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Series: Chronological Files
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OA/ID Number: 91148
Folder ID Number: 91148-003

Folder Title:
Other (April 1989) [2]

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Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	G. Philip Hughes to Brent Scowcroft Re: B-C-S Breakfast Meeting, Tuesday, April 17, 7:30 a.m. (1 pp.)	4/17/89	(b)(1)	S
01b. Memo	Jerry W. Leach and Adrian Basora to Brent Scowcroft Re: Breakfast Item: Letter to Thatcher on COCOM Case (1 pp.)	4/17/89	(b)(1)	C
01c. Talking Points	Re: Talking Points: Simon-Carves Case (1 pp.)	n.d.	(b)(1)	C
01d. Draft Letter	President Bush to Prime Minister Thatcher (1 pp.)	n.d.	(b)(1)	
01e. Draft Letter	Department of State Draft Reply (President Bush to Prime Minister Thatcher) (1 pp.)	n.d.	(b)(1)	C
01f. Memo	Sandra Charles to G. Philip Hughes Re: April 18 B-C-S Breakfast Item: Iran Airbus Compensation (1 pp.)	4/17/89	(b)(1)	C
01g. Memo	Judyt Mandel to Brent Scowcroft Re: Breakfast Item on Missile Non-Proliferation (2 pp.)	4/17/89	(b)(1)	S
01h. Memo	To Distribution List Re: Review of United States Non-Proliferation Policy (5 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Pinksheet Number: cap1234
OA/ID Number: 91148-003
Date Closed: 7/9/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01i. Memo	Don M. Snider to Brent Scowcroft Re: Possible Defense Cooperation Initiative for NATO Summit (2 pp.)	3/31/89	(b)(1)	S
01j. Memo	Brent Scowcroft to Richard B. Cheney Re: Defense Cooperation Initiative for the NATO Summit (2 pp.)	n.d.	(b)(1)	S
01k. Talking Points	Re: Talking Points for Meeting with the President (2 pp.)	n.d.	(b)(1)	S
01l. Memo	Brent Scowcroft to POTUS Re: The NATO Summit (5 pp.)	3/20/89	(b)(1)	S
01m. Memo	Arnold Kanter to Distribution List Re: Congressional Consultations on the Defense Budget (1 pp.)	4/17/89	(b)(1)	C
02a. Memo	Brent Scowcroft to Nicholas F. Brady Re: Economic Policy Directive 1 (1 pp.)	4/17/89	(b)(1)	
02b. Memo	Eric Melby to Brent Scowcroft Re: Economic Policy Directive 1 (1 pp.)	3/24/89	(b)(1)	
02c. Memo	Nicholas F. Brady to Distribution List Re: Trade Strategy Review (2 pp.)	3/21/89	(b)(1)	
03. Memo	Eric Melby to Robert Gates Re: EEP [Export Enhancement Program] for the Soviet Union (1 pp.)	4/18/89	(b)(1)	C

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
04a. Memo	Brent Scowcroft to Chief of Staff Re: White House Summit Group Meeting 3:00 p.m., Friday, April 21, Situation Room (1 pp.)	4/20/89	(b)(1)	
04b. Talking Points	Re: White House Summit Group Meeting on Paris Economic Summit (1 pp.)	n.d.	(b)(1)	
04c. Memo	Eric Melby to Brent Scowcroft Re: White House Summit Group Meeting 3:00 p.m., Friday, April 21, Situation Room (2 pp.)	4/18/89	(b)(1)	
05a. Memo	Deane E. Hoffmann to Brent Scowcroft Re: EPC Meeting, 10 a.m., Friday, April 28, Cabinet Room (2 pp.)	4/27/89	(b)(1)	C
05b. Talking Points	Re: Talking Points (1 pp.)	n.d.	(b)(1)	C
05c. Memo	Nicholas F. Brady to POTUS Re: Proposed Export Enhancement Program Sale (3 pp.)	4/27/89	(b)(1)	
05d. Memo	G. Philip Hughes to Lehmann Li Re: EPC Memo re Proposed Export Enhancement Program Sale (1 pp.)	4/27/89	(b)(1)	
05e. Note	James W. Cicconi to POTUS Re: Attached is the decision memo (1 pp.)	4/27/89	(b)(1)	

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
05f. Memo	Nicholas F. Brady to POTUS Re: Proposed Export Enhancement Program Sale (3 pp.)	4/27/89	(b)(1)	
05g. Memo	Deane Hoffmann to Brent Scowcroft Re: Soviet EEP [Export Enhancement Program] (1 pp.)	4/27/89	(b)(1)	S
05h. Note	James W. Cicconi to POTUS Re: The attached memo… (1 pp.)	4/26/89	(b)(1)	
05i. Memo	Carla A. Hills to The Economic Policy Council Re: Japan Telecommunications - Review Under the Omnibus Trade Law of 1988 - Determinations (3 pp.)	4/27/89	(b)(1)	C
05J. Memo	Carla A. Hills to The Economic Policy Council Re: Japan Telecommunications - Review Under the Omnibus Trade Law of 1988 - Determinations (3 pp.)	4/27/89	(b)(1)	C
06. Memo	Linton Brooks to Brent Scowcroft Re: Open Skies (3 pp.)	5/8/89	(b)(1)	C
07a. Memo	Brent Scowcroft to POTUS Re: Telephone Call to Prime Minister Brian Mulroney of Canada (1 pp.)	5/10/89	(b)(1)	S
07b. Talking Points	Re: Points To Be Made for Telephone Conversation with Prime Minister Brian Mulroney (1 pp.)	n.d.	(b)(1)	S
07c. Letter	Prime Minister Mulroney to President Bush (2 pp.)	5/2/89	(b)(1)	

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
07d. Memo	Philip Zelikow to Brent Scowcroft Re: Recommended Telephone Call to Prime Minister Mulroney on Open Skies (2 pp.)	5/10/89	(b)(1)	S
07e. Memo	Brent Scowcroft Memorandum for the Record Re: I called… (1 pp.)	5/10/89	(b)(1)	
08. Letter	Prime Minister Mulroney to President Bush (3 pp.)	5/23/89	(b)(1)	
09a. Outline	Re: Meeting with West German President Richard Von Weizsaecker (3 pp.)	6/5/89	(b)(1)	C
09b. Talking Points	Re: Points To Be Made for Meeting with West German President Richard Von Weizsaecker (2 pp.)	n.d.	(b)(1)	C
09c. Talking Points	Re: Points To Be Made for Meeting with West German President Richard Von Weizsaecker (3 pp.)	n.d.	(b)(1)	C
09d. Report	Re: Biography (1 pp.)	n.d.	(b)(1)	S
09e. Memo	Robert L. Hutchings to Brent Scowcroft Re: The President's Meeting with West German President Richard Von Weizsaecker, Tuesday, June 6, 1989, 3:40-4:00 p.m. (1 pp.)	6/2/89	(b)(1)	C
10a. Memo	Brent Scowcroft to POTUS Re: Impact of Kennebunkport (1 pp.)	6/6/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Pinksheet Number: cap1234
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Re-review Case #:
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
10b. Memo	Adrian A. Basora to Brent Scowcroft Re: Kennebunkport Success Story (1 pp.)	5/24/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Pinksheet Number: cap1234
OA/ID Number: 91148-003
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FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CHRON FILE

April 17, 1989

Advisor
has seen

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ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: G. PHILIP HUGHES

SUBJECT: B-C-S Breakfast Meeting, Tuesday, April 17, 7:30 a.m.

The following items have been submitted for tomorrow's breakfast meeting with Secretaries Baker and Cheney:

Thatcher Letter to President on Export Case of High Technology to the Soviet Union without going through COCOM	(Defense)
Iran Air Compensation Issue	(State)
Missile Proliferation	(State)
Possible Defense Cooperation Initiative for NATO Summit	(NSC)
Congressional Consultations on the Defense Budget	(NSC-NOT FORMALLY ON AGENDA)

Attachments

Tab A	Thatcher Letter to President on Export Case of High Technology to the Soviet Union without going through COCOM
Tab B	Iran Air Compensation Issue
Tab C	Missile Proliferation
Tab D	Possible Defense Cooperation Initiative for NATO Summit
Tab E	Congressional Consultations on the Defense Budget

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 17, 1989

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DEANE HOFFMANN and ROBERT BLACKWILL

FROM: JERRY W. LEACH and ADRIAN BASORA

SUBJECT: Breakfast Item: Letter to Thatcher on COCOM Case

DOD put this item on the agenda. Thatcher wrote the President on March 28 to say that the UK is going ahead with the Simon-Carves case for the USSR despite our objections. The export is a manufacturing plant to make industrial process controllers. Some of the equipment, drilling and routing machines which put very precise holes in printed circuit boards (PCBs), is at the COCOM-level.

We have argued with HMG bilaterally for two years over whether or not the precision machining of PCBs poses significant risks. They never submitted the case to COCOM. This would be the first time in COCOM history that HMG has gone around the system. Mrs. Thatcher says she has already authorized shipment and is writing to inform us, hoping to avoid a public row which would damage COCOM. We can not tell at this time whether the equipment has already be shipped from the UK.

Mrs. Thatcher gave her personal endorsement of the project to Gorbachev in 1987. HMG considers this their flagship project in improving economic relations with the USSR. While it is clearly not possible to block this export, it might be possible to downgrade the key machines if they are not already shipped, though Mrs. Thatcher had earlier ruled that option out.

Traditionally, HMG has been the most careful of COCOM governments about obeying the rules. Public knowledge of their actions will encourage other governments to do likewise.

State, Commerce, DOD, and the NSC have been actively discussing the response to the Thatcher letter. Until Friday night, we were converging on an agreed message: friends sometimes disagree, please seriously consider downgrading, and there will be no public row (NSC text at Tab II). EUR, wanting to get this issue entirely behind us, went to Eagleburger, who has proposed a compromise "we will take another look at it"-type message, which Mrs. Thatcher will probably ignore (text at Tab III). We believe that the USG should proceed with the Friday message as planned.

Attachment
Tab I Talking Points
Tab II NSC Letter
Tab III Eagleburger/EUR Letter

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Talking Points: Simon-Carves Case

- We have tried to find out if the shipments have been made. Embassy London cannot find out for certain.

- If the shipments have not gone, we should appeal to Mrs. Thatcher to downgrade the equipment. Downgrading can be done by degrading the software in the Swiss-origin machine tools.

- However, we have asked the UK to downgrade several times. UK officials have told us confidentially that Mrs. Thatcher looked at that option carefully and decided against it.

- Concerning the Thatcher letter, we need to go back to her and ask her to consider downgrading seriously. Even if the shipments have gone, that approach says that we do not condone what has happened.

- We also need to get this issue behind us quickly.

- We can not afford a public row. Public knowledge of the British action will encourage other governments to act likewise.

- This case proves again that we just cannot have the gladitorial export control process that we had over recent years. It has caused a build up of enormous hostility at home and abroad against sound objectives.

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Final

THE WHITE HOUSE

WASHINGTON

Dear Margaret:

Thank you for your letter of March 28 on the Simon-Carves case. As you suggest, sometimes friends disagree on matters such as this.

I urge you to take a another look at the project. My advisers indicate that a simple downgrade of some of the technologies in question, as was done in a recent Italian case, could eliminate any potential strategic risk. I hope you will consider that possibility seriously. I would very much regret a failure on our part to reach agreement on this important matter.

I appreciate your reaffirmation of commitment to COCOM and of the need to keep the Western guard up regarding exports of strategic goods to the USSR.

I also fully share your concern to avoid any public disagreement between us on this issue which could only be harmful to our mutual objective of maintaining a strong COCOM consensus. For our part, there will be none.

I look forward to seeing you in Brussels in May and in London thereafter. Having you as the closest possible partner in our joint preparation for the NATO Summit is a source of immense satisfaction to me.

Sincerely,

Her Excellency
Margaret Thatcher
Prime Minister of the United Kingdom
London

Department of State
Draft Reply

~~CONFIDENTIAL~~

Dear Margaret:

Thank you for your letter of March 28 on the Simon-Carves case. As you suggest, sometimes friends disagree on matters such as this.

As you no doubt know from earlier discussions on this case, we have had serious doubts about the wisdom of proceeding in the absence of a downgrade of some of the technologies in question. However, given your message to me I have asked my people to look again at the case.

I look forward to seeing you in Brussels in May. Having you as the closest possible partner in our joint preparations for this NATO summit is a source of immense satisfaction to me.

Sincerely,

The Right Honorable
Margaret Thatcher, M.P.,
Prime Minister,
London.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 17, 1989 **APNSA Has Seen**

MEMORANDUM FOR G. PHILIP HUGHES

THROUGH: RICHARD N. HAASS

FROM: SANDRA CHARLES

SUBJECT: April 18 B-C-S Breakfast Item: Iran Airbus Compensation

State has put this item on the breakfast meeting agenda for tomorrow, April 18 so that Secretary Baker can ask Secretary Cheney about the status of the memo which proposes a formula for compensation and a strategy for briefing Congress on the Administration's intentions to go forward. The memo has been on the SecDef's desk for two weeks awaiting his clearance.

On Friday evening, April 14 we sent you an update on this issue (a copy is at Tab I). Both Secretaries will be interested in hearing the President's latest thinking on this subject.

The most difficult obstacle to overcome is likely to be congressional opposition to authorizing funds from the Justice Department's Judgement Fund to make these payments. If Congress refuses to cooperate in allowing us to pay the Iranian victims' families, we at least should get approval to move ahead with payments for the non-Iranian victims.

copy provided
Nick Rostow concurs.

Attachment

Tab I **NSC Info Memo** on Iran Airbus Compensation

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506
April 17, 1989

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INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ARNOLD KANTER AK

FROM: JUDYT MANDEL JM

SUBJECT: Breakfast Item on Missile Non-Proliferation

Issue

Secretary Baker asked that this item be put on the agenda because of his concern that we have something to say to the Soviets when he goes to Moscow May 10-11. You will recall that he told Soviet Ambassador Dubinin that the U.S. would be prepared to have detailed discussions on this subject during his visit.

Our review of non-proliferation policy has been on hold pending a decision on who would chair the responsible PCC. State asked to chair a PCC on Technology Transfer and one on Non-Proliferation Policy, and he may want to press for a decision on this now. We understand that you will be recommending this approach to the President.

Given the urgency of beginning the review of missile non-proliferation, we have prepared a draft NSR (attached), which we will proceed to vet informally but quickly with the relevant agencies so that we can complete review of missile non-proliferation by early May.

A number of agencies are pursuing or have proposed discussions on missile non-proliferation policy with foreign governments. It would be prudent to put some of these on hold until our review is completed.

Points to Make

-- Agree that we need to move expeditiously on a review of missile technology non-proliferation so that we are well-prepared for the discussions with the Soviets.

-- My staff has done preliminary work on an outline for such a review, which they will be discussing with Reg Bartholomew and Paul Wolfowitz shortly.

-- I would suggest that we proceed with the review -- which calls for completion of the missile non-proliferation section by early May -- as soon as your people have had a chance to see the tasking this week.

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-- In the meantime, I think we want to avoid taking actions on the MTCR in advance of the Ministerials that would prejudice the outcome of the review.

Robert Blackwill, Condi Rice and Jerry Leach concur.

Attachment

Tab A Draft NSR

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PER E.O. 13526
2010-0811-MR
ES 12/14/15

THE WHITE HOUSE

WASHINGTON

DRAFT

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE DIRECTOR, ARMS CONTROL AND DISARMAMENT AGENCY

SUBJECT: Review of United States Non-Proliferation Policy (U)

Preventing the proliferation of nuclear weapons, chemical and biological weapons and missiles capable of carrying these weapons is one of my priority concerns. In order to ensure that we are addressing all aspects of this problem in an effective manner, I am hereby directing a review of U.S. policy on non-proliferation. This review should take into account and supplement that being conducted under NSR 12. (U)

The objective of this review is to define and clarify U.S. non-proliferation policy goals in each area: chemical and biological weapons; nuclear weapons; and missiles which can carry these weapons. The review should assess the threat to U.S. security and interests in each case, provide a critical re-examination of the underlying assumptions of current policy, and suggest alternative courses of action. The review should evaluate the effectiveness of existing mechanisms used in pursuit of that policy, and identify possible additional or alternative courses, including political, diplomatic, economic and military initiatives. It should address ways to prevent or discourage the acquisition of the weapons and systems of concern, and what we can do to prevent their use. Recommendations for new initiatives should not be limited to adjustments to current policy, but should attempt a fresh look at the entire question of preventing proliferation of destabilizing weapons systems and a consideration of alternative courses of action. (U)

The review should consist of an overview section, three sections addressing respectively non-proliferation policy for missile technology, chemical and biological weapons and nuclear weapons, and a summary and conclusions section. Preparation of the

overview and each of the non-proliferation sections should proceed concurrently and should be submitted as soon as they are completed, without waiting for other sections to be finished. The summary and conclusions section should provide an integrated policy approach and recommended priorities for Administration action, and should be completed last. Where there is no consensus on a given issue, agencies should submit differing views. The overview and missile proliferation sections should be completed and submitted for my review by May 1; the chemical and biological weapons section by May 15, and the nuclear non-proliferation section by June 1. The summary and conclusions section should be completed by June 7. (S)

Overview - The overview section should:

a) Assess the dimensions of the proliferation problem for all three areas, and their consequences for U.S. interests. This should include both a current threat assessment and an analysis of the trends; and

b) Evaluate the policy implications of the interrelationship among the three areas of non-proliferation and their synergistic effect on each other. (S)

Missile Proliferation

ASSESSMENT:

a) What is the threat to U.S. interests posed by missile proliferation? Are our concerns mainly about the threat to regional stability? Use by terrorists? Direct threats to U.S. territory or forces? About which countries or regions should we be most concerned?

b) What should our missile non-proliferation objectives be? Should priority be given to political or other efforts to prevent the use of these weapons or to attempting to stop or slow their acquisition? Where should we concentrate our efforts?

c) How has the Missile Technology Control Regime (MTCR) worked? What are its weaknesses, and how has it been implemented by the U.S. and other partners?

d) How effective is intelligence gathering and coordination with the MTCR partners as an instrument of missile non-proliferation policy? How should it be improved?

e) What is and should be the relationship between U.S. missile non-proliferation policy and U.S. arms control objectives?

f) What role could emerging developments in Anti-Tactical Ballistic Missile (ATBM) technology play in U.S. non-proliferation efforts?

g) What leverage does the U.S. have to affect missile non-proliferation?

OPTIONS FOR POLICY

h) What should be the relationship between U.S. missile non-proliferation objectives and cooperation with space launch programs?

i) How we should proceed with the Missile Technology Control Regime? Are the MTCR restrictions appropriately targeted or should they be amended or expanded? Should new or additional guidelines be proposed for agreement with the MTCR partners? How should we proceed with the regime, in particular how should we deal with the Soviets, the Chinese, and other potential supplier countries who are outside the regime? Should we continue to press the Soviets to join the MTCR or seek another mode of cooperation on missile non-proliferation?

j) How we should deal with already existing projects of missile proliferation concern?

k) Should the U.S. consider supplying anti-tactical missile defenses to certain countries to counter missile proliferation efforts by other countries of concern in some reasons? What are the pros and cons?

l) What are possible alternative or additional political, diplomatic, economic and military options to achieve U.S. non-proliferation objectives? (~~S~~)

Chemical and Biological Weapons

ASSESSMENT

a) What should our chemical and biological weapons non-proliferation objectives should be? Given the large number of states who already possess or may soon possess chemical and biological weapons capability, and the problem of dual-use, what priority should be given to efforts to preventing use in addition to trying to prevent further proliferation? What are possible initiatives in this area?

b) How does our position on a treaty banning chemical and biological weapons relate to our chemical and biological weapons non-proliferation objectives?

c) How effective has the Australia Group been in preventing or slowing proliferation of chemical and biological weapons? Are there alternative international arrangements that should be considered?

d) How effective have existing bilateral efforts, i.e. with the Soviet Union and other non-Australia Group members, on chemical and biological weapons non-proliferation been?

e) How effective are existing U.S. export control mechanisms for chemical and biological weapons and their precursors? In other supplier countries? How effective has implementation been? What are the weaknesses in this instrument?

f) What is the potential contribution of new technological developments to our non-proliferation efforts? How could these be exploited, and in what time frame?

g) What leverage does the U.S. have in the area of chemical and biological non-proliferation?

OPTIONS FOR POLICY

h) What role can and should the private chemical industry play in CBW non-proliferation efforts? What can the U.S. do to promote this objective?

i) Should the Administration seek additional or improved export controls for CBW? If so, what should they be?

j) Should the U.S. seek changes in the Australia Group, i.e. formal coordination of export controls? What are possible new multilateral or bilateral initiatives to prevent proliferation, i.e. possibly along the lines of the Nuclear Non-Proliferation Treaty and IAEA safeguards?

k) Should the U.S. give greater priority to political and diplomatic non-proliferation initiatives in regions of major concern such as the Middle East?

l) Should the U.S. consider offering assistance in CBW defensive programs as a means of countering chemical weapons acquisition by certain countries of concern?

m) What additional political, diplomatic, economic and military means should the U.S. consider to limit further proliferation, and/or prevent use? (S)

Nuclear Non-Proliferation

ASSESSMENT

a) What is the threat posed to U.S. interests by nuclear proliferation? What should our non-proliferation objectives be?

b) How effective has the Non-Proliferation Treaty been in preventing or slowing acquisition of nuclear capability? Are the assumptions on which the Treaty was based still valid today? What should U.S. objectives for the 1990 NPT Review Conference be?

c) How effective are the IAEA safeguards? What are the shortcomings in the system?

d) What leverage does the U.S. have to affect nuclear non-proliferation?

e) How effective have bilateral consultations with the Soviet Union and other supplier countries been in preventing or slowing

nuclear acquisition?

f) How adequate are U.S. export controls for nuclear materials and technology? Those of other potential suppliers? What are the weaknesses in the systems?

OPTIONS FOR POLICY

g) Should the Non-Proliferation Treaty be amended? How can non-adhering countries might be brought into compliance with the Treaty?

h) How might the Treaty of Tlatelolco be brought fully into force in Latin America and how it might be made more effective?

i) How could the nuclear safeguards system under the IAEA be strengthened?

j) What additional political, diplomatic, economic or military initiatives should the U.S. consider to further nuclear non-proliferation objectives? (S)

Summary and Conclusions - This section should:

a) Assess the U.S. capacity to affect non-proliferation in all three areas, taking into account the full range of political, diplomatic, economic and military instruments available to us;

b) Recommend priorities for Administration action, including efforts to secure Congressional, Allied and public support for Administration policy; and

c) Propose strategy for securing the support of the Soviet Union, China, and other key non-Allied countries for U.S. non-proliferation objectives, including possible initiatives in multilateral as well as bilateral fora. (S)

Until the review is completed, agencies should refrain from any new initiatives or actions on non-proliferation matters which might prejudice the outcome of the review. Export control decisions, fulfillment of legal obligations and plans for the 1990 NPT Review should proceed. Any other proposed actions should be submitted for my approval. (C)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 31, 1989

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ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ARNOLD KANTER/ROBERT BLACKWILL

FROM: DON M. SNIDER

SUBJECT: Possible Defense Cooperation Initiative for NATO Summit

As a result of Philip Zelikow's memorandum on the NATO Summit that you recently sent to the President, he asked you to discuss with him the idea of achieving increased efficiency from defense resources by offering joint production and technology sharing in major NATO armaments (Tab III, page 3). The memo uses the example of the main battle tank where, as you know, we already have a number of sensitive, bilateral technology sharing arrangements.

We have continued to explore this part of a vision for the future of NATO with the OSD staff and have received mixed reactions. The international programs staffs are all for expanding the cooperative development programs under the Nunn Amendment and the Balanced Technology Initiative -- both of which enjoy substantial Congressional support. However, the policy staffs are concerned about the risk of technology transfer to our allies and the Services would prefer not to lose control over any more of their acquisition dollars. Admittedly, with the ongoing strategy reviews and the paucity of new political leadership in place at below-cabinet levels in the Pentagon, we are getting old-thinking from the OSD staff. But even that was sufficient to reinforce our belief in the potential in this concept.

At the same time, we recognize that it will not be easy. The signs of bureaucratic resistance we already have detected will be reinforced by the FSX hangover on the Hill and heightened sensitivities among the Allies about dealing with us on defense technology. Finally, such an initiative will have the desired political effect only if it is part of a broader vision that helps regain the initiative from Gorbachev.

Accordingly, we have drafted a memo from you to Secretary Cheney requesting that he have the concept fleshed out and provide you with specific recommendations on how the President could promote

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2003-0368-F/2
8/12/2009 MM

the idea as part of his Summit agenda. You will note in the memo we have suggested that a vision for a common defense market for the next decade could start with two elements: expansion of the Nunn Amendment Programs for cooperative R&D, particularly for those systems in which we have a competitive technological advantage; and increased sharing of some of our top-line technologies such as our training technologies and even some in black programs such as armor/anti-armor -- as we originally mentioned to the President in the context of the main battle tank.

We suggest that you discuss briefly the status of this initiative with the President at a morning security brief, using the talking points at Tab II as the basis for your remarks. We also suggest you call Secretary Cheney using the same talking points, and then provide him the memorandum at Tab I. You may also want to discuss this topic more fully at the Wednesday breakfast with him and Secretary Baker. There are other aspects to this part of the vision for NATO that could be considered at that time, such as the role of the Congressionally-mandated Presidential emissary to continue negotiating burdensharing initiatives with our allies (a requirement in the Defense Appropriation Act last year), and how to handle the technology transfer issues involved.

Don Mahley, E.U. not available V.L. by phone Tim Deal, Philip Zelikow and Virginia Lampley concur.

RECOMMENDATIONS

That you discuss the status of this idea with the President using the talking points at Tab II.

(2) Approve _____ Disapprove _____

That you call Secretary Cheney early next week giving him a heads up on this issue, and then provide him the memorandum at Tab I.

Approve _____ Disapprove _____

That you provide guidance as to whether this item should be made part of the Wednesday breakfast agenda.

(1) Approve ✓ Disapprove _____

Attachments

Tab I Memorandum to Secretary Cheney
Tab II Talking Points
Tab III March 20 Memorandum to President with his Annotations

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HONORABLE RICHARD B. CHENEY
The Secretary of Defense

SUBJECT: Defense Cooperation Initiative for the NATO Summit (U)

The President has been formulating his view of how Europe should evolve over the next decade. A major opportunity for him to articulate this vision will be at the NATO Summit, in its attendant declaration, and during his travels in Europe at that time. (S/NF)

Given the European Community's efforts to establish a single market by 1992, one necessary element of this vision is our view of future Alliance arrangements for a "common defense market." If the Soviet military threat declines -- which will reinforce the ongoing erosion of resources available for defense on both sides of the Atlantic -- our vision must counter that condition. In addition, we should consider the following criteria: any initiative should emphasize economic efficiency, the common exploitation of our collective competitive advantage in technology, and contain an acknowledged sensitivity to the real environmental concerns throughout Europe with the training of our forward deployed forces. Additionally, our vision for this defense market should extend beyond the near-term Alliance debates on SNF modernization, and should have strong Congressional support. (S/NF)

Our staffs have been discussing this issue and believe that there is potential for an initiative on a "common defense market" -- one that meets the above criteria and is built around the following two elements:

1) Greatly expanded R&D cooperation beyond the current Nunn Amendment Programs, particularly emphasizing those defensive, reconnaissance and deep-strike systems in which our collective technological edge provides a competitive advantage to the Alliance. Economic pressures are already increasing cooperation between countries and companies in the Atlantic area, and we should help structure that integration to the long-term security benefit of the Alliance. We should also ensure continued US leadership, which will require vigorous US participation in cooperative programs.

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8/12/2009 MM

2) Incentive sharing of some of the foremost US technologies coupled with agreed, binding procedures with the Allies to deal with the technology transfer issues. We have done this effectively in the past via black bilateral programs involving armor/anti-armor technologies; this would be a logical candidate for increased sharing among the limited number of European producers. A second candidate for sharing is the training technologies and simulations that we have developed over the past decade for the peacetime training of our land, air and naval forces. We are several years ahead of our Allies and have much to offer to those who are increasingly constrained environmentally and economically. (S/NF)

I would appreciate it if you would take the lead in developing ideas for a more efficient common defense market in the next decade and provide by April 11 specific suggestions on what the President should say at the NATO Summit on this subject. (S/NF)

Your meeting with your European defense colleagues at the DPC following the Summit this June presents a rare opportunity. The President could present the concept at the Summit, and you could follow up with Defense Ministers and initiate planning for the decade ahead. We should be far enough along in our thinking to have discussed this with other interested departments in time to take it up with Manfred Woerner when he visits Washington in mid-April. (S/NF)

Brent Scowcroft

cc: Secretary of State

~~SECRET~~/OUTLINE

TALKING POINTS FOR MEETING WITH

THE PRESIDENT

-- You asked in a marginal note for me to discuss with you one of the ideas we are pursuing concerning the US vision for the future of NATO.

-- The concept is to promote significantly the efficiency of resources allocated to defense within the Alliance through increasing cooperative research and development with our Allies, and ultimately production, by the offer of sharing advanced technologies. Given resource constraints, in the decade ahead we must become more efficient, moving toward a common defense market.

-- With the European Community's efforts to establish a single market by 1992, economic forces are already causing increased integration between companies and countries on both sides of the Atlantic. This is an opportunity for us to provide the leadership necessary to begin to structure that integration -- at least the defense industrial portion of it -- to the long run security advantage of the Alliance.

-- This is not a new concept. We already have a solid start in cooperative R&D with a number of programs under the Nunn Amendment (roughly $200 million per year). This program enjoys strong Congressional support.

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2003-0368-F/2
8/12/2009 MM

-- What would be new is the increased size and the concentration on those technologies and systems in which we in the West have a competitive advantage over the Soviets -- such systems as reconnaissance, deep-strike and some of our training technologies that would allow our Allies to address the growing environmental concerns of their publics.

-- Of course, there may be difficulties with the concept.

- We would have to be willing to offer some of our top-line technologies. In turn, our Allies would have to accept binding controls in the use of it.

- We will have to be careful that a NATO initiative in this area not be contaminated by the fallout from FSX.

- We need to ensure that the result is real and equitable burdensharing among the Allies rather than a scheme which looks like an attempt to increase sales of US arms or to get US technology at bargain basement prices.

-- I have asked Secretary Cheney to take the lead in looking at this concept more closely and let me know if we should pursue it and, in particular, if we should introduce it as part of the upcoming NATO Summit.

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
011. Memo	Brent Scowcroft to POTUS Re: The NATO Summit (5 pp.)	3/20/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Document Partially Declassified
(Copy of Document Follows)
By MM on 10/23/2013

Date Closed:	7/9/2009	**OA/ID Number:**	91148-003
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	2003-0368-F/1(97)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/12/2009	**MR Disposition Date:**	

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SCOWCROFT MEMO 3/20/89
The NATO Summit

March 20, 1989

INFORMATION

Brent
I read this
with interest
GB
3.26

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: The NATO Summit

This paper discusses what vision for the future of Europe the United States should bring to allied preparations for the NATO Summit and to your visits to other European capitals in late May.

Europe and the United States (and Canada) are joined inseparably by history, culture, demography, values, and security needs. The basic lesson of two world wars was that American power is essential to any stable equilibrium on the continent. The postwar era's success is founded on recognition of this fact. In years to come, only we can balance the inherent strength of what is still, and likely will remain, the dominant military power on the Eurasian landmass - the Soviet Union. Geopolitical realities will endure. Of course, Gorbachev is less threatening than his predecessors. So, in its day, was the Weimar Republic.

Today, the top priority for American foreign policy in Europe should be the fate of the Federal Republic of Germany. The Germans suffer most from Europe's divisions and bear the heaviest burdens in Europe for the defense of the West. The FRG's fidelity to Alliance security policy is uniquely indispensable to the success of that policy. (b)(1) (b)(1) His government is now lagging in the polls behind an opposition that, as currently constituted, has too little regard either for nuclear deterrence or for conventional defense.

The NATO Summit and your public speaking opportunities before and after it can articulate our view of how Europe should evolve over the next decade. Here are some ideas about possible elements we think might appear in a Summit declaration.

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Declassify on: OADR

cc: Vice President
Chief of Staff

~~SECRET~~

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2003-0368-F/1

1. A Political Goal for the Year 2000

The weakness in Gorbachev's notion of a "common European home" is that its occupancy is defined by geography; also, if the East Europeans could, they would evict the Soviets from their part of the home. The Americans, on the other hand, can only be guests in a home so defined. The real glue that binds the Atlantic Alliance is commonality of values, not geography. This premise suggests that we advocate the existence of a "Commonwealth of Free Nations." The Atlantic Alliance forms the core of this group, but it embraces any country that truly shares our values. Within Europe, the CSCE process offers guideposts for Eastern movement toward a true sense of shared ideals. We hope that all the countries of Eastern Europe will be part of this commonwealth as they, one by one, rejoin the Western cultural and political tradition that is part of their heritage.

2. The Division of Germany

Even if we make strides in overcoming the division of Europe through greater openness and pluralism, we cannot have a vision for Europe's future that does not include an approach to the "German question." Here we cannot promise immediate political reunification, but we should offer some promise of change, of movement. As Giovanni Agnelli said here in early February, although virtually no West German expects German reunification to happen in this century, there is no German of any age who does not dream of it in his soul.

The formal Allied position has long been that we want the German people to regain their unity through self-determination. I think we can, working with Bonn, improve on this formula, make it more pointed, and send a clear signal to the Germans that we are ready to do more if the political climate allows it. We can, for example, pledge our support for the right of the German people to self-determination and encourage Germans to take concrete steps to express that right. We can stress, at the same time, that the problem is not just one of borders. It is a problem of a nation divided by barriers that range from land mines to currency restrictions. Amidst all the enthusiasm about "glasnost," it is sobering to remember that, in February 1989, East German border guards again shot down and killed a youth for trying to cross the Wall.

3. Dealing with Gorbachev

Some still ask whether we want Soviet reforms to succeed. We should give a clear answer: Yes, we welcome perestroika to the degree that it humanizes the USSR at home and demilitarizes the USSR abroad. This does not translate into subsidies for Gorbachev's efforts. It means that we hope someday to be able to deal with the Soviet Union on the same normal and equal terms that we use for relations with other states.

~~SECRET~~

4. The Future of Alliance Defense and Arms Control

Obviously, the big issue for the media at the NATO Summit will be SNF. It is a tough problem. But I think, if handled properly, it can be settled in a generally agreeable way. However, we should take care to put SNF in its proper context, as part of a forward-looking general approach that stresses the goal of security. Security has both defense and arms control aspects but they are means, not ends in themselves. Here are some possible elements of an approach you and your counterparts at a NATO Summit could take:

(a) Reiterate the need for a continuation of extended nuclear deterrence as the ultimate guarantor of NATO's strategy of flexible response. We can make a good case that confidence in NATO's strategy of flexible response is especially needed in a time of dramatic political change. Your personal endorsement of the importance of nuclear deterrence would build upon your VFW speech and be especially helpful.

(b) Stress that the Alliance's military security depends on the maintenance of adequate deterrent and defensive capabilities during this turbulent period. This allows for a discussion of Alliance resources allocated to defense, and for initiatives to be offered in two areas: the level of resources needed for defense in the future; and the efficiency with which those resources are to be used. In both areas, high level leadership and initiative are needed.

In the first area, we can build on the NATO approved report on burden-sharing of last year and call for NATO to drop its 11 year old guidance for 3% real growth annually in defense spending. Instead, we could recommend a lower real rate (say 1% or 2%, based on projected Soviet growth of 2%), while taking into account individual past performance in which the U.S. has been a leader. This would still put pressure on Allies and also address burden-sharing concerns in the U.S. by allowing credit for past, expensive efforts.

For the second area -- increased efficiency of allocated resources -- we may want boldly to offer joint production and technlogy sharing on major NATO armaments, using as the prime example the main battle tank. Such an initiative would involve production by a limited number of major countries. Thus, we could determine the political acceptability of such a gesture before announcing it. The main battle tank, both psychologically and politically a key element in the ground battle, would be a perfect symbol for the

integrated approach of NATO to the future. It would also insure that all NATO armies have the most capable equipment in a category which would be limited by a conventional arms control agreement.

(c) Offer the hope for a less militarized Europe. We should point out that our current proposal in the CFE (Conventional Forces in Europe) talks, which aims at getting the two sides to parity, is not the end of the story. Part of Europe's return to normalcy must include a passing of the period when it was necessary to have millions of armed men face each other in Central Europe.

(d) Have a compromise answer to the SNF problem. Although our final position must await more thorough interagency analysis, we may find that the best solution we are likely to get from the Germans could include: (1) a general commitment to maintain an effective and up-to-date land-based missile nuclear deterrent in Europe; (2) a commitment to negotiations on SNF once there has been significant progress toward reducing the conventional threat in the CFE talks; (3) a call to the Soviets to show their good faith by reducing their SNF-capable missile launchers to US levels (they now deploy 16 times as many launchers as we do and have already modernized their equivalent of Lance with a missile - the SS-21 - that is ten times more accurate than Lance); and (4) display our commitment to fewer nuclear weapons by vowing unilateral cuts in nuclear artillery stockpiles (this will be particularly helpful with the German right, whose spokesmen sometimes say, "the shorter the range, the deader the Germans").

5. Other Security Initiatives. Although our national security reviews may come up with better ideas, a couple of interesting notions my staff has been thinking about are:

(a) A return to "Open Skies." Eisenhower's idea of exchanging extensive information on military installations and letting the U.S. and USSR do routine aerial overflights to verify it is still relevant. Opening the United States to such inspections would be a big step which would have to be carefully considered by all agencies, especially the CIA and JCS. In 1955, General Alfred Gruenther (then SACEUR) and Andy Goodpaster made the point to Ike that, on balance, a closed society always has more to lose from such openness that we do. This idea would also underscore that the Soviets are now acting on what has always been our agenda.

(b) Injecting new life into the chemical weapons talks. While continuing to pursue the global elimination of chemical weapons, we could move, as an interim step consistent with our overall goal, to try to get an agreement between East and West. If the member states of NATO and the Warsaw Pact could conclude an agreement on reducing CW, while maintaining necessary, specified, deterrent stocks, such a result could: (1) set an example for global progress; and (2) eliminate the large Eastern advantage in such weapons and set parameters on the threat that NATO must plan to face. We would make clear that residual Eastern or Western CW would still be subject to elimination as part of a global agreement. Again, this idea would have to be carefully examined within the Administration, and verification would remain a serious problem.

If we wanted to work these elements or other initiatives into a joint pronouncement by Allied leaders, such a statement should not be turned over to the NATO bureaucracy. The cumbersome 20+ page "Comprehensive Concept" now being produced at NATO headquarters by that process could serve as a detailed appendix to a simpler, more direct, Peggy Noonan type of statement aimed at the widest possible audience.

In his memoirs, Present At The Creation, Dean Acheson remarked that, in 1945, their task "began to appear as just a bit less formidable than that described in the first chapter of Genesis. That was to create a world out of chaos; ours, to create half a world, a free half, out of the same material without blowing the whole to pieces in the process." When those creators of the 1940s and 1950s rested, they had done much. We now have unprecedented opportunities to do more, to pick up the task where they left off, while doing what must be done to protect a handsome inheritance.

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NATIONAL SECURITY COUNCIL

17-Apr-1989 11:53 EDT

~~CONFIDENTIAL~~

MEMORANDUM FOR: SEE BELOW

APNSA Has Seen

FROM: Arnold Kanter
(KANTER)

SUBJECT: CONGRESSIONAL CONSULTATIONS ON THE DEFENSE BUDGET

We have made several undertakings to Congressmen and Senators over the past several weeks to have "close consultations" on a variety of defense matters, including ICBM modernization, before we presented them with a fait accompli.

The revised defense budget that goes to the Hill a week from today obviously will reflect decisions on a variety of defense programs, including ICBMs and SDI. Just as we accelerated those parts of the NSR-12 defense strategy review that cover those two issues, we also may want to accelerate our timetable for this portion of our Congressional consultation game plan.

Accordingly, we may want to consider having the President offer quick consultations on the defense budget when he meets with the bipartisan leadership on Wednesday. The actual consultations would happen thereafter. Doing so in the context of offering consulations about the ongoing NSRs also would help to rebut criticisms that the defense budget cart is out ahead of the defense program horse.

I understand that Secretary Cheney is planning to go over the defense budget with the chairmen and ranking members of the arms services and appropriations committees on Friday.

You may want to discuss with Secretary Cheney at tomorrow's breakfast his plans for consulting with the Hill and how best to foreshadow them in the President's Wednesday meeting with the bipartisan leadership.

-- Arnie

Distribution:

FOR: Brent Scowcroft (SCOWCROFT)

CC: Robert M. Gates (GATES)
CC: Linton Brooks (BROOKS)
CC: Virginia A. Lampley (LAMPLEY)
CC: Don Snider (SNIDER)
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1963

THE WHITE HOUSE

WASHINGTON

April 17, 1989

CHRON FILE

MEMORANDUM FOR THE HONORABLE NICHOLAS F. BRADY
Secretary of the Treasury

SUBJECT: Economic Policy Directive 1

I welcome the review which the Economic Policy Council is undertaking on trade strategy, and my staff will take an active part in it.

As I know you will appreciate, there are clear national security dimensions to our trade strategy, particularly concerning trade relations with Japan, the European Community, the USSR and Eastern Europe.

As the study progresses, we may find that there are certain issues with political or security implications that might usefully be considered in the National Security Council structure. The EPC and NSC staffs should work together closely to ensure that any such issues are promptly and effectively addressed.

Brent Scowcroft

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 24, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL

FROM: ERIC MELBY

SUBJECT: Economic Policy Directive 1

The President has directed the EPC to develop a trade strategy report. Secretary Brady has sent you a copy of the directive, identifying several topics which should be covered (Tab II).

Several of the topics, such as U.S. trade relations with Japan, the European Community and developing countries, have a clear national security dimension. Without getting into a turf discussion with the EPC, it would be desirable to point out to Secretary Brady that the NSC may wish to give its advice on the EPC-drafted paper before it goes to the President. Indeed, the President may feel more comfortable discussing certain aspects of trade policy within the NSC (as happened recently with debt).

RECOMMENDATION

That you sign the memorandum to Secretary Brady at Tab I.

Approve ✓ Disapprove _____

Attachments
Tab I Memo to Secretary Brady
Tab II Directive 1

National Security Council
The White House

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Philip Hughes	2	[illegible]	
Bob Gates	3	[illegible]	✓
Brent Scowcroft	4	✓	
Philip Hughes			
Situation Room			
West Wing Desk	5	9c 4/17	N
NSC Secretariat	6		D

(A = Action) I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

COMMENTS Should be seen by: _____
(Date/Time)

1963

THE WHITE HOUSE

WASHINGTON

March 21, 1989

ECONOMIC POLICY DIRECTIVE 1

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE UNITED STATES TRADE REPRESENTATIVE
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS ✓
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC AND DOMESTIC AFFAIRS

SUBJECT: Trade Strategy Review

There are numerous trade issues that need to be resolved both in the short- and long-term. Rather than review these issues on an ad hoc basis, the Administration should develop a trade strategy paper that would guide its review of these individual issues.

The President has directed the Economic Policy Council to develop a trade strategy report, which should:

- Identify U.S. trade policy objectives and principles; and
- Develop policy options for achieving those objectives.

The trade strategy report should develop principles that guide the Administration's policy on major trade issues, including:

- The Uruguay Round;
- US-Japan trade relations;
- US-EC trade relations;
- US trade policy toward developing countries; and
- Implementation of trade legislation and existing bilateral agreements.

The President has directed that the United States Trade Representative lead the preparation of the report, working with representatives of the Office of the Vice President, Departments of State, the Treasury, Defense, Justice, Agriculture, Commerce, Labor, Transportation, and Energy, Office of Management and Budget, Council of Economic Advisers, National Security Council, and the Office of Policy Development.

The United States Trade Representative should present the report to the President through the Economic Policy Council within 45 days of this directive.

Thank you very much for your cooperation.

Nicholas F. Brady
Chairman Pro Tempore
Economic Policy Council

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NSC/S PROFILE

RECORD ID: 8902871
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CHRON FILE

TO: SCOWCROFT

FROM: KANTER
EBNER

DOC DATE: 20 APR 89
SOURCE REF:

KEYWORDS: DEFENSE BUDGET

other

PERSONS:

SUBJECT: DEFENSE BUDGET LEVELS

ACTION: NOTED BY SCOWCROFT DUE DATE: 24 APR 89 STATUS: C

STAFF OFFICER: EBNER LOGREF:

FILES: WH NSCIF: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		EBNER
		KANTER

COMMENTS: _____

_____

_____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSREB CLOSED BY: NSMDC DOC 2 OF 2

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ACTION DATA SUMMARY REPORT

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002		X	89042411	NOTED BY SCOWCROFT

National Security Council
The White House

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Danley ~~Bob Perito~~	1	MB	I
Philip Hughes	2	PH	
Bob Gates	3	✓	
Brent Scowcroft	4	✓	✓
Philip Hughes			
Situation Room			
West Wing Desk	5	EA 4/24	A
NSC Secretariat	6		N/R

89 APR 20 3:51

A = Action | I = Information | D = Dispatch | R = Retain | N = No further Action

cc: VP Sununu Other ____

COMMENTS Should be seen by: ____ (Date/Time)

Defense Budget Levels —
Understand you asked for this today
Use Suspense copy for Tabs.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

INFORMATION

April 20, 1989

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ARNOLD KANTER

FROM: EUGENE M. EBNER

Natl Sec Advisor has seen

SUBJECT: Defense Budget Levels

This is in response to your question about defense budget authority and outlay levels for the Reagan and Bush budgets and the agreed to Bipartisan Defense Budget Compromise.

The attached tables (Tabs I and II) show these levels for both the National Defense Function (050) and the Department of Defense Military (051).

-- The National Defense Function levels include funding for the Department of Defense, Department of Energy Nuclear Weapons Programs and Defense-related activities such as emergency preparedness programs and the Selective Service System.

-- The Department of Defense - Military figures include funding levels for the Department of Defense.

-- The Reagan Budget is the one submitted by President Reagan on January 9.

-- The Bush Budget is the proposal submitted by President Bush on February 9.

-- The Budget Agreement is the bipartisan budget compromise reached with the Congress on April 14.

It should be noted that the budget agreement included figures for the National Defense Function only. The Department of Defense military figures for the agreement (Tab II) were derived by assuming that all of the defense reductions in the budget compromise would come out of funding levels for the Department of Defense (e.g., no cuts to the Department of Energy Nuclear Weapons programs, Administration initiatives for atomic energy clean-up activities, or defense-related activities).

Don Snider concurs.

Attachments

Tab I National Defense Function (050)
Tab II Department of Defense - Military (051)

NATIONAL DEFENSE FUNCTION (050)

FISCAL YEAR 1990

($ in Billions)

	Budget Authority	Outlays
Reagan Budget	315.2	303.0
Bush Budget	309.2	300.6
Budget Agreement	305.5	299.2

DEPARTMENT OF DEFENSE - MILITARY (051)

FISCAL YEAR 1990

($ in Billions)

	Budget Authority	Outlays
Reagan Budget	305.6	293.8
Bush Budget	299.3	291.2
Budget Agreement	295.6	289.8

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 18, 1989

INFORMATION

Deputy Natl Sec Advisor has seen

MEMORANDUM FOR ROBERT GATES

THROUGH: DEANE E. HOFFMANN DH

FROM: ERIC MELBY EM

SUBJECT: EEP for the Soviet Union

The Trade Policy Review Group (TPRG) met this afternoon to consider USDA's request to authorize using the Export Enhancement Program (EEP) to sell 1.5 MMT of hard wheat to the Soviet Union for May/June shipment.

USDA argued that the Soviet Union:

-- needed the wheat badly because of shortages;

-- would buy from the EC if we did not subsidize the sale;

-- would buy additional non-EEP wheat this summer.

It claimed the sale would not affect U.S. stocks or prices.

OMB, White House, CEA and NSC opposed going forward until the ongoing review of the EEP is completed. Labor and Commerce supported Agriculture; State waffled, asking for more information. A big unknown is whether, given the tight market, we need EEP to sell grain to the Soviets. More analysis is being done on this.

At Yeutter's request, the issue will be sent to the EPC for further discussion, probably early next week. USTR will distribute a paper outlining the issues and where agencies stand. The Soviets will be in town April 26/27 for the annual review of the Long-Term Agreement (LTA), at which time Yeutter would like to give the Soviets an answer.

Pending completing of the EEP review, USDA has put a hold on EEP requests from ten countries, including the Philippines, Algeria, Morocco and Tunisia. Subsidizing sales to the Soviets is not obviously in our strategic interest. Moreover, delaying consideration of other friendly countries while moving ahead with the Soviets may well cause us political problems, at home and abroad. Consideration of EEP sales to the Soviet Union should be part of our broader review of East-West economics.

EM hr
Adrian Basora concurs.

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THE WHITE HOUSE

WASHINGTON

April 20, 1989

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: BRENT SCOWCROFT

SUBJECT: White House Summit Group Meeting, 3:00 p.m., Friday, April 21, Situation Room

The White House Summit Group (WHSG) will meet for the first time on Friday, April 21 at 3:00 p.m. to discuss the substantive and logistical preparations for the Paris Economic Summit. You and I co-chair the group, which includes Jim Baker and Nick Brady.

Richard McCormack, Under Secretary of State for Economic Affairs and the President's Personal Representative for the Summit, attended the April 7-9 preparatory ("Sherpa") meeting, along with David Mulford of Treasury and Deane Hoffmann of my staff. There was a consensus that the key economic topics at Paris will be debt, the environment and international trade. East-West relations will highlight the political agenda, which will include terrorism, CW proliferation, drugs, and possibly one or two other items not yet decided.

At Friday's meeting, we need to get agreement with Jim and Nick on our objectives for Paris as well as on specific issues the President may wish to pursue, such as environment. This will be the President's first international economic meeting and his colleagues will be taking his measure.

Following the WHSG meeting, we should consult with the President to get his views. The President will need to use his meetings with Prime Minister Mulroney on May 4 and President Mitterrand on May 20 to press our Summit objectives.

I recommend that you make a few introductory remarks after which I would propose to set the scene for the Summit. Dick McCormack may wish to give a brief report on the April 7-9 Sherpa meeting. We will want to hear from Steve Studdert on the logistical arrangements.

Attachments

Tab A Agenda

Tab B Participants' List

WHITE HOUSE SUMMIT GROUP MEETING

3:00 p.m., Friday, April 21, 1989
Situation Room

AGENDA

I.	Introduction	John H. Sununu Brent Scowcroft
II.	Report on Sherpa Meeting	Richard McCormack
III.	Discussion of Objectives/Strategies . .	Secretary Baker Secretary Brady
IV.	Report on Logistics	Stephen Studdert
V.	Conclusion	Brent Scowcroft

WHITE HOUSE SUMMIT GROUP

Chief of Staff Sununu
National Security Adviser Scowcroft
Secretary of State Baker
Secretary of Treasury Brady

Richard Darman
Michael Boskin
Stephen Studdert
Roger Porter
Marlin Fitzwater
James Cicconi
Robert Gates
Richard McCormack
David Mulford
Deane Hoffmann
Eric Melby (notetaker)

Talking Points

White House Summit Group Meeting on Paris Economic Summit

-- Preparations for the Economic Summit are entering the serious stage. The spring meeting of the Bank and Fund is over; the GATT mid-term review is completed.

-- Important that we focus on the issues on which the President should exercise leadership. It will be his first international economic meeting. His colleagues and the media will be watching closely his performance. We must bear in mind that we will host next year's Economic Summit.

-- In addition, President Mitterrand will be at Kennebunkport May 20 to discuss the Summit, among other issues. It will also come up May 4 when Mulroney is here.

-- Based on Dick McCormack's report of the last Sherpa meeting, the traditional topics will be on the agenda -- debt, trade, economic coordination. Should we be handling these issues differently? Will the economy be a problem?

-- The environment issue is big. Thatcher and Kohl are pushing a global warming convention. Can we get the President out front in a way which is rational and gives him some credit?

-- On political issues, I imagine the Heads will focus on East-West; Gorbachev will just have visited Paris. We have an opportunity to enhance cooperation on CW proliferation, drugs and terrorism.

-- Jim, Nick, what do you think we can get out of the Summit? How should the President play his cards? Is there anything we can do to breathe life into the process?

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

2764

April 18, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DEANE E. HOFFMANN DH

FROM: ERIC MELBY EM

SUBJECT: White House Summit Group Meeting,
3:00 p.m., Friday, April 21, Situation Room

The White House Summit Group (WHSG) will meet for the first time on Friday, April 21, at 3:00 p.m., to discuss the substantive and logistical preparations for the Paris Economic Summit. You will co-chair the meeting with Governor Sununu.

At the meeting, we need to reach agreement with Secretaries Baker and Brady on our objectives for Paris as well as on specific issues the President may wish to pursue. This will be the President's first international economic meeting and his colleagues will be taking his measure.

The key economic topics at Paris are likely to be the situation of the debtor countries, both middle income and the poorest, and the environment. Would it be desirable for the President to propose a trade and investment strategy for the Third World to complement our debt proposals? Do we want the President to propose a global warming convention, an idea which is rapidly gaining favor among European politicians, including Thatcher and Kohl? If the U.S. economy deteriorates -- bad trade numbers, increasing inflation -- how do we handle it at the Summit?

The political agenda is still undecided but doubtless will focus on Gorbachev and on East-West relations and include terrorism, drugs and CW proliferation. Gorbachev will be in Paris the week before the Summit.

The President will need to use his meetings with Prime Minister Mulroney on May 4 and President Mitterrand on May 20 to press our Summit objectives.

I recommend that after a few introductory remarks from Governor Sununu, you guide the discussion at the WHSG, drawing out Baker's and Brady's views. Dick McCormack wishes to give a brief report on the April 7-9 Sherpa meeting.

At Tab I is a memo from you to Governor Sununu explaining what we wish to accomplish at the meeting, an agenda and a list of attendees. Your suggested talking points are at Tab II.

Robert Blackwill, Karl Jackson and David Miller concur.

RECOMMENDATIONS

That you sign the memorandum to Governor Sununu at Tab I.

Approve _____ Disapprove _____

That you use the talking points at Tab II at the WHSG meeting.

Approve _____ Disapprove _____

Attachments

Tab I	Memo to Chief of Staff
	Tab A Agenda
	Tab B List of Participants
Tab II	Talking Points
Tab III	Agenda
Tab IV	List of Participants

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

April 27, 1989

Other

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: DEANE E. HOFFMANN DH

Natl Sec Advisor has seen

SUBJECT: EPC Meeting, 10 a.m., Friday, April 28, Cabinet Room

The EPC will consider the proposed trade action on Japanese Telecommunications and the EEP grain sale to the USSR.

Telecommunications

During the lengthy Trade Policy Review Group (TPRG) meetings on Japan Telecommunications, USTR, Commerce and Labor took a hard line while other agencies questioned the legal basis for sanctions. Lawyers from State and OMB believe the exchanges of letters that constituted our "agreement" are sufficiently vague to question the legal basis for action. At the same time, it is evident to all agencies except CEA that Japan is taking us for a ride, particularly in third party radio licensing. USTR has now backed off its hard line and is willing to institute a regular Section 301 case (6 months grace before retaliation) narrowly focused on the licensing agreement and to withhold retaliation pending discussions with Japan. This seems fair to me. The Japanese are guilty on this particular issue, and I think you should sign on to this deal. At the same time, you should lay down a marker that the NSC has an interest in prior review of retaliation so that we can gauge the foreign reaction. We cannot deal with these issues one at a time.

EEP

Everyone but USDA and USTR thinks it's stupid to subsidize sales to the Soviets, but no one wants to take the blame for killing a grain sale. The EEP operates under four guidelines including targeting against subsidized suppliers, net economic benefit, "additionality" and budget neutrality. Even USDA cannot make a strong case that, under current tight market conditions, there are net economic benefits or that it will result in additional exports.

I think you should stake out the high ground on this issue. You might start with a spy analogy that this is a classic case of the agent running his handler. I sat in on the birth of the EEP. It was originally a modest program aimed at the EEC, and France in particular. Congress put a lot of money into it, however, and it became necessary to expand the list of recipient countries in order to move substantial quantities of grain. Now the Soviets,

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who are among the world's most savvy grain traders, are taking us to the cleaners. The CIA concludes the Soviets do not need wheat urgently, a point I made at some length in Wednesday's EPC. OMB asked if NSC thought the U.S. should subsidize the sale in order to retain market share and, hence, leverage over the USSR. I pointed out that the Soviets would import 35 million tons of grain this crop year, more than half from the U.S. I don't think we really get leverage, since they clearly are hooked and will be for a long time.

Bob Blackwill and Condi Rice point out that the sale of subsidized grain at this time would be pocketed by Moscow with a smirk. Since we are reviewing the whole of our relationship with the Soviet Union, it is wiser to consider EEP in that context. An immediate decision on EEP would be the Bush Administration's first on economic relations with the Soviet Union and would be taken as a signal on the broad direction of our policy. Thus, we should postpone any action on this issue until our review of relations with the Soviets is completed. Adding insult to injury, we have told the Philippines, Egypt, and some others that they cannot have EEP supported wheat pending a review of the EEP program.

Secretary Brady's memo to the President on yesterday's EPC meeting (Tab II) does not reflect NSC or State views expressed at the meeting. We have signaled this to the EPC Secretariat.

CR AAB
Condi Rice, Adrian Basora and Doug Paal concur.

RECOMMENDATION:

That you use the attached talking points on EEP at tomorrow's EPC meeting (Tab I).

Approve _____ Disapprove _____

Attachment
Tab I Talking Points on EEP
Tab II Secretary Brady's Memo to the President

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Talking Points

Telecommunications

-- While I think it is proper to hit the Japanese on this narrow issue, I am concerned about the broader political implications of our actions under the Trade Act.

-- We could make several technically correct decisions that, taken together, will cause us some real political problems.

-- We need to get some sense on when future trade actions will be taken and discuss the implications for our relations with other countries.

EEP

-- We must first complete the EEP review. What started out as a small program under firm Administration control with proper goals is now being turned against us by the Soviets.

-- They argue that they are in dire straits and need wheat immediately, but CIA analysis shows no evidence of shortages.

-- I am concerned that we have told other countries such as the Philippines and Egypt to wait pending a review of the EEP, but are now preparing to go ahead with the USSR.

-- I think the Soviets would pocket a deal at this time with a smirk.

-- We should not have any illusions that subsidized sales buy us leverage with the USSR.

-- They are already hooked on U.S. grain for half their imports, and this dependence will continue whether we subsidize or not.

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THE WHITE HOUSE

WASHINGTON

April 27, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL

SUBJECT: Proposed Export Enhancement Program Sale

Issue

Should the U.S. approve a request by the Soviet Union to buy 1.5 million metric tons (MMT) of wheat for delivery in May under the Export Enhancement Program (EEP)?

Background

The EEP was created in 1985 to subsidize U.S. agricultural exports. Its fundamental purpose is to neutralize subsidized competition from foreign suppliers, especially the European Community. Supporters also argue that EEP has enhanced U.S. leverage in the Uruguay Round agricultural negotiations.

The Reagan Administration developed four criteria for reviewing proposed EEP sales. Any sale should:

- Increase sales above what would have taken place (additionality);
- Target against subsidizing suppliers;
- Provide a net economic benefit; and
- Have no net impact on the budget.

Because of changing market conditions, the EPC is now conducting a review of the EEP to determine whether these criteria are still appropriate. Until this review is completed, USDA has put most requests for EEP sales on hold. Exceptions, such as this proposal, will be handled on an ad hoc basis.

The Soviet Union has asked to buy from the U.S. 1.5 MMT of wheat under the EEP for May/June delivery and is prepared to buy another 1.5 MMT of unsubsidized wheat in the open market for July/August delivery.

USDA argues that while the Soviets would prefer U.S. wheat, the Soviets would buy wheat from the EC if given a choice between U.S. wheat at market prices and subsidized EC wheat. USDA notes that France is prepared to sell subsidized wheat to the Soviets if the U.S. does not.

In part because of last summer's drought, U.S. stocks have fallen sharply and prices have risen. USDA estimates that U.S. wheat stocks have decreased from 50 MMT in the fall of 1987 to about 15 MMT today. Over the same period, average market prices for wheat have increased from about $94/MMT to about $140/MMT.

Analysis

U.S. approval of the request by the Soviet Union to buy 1.5 MMT of wheat under the EEP would have the following advantages and disadvantages.

Advantages

- USDA argues that subsidizing the 1.5 MMT of wheat to the Soviet Union would represent some increase in total U.S. wheat exports. (CEA argues that given the tight commodity markets, the U.S. could sell the wheat to other customers if it did not sell wheat to the Soviets.)

- Most EPC members agree that EEP sales enhance U.S. leverage in negotiations with our competitors to reduce agricultural subsidies.

- To the extent that enhancing Soviet dependence on U.S. agricultural imports helps further U.S. foreign policy objectives and subsidizing this particular wheat sale has a favorable psychological impact on the environment for renewing the US-USSR long-term grain agreement, this particular wheat sale would be valuable.

- There is a high level of congressional interest in USDA continuing to make EEP sales. A House agricultural subcommittee held hearings on Thursday, April 27 on alleged OMB interference in the operation of the program.

Disadvantages

- CEA and OPD argue that given the current tight commodity markets and the uncertainty surrounding the upcoming wheat crop, there is a significant probability that:

  - Selling additional wheat to the Soviets could contribute to higher U.S. food prices later this year.

  - If prices rise as expected, the Administration may be criticized for making subsidized sales to the Soviets. As you recall, large Soviet purchases of grain in 1972 became known as the "great grain robbery" when U.S. food prices rose sharply.

- Because USDA has suspended most additional EEP sales until completion of the overall review of EEP, other countries (like the Philippines) may resent the U.S. granting an exception to the Soviets.

- OMB believes the sale may fail to meet at least two of the four required criteria. (However, OMB notes that the budgetary effects are small and notes further that the issue turns on larger judgments about domestic and international politics.)

- Approving the proposed sale may invite criticism from conservatives who oppose subsidization of U.S. exports to the Soviet Union.

Decision

_____ Approve the EEP wheat sale to the Soviet Union.

_____ Disapprove the EEP wheat sale to the Soviet Union.

Nicholas F. Brady
Chairman Pro Tempore
Economic Policy Council

NATIONAL SECURITY COUNCIL

4/27

Brent:

Attached is a copy of our comment memo on Secy Brady's EPC memo to the President. Lehman Li, Exec Secy of the EPC, suggested that you might want to make our comments orally during the meeting with the President as well.

Phil

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

3088

April 27, 1989

MEMORANDUM FOR LEHMANN LI

FROM: G. PHILIP HUGHES

SUBJECT: EPC Memo re Proposed Export Enhancement Program Sale

The attached EPC memo (Tab A) does not reflect NSC views expressed at the EPC meeting. NSC does not believe there are any foreign policy reasons for approving the request; State concurred with this view. We do not believe subsidized wheat sales give us any leverage with the Soviet Union. Furthermore, the NSC believes a sale would be a bad idea at this time.

Attachment
Tab A EPC Memo

cc: James Cicconi

[redacted]

THE WHITE HOUSE
WASHINGTON
April 27, 1989

MR. PRESIDENT:

Attached is the decision memo which will be discussed at tomorrow's EPC meeting.

[redacted]

It is not intended that you make a decision until after hearing the discussion in that meeting, and you may wish to postpone a decision even beyond that point. Please be advised that the agencies concerned have strongly divided views. NSC has informed me that they are very much opposed to this requested sale, as is the State Department, and their arguments are not reflected in the paper. Thus, you may wish to hear Gen. Scowcroft's views in the meeting and then discuss it further in private before reaching a decision.

James W. Cicconi

cc: The Chief of Staff
General Scowcroft

THE WHITE HOUSE

WASHINGTON

April 27, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL

SUBJECT: Proposed Export Enhancement Program Sale

Issue

Should the U.S. approve a request by the Soviet Union to buy 1.5 million metric tons (MMT) of wheat for delivery in May under the Export Enhancement Program (EEP)?

Background

The EEP was created in 1985 to subsidize U.S. agricultural exports. Its fundamental purpose is to neutralize subsidized competition from foreign suppliers, especially the European Community. Supporters also argue that EEP has enhanced U.S. leverage in the Uruguay Round agricultural negotiations.

The Reagan Administration developed four criteria for reviewing proposed EEP sales. Any sale should:

- Increase sales above what would have taken place (additionality);
- Target against subsidizing suppliers;
- Provide a net economic benefit; and
- Have no net impact on the budget.

Because of changing market conditions, the EPC is now conducting a review of the EEP to determine whether these criteria are still appropriate. Until this review is completed, USDA has put most requests for EEP sales on hold. Exceptions, such as this proposal, will be handled on an ad hoc basis.

The Soviet Union has asked to buy from the U.S. 1.5 MMT of wheat under the EEP for May/June delivery and is prepared to buy another 1.5 MMT of unsubsidized wheat in the open market for July/August delivery.

USDA argues that while the Soviets would prefer U.S. wheat, the Soviets would buy wheat from the EC if given a choice between U.S. wheat at market prices and subsidized EC wheat. USDA notes that France is prepared to sell subsidized wheat to the Soviets if the U.S. does not.

In part because of last summer's drought, U.S. stocks have fallen sharply and prices have risen. USDA estimates that U.S. wheat stocks have decreased from 50 MMT in the fall of 1987 to about 15 MMT today. Over the same period, average market prices for wheat have increased from about $94/MMT to about $140/MMT.

Analysis

U.S. approval of the request by the Soviet Union to buy 1.5 MMT of wheat under the EEP would have the following advantages and disadvantages.

Advantages

- USDA argues that subsidizing the 1.5 MMT of wheat to the Soviet Union would represent some increase in total U.S. wheat exports. (CEA argues that given the tight commodity markets, the U.S. could sell the wheat to other customers if it did not sell wheat to the Soviets.)

- Most EPC members agree that EEP sales enhance U.S. leverage in negotiations with our competitors to reduce agricultural subsidies.

- To the extent that enhancing Soviet dependence on U.S. agricultural imports helps further U.S. foreign policy objectives and subsidizing this particular wheat sale has a favorable psychological impact on the environment for renewing the US-USSR long-term grain agreement, this particular wheat sale would be valuable.

- There is a high level of congressional interest in USDA continuing to make EEP sales. A House agricultural subcommittee held hearings on Thursday, April 27 on alleged OMB interference in the operation of the program.

Disadvantages

- CEA and OPD argue that given the current tight commodity markets and the uncertainty surrounding the upcoming wheat crop, there is a significant probability that:

  - Selling additional wheat to the Soviets could contribute to higher U.S. food prices later this year.

  - If prices rise as expected, the Administration may be criticized for making subsidized sales to the Soviets. As you recall, large Soviet purchases of grain in 1972 became known as the "great grain robbery" when U.S. food prices rose sharply.

- Because USDA has suspended most additional EEP sales until completion of the overall review of EEP, other countries (like the Philippines) may resent the U.S. granting an exception to the Soviets.

- OMB believes the sale may fail to meet at least two of the four required criteria. (However, OMB notes that the budgetary effects are small and notes further that the issue turns on larger judgments about domestic and international politics.)

- Approving the proposed sale may invite criticism from conservatives who oppose subsidization of U.S. exports to the Soviet Union.

Decision

_____ Approve the EEP wheat sale to the Soviet Union.

_____ Disapprove the EEP wheat sale to the Soviet Union.

Nicholas F. Brady
Chairman Pro Tempore
Economic Policy Council

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05g. Memo	Deane Hoffmann to Brent Scowcroft Re: Soviet EEP [Export Enhancement Program] (1 pp.)	4/26/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Date Closed:	7/9/2009	**OA/ID Number:**	91148-003
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

[redacted]

THE WHITE HOUSE
WASHINGTON
April 27, 1989

MR. PRESIDENT:

The attached memo from Carla Hills will also be discussed at tomorrow's EPC meeting.

NSC is comfortable with the memo. However, they feel that during the six month grace period before actual retaliation there should be an opportunity to revisit the issue and review the foreign policy implications of retaliatory moves.

[redacted]

James W. Cicconi

cc: The Chief of Staff
General Scowcroft

[redacted]

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

April 27, 1989

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: CARLA A. HILLS

SUBJECT: JAPAN TELECOMMUNICATIONS - REVIEW UNDER THE OMNIBUS TRADE LAW OF 1988 - DETERMINATIONS

USTR is required under Section 1377 of the Omnibus Trade Act to announce on May 1 its determinations on whether Japan has violated its two telecommunications agreements with the United States -- an agreement negotiated by USTR with Nippon Telephone and Telegraph (the "NTT Agreement") and a series of letter agreements negotiated by the Department of Commerce with the Ministry of Posts and Telecommunications (the "MOSS Agreements") -- or is otherwise denying mutually advantageous market opportunities ("MAMO") to U.S. products or services in the context of the terms of those agreements.

This determination would require that the U.S. retaliate against Japan if Japan does not correct the violations. The nature and extent of that retaliation is subject to interagency review that is underway now. Retaliation need never occur. Japan can avoid it simply by complying with its agreements. The statute permits USTR to retaliate immediately or to delay for up to six months.

USTR and the Department of Commerce led an interagency group that reviewed the agreements over a period of three months. This included extensive consultations with the U.S. telecommunications industry and meetings with Japanese officials.

On the basis of this review, USTR has determined, with the agreement of the EPC agencies, that the following two practices of Japan are in violation of the MOSS Agreements:

(1) The Ministry of Posts and Telecommunications (MPT) operates its third-party radio licensing and approval in a manner that denies U.S. companies market access in the following ways:

o MPT discriminates against U.S. companies in licensing frequencies.

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o MPT discriminates against U.S. companies by applying more burdensome licensing requirements to them than are applied to Japanese companies.

o MPT requires U.S. companies to pre-sign customers before they can obtain MPT approval to build and operate a new system. This requirement does not apply to Japanese companies.

o MPT does not allow full foreign ownership and operation of third-party radio systems.

(2) There is inadequate transparency in MPT's process for allocating radio frequencies. MPT prohibits one cellular radio system, which uses U.S. equipment, from operating in the Tokyo and Nagoya area, despite the recent identification of spectrum which would make "roaming" into that market feasible. The competing Japanese system can "roam" throughout the country.

There are a number of other matters of concern that were considered in connection with the review of the MOSS Agreements. The Department of Commerce believes that some of these matters should also have been designated as violations of the MOSS Agreement. USTR, in conjunction with other agencies, will continue to gather information on these matters and is prepared to consider them in the context of other trade remedies and other opportunities to remedy restrictions on market access (e.g., section 301).

NEXT STEPS

Section 1377 requires that an affirmative determination be treated in the same manner as an affirmative finding of a trade agreement violation under section 301. Accordingly:

(1) USTR will publish immediately in the Federal Register notice of the affirmative determination and notice that the interagency 301 committee will hold hearings the fourth week in May on the various options for retaliation (but not the amount of retaliation that would be selected);

(2) The TPRG over the next month should work to produce a credible estimate of the degree of retaliation that would be appropriate if negotiations with Japan do not produce a satisfactory solution; and

(3) USTR, with the agreement of EPC agencies, will delay implementation of any retaliation for the full 180 days allowed by law so long as the statutory criteria are met that progress is being made in negotiations or delay is desirable to obtain a satisfactory solution to the violations.

THE WHITE HOUSE

WASHINGTON

April 27, 1989

MEETING WITH THE ECONOMIC POLICY COUNCIL

DATE: April 28, 1989
LOCATION: Cabinet Room
TIME: 10:00 am - 11:00 am

FROM: David Q. Bates

I. PURPOSE

To review two issues: (1) whether the U.S. should approve a request by the Soviet Union to buy 1.5 million metric tons of wheat under the Export Enhancement Program; and (2) whether the U.S. should retaliate against Japan for violating telecommunications trade agreements.

II. BACKGROUND

Export Enhancement Program. The Economic Policy Council reviewed this issue on Wednesday. USDA argues that the U.S. should approve this request on farm and trade policy grounds. Some of the other EPC members argue that the U.S. should not approve this request on other economic policy grounds.

Attached is a decision memorandum on this issue from the Economic Policy Council. The purpose of the memorandum is to provide you background for the meeting tomorrow. I recommend that you wait after the meeting before deciding whether to approve the proposed EEP sale.

Japanese telecommunications. By April 30, the USTR must decide whether countries have violated telecommunications trade agreements with the U.S. There have been disagreements among EPC members over whether Japan has violated certain telecommunications trade agreements with the U.S. However, it is possible that the EPC will reach agreement on this issue before the meeting tomorrow.

Even if there is agreement on this issue, the EPC is meeting to brief you since it could well represent one of the first actions the U.S. government takes toward Japan after the Takeshita resignation.

Attached is a briefing memorandum on this issue from Ambassador Hills, who will present this issue at tomorrow's meeting.

III. PARTICIPANTS

Secretary Brady
Secretary Yeutter
Secretary Mosbacher
Secretary Skinner
Secretary Kemp
Director Darman
Ambassador Hills

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE OF EVENTS

Secretary Brady will introduce the meeting.
Secretary Yeutter will present the EEP issue.
Discussion of EEP issue.
Ambassador Hills will present the Japan telecommunications issue.
Discussion of telecommunications issue.

THE WHITE HOUSE

WASHINGTON

April 27, 1989

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: LEHMANN LI

SUBJECT: Economic Policy Council Meeting on April 28

Ambassador Hills has prepared the attached briefing paper on Japan telecommunications for the EPC meeting tomorrow. The attached paper is for your information.

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS
CAP 7/9/09

UNCLASSIFIED WITH
~~CONFIDENTIAL ATTACHMENT~~

~~CONFIDENTIAL~~

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

April 27, 1989

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: CARLA A. HILLS

SUBJECT: JAPAN TELECOMMUNICATIONS - REVIEW UNDER THE OMNIBUS TRADE LAW OF 1988 - DETERMINATIONS

USTR is required under Section 1377 of the Omnibus Trade Act to announce on May 1 its determinations on whether Japan has violated its two telecommunications agreements with the United States -- an agreement negotiated by USTR with Nippon Telephone and Telegraph (the "NTT Agreement") and a series of letter agreements negotiated by the Department of Commerce with the Ministry of Posts and Telecommunications (the "MOSS Agreements") -- or is otherwise denying mutually advantageous market opportunities ("MAMO") to U.S. products or services in the context of the terms of those agreements.

This determination would require that the U.S. retaliate against Japan if Japan does not correct the violations. The nature and extent of that retaliation is subject to interagency review that is underway now. Retaliation need never occur. Japan can avoid it simply by complying with its agreements. The statute permits USTR to retaliate immediately or to delay for up to six months.

USTR and the Department of Commerce led an interagency group that reviewed the agreements over a period of three months. This included extensive consultations with the U.S. telecommunications industry and meetings with Japanese officials.

On the basis of this review, USTR has determined, with the agreement of the EPC agencies, that the following two practices of Japan are in violation of the MOSS Agreements:

(1) The Ministry of Posts and Telecommunications (MPT) operates its third-party radio licensing and approval in a manner that denies U.S. companies market access in the following ways:

o MPT discriminates against U.S. companies in licensing frequencies.

Classified by:
Declassified on: OADR

DECLASSIFIED
PER E.O. 13526
2012-1972-MR
MM 5/20/2015

~~CONFIDENTIAL~~

o MPT discriminates against U.S. companies by applying more burdensome licensing requirements to them than are applied to Japanese companies.

o MPT requires U.S. companies to pre-sign customers before they can obtain MPT approval to build and operate a new system. This requirement does not apply to Japanese companies.

o MPT does not allow full foreign ownership and operation of third-party radio systems.

(2) There is inadequate transparency in MPT's process for allocating radio frequencies. MPT prohibits one cellular radio system, which uses U.S. equipment, from operating in the Tokyo and Nagoya area, despite the recent identification of spectrum which would make "roaming" into that market feasible. The competing Japanese system can "roam" throughout the country.

There are a number of other matters of concern that were considered in connection with the review of the MOSS Agreements. The Department of Commerce believes that some of these matters should also have been designated as violations of the MOSS Agreement. USTR, in conjunction with other agencies, will continue to gather information on these matters and is prepared to consider them in the context of other trade remedies and other opportunities to remedy restrictions on market access (e.g., section 301).

NEXT STEPS

Section 1377 requires that an affirmative determination be treated in the same manner as an affirmative finding of a trade agreement violation under section 301. Accordingly:

(1) USTR will publish immediately in the Federal Register notice of the affirmative determination and notice that the interagency 301 committee will hold hearings the fourth week in May on the various options for retaliation (but not the amount of retaliation that would be selected);

(2) The TPRG over the next month should work to produce a credible estimate of the degree of retaliation that would be appropriate if negotiations with Japan do not produce a satisfactory solution; and

(3) USTR, with the agreement of EPC agencies, will delay implementation of any retaliation for the full 180 days allowed by law so long as the statutory criteria are met that progress is being made in negotiations or delay is desirable to obtain a satisfactory solution to the violations.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CHRON FILE 3426 H25

May 8, 1989

Slightly OBE RD

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL RB

FROM: LINTON BROOKS

SUBJECT: Open Skies

Natl Sec Advisor has seen

I understand from Bob Blackwill that, if Baker concurs, you are disposed to have the President announce an Open Skies initiative at his Friday Texas A&M speech. Bob asked me to outline for you a summary of the minimum actions which should be completed before such a speech. **Although Bob Blackwill is confident that we can get everything done by Friday, I have some reservations, which I believe Arnie Kanter shares, that we can be ready for an announcement this week.** In any event, to make this work we need a tentative Presidential decision by mid-day Tuesday. This memorandum is based on the assumption you have decided to go ahead and sets forth suggestions on how to do it.

Get the senior leadership on board.

We understand Bob Gates is discussing the issue with Secretary Baker. In addition, you should discuss it personally with:

-- Secretary Cheney. Cheney (per his EA) assumes that we are engaged in a several week study effort and has not focused on this as a subject for near term decision.

-- Admiral Crowe. Per his EA, Crowe's endorsement may be based on the assumption that the initiative would apply in the Atlantic to the Urals region only. Bob Herres, however, subsequently told Blackwill that he thought JCS would have no problem with applying the policy to the United States.

-- Judge Webster. The Judge wants to be helpful and probably has no problem, but he needs to be consulted.

-- Director Sessions (FBI)/Admiral Studeman (NSA). Thus far we have not dealt with the counter-intelligence aspects. That can't be done before Friday; it depends on decisions not yet made (e.g. will inspection aircraft be based in the opposite country or simply refueled). But you need to ask if these two see any insurmountable obstacles before the speech.

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Declassify on: OADR

~~CONFIDENTIAL~~

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PER E.O. 12958,
AS AMENDED
2003-0368-F/2
8/12/2009 MM

I recommend you make these calls as soon as possible. The Department of Transportation (FAA) will also be involved, but they can be told after the fact.

Get the Congress on board.

We should call not later than the night before the speech and inform:

-- House and Senate Leadership
-- Chairman and Ranking Minority Members of House and Senate Armed Services, Senate Foreign Relations and House Foreign Affairs, House and Senate Intelligence Committees

An alternative would be to use Thursday's bipartisan leadership meeting to float the idea, if the President has made a tentative decision by then. You still will need to call those Chairmen/Ranking Members not involved.

Get the Allies on board.

This seems to us to be the hardest. State is working on cables but may not realize the time frame. Since we are speaking of overflights of allied territory, we must consult in advance. We suggest you direct State to send a cable from Eagleburger to all NATO posts Tuesday afternoon, directing immediate consultations Wednesday and a reaction back Thursday. To do this you need (a) a tentative decision from the President by COB Tuesday and (b) a willingness to reverse that decision if we run into major allied objections.

In addition, you should ask Eagleburger to personally call the British and Canadian Foreign Ministers. (British because they are likely to have strong views; Canada as a courtesy since they have been pushing the idea.)

You will also need to ensure you are comfortable with the talking points for Secretary Baker to use at NATO. Since he is briefing the allies on Friday, he will have to describe the initiative. We suggest a back channel to Baker with the points he should make as soon as possible.

Finally, you should direct State to prepare cables to all posts (especially the Soviet bloc) outlining the initiative in greater detail than is in the President's speech. (For example, the cables should make clear that we will call for negotiations on this in which others may join, rather than seeking formal NATO endorsement of alliance to alliance discussions.) These cables should go before the speech so posts will be able to react once the speech is given. Necessarily so of the details will have to be left for later, but we should present the maximum detail we can.

Telling the Soviets.

I spoke to Arnie tonight (Monday) in Helsinki. He informs me that if the President is going to make the announcement on Friday, Baker wishes to give the Soviets a heads up, probably in his Thursday meeting with Gorbachev. This increases the need to get a tentative agreement from the President on Tuesday so we can have allied feedback before Baker leaves the Soviet Union.

Getting the public story right.

We understand you will be backgrounding the story with the President's party. In addition, we will need a package of background materials, including a fact sheet and Qs and As for all cabinet agencies and NATO posts so the word from Washington, Texas and our embassies is consistent. NSC staff should work this, but the package needs to be distributed before the speech. It should also be sent out by State to all posts for background.

To get the maximum benefit from this, we'll need to follow up the speech with some additional backgrounding, beyond what you do in Texas, in order to lay out our thought s for the press. Thus we need the greatest possible detail in the background material and a designated Washington spokesman to do additional backgrounding here.

Getting the internal story right.

I understand you do not plan to issue an NSD to document the initiative, but will rely on the speech and the press kit to make certain the bureaucracy knows what we are doing. I think that's a mistake. We are running into problems in Congressional testimony on ICBM modernization and SDI due to lack of any authoritative guidance on what the President decided; this will be far worse. I recommend you reconsider and direct the preparation of a formal record of the President's decision.

RECOMMENDATION

That, assuming you wish to announce the initiative, you proceed as above, giving priority to Cabinet-level and allied consultations.

Approve _____ Disapprove _____

Don Mahley, Phil Zelikow, Judy Mandel and Ginny Lampley concur.

PREVIOUS DRAFT

National Security Council
The White House

#3425

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URGENT NOT PROOFED: _____ SYSTEM RRS NSC INT

BYPASSED WW DESK: _____ DOCLOG JC A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	1	MD	A
Philip Hughes	2	APH	
Bob Gates	3	/	
Brent Scowcroft	4	✓	
Philip Hughes		APNSA Has Seen	
Situation Room			
West Wing Desk	5	GAD C/T	N
NSC Secretariat	6		R

89 MAY 8 P7:30

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____ (Date/Time)

COMMENTS

[redacted]

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

CHRON FILE

9507

1989 MAY 10 PM 6 5

May 10, 1989

THE PRESIDENT HAS SEEN

FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Telephone Call to Prime Minister Brian Mulroney of Canada

DATE: May 10, 1989

PURPOSE: To discuss the President's intent to offer a proposal on 'Open Skies' and invite Canadian support.

SECURE OF OPEN: Open Line Call (Secure, if possible)

INTERPRETER: None Required

PHONE NUMBER: 613 957 55 03 (office)
613 237 29 24 (home)

CONTACT PERSON:

TIME DIFFERENCE: None

SUGGESTED TIMES:

TOPICS OF DISCUSSION: Texas A&M Speech; Open Skies Initiative

Date of Submission:

Action:

Attachment
Tab A Points to be Made

cc: Vice President
Chief of Staff

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Declassify on: OADR

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PER E.O. 12958,
AS AMENDED
2003-0368-F/2
8/12/2009 MM

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POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRIME MINISTER BRIAN MULRONEY

-- When you mentioned the idea of an 'Open Skies' initiative to me last week, I told you we were studying it.

-- We have completed our review and agree with you that this is a good idea.

-- On Friday, in my speech at Texas A&M on the Soviet Union, I plan to announce that I am renewing Ike's earlier proposal for open skies on a broader and more intrusive basis, including -- as you suggested in your May 2 letter -- members of the two alliances.

-- I plan to suggest that those members of the two alliances who wish to join in this regime meet soon to work out the necessary technical details, separately from any existing negotiations.

-- Thank you for your help with this. Your contribution has been enormously constructive, and I think this will be a good step for both our countries, and for the Alliance.

~~SECRET~~

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AS AMENDED
2003-0368-F/2
8/12/2009 MM

CANADA

PRIME MINISTER · PREMIER MINISTRE

OTTAWA, K1A 0A2

May 2, 1989

Dear George,

In recent weeks we have been greatly concerned with ensuring that the forthcoming NATO Summit is successful in demonstrating convincingly to our publics our commitment to peace, arms control and cooperation with the East. When you were here in February we discussed the need to capture the initiative from Gorbachev to ensure our efforts are not lost in the glare of his public diplomacy. The recent problems the Alliance has encountered with SNF modernization, and the growing publicity being given to this dispute, which often is portrayed incorrectly as an argument between those who are for arms control and those who are against it, has only heightened the need for a broad, bold NATO initiative at the Summit. I believe that even if we succeed in resolving the SNF issue the need for such a NATO initiative remains.

Individually many of our nations have taken major steps to enhance cooperation with the Soviet Union. American leadership in this area has been particularly noticeable with such initiatives as regular summits and exchanges of visits by Defence Ministers and Chiefs of Defence Staff. Collectively, as an alliance, we have not appeared to be so forthcoming. This is unfortunate as it undermines crucial public support for NATO.

We, in Canada, have been intrigued to learn through our regular process of consultation, that serious thought has been given within your Administration to putting forward a new "Open Skies" initiative. I believe a NATO Summit announcement calling on the East to begin discussions with NATO on an "Open Skies" agreement would be a most appropriate major gesture. "Open Skies" has always been seen as symbolizing both the West's values and our commitment to easing tensions. Properly presented, "Open Skies" would capture the public's imagination. I, therefore, would urge you to give serious consideration to pursuing such an initiative for the NATO Summit.

The President of the United States of America
The White House
Washington, D.C.

In addition to its public relations value, "Open Skies" would contribute substantively to increasing confidence. It would also provide a major part of the requirement for the verification of any future agreements on Conventional Forces and Confidence- and Security-Building Measures in Europe. It could also be helpful in the verification of a START agreement. While the information gained from "Open Skies" would be more significant for the Allies who do not have the satellite-monitoring capability you have, I believe the implementation of "Open Skies" could also add to your ability to monitor activities in the Warsaw Pact. Indeed, the substantive significance of the initiative is what would give "Open Skies" its value as a means of publicly demonstrating our support for arms control.

Finally, I would note that there is a very real possibility that President Gorbachev might himself put forward such an initiative. If he were to do so it would be politically difficult to say no and the West would get no credit for agreeing. It would be seen as further evidence of the East taking the initiative.

Canada would be pleased to support you in whatever way you consider appropriate in promoting this idea or any other you may wish to put forward to our Allies in advance of the Summit and in elaborating a proposal. I look forward to discussing the idea with you on Thursday.

Yours sincerely,

~~SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~SECRET~~ 3507

May 10, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL/LINTON BROOKS

FROM: PHILIP ZELIKOW

SUBJECT: Recommended Telephone Call to Prime Minister Mulroney on Open Skies

Embassies will be instructed to inform allied governments tomorrow, Thursday, of the President's plan to announce the Open Skies initiative on Friday. We believe, however, that the President should personally inform Prime Minister Mulroney of his plans in light of the Canadian government's intense interest in this particular initiative. Prime Minister Mulroney sent a letter to the President urging him to consider the idea (attached at Tab B); and the Prime Minister raised the issue with the President during their meeting last week. Ottawa also has a special interest in Open Skies because they share jointly in the control of North American airspace under NORAD.

Our proposed talking points (at Tab A) suggest that the President tell the Prime Minister of his decision and note the significance of the Canadian contribution. The Prime Minister would then be in a position, immediately after the speech, to welcome the US proposal. Such an arrangement could helpfully display prompt allied support for the President's initiative.

The President may wish to make this call today in order to be sure that the Prime Minister receives word of his intentions before it is passed to other Allies early tomorrow morning.

Don Mahley concurs.

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Approve ✓ Disapprove _____

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AS AMENDED
2003-0368-F/2
8/12/2009 MM

~~SECRET~~

Attachments

Tab I Memorandum to the President
Tab A Points to be Made
Tab B May 2 Letter from Prime Minister Mulroney to the President

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SECRET

THE WHITE HOUSE

WASHINGTON

May 10, 1989

MEMORANDUM FOR THE RECORD

FROM: BRENT SCOWCROFT

I called Stanley Hart, the Prime Minister's Chief of Staff, to alert him of the President's intention to call and also so that the Canadians would learn of our decision before the other NATO members receive notification.

~~CONFIDENTIAL~~

4298

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 5, 1989

CHRON FILE

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: BARRY F. LOWENKRON

SUBJECT: Letter from Canadian Prime Minister Brian Mulroney to the President

Attached at Tab I is the original of a letter from Canadian Prime Minister Mulroney to the President. An advance copy had been forwarded to General Scowcroft.

Robert Blackwill concurs.

RECOMMENDATION

That you retain the letter for record purposes.

Approve ✓ Disapprove _____

Attachment

Tab I Mulroney Letter to the President

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By CAP NARA, Date 7/9/09

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Declassify on: OADR

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Letter	Prime Minister Mulroney to President Bush (3 pp.)	5/23/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Date Closed:	7/9/2009	**OA/ID Number:**	91148-003
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

PRM. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

National Security Council
The White House

PROOFED BY: _____ LOG # 4298

URGENT NOT PROOFED: ✓ SYSTEM (PRS) NSC INT

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	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	1	MD	A
Philip Hughes	3	APH	A
Bob Gates			
Brent Scowcroft			
Philip Hughes			
Situation Room			
West Wing Desk	4	6/13	N
NSC Secretariat	5		NIR
Sittenfeld	2	W	

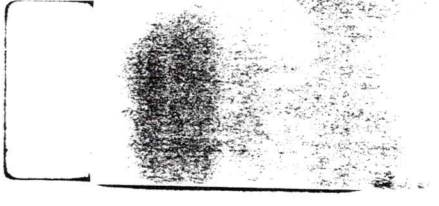
89 JUN 6 P4:37

(A = Action) I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other _____

Should be seen by: _____ (Date/Time)

COMMENTS



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CHRON FILE

THE WHITE HOUSE

~~CONFIDENTIAL~~ WASHINGTON

THE PRESIDENT HAS SEEN 4274

June 5, 1989

3/4

MEETING WITH WEST GERMAN PRESIDENT RICHARD VON WEIZSAECKER

DATE: June 6, 1989
LOCATION: Oval Office
TIME: 3:40 p.m. - 4:00 p.m.

FROM: BRENT SCOWCROFT

I. PURPOSE

To build on the positive results of the NATO Summit and the much improved climate in U.S.-West German relations.

II. BACKGROUND

President von Weizsaecker is concluding a one-week unofficial visit in the U.S. He left Bonn just after your visit to attend a May 31 gala concert at the Kennedy Center commemorating the 40th anniversary of the West German constitution. He delivered a moving tribute to U.S.-West German friendship in his opening remarks, as did Henry Kissinger, the keynote speaker for the event, and West German Ambassador Ruhfus. Chief Justice Rehnquist was the guest of honor on the American side. The Berlin Opera symphony orchestra, along with the University of Maryland Chorus, performed Beethoven's 9th.

On June 4, President von Weizsaecker was presented with the annual Appeal of Conscience Award at a ceremony in New York. You sent a message to the Appeal of Conscience Foundation paying tribute to its work in defense of human rights and democratic values and congratulating President von Weizsaecker for being honored with the award.

Your meeting with President von Weizsaecker is an opportunity to build on the positive results of the NATO Summit and your trip to the Federal Republic. President von Weizsaecker, a man known for meaning what he says, has commented very favorably on the Summit, your CFE initiative, and your speech in Mainz. There is a palpable sense of relief among responsible West Germans that our relationship is back on track. President von Weizsaecker will certainly want to give you his personal impressions on the impact of the Summit and of your visit.

cc: Vice President
Chief of Staff

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AS AMENDED
2008-0699-MR
5/20/2010 MM

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President von Weizsaecker may also want to know further details of your CFE initiative and the additional proposals in your Mainz speech. As former Governing Mayor of Berlin, he will be particularly interested in your reaffirmation of the 1987 Allied initiative on Berlin and may want to know whether the U.S. is prepared to go further. Rather than suggest follow-on proposals, you should put the onus on Moscow to respond to the Allied initiative. You should also know that the West Germans are moving ahead with a proposed expansion of inner-German air service, despite our desire to defer that move until Moscow accepts our proposal for an expansion of North-South air service to and from Berlin.

The other two proposals in your Mainz speech -- expanding the Helsinki process to encourage free elections in Eastern Europe and coordinating Western assistance for East European environmental problems -- offer an ideal opportunity for emphasizing the need for closer U.S.-West German cooperation on key East-West issues. As you know, President von Weizsaecker takes an active interest in Eastern Europe and supports a stronger West German role in the region. He may reiterate his concern that Western approaches not be provocative or destabilizing. You can reassure him that your initiatives were undertaken with those concerns in mind. Anticipating your visit to Poland and Hungary in July, you might also encourage further talks to coordinate our economic and political approaches to Eastern Europe.

President von Weizsaecker is likely to ask for a readout of your meeting with Prime Minister Thatcher. He gave you an earful about German misapprehensions over Mrs. Thatcher during your meeting in Bonn and may return to the subject. The focus, however, is likely to be more on Mrs. Thatcher's views on the NATO Summit and the CFE initiative than on EC integration.

III. PARTICIPANTS

A list of participants is at Tab C.

IV. PRESS PLAN

Open photo, writing pool.

V. SEQUENCE

Photo opportunity and meeting in Oval Office.

Attachments
Tab A Points to be made
Tab B Biography
Tab C Participants List

~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~ Card 1 of 4

POINTS TO BE MADE FOR MEETING WITH
WEST GERMAN PRESIDENT RICHARD VON WEIZSAECKER

-- I AM DELIGHTED TO BE ABLE TO RETURN YOUR HOSPITALITY DURING MY VISIT IN BONN. IT WAS A SUPERB VISIT, AND I RETURNED MORE CONFIDENT THAN EVER THAT RELATIONS BETWEEN OUR TWO COUNTRIES ARE STRONG AND SECURE.

-- I UNDERSTAND THAT THE BERLIN OPERA'S PERFORMANCE OF BEETHOVEN'S 9TH WAS OUTSTANDING, AND THAT YOUR OPENING REMARKS, AND THOSE OF AMBASSADOR RUHFUS AND DR. KISSINGER, WERE MOVING TRIBUTES TO U.S.-GERMAN FRIENDSHIP. I WISH I COULD HAVE BEEN THERE WITH YOU.

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Declassify on: OADR

~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~ Card 2 of 4

-- LET ME CONGRATULATE YOU ONCE AGAIN FOR YOUR RECEIPT OF THE APPEAL OF CONSCIENCE AWARD. THE APPEAL OF CONSCIENCE FOUNDATION HAS PLAYED A VITAL ROLE IN DEFENSE OF HUMAN RIGHTS AND FREEDOM, AND I JOIN THE FOUNDATION IN COMMENDING YOU FOR YOUR LEADERSHIP IN SUPPORT OF DEMOCRATIC VALUES.

-- I WOULD WELCOME YOUR IMPRESSIONS OF THE NATO SUMMIT AND MY VISIT TO THE FEDERAL REPUBLIC.

-- FROM MY PERSPECTIVE, THE SUMMIT WAS HIGHLY SUCCESSFUL. IT DEMONSTRATED NATO'S STRENGTH AND UNITY ON ITS 40TH ANNIVERSARY.
  - o OUR CONVENTIONAL ARMS CONTROL INITIATIVE SHOULD ACCELERATE THE CHANCES FOR AN AGREEMENT IN VIENNA.

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AS AMENDED
2008-0700-MR
3/2/2010 MM

- o I RECOGNIZE THAT OUR GOAL AT CFE IS AMBITIOUS, SO WE MUST PUSH HARD TO GET AN AGREEMENT ON THE ENTIRE PACKAGE WITHIN SIX MONTHS TO A YEAR.
- o I WAS PLEASED TO SEE SUCH A BROAD CONSENSUS ON ALLIANCE STRATEGY FOR DEALING WITH THE SOVIET UNION AND EASTERN EUROPE OVER THE LONGER TERM.

-- I WAS PARTICULARLY GRATIFIED WITH THE RECEPTION I RECEIVED IN THE FEDERAL REPUBLIC. WE HAVE PUT OUR BILATERAL RELATIONSHIP BACK ON A FIRM FOOTING AFTER A DIFFICULT PERIOD.

-- WE WILL BE CALLING ON MOSCOW TO RESPOND CONSTRUCTIVELY TO THE 1987 ALLIED INITIATIVE ON BERLIN. MEANWHILE, IT WILL BE IMPORTANT TO TAKE A COMMON APPROACH TO THE AVIATION PROPOSAL AND OTHER ASPECTS OF THE INITIATIVE.

-- AS I BEGIN TO PREPARE FOR MY VISITS TO POLAND AND HUNGARY, I WOULD WELCOME YOUR THOUGHTS ON WHAT APPROACHES TO CONSIDER.

- o WE WANT TO ENCOURAGE FURTHER MOVEMENT TOWARD LIBERALIZATION, BUT WE KNOW THESE COUNTRIES HAVE ENORMOUS ECONOMIC PROBLEMS THAT CANNOT BE RESOLVED WITHOUT DIFFICULT INTERNAL REFORMS.
- o IT WILL BE IMPORTANT TO EXPAND OUR DIALOGUE ON EASTERN EUROPE AS THE REGION MOVES INTO UNCHARTED TERRITORY.

~~CONFIDENTIAL~~

POINTS TO BE MADE FOR MEETING WITH

WEST GERMAN PRESIDENT RICHARD VON WEIZSAECKER

-- I am delighted to be able to return your hospitality during my visit in Bonn. It was a superb visit, and I returned more confident than ever that relations between our two countries are strong and secure.

-- I understand that the Berlin Opera's performance of Beethoven's 9th was outstanding, and that your opening remarks, and those of Ambassador Ruhfus and Dr. Kissinger, were moving tributes to U.S.-German friendship. I wish I could have been there with you.

-- Let me congratulate you once again for your receipt of the Appeal of Conscience Award. The Appeal of Conscience Foundation has played a vital role in defense of human rights and freedom, and I join the Foundation in commending you for your leadership in support of democratic values.

-- I would welcome your impressions of the NATO Summit and my visit to the Federal Republic.

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2008-0700-MR
3/2/2010 MM

-- From my perspective, the Summit was highly successful. It demonstrated NATO's strength and unity on its 40th anniversary.

  - o Our conventional arms control initiative should accelerate the chances for an agreement in Vienna.

  - o I recognize that our goal at CFE is ambitious, so we must push hard to get an agreement on the entire package within six months to a year.

  - o I was pleased to see such a broad consensus on Alliance strategy for dealing with the Soviet Union and Eastern Europe over the longer term.

-- I was particularly gratified with the reception I received in the Federal Republic. We have put our bilateral relationship back on a firm footing after a difficult period.

-- We will be calling on Moscow to respond constructively to the 1987 Allied initiative on Berlin. Meanwhile, it will be important to take a common approach to the aviation proposal and other aspects of the initiative.

-- As I begin to prepare for my visits to Poland and Hungary, I would welcome your thoughts on what approaches to consider.

- o We want to encourage further movement toward liberalization, but we know these countries have enormous economic problems that cannot be resolved without difficult internal reforms.

- o It will be important to expand our dialogue on Eastern Europe as the region moves into uncharted territory.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09d. Report	Re: Biography (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Chronological Files
Subseries:
WHORM Cat.:
File Location: Other (April 1989) [2]

Date Closed:	7/9/2009	**OA/ID Number:**	91148-003
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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PARTICIPANTS

U.S.

The President
The Vice President
Secretary Baker
Governor Sununu
General Brent Scowcroft
Robert B. Gates
Robert D. Blackwill, NSC
Ambassador Vernon Walters
William Bodde, Jr., Department of State

F.R.G.

President von Weizsaecker
Ambassador Juergen Ruhfus
Klaus Blech

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~ 4274

June 2, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ADRIAN A. BASORA (Acting) AAB

FROM: ROBERT L. HUTCHINGS RLH

SUBJECT: The President's Meeting with West German President Richard von Weizsaecker, Tuesday, June 6, 1989, 3:40-4:00 p.m.

At Tab I is the President's briefing package for his meeting with West German President Richard von Weizsaecker.

The meeting is largely a courtesy call, arranged in conjunction with President von Weizsaecker's long scheduled unofficial visit here to host a Kennedy Center gala concert commemorating the 40th anniversary of the Basic Law of the Federal Republic and to receive the annual Appeal of Conscience Award. Nonetheless, the meeting affords the President an opportunity to build on the positive results of the NATO Summit and his visit to the Federal Republic.

Concurrence by: John Gordon in draft

RECOMMENDATION

That you sign the memorandum for the President at Tab I.

Approve ✓ Disapprove _____

Attachments
Tab I Memorandum for the President
Tab A Points to be Made
Tab B Biography
Tab C Participants List

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2008-0700-MR
3/2/2010 MM

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CHRON FILE

4012

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

June 6, 1989

P/ save nice CB

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Impact of Kennebunkport

President Mitterrand was clearly very pleased and impressed. French media coverage was both extensive and extremely positive. In sum, the Kennebunkport visit was a total success both in terms of personal relationships, substantively, and in public impact.

Elysee foreign affairs adviser Musitelli (who accompanied Mitterrand and speaks authoritatively for him) took the unusual initiative of contacting U.S. Embassy officer in Paris to extoll the visit. He called it "extraordinarily rich and fruitful" and underscored Mitterrand's impression that the Bush Administration was really hearing what France had to say. The French President and his entourage were also impressed by the substance of your policies, and particularly by your reaffirmation of the need for nuclear deterrence at a time when much of public opinion and some European governments see the Soviet threat as radically diminished. Musitelli also spoke of a new French-U.S. convergence of views on East/West, NATO, trade and other issues. The Foreign Ministry also separately called in a senior Embassy officer to express French pleasure and gratitude, and to say that "the results of Kennebunkport will be long-lasting."

In the press and other media, the coverage was abundant and, in many cases, euphoric. Some papers went so far as to speak of a spectacular rapprochement and even of Bush-Mitterrand replacing the Reagan-Thatcher duo. The articles and visual coverage stressed the close personal rapport between you and President Mitterrand, as well as your closeness of views on SNF, East/West relations, and other issues. Some spoke of a new U.S. policy towards Europe and said that you understand Europe and welcome its emergence as a partner in world leadership. The French press was clearly struck by what it saw at Kennebunkport. It is clear that they were also very positively backgrounded. For example, Elysee spokesman Vedrine was paraphrased as saying that this was the best meeting Mitterrand had ever had with a U.S. President.

cc: Vice President
Chief of Staff

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12/29/2014 MM

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 24, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT D. BLACKWILL RDB

FROM: ADRIAN A. BASORA AAB

SUBJECT: Kennebunkport Success Story

Attached for your signature is a memo to the President informing him of the very positive results of his hospitality to Mitterrand at Kennebunkport. His already good rapport with Mitterrand was strongly enhanced, and the meeting served to gain the French President's respect for the Bush Administration's substantive positions. In media terms, the visit was a smashing success in France, which should have positive repercussions elsewhere in Europe and cannot hurt here, where the coverage was already excellent.

RECOMMENDATION

That you sign the attached memo to the President.

Attachment

Tab I Memo to the President

~~SECRET~~
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2012-1586-MR
12/1/2014 MM