense of every area that is vital to our national welfare. We need to work with other nations which are either long-term allies or share common strategic concerns. If we ourselves are not prepared or able to project adequate military strength into a particular region that is important to us, then we must do what we can to help cooperative nations within that region achieve the capability of meeting their own defensive needs—and, in the process, to serve our own.

It is an unfortunate fact that in many areas of greatest importance to us, such as the Middle East, portions of Africa, and Southeast Asia, the nations on which we must rely do not have the economic capacity to buy the weapons they need to meet existing threats at prices they can pay without inviting economic collapse. The interest subsidies we propose to provide such nations as Turkey, Egypt, Sudan, Kenya, and Thailand represent as economical an expenditure of U.S. dollars to advance American security interests as any proposed for direct defense expenditures.

In short, the basic goals which have shaped and justified our arms transfer policy require, in appropriate cases, that we be prepared to finance those transfers on terms that will enable them to take place. Otherwise we, just as much as the recipient, stand to lose the benefits that justify the proposed sales in the first place.

All of which emphasizes the basic thrust of the Administration's policy; it is to recognize that arms transfers, properly considered and employed, represent an indispensable instrument of American policy that both complements and supplements the role of our own military forces.

There are cynics, I know, who claim that economic considerations are the main driving force behind the Administration's new policy and that, in practice, there will be few if any controls over American transfers and that industry will have *carte blanche* to sell anything, anywhere. These allegations are patently false. I assure you that the executive branch will continue to be involved at all levels of the transfer process in order to exercise the evaluation, judgment, and control required by law, policy, and principal alike. In this regard, I have established a senior interagency mechanism to be called the arms transfer management group. It will assist me in making recommendations to the Secretary of State on arms transfer and security assistance issues. Membership will consist of senior-level representatives of all government agencies involved and interested in the transfer process. This will guarantee a full hearing of relevant views on all significant issues.

There may be some concern that the new policy will lead to a large rise in the volume of new military sales, with billions of dollars of the most sophisticated equipment crisscrossing the skies on their way to hitherto remote and bucolic corners of the world. Again, nothing could be further from the truth.

The objective of our policy is not increased sales *per se;* nor is it likely that it will result in significant increases in the total dollar value of transfers that will be authorized under its terms. The enormous cost of modern weapons and the state of the world economy provide their own restraints on the capacity and appetite of would-be purchasers. In fact, we would anticipate that 1982 sales would remain approximately where they are today, namely at the $15 billion level. We do not, however, propose some artificial ceiling in advance.

What we do expect to see, as our policy is applied, is a qualitative shift in the kinds of countries with which we will be concluding sales. They will include a larger number of developing countries which desperately need more effective means of defending themselves against very real potential threats, countries with which we will want to develop cooperative relationships so that, in times of crisis, we may be able more effectively to project our own power and thus help deter aggression. In short, we need the greater flexibility required to merge foreign and defense policy goals through enhanced assistance to friends and allies in areas of the world where the United States has the most self-evident interest in the enhancement and maintenance of regional security. Finally, a recognition of the role that arms transfers can play in the existing world environment to help achieve our international objectives does not represent a retreat from a desire for gr restraint in the global disseminatio sophisticated weapons. We remain vinced that such restraint is a goal worth pursuing provided it is not unilateral and does not sacrifice fu mental American interests. We re prepared to examine ways to purs regime of multilateral restraint an consider seriously the proposals of others. We are not prepared, howe to sacrifice American interests and interests of our friends abroad by s ing to go it alone.

One final point: Throughout my statement I have stressed the link b tween our foreign arms transfer po and our own national security. I ha done so because I have noticed, ove past several months, that a signific part of the opposition I have found the Administration's security assist proposals is based on a fundamenta understanding of their nature and p pose. Although I know our foreign assistance requests are not themsel the subject of this hearing, they, ne theless, reflect the translation of th policies I have been describing into tual practice. Therefore, I feel it ap propriate to touch upon this matter because it goes to the heart of what Reagan Administration is seeking t achieve through the prudent use of transfers as an instrument of foreig policy.

Contrary to the impression so m have of security assistance as some akin to an international military foo stamp program, it is, in fact, a necessary extension of our national defense effort. The marginal U.S. d loaned under FMS to the Turkish A or the Thai or Pakistani Air Force i dollar that we would otherwise have spend outright on our own forces to job that the Turks and Thais and Pakistanis can do better and at less Not only are security assistance doll spent in the United States for U.S. equipment, not only are they ultimat paid back even if the interest charge may sometimes be at less than mark rates, but we get the security benefi the force improvements those dollars buy for friendly foreign governments

I, therefore, urge you, as you co sider the merits of our new policy, t focus on the facts that we have a po ful self-interest in contributing to th self-defense of allies and friends and that our own defense is inextricably

# rnational Terrorism

ard T. Kennedy

ement before the Senate Foreign s Committee on June 10, 1981. nedy is Under Secretary for ment.[1]

ciate this opportunity to appear ou to discuss international ter- and the protection of diplomats and this Administration's efforts with these problems. The Ad- tion welcomes the broad interest port which has been demon- by your committee and the new mittee on Security and Ter- of the Judiciary Committee. Both own an understanding of the ide menace of terrorism and the r a clear and coherent govern- sponse. We intend to work close- your committee to develop an ef- program.

0 was a record year for interna- errorism. There were 760 inter- l terrorist acts, which resulted in asualties than in any year since . Government began keeping s on terrorism in 1968. Last 42 people were killed in interna- errorist attacks; 1,078 were d. Ten Americans were among d; 94 Americans were injured. tistics in 1980 reflect the trend e past few years toward increas- th and injury from terrorist e. Of the 760 acts, 278, or 38%, irected against Americans or an property. So far in 1981, as been a continuation of last igh frequency of terrorist at- Preliminary statistics show that were 312 acts of international ter- worldwide during the first 5 s of 1981; 37% of those were d against Americans or American ty.

The statistics however do not adequately tell the story. They do not convey the fear and instability generated by terrorist attacks, nor do they document the enormous psychic and financial costs to free societies. Let me recall for you some of the terrorist acts involving American citizens so far this year:

- In January, terrorist captivity ended for our hostages in Iran;
- In March, terrorist hijackings in Pakistan, Honduras, and Indonesia (one of these the longest in aviation history), our embassies in El Salvador and Beruit attacked, Marine guards injured in a bombing in Costa Rica, an American missionary murdered in Colombia;
- In April, another violent attack on our embassy in El Salvador;
- In May, the hijacking of a Turkish aircraft to Bulgaria and a rocket attack on our embassy in Beruit.

These incidents occurred in a 5-month period which saw literally scores of additional attacks around the globe. There were murders, bombings, kidnappings, and attacks on diplomats and businessmen alike. Hundreds of people in addition to our own citizens have this year been taken hostage; thousands more, families and friends, have suffered during these incidents.

International terrorism is an assault on civilization itself. In addition to the lives and freedom of the innocent, the rights of the individual, democratic institutions, and the rule of law are under attack. In a real sense, terrorism strikes at our vital national interests and those of our closest friends and allies. The priority which this Administration is giving to the fight against terrorism reflects that fact.

We cannot solve this problem without a deeper understanding of the sources and dynamics of international terrorism. At a conference in May in the Department, we brought together a group of leading academic and government experts to discuss all aspects of the terrorist phenomenon, particularly the linkages among terrorists groups, the problem of patron-state support, and government responses to terrorist violence. The conference helped us to sharpen our analytical tools to better understand the phenomenon and to move toward more effective ways of combatting it. A report on the conference will be published in the near future.

But academic analysis is only a first step toward a realistic government response. All governments must firmly resist terrorist blackmail and vigorously pursue the terrorists with the full force of law. Governments such as the Soviet Union, Cuba, and Libya—which directly or indirectly sponsor, train, finance, and arm the terrorists—must be clearly told that their behavior is unacceptable in a world seeking peace and prosperity. The international community must act together to express its unequivocal disapproval of such conduct.

This Administration is taking firm and purposeful action to counter terrorism. We have publicly put terrorists on notice that they can expect no concessions from us. We will not pay ransom or release prisoners. We will not bargain for the release of hostages. We hope other governments will demonstrate similar firmness, and we are actively encouraging them in this direction. Governments which engage in or actively support acts of terrorism against us can expect a rapid and certain response. We will use all appropriate resources at our disposal, be they diplomatic, political, economic, or military, to respond to such acts of international intimidation and extortion.

This Administration has taken a number of concrete steps to enhance our ability to prevent terrorist incidents and to manage those incidents which occur. Early in the new Administration, Secretary Haig instituted an interdepartmental group on terrorism and instructed it to carry out an intensive review of our counterterrorist policies and programs. This review has focused upon embassy security, contingency planning and incident management, training, and international initiatives.

### Embassy Security

Because attacks on our embassies take place with alarming frequency, we have continued the Department's security enhancement program to address the threat of mob violence and large-scale attack against our Foreign Service missions and stepped up our security program to deal with other threats. Using the funds provided by Congress, we are focusing expert attention on the protection of the staff at our overseas facilities. We are constructing safehavens in our embassies and consulates, improving building-access controls, installing nonlethal denial systems, and concentrating on other life-safety measures. We are also implementing programs for the protection of national security infor-

se who occupy strategic phic areas or control strategic ces and have the will but not the ces to protect themselves.

xt from Weekly Compilation of ntial Documents of July 13, 1981.
e complete transcript of the hearings published by the committee and will lable from the Superintendent of ents, U.S. Government Printing Of- ashington, D.C. 20402. ■

mation. We have established a special office, the Special Program and Liaison Staff, within the State Department to manage all facets of this program. Recently I attended a conference in Panama of security officers from all Latin American posts. We discussed all aspects of embassy security in the region, including the special security enhancement program.

The Department has already conducted comprehensive security enhancement surveys at 25 most seriously threatened posts. Major construction is about to begin in San Salvador, and other construction projects have been started at a number of other posts. Further major construction work will be contracted and begun within the next several months. In addition, since September 1980, the Department has funded security requirements amounting to over $20 million at some 116 Foreign Service posts.

### Contingency Planning and Incident Management

However, even with the most appropriate security measures, we will not be able to prevent every act of terrorism directed against us. We have, therefore, developed a systematic program of contingency planning and preparedness testing, both in Washington and in the field, to upgrade our readiness and to insure that we are not caught unaware and unprepared in a future terrorist attack.

In order to make certain that we are able to react effectively in any future Tehran-type or other terrorist incident, we have:

- Made certain that our embassies and consulates have contingency plans for dealing with terrorist incidents—these include hostage and hijacking plans;
- Asked all our embassies to work out special coordination and mutual help procedures with our closest allies;
- Instructed all ambassadors to review their internal defense plans, particularly command and control procedures for the use of lethal force, and we have encouraged them to hold regular drills of these procedures;
- Authorized all our missions to inform host governments of our policy in hostage events—particularly the no-concession aspects of that policy—and to urge governments to adopt a similar stance; and
- Instituted an expanded 2-day course on "Coping with Violence Abroad." This course, which includes segments on hostage survival, bomb recognition, and residential security, among other topics, is required for all State, Agency for International Development, and U.S. International Communication Agency personnel assigned overseas, and we have strongly urged other agencies whose personnel are assigned to our overseas missions to have those employees attend the course. It is designed to enable our personnel to make an individual contribution to the deterrence of terrorism through security awareness and to prepare them for the personal trauma of victimization by terrorists should they be attacked. The course has met with a favorable reaction from those who have taken it. I would be happy to invite members of this committee or staff to attend the course as observers should you think it useful.

We are undertaking urgent efforts to upgrade our lookout and forged document identification procedures at our overseas posts and ports of entry. These systems were designed to screen out customs and immigration violators. We are modifying them to enable us to detect terrorists who might attempt to enter the United States.

We have also recently conducted a number of domestic and international incident-management exercises which have tested our ability to respond to terrorist attacks. These realistic exercises have enhanced our confidence in our crisis management capabilities. We would be happy to brief the committee on a classified basis on these exercises and their results.

In an effort to improve management and resource utilization in the counterterrorism and security areas, the Department is considering alternative organizational arrangements. The Secretary and the Deputy Secretary already have directed that the Office for Combatting Terrorism report directly to me as the Under Secretary for Management. This means that planning and policy, as reflected in the counterterrorism office, and the resources for response to threats represented in the security office, will both be under single jurisdiction. We are now looking at ways in which we may further integrate these activities with a view to enhance our capability to identify and respond to the terrorist threat. As our deliberations go forward, we will keep the committee informed.

### International Cooperation

Combatting terrorism is not a task the United States alone. The probl too complex and universal to be de with by one nation. We are commit to working with other nations to establish a peaceful and stable wor order, in which we may be free fro threat of political violence. Let me outline some of the elements of our gram of international initiatives to bat terrorism and comment upon a of the steps which we and like-min nations are already taking to deter prevent terrorist violence.

First, as the President and Secretary Haig have noted, this Administration has given high priority combatting international terrorism. are making a major effort both pub and in traditional diplomatic channe demonstrate to the other nations of world the seriousness with which th United States views this problem ar implications for world peace and sta ity. We have spoken out to condemn practice of terror and to make clear those who facilitate terrorism that violent attacks on innocent persons beyond the bounds of civilized beha and must be outlawed. We are work with the international community to establish a consensus under interna law to bring to justice all those who commit terrorist attacks. Within the United Nations, the United States h encouraged and supported all the various conventions that deal with in national terrorism, beginning with o 1972 initiative to develop a broad int national convention against the expo of terrorism. Since that time, the Un States has worked actively for the ad tion of conventions outlawing terrori acts: The Hague Convention Against jacking, the Montreal Convention Against Aircraft Sabotage, the New York Convention for the Prevention Punishment of Crimes Against Inter tionally Protected Persons, the Conv tion on Physical Protection of Nuclea Materials, and the Convention Again the Taking of Hostages. We have en couraged all nations to become partie to these conventions. Over 100 countr have become parties to both The Hag and Montreal conventions.

Our support for these conventions demonstrates our traditional national commitment to the rule of law. Terror acts are illegitimate criminal acts, wh can be deterred through swift and ap propriate judicial action. These conven tions, by establishing in international law recognized norms for behavior,

o discourage nations which
ndone terrorists.
measures are now pending
his committee which will con-
o this effort. The Administra-
es that the committee promptly
and report these conventions to
te. We hope for expeditious ad-
consent to their ratification.
International Convention
the Taking of Hostages was
y the United States in December
his convention, originally an in-
f the Federal Republic of Ger-
nposes binding legal obligations
parties either to extradite, or
o their competent authorities for
ion, alleged hostage-takers
ithin their jurisdictions. A state
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te in preventing hostage-taking
s of internal protective
s, exchange of information, and
ation of enforcement activities.
ough the penal codes of most
s contain provisions proscribing
extortion, kidnapping, and other
crimes inherent in hostage-
this is the first time a legal
ism has been created to insure
ishment of offenders wherever
found and cooperation among
s to prevent hostage-taking
second measure, the Convention
Physical Protection of Nuclear
l, establishes a similar scheme to
hat those who commit serious of-
nvolving nuclear material will be
d. It also provides for an in-
measure of international
tion in providing security for
material. This convention was a
tiative, first proposed in 1974
cessfully negotiated at meetings
national Atomic Energy head-
s between 1977 and 1979. The
States signed the convention on
3, 1980, and it was promptly sub-
to the Senate for advice and con-
ratification. We believe it is im-
for the Senate to act quickly on
vention, not only because such
hip is appropriate on a matter
s a U.S. proposal initially but
ause the convention fills a key
he current international struc-
aling with the physical protection
ar material from theft or other
l misuse by terrorists or others.
convention provides for physical
during international nuclear
rt and international cooperation
in recovering stolen nuclear material. Following the precedents of The Hague, Montreal, and protection of diplomats conventions, it defines serious offenses involving nuclear material. States parties are to make these offenses punishable and subject to a system of extradition or submission for prosecution. As a former Commissioner of the Nuclear Regulatory Commission, I can attest personally to the importance to our national interest of becoming a party to this convention.

Both conventions will require implementing legislation to enable the United States to comply with the obligations we have undertaken. The Administration's proposal for implementing legislation of the Convention on the Physical Protection of Nuclear Materials, submitted to the Senate on April 7, is currently before the Judiciary Committee. Proposed implementing legislation for the hostages convention will be forwarded shortly to the Congress.

In addition to these two measures, we consider that implementation of the Montreal Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation is a matter of great priority. The United States ratified this important convention in 1972, but it has not been fully implemented by appropriate amendments to U.S. law. Implementing provisions are contained in two bills pending before the Senate, S. 635 and S. 873. However, it is our view that these provisions should be considered separately and promptly enacted. We will be working with Congress to attain this objective.

As long as we fail to implement our obligations under the Montreal convention, in certain limited circumstances we would be unable to prosecute or extradite alleged offenders whose acts were committed beyond our territorial jurisdiction. We freely undertook this obligation by ratifying the convention, and it is essential that we have the ability to comply fully with those obligations.

In addition to these conventions, we are undertaking other steps to enhance the degree of international consensus and cooperation against terrorism. Recently, we have consulted extensively with our economic summit partners on the implications of the recent rash of terrorist hijackings in light of the Bonn antihijacking declaration of 1978 and on measures under that declaration. We will be discussing terrorism and further joint steps to combat it with our economic summit partners in Ottawa later this year.

Over the next few months, we will also be working strenuously toward possible U.N. action on terrorism. The U.N. General Assembly will be considering this fall both the general problem of terrorism and the specific issue of protection of diplomatic personnel and premises. Through contact groups of like-minded countries, we will be seeking additional adherences to existing conventions. We will also be exploring ways to make these conventions more effective and considering whether additional conventions are needed to cover other categories of terrorist acts such as assassinations and bombings.

In conclusion, let me once again express my appreciation for the interest of this committee and the Congress in the problem of international terrorism. We are working to find solutions, but the path will be difficult. This complex and difficult problem will not be solved by a single answer. It will require the cooperative efforts of the Administration, the Congress, the American people, and other nations before the cycle of terrorist violence, death, and destruction can be reduced. Ratification of the two international conventions and implementation of the Montreal convention are important and urgently needed contributions in this direction.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

# Secretary Attends Caribbean Development Meeting

*Secretary Haig met with the Foreign Ministers of Canada, Mexico, and Venezuela in Nassau, the Bahamas, on July 11–12, 1981, to discuss a cooperative approach to addressing the economic problems of the Caribbean basin area. Following is a joint communique issued on July 11, and excerpts from a news conference held by the Secretary and William E. Brock, U.S. Trade Representative, on July 12.*

## JOINT COMMUNIQUE, JULY 11, 1981

We are repeating below the Communique agreed upon by the Foreign Ministers of Canada, Mexico and Venezuela, Secretary Haig, and U.S. Trade Representative Brock at the Conference of Ministers on Caribbean Basin Development on July 11, 1981.

Communique of Conference of Ministers on Caribbean Basin Development, July 11, 1981—Nassau, Bahamas. Secretary of State for External Affairs Mark MacGuigan of Canada, Secretary for External Relations Jorge Castaneda of Mexico, Secretary of State Alexander M. Haig of the United States of America, William E. Brock, United States Trade Representative, and Foreign Minister Jose Alberto Zabrano Velasco of Venezuela met at Nassau, the Bahamas, July 11, 1981 to discuss an initiative to stimulate the economic and social development of the Caribbean Basin area.

The Ministers had full and very cordial discussions of their common concern regarding the economic and social problems which face the countries in the Caribbean and Central America.

They agreed that their efforts must be based on a consultative process by which potential donors and recipients come to a realistic understanding of the problems and aspirations of the Basin countries based on the national plans and priorities of those countries and the means to address their problems.

Dynamic and balanced development will contribute not only to the welfare of the people in the Caribbean Basin area, but also to the peace and prosperity of the entire hemisphere.

The Ministers noted that many countries within and outside the region are already addressing the problems of development in the Caribbean Basin through a variety of programs and on a substantial scale. Nevertheless, they recognized the need for more comprehensive efforts by countries cooperating with the region, taking into account the different approaches and development stages of these countries. The success of these actions also depends directly on the efforts of the countries in the region on their own behalf.

Given the overriding common interest in promoting development in the region, the Ministers concluded that there are significant advantages to an economic and social development approach without military considerations or political preconditions. Each country in the Caribbean Basin could benefit from such economic cooperation. At the same time, donor countries must be free to choose the countries with which they cooperate and the ways they can best be of help.

Mindful of the diversity as well as the common interests of the nations in the region, the Ministers recognized the separate identities of Central America and the Caribbean. They took note of the views expressed by the Central American countries that the specific character of their development problems and their long-standing efforts towards economic integration should not only be taken into account but even strengthened by outside cooperation. They also took note that the governments of Central America and governments in the Caribbean have expressed the need to participate actively in the formulation of any development plan for the area.

On the basis of these principles, the Ministers agreed to begin immediate consultations with the governments of Central America and the Caribbean, as well as with other countries and international financial institutions. The purpose of the consultations would be to determine the best approach for an action plan for facilitating those trade, investment or development cooperation measures which would stimulate sustained and balanced economic and social development in the region. The Ministers agreed to meet again before the end of the year to review the results of the consultations.

The Ministers of Canada, Mexico, Venezuela and the United States expressed their profound satisfaction at having met for the first time at a high political level in a joint examination of the problems of economic and social development of Central America and the Caribbean. They affirmed their own political will to continue their efforts and expressed the hope that regional and non-regional governments would, in a similar expression of political will, associate themselves with the promotion of integral and sustained development in the area.

## NEWS CONFERENCE (EXCERPTS), JULY 12, 1981[1]

**Q. Is the Cuban Government going to be receiving aid under this program? Is that going to be possible?**

**Secretary Haig.** I think there are several aspects to the program as we visualize it, and we are merely consulting, now, the consultative procedure and approach. First, it is essentially a social, economic development effort, not a vehicle for military assistance. There are no automatic exclusions or any obligations for inclusions, and if you look carefully at the communique there is rather explicit reference to that. The answer to your question is no exclusions, no obligations for inclusions. Each participating donor state will make a decision based on its own judgments.

**Q. In effect, are we giving the green light to giving aid to Cuba?**

**Secretary Haig.** We are giving no red lights; we are giving no green lights and, at this juncture, we are still at the formulation stage.

**Q. The content of the agreement you signed, does it in any way change the U.S. policy of military assistance for certain governments, or do we follow the same line that we have been following so far?**

**Secretary Haig.** This is not a signed agreement of any kind. It is merely a communique summarizing the conclusions of our day-long deliberations. Secondly, in the body of that communique, it is very explicit that this is not a program visualized to include military assistance or military matters of any kind, and they were not the subject of our discussion.

**Q. [Inaudible]**

**Secretary Haig.** I think it is important that we understand that this is an exploratory effort. There are consultations underway which will continue, I hope, at an increased pace as a result of our meetings today. We enter into this with a multiplicity of vehicles that could be used to assist in the area: trade and investment, economic and technical assistance, training, help from within the region, from without the region, and self-help of the recipient nations. There have been, at this juncture in our con-

rocess, no specific programs
a broad potpourri approach in
are seeking relief for the
mic plight of the area and of
ential recipients.

**ould you talk about what
difficulties you anticipate in
sell trade concessions and in-
of development to the Con-
the American public that
affected? I am speaking par-
of the goods that are now set
hat may reduce the duty,
come in and discourage the
ons.**

**etary Haig.** It's premature.
t I let Bill Brock deal with that
us our expert, and I think he
t with greater skill.

**Brock.** Basically, we have not
determination as to the
eas of endeavor, but I think,
political difficulties are con-
erything that will be done will
e price. In order to determine
to fashion the American pro-
s context, we will engage in
consultation with business,
congressional leaders to try
e that which would most ap-
y benefit the affected region. I
k we will have too much trou-

**there any developed plan
are looking at that you might
e?**

**Brock.** We have looked at a
plete list of potential options
ould consider within the United
t the most important question
ve to be asked of the
y nations. I think each package
to be tied to the needs of the
country, and they are going to
ell us what their needs are.
will see how best to try to ac-
te them, but that's a question
ld best be directed to them, not

**oes this meeting establish a
tionship with Latin America,
with the Foreign Ministers
here but also with other
nerican leaders?**

**etary Haig.** It certainly does
new partnership still in the con-
phase. We will seek to consider
for establishing economic and
velopment.

. . . .

s release 227.■

# Caribbean Basin Development

*by Thomas O. Enders*

*Statement before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee on July 28, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.*[1]

In recent years we have become more and more sensitive to developments in the area immediate to the south of us—the Caribbean Basin. In the mid-1970s we debated the Panama Canal and its vital importance to us. More recently, we have been concerned with immigration from Cuba and Haiti, a revolution and its aftermath in Nicaragua, and a foreign-supported leftist insurgency in El Salvador. In each case, difficult Caribbean Basin problems have directly touched American interests and have, thereby, reminded us that these are peoples with whom we must live. Their problems often become immediate U.S. concerns. Their success improves the environment in which we live.

## Basin Conditions

Unfortunately, many of the countries of the Caribbean Basin are weakened and vulnerable. Their size makes them uniquely dependent on the outside world—to a degree that we Americans can only dimly imagine. And recently, the outside world has not been favorable to their interests. Commodity prices other than oil are falling, energy costs are rising, world markets stagnate, and tourism is growing less rapidly than normal. Throughout the Caribbean area income is falling, per capita income even more.

But there are internal problems as well. Not all of the countries of the area have been able to create conditions in which their substantial human talent—professional people and entrepreneurs—could be fully engaged. Many of these people have migrated. Similarly, there is substantial capital flight from some countries, as entrepreneurs prefer to put their money in Miami rather than local enterprise. Some of these problems are structural—beyond the immediate control of governments. But in many cases government policies have also been responsible.

## What Can Be Done

In approaching this problem, we have worked from a number of premises.

**First,** we must work in close cooperation with the other interested countries—above all, Venezuela, Mexico, and Canada. Not only are the Caribbean Basin countries their neighbors too, but they are already contributing relatively more official assistance than we. Our trade preferences and private capital flows are, of course, also valuable contributions.

That is why President Reagan turned to President Lopez Portillo [Mexican President Jose Lopez Portillo y Pacheco] in early June. Since then we contacted the leaders of Venezuela and Canada. Earlier this month Secretary Haig met with his counterparts from the other three countries in Nassau to agree on the need for a multilateral approach and to decide to draw up an action plan together.[2]

There have been differences among the four, of course. Mexico wanted Cuba automatically included. We can contemplate no aid to Cuba, so we agreed to disagree and went on to emphasize what we do have in common—a commitment to helping the area. We believe we have established a firm partnership for proceeding.

**Second,** we can succeed only if the developing countries of the area are fully engaged in the planning and execution of what is to be done. After all, development starts at home, and no donor will provide new economic opportunities on any scale unless he believes recipients will take the action needed to assure that they are well used.

This is why there is and will be no big "made-in-the-USA mini-Marshall plan." Instead, the four partners will now proceed to consult, first, the Central American countries, then the countries of the Caribbean, before deciding how to draw up the action plan. This is also why the eventual plan will clearly recognize the separate identities of the two groups of countries.

**Third,** we think the place to begin is the supply side—how to help Caribbean Basin countries to create new, competitive production capacity and take better advantage of its existing resources in people and capital.

We will be asking these countries as we meet them: What can you do to re-

tain your skilled labor and capital? How can you create predictable, favorable conditions for enterprise? Such ideas as insurance against political risk for domestic as well as foreign investment, investment treaties insuring fair treatment, regional investment codes, and, in general, more favorable tax and legal treatment for investment should be considered.

**Fourth,** we recognize that supply alone can't do it; action on demand is also needed. This is one place where the United States has a potentially large role to play. We take nearly three-fifths of the area's exports and provide even a larger portion of its tourists. Our arrangements are already generous—86% of our imports from the basin are duty free the tourist allowance is substantial.

But further access to the U.S. market could have major impact in these small countries. Because they are so small, new access, if appropriately designed and safeguarded, need not upset the balance of the market in the United States. We recognize that the remaining 14% of our imports from the area that are dutiable are nearly all sensitive items. We hope to work closely with industry, labor, and the Congress to make sure those interests are appropriately listened to and secured.

**Fifth,** a coherent plan cannot be put together without more official assistance than the area is now receiving. That assistance can come from other donors in Europe and Japan. Importantly, it can come from the international financial institutions. But it must also come from the United States.

The President has determined that we must respect existing budget guidelines, but that within that constraint, a substantial additional effort for the Caribbean Basin will be made. Increased assistance from us should be closely geared to supporting private investment opportunities through agricultural and industrial credit and some infrastructure projects.

**Finally,** while the overall concept of action should be multilateral, actual benefits should be given on a bilateral basis, so that the conditions of each recipient and each donor can be satisfied.

### What Happens Next?

Ambassador [U.S. Trade Representative William E.] Brock has been asked by the President to coordinate positions on trade, investment, and aid for the action plan. This is the first time, I believe, we have attempted a comprehensive approach to development combining the three areas. It should give us a capability we have not had before. The U.S. Trade Representative will begin consulting with industry, labor, and the Congress in the early fall.

On the international side, the next key date is the second meeting of the four partners, probably in Bermuda. That is when decisions on how to draw up the action plan will be taken.

### Conclusion

I do not want to belittle in any way the obstacles ahead. We have never before attempted a broad collective effort of this kind for a whole region, nor have we attempted to combine trade, investment, and aid in a coordinated approach. No doubt the initiative will take longer and be more difficult to carry off th even now, we believe.

Nor do I want to give the impre that economic development can alon solve the security and political probl of the area. They must receive milit and political answers. But only in economically successful countries ca truly democratic political institutions flourish. Creating the conditions for is our objective.

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[1]The complete transcript of the heari will be published by the committee and w be available from the Superintendent of Documents, U.S. Government Printing O fice, Washington, D.C. 20402.

[2]Secretary Haig met with Foreign Ministers of Canada, Mexico, and Venezu to discuss Caribbean economic cooperatic Nassau, the Bahamas, July 10–12. A join communique was issued July 11 to begin mediate consultation with Caribbean and Central American governments in an eff to stimulate the social and economic deve ment of the Caribbean Basin area.■

# El Salvador: The Search for Peace

***by Thomas O. Enders***

*Address before the World Affairs Council in Washington, D.C., on July 16, 1981. Ambassador Enders is Assistant Secretary for Inter-American Affairs.*

This winter one of our neighbors, El Salvador, was the target of a deadly challenge. On January 10, insurgent groups that had developed in El Salvador—but had united with Cuban help, had trained many of their people in Cuba, and had just obtained infusions of modern arms through Cuba—launched a "final offensive" to overthrow the Salvadoran Government.

Timing was critical to the guerrillas. On January 9, the insurgents' Radio Liberation boasted from Nicaragua that the offensive to be launched the next day meant that the new President of the United States would come to office too late to stop the guerrilla victory. But an unspoken internal factor was probably more important. In 1980 the new Salvadoran Government—after its predecessors had for years ignored pressing socioeconomic problems—had started a program of land reform to benefit the poor. The reform addressed key issues that the insurgents had hoped to exploit as their own. Every passing day was demonstrating that the guerrillas' premises—that they were deal from strength at home and abroad—were wrong.

El Salvador is, in area, the small mainland country of Latin America. has not quite 5 million people. But it our neighbor. When El Salvador appealed for our help to ward off an e nally armed attack, both the Carter Reagan Administrations responded. reason is simple. We cannot be indif ferent to outside threats to the secu of any friendly country so close to o shores.

A vital fact must be recognized: Cuba is manipulating and feeding th violence in El Salvador. Cuba helped Marxist groups to unify and has bee backing them with military training, arms, and propaganda. This pattern not unique.

- Cuba applied it in Nicaragua, t to help overthrow the government, t to influence the new one.
- With variations, Cuba is attem ing to repeat this pattern in Guatem and elsewhere in Central America.
- And in South America last February, armed insurgents landed i Colombia in an attempt to undermin one of the hemisphere's most respect democracies. The landing force had j completed 3 months of combat traini in Cuba.

d the United States not respond- El Salvador's appeal for help, no y in the area could have con- l itself safe from Cuban-backed e.

day, as in the past, the basic of the United States is to try to solve the problems of frail ment institutions, of poverty, and nerdevelopment that create abilities to this form of aggres- But when trained guerrillas with e backing take up machineguns, rs, and recoilless rifles, no amount ilizers, schools, or clinics can pre- hem from sowing terror or at- ng to seize power by force. That we responded to the appeals of lvadoran Government to supple- our economic assistance with ty assistance, and that is why we e we should continue military aid h small amounts we are providing.

ontrary to the insurgents' expecta- s the Salvadorans contained the im- te January offensive on their own. ssistance since has enabled the e government to prevent the in- nts from turning their continuing e support to new military advan- Even more importantly, our ance gives the Salvadoran people a e to defend their right to self- nination by developing a political on to the conflict.

### eed for a Political Solution

hat is what I would like to talk today: a political solution. For just conflict was Salvadoran in its s, so its ultimate resolution must lvadoran.

or more than 18 months, El dor has had a government with a stent and stable policy, one that asizes domestic reform, closer and diplomatic relations with boring nations, and firm resistance tside intervention.

l Salvador, however, remains a ed country. It is divided between nsurgents and a great majority that ses the extreme left's violent ods and foreign ties. It is divided een an equally violent minority on extreme right that seeks to return lvador to the domination of a small and a great majority that has omed the political and social ges of the past 18 months.

The insurgents are divided within r own coalition—between those who t to prolong their ill-starred guerrilla paign and those who are disillu- ed by their failure to win the quick military victory their leaders had proclaimed inevitable; between those who despise democracy as an obstacle to their ambitions to seize power and those who might be willing to engage in democratic elections.

Finally, the vast majority of Salvadorans in the middle are also divided—over whether to emphasize the restoration of the country's economic health or the extension of the country's social reforms; between those who honor the army as one of the country's most stable and coherent institutions and those who criticize it for failing to prevent right-wing violence; between those who see the need to develop participatory institutions and those who maintain that there is no alternative to the old personalistic politics.

Only Salvadorans can resolve these divisions. Neither we nor any other foreign country can do so. It is, therefore, critical that the Salvadoran Government itself is attempting to overcome these divisions by establishing a more democratic system. We wholeheartedly support this objective—not out of blind sentiment, not out of a desire to reproduce everywhere a political system that has served Americans so extraordinarily well, and certainly not because we underestimate the difficulties involved. Rather we believe that the solution must be democratic because only a genuinely pluralistic approach can enable a profoundly divided society to live with itself without violent convulsions, gradually overcoming its differences.

### Proposed Steps

How can a country beset by so many troubles get from here to there? **The first thing to say is that promises must be kept.**

One can debate endlessly about El Salvador's land reform—whether the takeover of the big farms might have a high penalty in lost production for export, whether one can really give clear titles to over 200,000 individual peasant workers, and so forth. But the changes that have already taken place are real. The issue is no longer whether land reform is advisable or not. The issue now is how to consolidate and perfect what has been done. Individual titles are a practical necessity if peasants are to know that their new opportunities to work their own way out of subsistence poverty are fully legitimate. There is no other choice if economic and social chaos and an eventual guerrilla victory are to be avoided.

This understood, the compensation promised should also be provided and on a just and effective basis. This is not only a matter of right, it is a practical necessity. El Salvador is known for the vigor and skill of its modern entrepreneurs, but entrepreneurs will not stay and work in El Salvador or anywhere else if they cannot expect fair treatment.

Titling and compensation would bring important elements of stability to the reform process. In addition, the assurance that existing reforms will be made to work before new economic changes are introduced, and that predictable rules of the game will be developed in consultation with both

Thomas O. Enders was born in Hartford, Connecticut, on November 28, 1931. He graduated first in his class with a B.A. degree in history and economics from Yale (1953), took a Doctor of University degree in colonial history from the University of Paris (1955), and received an M.A. degree in economics from Harvard (1957).

Ambassador Enders entered the Foreign Service in 1958 and was assigned to the Department's Bureau of Intelligence and Research. In 1960 he was assigned to Stockholm. He subsequently served in the Bureau of European Affairs, as Special Assistant to the Under Secretary for Political Affairs, and in 1968 became Deputy Assistant Secretary for International Monetary Affairs in the Bureau of Economic Affairs.

He was Deputy Chief of Mission at the U.S. Embassy in Belgrade in 1969 and at the Phnom Penh in 1970; at the latter post, he served as Charge d'Affaires beginning in September 1973.

Ambassador Enders was Assistant Secretary for Economic and Business Affairs from July 1974 until February 1976 when he was appointed Ambassador to Canada. He was U.S. Representative to the European Communities in Brussels from November 1979 until June 23, 1981, when he was sworn in as Assistant Secretary for Inter-American Affairs. Ambassador Enders is a Career Minister in the Foreign Service and received the Arthur S. Fleming award as one of the 10 outstanding young men in the Federal Government in 1970.

employers and workers, would go a long way to consolidate moderate forces, frustrate the guerrillas' economic warfare, and help restore El Salvador's economy.

**Second, there must be demonstrable progress in controlling and eliminating violence from all sources.** Violence of the left and violence of the right are inextricably linked. Since the failure of the January offensive, the tragic cycle of violence and counterviolence has been most evident in Chalatenango and Morazan, the remote areas where guerrilla forces are concentrated, and where most of the violent incidents recently attributed to the far right and to government forces have taken place. Elsewhere, the violence has tended to fall as the level of nationwide insurgent activity has declined. The investigations into the murders of the four American Catholic women and the two AIFLD [American Institute of Free Labor Development] experts, though still unfortunately incomplete, have led to detentions.

But more needs to be done. Cuban and Nicaraguan supplies to the guerrillas must stop. There is no doubt that Cuba was largely behind the arms trafficking that fueled the guerrilla offensive this winter. In April, when Socialist International representative Wischnewski confronted Castro with our evidence of Cuban interference, Castro admitted to him that Cuba had shipped arms to the guerrillas—just as we had said.

After their arms trafficking was exposed, Cuba and Nicaragua reduced the flow in March and early April. Recently, however, an ominous upswing has occurred, not to the volume reached this winter but to levels that enable the guerrillas to sustain military operations despite their inability to generate fresh support.

The other side of the coin is that more Salvadoran Army leadership is needed, both to fight rightist death squads and to control security force violence. This is a primary objective of our training effort. There must be improvement. The basic reality, however, is that violence will likely be countered by violence until a rational and legitimate political process is devised to break this vicious circle.

**This brings me to my third point, that all parties that renounce violence should be encouraged to participate in the design of new political institutions and the process of choosing representatives for them.** The Government of El Salvador has announced that it will hold presidential elections in 1983. Prior to that, a constituent assembly to be elected in 1982 will develop a new constitution. Four months ago, in March, President Duarte appointed an electoral commission to develop the necessary procedures. Last week, the government officially approved measures recognizing the legal status of registered parties and setting the procedures whereby these parties, and any new parties that come legally into existence, can participate in the election.

The parties already legally registered include two groups associated with the insurgent political front: the National Revolutionary Movement led by Guillermo Ungo and the Democratic National Union, the electoral vehicle of the traditional Communist Party. These parties, and any others that may wish to do so legally, now have before them the opportunity to test their strength against reformist and conservative parties according to the ultimate test of democracy: ballots, not bullets.

Before developing this critical point further, let me note that the value and importance of elections as a means for resolving and overcoming differences should not be underestimated in Central America today. Costa Rica has been able to resolve its political differences peacefully largely because elections have been held uninterruptedly since 1948—and are scheduled again next February.

Honduras elected a constituent assembly in April 1980 and will elect a president and a legislative assembly this coming November. The courage of Honduran leaders in standing by their election commitments despite regional turmoil and economic difficulties deserves recognition as an important contribution to the advancement of peaceful political processes in their country and in the region as a whole.

Guatemala this month began a campaign that is to lead to constitutionally mandated presidential elections next March. All of Guatemala's friends hope the campaign will evolve in a climate free of violence and contribute to the resolution of Guatemala's serious problems.

In all of Central America, only Nicaragua has no elections scheduled in the months ahead. The government has reneged on its promises to the people who overthrew Somoza 2 years ago and has said only that elections may be possible sometime in the future—maybe in 1985. What an extraordinary contrast between this clear lack of self-confidence on the part of the new revolutionary rulers of Nicaragua and the invitat from the embattled Salvadoran rev tionary junta to the political parties El Salvador to organize for free ele tions.

As basic expressions of self-det mination and national sovereignty, tions involve many delicate questio They include technical matters (suc steps to insure an accurate tally), confidence-building measures (such providing witness of fairness and absence of coercion or intimidation any source), and a host of fundame matters (such as the design of insti tions, security for participants, and assurances that the results will be respected.)

But one asks: Can a campaign l held in El Salvador? There are som cent indications it can. Two months the leading peasant union, the UCS [Salvadoran Campesino Union] hel rally of 10,000 people without incid A month ago, the Christian Democ Party held a national congress, wit 2,500 delegates—many of them women—in attendance. The electo commission has made clear it welc observers "not only for the day of e tions but also in anticipation of the observing the entire process."

Nonetheless, before elections c take place, all parties would want t know how campaign security will b assured, and whether extremists m ultimately permit an actual election paign without violence. If elections held, would the results be respecte The government's intentions are cl El Salvador's new military leaders made the reform process possible. army confident that its integrity wi respected, and that elections will be can also be effective in curbing viol from the right as well as from the l But it is only realistic to recognize t extremists on both left and right st pose elections, and that an army suspicious that its institutional inte might not be respected could itself become a destabilizing element. In t regard, we should recognize that El Salvador's leaders will not—and sh not—grant the insurgents, through negotiations, the share of power the rebels have not been able to win on battlefield. But they should be—and are—willing to compete with the insurgents at the polls.

To develop a serious, reliable ele toral process in El Salvador, all non violent political groups, whatever th relationship to the current governm will have to make their views known each other and to the electoral comm

This will doubtless require careful sion and quite possibly negotiation g the parties.

lections are quintessentially matf internal policy. But there may be other nations can assist. If reed by the Government of El Salvaand desired by those involved—countries might be invited to ate such contacts and discussions gotiations on electoral issues g eligible political parties. The d States is prepared, if asked, to thers in providing good offices to the Salvadorans in this task, could prove critical to the search political solution to the conflict. Ve have no preconceived formulas. now that elections have failed in ast. We have no illusions that the how will be anything but difficult. ve believe that elections open to all are willing to renounce violence and by the procedures of democracy elp end El Salvador's long agony.

have one more thing to say. **That t the search for a political solu will not succeed unless the d States sustains its assistance l Salvador.**

his spring, after their offensive led their lack of popular support, emocratic Revolutionary Front ght—we know from their own ments—that negotiations should be as a delaying tactic while the inents attempted to regroup militarihould members of the guerrilla com believe that they can make gains ilitary means, no participation in ions, no meaningful negotiations, no cal solutions are likely to be forthng. The point is not that sustained assistance might lead to a governmilitary victory. It is that a ical solution can only be achieved if guerrillas realize they cannot win by of arms.

To insure a climate in which a ical solution can take place, the ed military programs we now have ld be sustained. Our economic stance, already more than three s our military aid, must continue to et the guerillas' efforts to prolong war by sabotaging the economy.

### . Role

war is a terrible ordeal for the adoran people. Many thousands of sons have lost their lives. The conflict eeply rooted in domestic Salvadoran tical and socioeconomic problems. by providing arms, training, and direction to this local insurgency and by giving it global propaganda backing, Cuba and other radicals have intensified and widened the conflict and greatly increased the suffering of the Salvadoran people.

Our concern for El Salvador is not unique. The United States has met challenges like this before. Since World War II, under Democratic and Republican Presidents alike, the United States has used all appropriate instruments—political, economic, and military—to help friends and allies secure their vital interests as well as our own.

Our help for El Salvador is really very small, but it is vital. With it, El Salvador is making progress. The government, the church, the trade unions, agrarian organizations, professional bodies, and organizations of businessmen are now all increasingly engaged in seeking a peaceful outcome to the conflict. Last March, the guerrillas' use of violence led the Apostolic Administrator to comment that "most of the public has turned its back on them." Elections now offer to those among them who want to end the violence a chance to work for peace.

The culmination of the search for peace is necessarily the responsibility of Salvadorans. But Salvadorans look to us for understanding and assistance. We can help by:

- Extending economic and military assistance to counter the disaster visited upon El Salvador by enemies of democracy;
- Standing by our friends while they work out a democratic solution; and
- Identifying and seizing opportunities to help such a solution actually take shape. ■

# Belize

**DEPARTMENT STATEMENT, JULY 14, 1981**[1]

The United Kingdom, Belize, and the Republic of Guatemala have been working for the past year to achieve a formula which would allow Belize to attain independence and establish friendly relations between the two neighbors. Guatemala has long claimed the territory of Belize. Last March [1981], the three parties reached an agreement in principle. It was hoped that a treaty of settlement would be negotiated between the parties by which the longstanding dispute between the United Kingdom and Guatemala would be resolved. Last week the three parties met in New York and yesterday issued a communique on that meeting.

The United States has been gratified by the tone of mutual respect and cooperation displayed in the talks. We are disappointed that it has not, so far, been possible to reach a full agreement on all the issues.

We continue to hope that a comprehensive peaceful settlement of all outstanding issues will be reached by the parties in their further contacts. We are pleased by the reaffirmation by all parties of their desire to promote and preserve peace in the region.

[1]Made available to news correspondents by Department spokesman Dean Fischer. ■

# Current Actions

## MULTILATERAL

**Antarctica**
Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Done at Washington Oct. 5, 1979.[1]
Notification of approval: U.S., June 29, 1981; Chile, June 24, 1981; Poland, June 15, 1981.

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty (TIAS 4780). Adopted at Wellington Nov. 10, 1972. Entered into force May 29, 1975 for recommendations VII-1 through VII-3, VII-6 through VII-8. TIAS 8500.
Notification of approval: Chile, June 24, 1981 for recommendations VII-4 and VII-9.

**Atomic Energy**
Agreement amending the agreement of Sept. 22, 1980 (TIAS 9863) concerning the transfer of a research reactor and enriched uranium to Malaysia. Signed at Vienna June 12 and July 22, 1981. Entered into force July 22, 1981.
Signatures: IAEA, Malaysia, June 12, 1981; U.S., July 22, 1981.

Protocol prolonging the agreement of Sept. 30, 1968 (TIAS 6692), between the International Atomic Energy Agency, Turkey, and the U.S. for the application of safeguards. Signed at Vienna June 30, 1981. Entered into force June 30, 1981.
Signatures: IAEA, Turkey, U.S., June 30, 1981.

**Coffee**
International coffee agreement 1976, with annexes. Done at London Dec. 3, 1975. Entered into force provisionally, Oct. 1, 1976; definitively, Aug. 1, 1977. TIAS 8683.
Accessions deposited: Sri Lanka, June 24, 1981; Thailand, July 7, 1981.

**Commodities—Common Fund**
Agreement establishing the Common Fund for Commodities, with schedules. Done at Geneva June 27, 1980.[1]
Ratifications deposited: Norway, July 15, 1981; Sweden, July 6, 1981.
Signatures: Austria, July 8, 1981; Cameroon, June 30, 1981.

**Conservation**
Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington Mar. 3, 1973. Entered into force July 1, 1975. TIAS 8249.
Accessions deposited: Cameroon, June 5, 1981; Zimbabwe, May 19, 1981.[2]

Convention on the conservation of Antarctic marine living resources, with annex for an arbitral tribunal. Done at Canberra May 20, 1981.[1]
Ratification deposited: Chile, July 22, 1981.

**Copyright**
Universal copyright convention, as revised. Done at Paris July 24, 1971. Entered into force July 10, 1974. TIAS 7868.
Accession deposited: Portugal, Apr. 30, 1981.

**Cultural Property**
Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property. Adopted at Paris Nov. 14, 1970, at the 16th session of the UNESCO general conference. Entered into force Apr. 24, 1972.[3]
Acceptance deposited: Sri Lanka, Apr. 7, 1981.
Ratification deposited: Turkey, Apr. 21, 1981.

**Customs**
Convention establishing a Customs Cooperation Council, with annex. Done at Brussels Dec. 15, 1950. Entered into force Nov. 4, 1952; for the U.S. Nov. 5, 1970. TIAS 7063.
Accession deposited: Swaziland, May 15, 1981.

**Energy**
Agreement on an international program. Done at Paris Nov. 18, 1974. Entered into force provisionally Nov. 18, 1974; definitively, Jan. 19, 1976. TIAS 8278.
Notification of consent to be bound deposited: Turkey, Apr. 24, 1981.

Implementing agreement for the establishment of a project on control of nitrogen oxides emissions during coal combustion, with annexes. Done at Paris Mar. 21, 1980. Entered into force Mar. 21, 1980.
Signatures: Canada, Denmark, Sweden, U.S., Mar. 21, 1980.

Implementing agreement for a program of research, development and demonstration on coal/oil mixtures. Done at Paris Mar. 23, 1981. Entered into force Mar. 23, 1981.
Signatures: Canada, Japan, Netherlands, Spain, Sweden, U.S., Mar. 23, 1981.

**Environmental Modification**
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S., Jan. 17, 1980. TIAS 9614.
Succession deposited: Solomon Islands, June 18, 1981.

**Maritime Matters**
Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 15, 1979.[1]
Acceptance deposited: Netherlands, June 29, 1981.

Amendments to the convention of Mar. 6, 1948, as amended, on the Intergovernmental Maritime Consultative Organization (TIAS 4044, 6285, 6490, 8606). Adopted at London Nov. 17, 1977.[1]
Acceptance deposited: Netherlands, June 29, 1981.

**Narcotic Drugs**
Convention on psychotropic substances. D at Vienna Feb. 21, 1971. Entered into for Aug. 16, 1976; for the U.S. July 15, 1980 TIAS 9725.
Accessions deposited: Colombia, May 12, 1981; Nigeria, June 23, 1981.

Protocol amending the single convention narcotic drugs, 1961. Done at Geneva Ma 25, 1972. Entered into force Aug. 8, 1975 TIAS 8118.
Accessions deposited: Nigeria, June 24, 1 Sri Lanka, June 29, 1981.

**Nuclear Material—Physical Protection**
Convention on the physical protection of nuclear material, with annexes. Done at V na Oct. 26, 1979.[1]
Signatures: Brazil, May 15, 1981[4]; South Africa, May 18, 1981.[2]

**Patents—Plant Varieties**
International convention for the protectio of new varieties of plants Dec. 2, 1961, a revised. Done at Geneva Oct. 23, 1978.[1]
Ratification deposited: Switzerland, June 1981.

**Postal**
General regulations of the Universal Post Union, with final protocol and annex, and universal postal convention with final pro tocol and detailed regulations. Done at R Janeiro Oct. 26, 1979. Entered into force July 1, 1981; except for Article 124 of th general regulations which became effecti Jan. 1, 1981.
Approvals deposited: Canada, June 1, 19 Korea, May 22, 1981; Mauritius, Jan. 26, 1981; Niger, Apr. 10, 1981.
Ratifications deposited: Liechtenstein, A 29, 1981; Qatar, May 14, 1981; Tunisia, 3, 1981.

Money orders and postal travelers' check agreement, with detailed regulations wit final protocol. Done at Rio de Janeiro Oc 26, 1979. Entered into force July 1, 1981
Approvals deposited: Korea, May 22, 198 Niger, Apr. 10, 1981.
Ratifications deposited: Liechtenstein, A 29, 1981; Qatar, May 14, 1981; Tunisia, 3, 1981.

**Postal—Americas and Spain**
Additional protocol to the constitution of Postal Union of the Americas and Spain general regulations, regulations governin the International Office and the Transfer fice, and convention with final protocol a detailed regulations; parcel post agreeme final Protocol and detailed regulations; m order agreement and final protocol. Done Lima Mar. 18, 1976.
Accession deposited: Ecuador, May 4, 1981.[2]

**Refugees**
Convention relating to the status of refug with schedule and annex. Signed at Genev July 28, 1951. Entered into force Apr. 22, 1954.[3]
Accession deposited: Angola, June 23, 198

...ational natural rubber agreement, ... Done at Geneva Oct. 6, 1979. Entered ...rce Oct. 23, 1980, provisionally.
...ion deposited: Nigeria, June 26, 1981.
...ation deposited: Peru, June 30, 1981.

**...l Disarmament**
...on the prohibition of the emplacement ...lear weapons and other weapons of ...estruction on the seabed and the ocean ...nd in the subsoil thereof. Done at ...ington, London and Moscow Feb. 11, ... Entered into force May 18, 1972. TIAS ...

...ification deposited: Central African ...ic, July 9, 1981.

...rotocol amending the interim conven... Feb. 9, 1957, as amended and extend... conservation of North Pacific fur seals ... 3948, 5558, 6774, 8368). Done at ...ington Oct. 14, 1980.
...ment of ratification signed by the ...ent: July 2, 1981.
...ations deposited: Canada and the U.S., ..., 1981.
...ed into force: July 2, 1981.
...imed by the President: July 27, 1981.

...ment governing the activities of states ... Moon and other celestial bodies. ...ed at New York Dec. 5, 1979.[1]
...ure: Peru, June 23, 1981.

**...rism**
...national convention against the taking of ...ges. Adopted at New York Dec. 17, ...
...sion deposited: Iceland, July 6, 1981.

...ment extending the fifth international ...reement (TIAS 8607). Adopted by the ...national Tin Council in London on ....4, 1981, at its 21st session. Entered in... ...ce July 1, 1981.

...va (1979) protocol to the General Agree... on Tariffs and Trade. Done at Geneva ...30, 1979. Entered into force Jan. 1, ... TIAS 9629.
...ptance: Poland, June 3, 1981.
...oval deposited: Yugoslavia, June 2, ...
...ications deposited: Belgium, May 7, ...; Spain, June 19, 1981.

...ement on trade in civil aircraft. Done at ...va April 12, 1979. Entered into force ... 1, 1980. TIAS 9620.
...ptance: Greece, Feb. 2, 1981.[5]
...roval deposited: Netherlands, Apr. 14, ...
...fication deposited: Belgium, May 7, ...l.

Agreement on import licensing procedures. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9788.
Acceptances: Czechoslovakia, Dec. 9, 1980; Pakistan, May 21, 1981; Philippines, Mar. 30, 1981.[2]
Ratification deposited: Chile, Mar. 12, 1981.

Agreement on technical barriers to trade. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9616.
Acceptances: Greece, Feb. 2, 1981[5]; Pakistan, May 21, 1981; Philippines, Feb. 13, 1981; Tunisia, Feb. 17, 1981.
Approvals deposited: Netherlands, June 17, 1981; Yugoslavia, June 2, 1981.
Ratifications deposited: Belgium, May 7, 1981; Chile, Mar. 12, 1981; Spain, June 19, 1981.

Agreement on government procurement. Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptances: Canada, Singapore, Dec. 30, 1980.
Acceptances deposited: European Economic Community, Dec. 22, 1980; Switzerland, Dec. 31, 1980.
Ratification deposited: Sweden, Dec. 17, 1980.

Agreement on implementation of article VI of the General Agreement on Tariffs and Trade (antidumping code). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980.
Acceptances: Pakistan, May 21, 1981; Poland, June 3, 1981.
Ratification deposited: Spain, June 19, 1981.

Agreement on interpretation and application of articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (subsidies and countervailing duties). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1980. TIAS 9619.
Ratification deposited: Chile, Mar. 12, 1981.

Agreement on implementation of article VII of the General Agreement on Tariffs and Trade (customs valuation). Done at Geneva Apr. 12, 1979. Entered into force Jan. 1, 1981.
Acceptance: Korea, Jan. 6, 1981.[6]
Ratifications deposited: Austria, Dec. 9, 1980; Spain, June 19, 1981.

Protocol to the agreement on implementation of article VII of the General Agreement on Tariffs and Trade. Done at Geneva Nov. 1, 1979. Entered into force Jan. 1, 1981.
Acceptances: Canada, Dec. 30, 1980; Korea, Jan. 6, 1981.[6]
Ratifications deposited: Austria, Apr. 6, 1981; Spain, June 19, 1981; Switzerland, Jan. 5, 1981.

**Treaties**
Vienna convention on the law of treaties, with annex. Done at Vienna May 23, 1969. Entered into force Jan. 27, 1980.[3]
Accession deposited: Japan, July 21, 1981.

**U.N. Industrial Development Organization**
Constitution of the U.N. Industrial Development Organization, with annexes. Adopted at Vienna April 8, 1979.[1]
Signatures: Lesotho, June 18, 1981; Jordan, June 29, 1981; Oman, July 6, 1981.
Ratifications deposited: Lesotho, June 18, 1981; Mauritania, June 29, 1981; Oman, July 6, 1981.

**Whaling**
International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of adherence: Dominica, July 9, 1981; Jamaica, July 15, 1981; Saint Lucia, June 29, 1981; Saint Vincent and the Grenadines, July 22, 1981; Uruguay, July 15, 1981.
Notification of withdrawal: Canada, June 24, 1981, effective June 30, 1982.

**Wheat**
1981 protocol for the sixth extension of the wheat trade convention, 1971. Done at Washington Mar. 24, 1981. Entered into force July 1, 1981.
Ratification deposited: Kenya, July 8, 1981.
Accessions deposited: Barbados, July 24, 1981; Malta, July 7, 1981.
Declarations of provisional application deposited: El Salvador, July 10, 1981; Morocco, July 2, 1981.

**World Health Organization**
Amendments to Articles 24 and 25 of the Constitution of the World Health Organization. Adopted at Geneva May 17, 1976 by the 29th world health assembly.[1]
Acceptance deposited: Denmark, July 1, 1981.

## BILATERAL

**Argentina**
International express mail agreement, with detailed regulations. Signed at Buenos Aires and Washington Sept. 4 and 26, 1980. Entered into force: Jan. 1, 1981.

Agreement for cooperation in the fields of agriculture, livestock, and forestry. Signed at Washington May 20, 1981. Entered into force May 20, 1981.

Memorandum of understanding relating to cooperation and mutual assistance in mapping, charting, and geodesy, with annex. Signed at Buenos Aires June 23, 1981. Entered into force June 23, 1981.

**Australia**
Agreement amending the agreement of May 29, 1980 (TIAS 9781), providing for the continuation of a cooperative program facilitating space flight operations. Effected by exchange of notes at Canberra July 21, 1981. Entered into force July 21, 1981.

**Bangladesh**
Agreement amending the agreement for sales of agricultural commodities of Aug. 2, 1978 (TIAS 9389), with agreed minutes and related letter. Effected by exchange of letters at Dacca June 26, 1981. Entered into force June 26, 1981.

**Canada**
Memorandum of understanding concerning cooperation in marine transportation technology and systems research and development. Signed at Ottawa June 18, 1981. Entered into force June 18, 1981.

Treaty on Pacific Coast albacore tuna vessels and port privileges, with annexes. Signed at Washington May 26, 1981.
Senate advice and consent to ratification: July 20, 1981.
Instrument of ratification signed by the President: July 27, 1981.

**China**
Agreement concerning the enlargement of existing consular districts. Effected by exchange of notes at Beijing June 16, 1981. Entered into force June 16, 1981.

Agreement concerning the establishment of additional consulates general, with annex and related letter. Effected by exchange of notes at Beijing June 16, 1981. Entered into force June 16, 1981.

**Egypt**
Mapping, charting, and geodesy cooperative and exchange agreement, with annexes. Signed at Washington June 25, 1981. Entered into force provisionally June 25, 1981; definitively, upon completion of constitutional procedures in the Arab Republic of Egypt.

Grant agreement to finance the foreign exchange costs of certain commodities and commodity-related services. Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

Loan agreement to finance the foreign exchange costs of certain commodities and commodity-related services. Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

Agreement amending the agreement for sales of agricultural commodities of Mar. 20, 1979 (TIAS 9683). Signed at Cairo June 28, 1981. Entered into force June 28, 1981.

**El Salvador**
Agreement amending the agreement for sales of agricultural commodities of Jan. 22, 1981. Signed at San Salvador June 16, 1981. Entered into force June 16, 1981.

**France**
Memorandum of understanding concerning the operation and maintenance of OMEGA station Le Reunion, with appendices. Signed at Washington June 24, 1981. Entered into force June 24, 1981.

**Hungary**
Joint statement on the development of agricultural trade and cooperation. Signed at Washington May 13, 1981. Entered into force May 13, 1981.

**India**
Agreement amending the agreement of Dec. 30, 1977, as amended (TIAS 9036, 9232, 9578, 9663, 9764, 9913), relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of letters at Washington June 2 and 11, 1981. Entered into force June 11, 1981.

**Israel**
Second amendment to agreement of Dec. 3, 1980 (TIAS 9941), as amended, for additional cash transfer assistance. Signed at Washington July 1, 1981. Entered into force July 1, 1981.

**Jamaica**
Protocol amending the convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Kingston on May 21, 1980, with exchange of notes. Signed at Kingston July 17, 1981. Enters into force upon the exchange of instruments of ratification.

**Japan**
Agreement extending the Sept. 12, 1977 joint declaration and joint communique for reprocessing of special nuclear material of U.S. origin, as extended (TIAS 8734, 9821). Effected by exchange of notes at Washington June 1, 1981. Entered into force June 1, 1981.

**Morocco**
Agreement for sales of agricultural commodities, relating to the agreement of May 17, 1976 (TIAS 8309). Signed at Rabat July 3, 1981. Entered into force July 3, 1981.

**Pakistan**
Agreement for sales of agricultural commodities, relating to the agreement of Mar. 25, 1980 (TIAS 9782), with agreed minutes. Signed at Islamabad June 4, 1981. Entered into force June 4, 1981.

**Peru**
Agreement extending the agreement of July 24, 1980 (TIAS 9823) to assist the Government of Peru in expanding a program to combat Mediterranean fruit fly (MEDFLY). Dated Aug. 28, 1980; signed at Washington and Lima. Entered into force Oct. 1, 1980.

**Seychelles**
Agreement amending the agreement of June 29, 1976 (TIAS 8385), relating to the establishment, operation, and maintenance of a tracking and telemetry facility on the island of Mahe. Effected by exchange of notes at Victoria Mar. 16 and June 19, 1981. Entered into force June 29, 1981.

**Singapore**
Agreement concerning the provision of training related to defense articles under the U.S. international military education and training (IMET) program. Effected by exchange of notes at Singapore May 12 and June 23, 1981. Entered into force June 23, 1981.

**Sri Lanka**
Agreement amending the agreement of J 7, 1980, as amended (TIAS 9869), relatin trade in cotton, wool, and manmade fiber tiles and textile products. Effected by exchange of notes at Colombo June 22, 198 Entered into force June 22, 1981.

**United Kingdom**
Memorandum of understanding concernin the shared use of communications faciliti the northern F.R.G., with annexes. Signe May 11 and June 2, 1981. Entered into June 2, 1981.

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[1]Not in force.
[2]With reservation.
[3]Not in force for the U.S.
[4]Ad referendum National Congress.
[5]Subject to ratification.
[6]With statements. ■

# July 1981

**July 1**
Regular summer session of U.N. Economic and Social Council (ECOSOC) held in Geneva July 1–24, U.S. Ambassa to the U.N., Jeane Kirkpatrick, leads U.S delegation.

**July 2**
By a unanimous vote, U.S. Supreme Court rules that former President Jimmy Carter acted legally in clearing transfer of frozen Iranian funds from U.S banks in negotiating freedom of U.S. hostages. The decision resulted from a su brought against the U.S. Government by California-based engineering firm seeking protect a court award against Iran.

**July 7**
Pope John Paul II names Bishop Jose Glemp as the new Archbishop of Gniezo Warsaw and the Primate of Poland to su ceed the late Stefen Cardinal Wyszynski.

**July 8**
U.N. Security Council votes unanimo to admit Vanuatu as the 155th U.N. mem state.

**July 9**
Official results of the Israeli elections show that the Likud bloc takes a one-seat lead over the Labor Party. Likud is awar 48 seats and Labor 47 of the 120-seat Pa ment.

Canadian Prime Minister Pierre-Ellio Trudeau makes official visit to Washingto D.C., July 9–10.

ton Thorn, President of the Commis- the European Community, visits gton, D.C., July 9–13 to meet with sident, Vice President, and other Ad- ation officials.

eign Ministers of Canada, Mexico, and ela, and Secretary Haig and U.S. Representative William E. Brock at- eeting on Caribbean economic coopera- Nassau, The Bahamas, July 10–12. A mmunique is issue July 11, to begin ate consultations with Caribbean and American governments in an effort ulate the social and economic develop- f the Caribbean Basin area.

e following newly appointed Am- rs presented their credentials to nt Reagan: Lawrence Mfama Mncina ziland, Rinaldo Petrignani of Italy, budu Jesufu Eke of Nigeria, An- Baiteke of Kiribati, and Dr. Refik i of Syria.

N. conference on Kampuchea is held in ork July 13–17; Secretary Haig heads legation. In its declaration the con- calls for negotiation on a cease-fire arties to the conflict in Kampuchea ithdrawal of all foreign forces from chea" under U.N. supervision.

rwegian Foreign Minister Knut lund visits New York for a meeting ecretary Haig to discuss matters of interest.

itish Foreign Secretary Lord Car- n visits Washington, D.C., to discuss in- ional issues with Secretary Haig and U.S. officials.

light of the July 17 Israeli bombing of ., President Reagan asks special ary to the Middle East, Philip C. Habib, to Israel to meet with Prime Minister as the first step in an effort to ate a cease-fire across the Lebanon- border.

**July 9**

even-nation economic summit is held in ebello and Ottawa, Canada, July 19–21. nations participating are Canada, U.S., ., Italy, Japan, U.K., and France. A ration is issued on July 20 on political s deploring the "escalation of tension ontinuing acts of violence" in the Middle expressing concern about the continued p of Soviet military power and con- ing Soviet military occupation of anistan; supporting the declaration d at the international conference on puchea expressing their belief that the puchean people have the right to self- mination; and expressing their serious ern over the growing plight of refugees ughout the world. Participants also issue tement on terrorism.

**July 20**

U.S. announces its decision to defer shipment of F-16 aircraft to Israel indefinitely because of the escalating level of violence in the Middle East.

**July 21**

By a unanimous vote, U.N. Security Council adopts a resolution on the current fighting between Israel and Lebanon calling for the "immediate cessation of all armed attacks," reaffirming a commitment to Lebanon's "sovereignty, territorial integrity and independence," and requesting that the Secretary General report to the Council the resolution's implementation within 48 hours from its adoption.

**July 22**

Foreign Ministers of the Western five—Canada, France, F.R.G., U.K., and U.S.—issue a communique in which they agree on the need to continue efforts to bring about the independence of Namibia in accordance with U.N. Security Council Resolution 435 "in a manner that will command international approval."

New Zealand Prime Minister Robert D. Muldoon visits U.S. July 22–25.

**July 23**

Finnish Foreign Minister Paavo Vayrynen makes official visit to Washington, D.C., to consult with Secretary Haig.

**July 24**

Israel and Palestinian forces agree separately to a cease-fire across the Israel-Lebanon border.

**July 26**

Ambassador Habib returns to Washington.

**July 29**

Prince Charles, heir apparent to the British throne, and Lady Diana Frances Spencer are wed at London's St. Paul Cathedral.

The deposed President of Iran, Abolhassan Bani-Sadr, is granted political asylum in France.

**July 31**

Secretary Haig, along with foreign ministers of 25 other nations, attends a preparatory meeting Aug. 1–2, of the North-South summit to be held in October, in Cancun, Mexico. ■

## Department of State

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

| No. | Date | Subject |
|---|---|---|
| *215 | 7/1 | Ernest Henry Preeg sworn in as Ambassador to Haiti (biographic data). |
| *216 | 7/1 | J. William Middendorf sworn in as Ambassador to the OAS (biographic data). |
| *217 | 7/1 | Richard M. Fairbanks III sworn in as Assistant Secretary for Congressional Relations. |
| *218 | 6/30 | Charles W. Bray III sworn in as Ambassador to Senegal (biographic data). |
| *219 | 7/6 | Haig: remarks to the U.S. Business Committee on Jamaica, July 2. |
| *220 | 7/8 | Robert Lyle Brown sworn in as Inspector General (biographic data). |
| 221 | 7/9 | U.S. pledges more aid for Afghan refugee relief. |
| *222 | 7/9 | Program for the working visit of Canadian Prime Minister Trudeau, July 9–10. |
| 223 | 7/11 | *Foreign Relations of the U.S. 1952–54, Vol. XVI: The Geneva Conference.* |
| *224 | 7/13 | International Telegraph and Telephone Consultative Committee (CCITT), study group B, July 23. |
| *225 | 7/13 | President's Commission on Hostage Compensation, July 23–24. |
| *226 | 7/10 | Richard Smyser named U.N. Deputy High Commissioner for refugees (biographic data). |
| 227 | 7/13 | Haig: news conference, Nassau, July 12. |
| 228 | 7/13 | Haig: statement before the international conference on Kampuchea, New York. |
| 229 | 7/13 | Joint communique agreed on by the Foreign Ministers of Canada, Mexico, Venezuela, and the U.S. at the Conference on Caribbean Basin Development, Nassau, July 14. |
| *230 | 7/14 | U.S., Pakistan sign bilateral textile agreement. |
| *231 | 7/14 | U.S., India amend textile agreement. |
| 232 | 7/14 | Haig: interview on the "Today" Show, New York. |
| 233 | 7/14 | Haig: address before the Foreign Policy Association, New York. |
| 233A | 7/15 | Haig: question-and-answer session following Foreign Policy Association address, July 14. |

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|---|---|---|
| 234 | 7/15 | Daniel J. Terra sworn in as Ambassador at Large for Cultural Affairs (biographic data). |
| *235 | 7/15 | Jacques J. Gorlin named Executive Assistant to the Under Secretary for Economic Affairs (biographic data). |
| *236 | 7/16 | CCITT, study group A, Aug. 6. |
| *237 | 7/16 | CCITT, modem working party, study group D, Aug. 6. |
| *238 | 7/16 | CCITT, study group D, Aug. 7. |
| *239 | 7/16 | International Radio Consultative Committee (CCIR), study group 7, Aug. 13. |
| 240 | 7/20 | Haig: interview on "Issues and Answers," July 19. |
| 241 | 7/20 | Haig: press briefing, Ottawa, July 19. |
| *242 | 7/20 | Jane Abell Coon sworn in as Ambassador to Bangladesh, July 17 (biographic data). |
| 243 | 7/21 | Haig: interview on "Nightline," July 20. |
| *244 | 7/20 | Haig: press briefing, Ottawa. |
| 245 | 7/21 | Haig: press briefing on Ottawa summit, July 19. |
| 246 | 7/21 | U.S., Canada meeting on Hyde Park agreement. |
| 247 | 7/22 | Haig: press briefing at Skyline Hotel, Ottawa, July 21. |
| *248 | 7/23 | Robert Gerhard Neumann sworn in as Ambassador to Saudi Arabia (biographic data). |
| 249 | 7/24 | Haig: remarks on CBS-TV morning news. |
| *250 | 7/24 | Richard L. Walker sworn in as Ambassador to Korea (biographic data). |
| *251 | 7/27 | William Lacy Swing sworn in as Ambassador to Liberia (biographic data). |
| *252 | 7/27 | Monteagle Stearns sworn in as Ambassador to Greece (biographic data). |
| *253 | 7/27 | U.S., Sri Lanka amend textile agreement, June 22. |
| *254 | 7/28 | Shipping Coordinating Committee (SCC), Subcommittee on Safety of Life at Sea (SOLAS), working group on bulk chemicals, Aug. 31. |
| *255 | 7/28 | Advisory Committee on International Investment, Technology, and Development, working group on international data flows, Sept. 10. |
| 256 | 7/29 | Haig: statement before Senate Subcommittee on International Trade, July 28. |
| *257 | 7/29 | President's Commission on Hostage Compensation, Aug. 6–7. |
| 258 | 7/30 | Haig: statement before the Senate Armed Services Committee. |
| *259 | | [Not issued.] |

*Not printed in the BULLETIN.■

## Foreign Relations Volume Released

The Department of State released today *Foreign Relations of the United States*, 1952–1954, vol. XVI, "The Geneva Conference." This is the second volume to be released of 16 volumes scheduled for the years 1952–1954. Volume III, U.N. Affairs, was issued by the Department in 1979. The *Foreign Relations* series has been published continuously since 1861 as the official record of U.S. foreign policy.

This volume presents 1,597 pages of previously unpublished documentation (much of it newly declassified) on the Geneva Conference of 1954. The volume contains two sections: the first on the conference on Korea, which met from April 26 to June 15, the second on the conference on Indochina, which ran from May 8 to July 21. Both sections contain numerous preconference documents as well as records of proceedings, side talks, and communications between the U.S. delegations and Washington.

Developments covered in the Korea section include the efforts of the 15 allied nations supporting the Republic of Korea to resolve with the Soviet Union, the People's Republic of China, and the Democratic People's Republic of Korea fundamental issues relating to Korean unification and permanent ending of hostilities in the area. The large section on Indochina presents the record of the varying proposals put forth on Indochina by France, its allies including the United States, and the three Communist states represented—the Soviet Union, the People's Republic of China, and the Democratic Republic of Vietnam. Also included is documentation on discussion among the allied powers of potential collective security measures and material on the position taken by the United States on the results of the conference. Closely related documentation will appear in Volume XIII, Indochina, which is scheduled for release later this year and in Volume XII, East Asia and the Pacific, slated for subsequent publication.

*Foreign Relations*, 1952–1954, vol. XVI, was prepared in the Office of the Historian, Bureau of Public Affairs, Department of State. Copies of vol. XVI (Department of State publication 9167) may be obtained for $20.00 (domestic postpaid). Checks or money orders should be sent to the GPO Bookstore, Department of State, Washington, D.C. 20520.

Press release 223 of July 11, 1981.■

## Department of State

Free single copies of the following Department of State publications are available from the Public Information Service, Bureau of Public Affairs, Department of State, Washington, D.C. 20520.

**President Reagan**
Statement on nuclear nonproliferation, J 16, 1981 (Current Policy #303).

**Secretary Haig**
International trade, Subcommittee on In national Trade of Senate Finance Com tee, July 28, 1981 (Current Policy #30
Interview on "Issues and Answers," July 1981 (Current Policy #298).
Arms Control for the 1980s: An Americ Policy, Foreign Policy Asso., New Yor July 14, 1981 (Current Policy #292).

**Africa**
Strengthening U.S.-African Relations, A ant Secretary Crocker, African-Americ Institute Conference, Wichita, June 20 1981 (Current Policy #289).
Background Note on Zaire (July 1981).

**Economics**
Approach to Foreign Economic Issues, U Secretary Rashish, Joint Economic Co mittee of Congress, July 14, 1981 (Cur Policy #294).

**Energy**
Energy in U.S. Foreign Policy, Assistan Secretary Hormats, Japan-American Energy Forum, June 22, 1981 (Curren Policy #290).

**Europe**
Background Note on Austria (June 1981
Background Note on Czechoslovakia (Ma 1981).

**Human Rights**
U.S. Commitment to Human Rights, Un Secretary Stoessel, Subcommittee on Human Rights and International Orga tions of House Foreign Affairs Commi July 14, 1981 (Current Policy #293).

**Middle East**
Background Note on Jordan (June 1981).
Background Note on Kuwait (June 1981)

**Narcotics**
International Narcotics Control (GIST, Ju 1981).

**South Asia**
Afghanistan: 18 Months of Occupation, Eliza Van Hollen, Bureau of Intelligenc and Research, August 1981 (Special Re #86).
Background Note on Bangladesh (June 1

**United Nations**
General View of the U.N. System, Assist Secretary Abrams, United Nations Association-USA, New York, June 5, 1 (Current Policy #287).

**Western Hemisphere**
El Salvador: The Search for Peace, Assist Secretary Enders, World Affairs Counc July 16, 1981 (Current Policy #296).■

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