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Approved for Release by CIA
Date 11/13/2013

NATIONAL SECURITY COUNCIL
POLICY DECISIONS BY SUBJECT

FMS

PRC MEETING ON MIDDLE EAST - AID & ANTI-BOYCOTT ISSUES
04 FEB 77 DAVIS PRC002

POLICY DECISION:

IT WAS THE CONSENSUS OF THE GROUP THAT, ON STRICTLY MILITARY AND ASSISTANCE GROUNDS, OPTION 1 -- NO INCREASE OVER THE FORD BUDGET OF \$ 1.5 BILLION ASSISTANCE TO ISRAEL -- WOULD BE JUSTIFIED. HOWEVER, OUT OF A DESIRE TO ACHIEVE A FAVORABLE POLITICAL ATMOSPHERE FOR SECRETARY VANCE'S TRIP TO THE MIDDLE EAST, WE PROPOSE TO EXPLAIN TO AMBASSADOR DINITZ THAT, WHILE WE BELIEVE THAT \$ 1.5 BILLION (\$ 1 BILLION FMS, \$ 500 MILLION SSA) IS ADEQUATE, WE WILL ASK FOR AN INCREASE OF \$ 285 MILLION IN FMS IN THE FY 78 BUDGET TO BRING THE TOTAL UP TO FY 77 LEVEL. ONE BILLION WOULD THEREFORE BE FMS AND \$ 785 MILLION SSA. AMBASSADOR DINITZ WILL BE TOLD THAT WE WILL EXPECT ISRAELI SUPPORT FOR THIS POSITION AND WILL BE MADE TO UNDERSTAND THAT THE LACK OF SUCH SUPPORT COULD LEAD TO A FALLBACK TO THE \$ 1.5 BILLION FIGURE RATHER THAN ANY INCREASE OVER \$ 1.785 BILLION. IT WAS AGREED THAT WE SHOULD TRY TO CONCLUDE OUR CONSULTATIONS WITH THE ISRAELIS ON AID LEVELS PRIOR TO SECRETARY VANCE'S TRIP AND THAT OMB SHOULD ATTEMPT TO DELAY THE BUDGET SUBMISSION FROM FEBRUARY 18 TO FEBRUARY 21.

- ON ANTI-BOYCOTT LEGISLATION, IT WAS AGREED THAT THE COMMERCE AND TREASURY DEPARTMENTS WOULD CONSULT WITH KEY MEMBERS OF CONGRESS TO SEE IF SOME ADJUSTMENTS TO THE IMPLEMENTING REGULATIONS FOR BOTH THE TAX REFORM AND THE EXPORT CONTROL ACTS MIGHT BE SUFFICIENT TO MEET CONGRESSIONAL CONCERNS AND THEREBY AVOID NEW ANTI-BOYCOTT LEGISLATION.

- IF THESE CONSULTATIONS INDICATED A FIRM CONGRESSIONAL INTENT TO PROCEED WITH NEW LEGISLATION, IT WAS AGREED THAT WE SHOULD SEEK SOME CHANGES IN THE "COMPROMISE BILL" TO MODIFY ITS MORE TROUBLESOME ASPECTS. AT THE SAME TIME, WE SHOULD EXPLORE WITH THE ARABS POSSIBLE CHANGES OF THEIR BOYCOTT ENFORCEMENT PRACTICES TO EASE THE BURDEN ON AMERICAN FIRMS. SECRETARY VANCE MIGHT RAISE THIS DURING HIS TRIP TO SAUDI ARABIA.

ON THE ISSUE OF PEACE NEGOTIATIONS, THERE WAS CONSENSUS ON THE URGENCY OF AN AMERICAN INITIATIVE. IT WAS AGREED THAT SECRETARY VANCE TRIP SHOULD INCLUDE DISCUSSIONS OF SUBSTANCE AS WELL AS PROCEDURE, WITH THE FOLLOWING GENERAL OBJECTIVES:

- TO SEEK TO REACH AGREEMENT ON BROAD PRINCIPLES OF A SETTLEMENT FIRST, FOLLOWED BY A STAGED PROCESS OF IMPLEMENTATION OF SPECIFIC AGREEMENTS.
- TO OBTAIN A MORE EXPLICIT ARAB DEFINITION OF "PEACE".
- TO SEPARATE THE QUESTION OF SECURE DEFENSE LINES FROM THAT OF FINAL RECOGNIZED BORDERS.

IT WAS SUGGESTED AND GENERALLY AGREED THAT SOME FORM OF PRE-GENEVA ROUND OF DISCUSSIONS WOULD BE DESIRABLE TO CLARIFY THE LONG-TERM

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PRC002 (CONT)

OBJECTIVES OF THE PARTIES AND TO GET FROM THEM MORE PRECISIONS AS TO THEIR POSITIONS.
IT WAS ALSO AGREED THAT THE SOVIETS SHOULD BE KEPT INFORMED OF THE PROGRESS OF OUR CONVERSATIONS WITH THE PARTIES, BUT SHOULD NOT BE INVOLVED IN THE SUBSTANCE OF NEGOTIATIONS AT THIS STAGE.

CHANGES IN MIDDLE EAST ARMS TRANSFER PANEL PROCEDURES
28 FEB 77 QUANDT DR770030

DEAR WARREN:

YOUR LETTER OF FEBRUARY 16 SUGGESTS THE ESTABLISHMENT OF AN INTERAGENCY GROUP TO DEAL MORE SYSTEMATICALLY WITH THE TECHNICAL, MILITARY AND LEGAL ISSUES INVOLVED IN TRANSFERS OF EQUIPMENT AND TECHNOLOGY TO ISRAEL. I BELIEVE IT WOULD BE USEFUL, PENDING THE OUTCOME OF PRM/NSC-12, AND PARTICULARLY IN VIEW OF THE FORTHCOMING VISIT OF PRIME MINISTER RABIN, TO ESTABLISH A WORKING GROUP AT THE LEVEL OF THE DIRECTOR OF THE BUREAU OF POLITICO-MILITARY AFFAIRS TO ENSURE A COORDINATED ADMINISTRATION POSITION AND TO PROVIDE POLICY GUIDANCE AND DIRECTION TO THE MIDDLE EAST ARMS TRANSFER PANEL. IN THAT REGARD, I THINK THAT THE CHAIRMAN OF THE MIDDLE EAST ARMS TRANSFER PANEL SHOULD BE REPRESENTED ON THE WORKING GROUP. I HAVE ASKED WILLIAM QUANDT AND JESSICA TUCHMAN OF THE NATIONAL SECURITY COUNCIL STAFF TO REPRESENT ME IN THE WORK OF THIS GROUP.

IN MY VIEW, A WORKING GROUP SUCH AS YOU HAVE SUGGESTED WOULD BE OF PARTICULAR VALUE IN COORDINATING THE WORK OF THE VARIOUS AGENCIES INVOLVED IN RESPONDING TO ISRAELI REQUESTS AND TO IDENTIFY POLICY ISSUES WHICH NEED TO BE RAISED WITH HIGHER AUTHORITY, INCLUDING THE PRESIDENT. I BELIEVE IT WOULD BE PREMATURE TO ESTABLISH THIS WORKING GROUP ON MORE THAN A TEMPORARY BASIS PENDING THE OUTCOME OF PRM/NSC-12, WHICH HAS THE RESPONSIBILITY OF DEVELOPING MECHANISMS AND PROCEDURES FOR DEALING WITH ARMS TRANSFER MATTERS. HOWEVER, THE WORK OF THIS GROUP COULD PROVIDE A USEFUL INPUT INTO THE PRM PROCESS.

**SGD ZBIGNIEW BRZEZINSKI

FINAL DISPOSITION:

WORKING GROUP ESTABLISHED AT LEVEL OF DIRECTOR OF BUREAU OF POLITICO-MILITARY AFFAIRS TO COORDINATE ADMINISTRATION POSITION & DIRECT MIDDLE EAST ARMS TRANSFER PANEL CREATED BY NSDM 315. QUANDT & TUCHMAN TO REPRESENT THE NSC.

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FUEL AIR EXPLOSIVES

NSC review completed - may be
declassified in full

31 MAR 77

SICK

DR770062

I HAVE REVIEWED THE ASSESSMENT OF FUEL AIR EXPLOSIVE WEAPONS PROVIDED IN YOUR MEMORANDUM OF MARCH 9, 1977. YOUR COMMENTS WOULD BE APPRECIATED ON THE FOLLOWING DRAFT GUIDANCE FOR CONSIDERATION BY THE PRESIDENT:

1. NO FOREIGN SALE OF CBU-72 TO ANY NATION.
2. NO FURTHER PRODUCTION OF CBU-72.

I WOULD APPRECIATE HAVING YOUR VIEWS ON THIS MATTER BY APRIL 8, 1977.

**SGD ZBIGNIEW BRZEZINSKI

FINAL DISPOSITION:

DOD ASKED TO PROVIDE RECOMMENDATIONS ON 1/ NO FOREIGN SALE OF CBU-72 FAE'S & 2/ NO FURTHER PRODUCTION OF CBU-72 FAE'S. DOD RECOMMENDATIONS RECD 11 APRIL & REVIEWED BY THE PRESIDENT. PRESIDENTIAL DECISIONS ISSUED IN 1977 DIRECTIVE 82. NO FURTHER ACTION REQUIRED.

PRC MEETING ON MIDDLE EAST - U.S. APPROACH TO CONFLICT

19 APR 77

QUANDT

PRC013

POLICY DECISION:

ON APRIL 19 1977, THE PRC MET TO REVIEW MIDDLE EASTERN ISSUES. IT REACHED THE FOLLOWING CONCLUSIONS: (C)

1. GENEVA.

IT WAS AGREED THAT THE RECONVENING OF THE GENEVA CONFERENCE THIS YEAR REMAINS A HIGH-PRIORITY GOAL. AT A MINIMUM, THIS IS NEEDED TO PREVENT A POLITICAL DETERIORATION ON THE ARAB SIDE. WE SHOULD PLAN TO GO TO GENEVA WITH AS MUCH PRIOR AGREEMENT ON GENERAL PRINCIPLES AS POSSIBLE. THIS SHOULD BE THE FOCUS OF OUR DIPLOMATIC EFFORT BETWEEN JUNE AND SEPTEMBER. IT IS UNCLEAR WHETHER WE CAN REACH AGREEMENT ON PRINCIPLES PRIMARILY BY TALKING TO THE PARTIES, OR WHETHER WE SHOULD GO PUBLIC AT SOME POINT WITH OUR OWN VIEWS.

2. BORDER AND PALESTINIAN ISSUES.

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PRC013 (CONT)

IT WAS GENERALLY AGREED THAT THE MOST DIFFICULT SUBSTANTIVE ISSUES WOULD BE BORDERS AND THE PALESTINIANS. CIA, WORKING WITH INR, WILL PREPARE A STUDY ON HOW TO MAKE POLITICALLY ACCEPTABLE BORDER, E.G., CLOSE TO THE 1967 LINES — AS MILITIRALLY SECURE AS POSSIBLE. THE NSC STAFF WILL PREPARE A PAPER ON THE UTILITY OF THE IDEA OF A REFERENDUM TO HELP SETTLE THE PALESTINIAN QUESTION.

IT WAS AGREED THAT DURING KING HUSSEIN'S VISIT WE SHOULD NOT SPECIFICALLY ENDORSE A JORDANIAN FORMULA FOR DEALING WITH THE PALESTINIAN ISSUE. INSTEAD, WE SHOULD KEEP OUR OPTIONS OPEN, INCLUDING THE POSSIBILITY AFTER JUNE OF DIRECT CONTACTS WITH THE PLO. WE STILL NEED TO CONSIDER WHAT WE WOULD SAY IN SUCH TALKS AND WHAT PRICE WE COULD EXTRACT IN RETURN.

3. SOVIET ROLE.

THE SOVIET ROLE WAS DISCUSSED AT LENGTH. WE SHOULD ASK THE SOVIETS FOR THREE THINGS: (1) TO RESTORE DIPLOMATIC RELATIONS WITH ISRAEL; (2) TO MODERATE THE REJECTIONIST STANCE OF IRAQ & LIBYA (3) TO GET THE PLO TO ENDORSE UN RESOLUTION 242, PERHAPS WITH A RESERVATION ON THE PALESTINIAN ISSUE WE WOULD NOT, HOWEVER, WANT THE PLO TO CONCLUDE THAT WE SAW THE SOVIETS AS OUR CHANNEL TO THEM.

4. EFFECT OF RABIN RESIGNATION.

THE RABIN RESIGNATION WAS NOT SEEN AS SIGNIFICANTLY DELAYING THE NEGOTIATIONS, BUT IT WAS FELT THAT THE NEW ISRAELI PRIME MINISTER SHOULD BE INVITED TO WASHINGTON AS SOON AS POSSIBLE AFTER THE FORMATION OF HIS GOVERNMENT. THIS WOULD PRESUMABLY BE MID OR LATE JUNE SECRETARY VANCE WOULD PLAN TO VISIT THE AREA SHORTLY THEREAFTER.

5. ARMS SALES.

ON ARMS SALES, IT WAS FELT THAT WE SHOULD NOT MAKE ANY NEW MAJOR COMMITMENTS FOR THE MOMENT AND THAT THE EXAGGERATED EGYPTIAN REQUEST FOR ARMS FOR ITS "AFRICA CORPS" SHOULD BE TREATED WITH GREAT RESTRAINT

THE ABOVE SUMMARY OF THE CONCLUSIONS REACHED AT THE APRIL 19 PRC MEETING WERE APPROVED BY THE PRESIDENT.

ARMS TRANSFERS

22 APR 77

MATHEWS

DR770094

I TRANSMIT HERewith PRESIDENTIAL DECISIONS REGARDING ARMS TRANSFERS. PLEASE NOTE TWO PRESIDENTIAL INQUIRIES, TO WHICH RESPONSES SHOULD BE FORTHCOMING.
**SGD ZBIGNIEW BRZEZINSKI

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DR770094 (CONT)

FINAL DISPOSITION:

PRESIDENTIAL DECISIONS MADE ON ARMS TRANSFERS TO VARIOUS COUNTRIES. SEE THE DIRECTIVE BOOK OF EXACT DECISIONS. STATE & DOD TO PROVIDE ANSWER TO QUESTIONS ON C-130'S FOR ZAIRE & AWAC'S FOR IRAN. JOINT DOD/STATE RESPONSE RECD 27 APRIL NOTED BY BRZEZINSKI.

SALE OF HAWK MISSILES TO REPUBLIC OF CHINA
10 MAY 77 OKSENBERG DR770135

THE PRESIDENT HAS DECIDED TO RESCIND HIS PREVIOUS DEFERRAL AND APPROVE THE SALE OF 72 IMPROVED HAWK MISSILES TO THE REPUBLIC OF CHINA AT A PURCHASE OF ROUGHLY \$8 MILLION.

**SGD ZBIGNIEW BRZEZINSKI

FINAL DISPOSITION:

PRESIDENT RESCINDED EARLIER DEFERRAL & APPROVED SALE OF HAWK MISSILES TO ROC.

FISCAL YEAR 1977 FOREIGN MILITARY SALES
27 MAY 77 MATHEWS DR770140

BECAUSE OF THE PRESIDENT'S INTEREST IN MONITORING THE LEVEL OF FOREIGN MILITARY SALES, THE DEPARTMENT OF STATE, IN COORDINATION WITH THE DEPARTMENT OF DEFENSE, SHOULD PROVIDE THE FOLLOWING FOREIGN MILITARY SALES DOLLAR AMOUNTS FOR THE PERIODS OCTOBER 1, 1976, TO JANUARY 19, 1977, AND JANUARY 20, 1977 TO SEPTEMBER 30, 1977, RESPECTIVELY (IN CURRENT DOLLARS):

1. FOREIGN MILITARY SALES AGREEMENTS SIGNED;
2. LETTERS OF OFFER AND ACCEPTANCE ACCEPTANCE EXTENDED, BUT NOT SIGNED;
3. LETTERS OF OFFER AND ACCEPTANCE PENDING (SALES FINALLY APPROVED, BUT LOA NOT EXTENDED);
4. LETTERS OF OFFER AND ACCEPTANCE PROJECTED, BUT NOT CURRENTLY PENDING.

ALSO, ON THE BASIS OF THESE FIGURES, PLEASE PROVIDE A TOTAA DOLLAR ESTIMATE OF FOREIGN MILITARY SALES AGREEMENTS WHICH WILL BE SIGNED IN FISCAL YEAR 1977; I.E., THE FIGURE WHICH WILL BE REPORTED IN NEXT YEAR'S CONGRESSIONAL PRESENTATION DOCUMENT.

A REPLY IS REQUESTED BY JUNE 10, 1977.

**SGD ZBIGNIEW BRZEZINSKI

FINAL DISPOSITION:

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DR770140 (CONT)

STATE IN COORDINATION W/ DOD, TO PROVIDE REPORT ON TOTAL DOLLARE ESTIMATE OF FY 1977 FMS AGREEMENTS. STATE RESPONSE RECD 13 JUNE, NOTED BY NSC. COMPLETED. NO FURTHER ACTION NECESSARY.

PRC MEETING ON MIDDLE EAST
10 JUN 77 QUANDT

PRC017

POLICY DECISION:

THR PRC MET ON JUNE 10 1977 TO REVIEW MIDDLE EAST ISSUES. IT REACHED THE FOLLOWING CONCLUSIONS:

1. BEGIN VISIT.

MR. BEGIN SHOULD BE INVITED TO WASHINGTON AS SOON AS POSSIBLE AFTER HIS DESIGNATION AS PRIME MINISTER. THIS WOULD PROBABLY MEAN EARLY JULY DURING THAT VISIT WE SHOULD EMPHASIZE THE IMPORTANCE OF MOVING TOWARD GENEVA THIS YEAR, THE NEED FOR FLEXIBILITY, OUR OPPOSITION TO NEW SETTLEMENTS IN THE WEST BANK, AND THE IMPORTANCE TO ISRAEL'S SECURITY OF A LASTING PEACE.

2. ARMS.

ISRAELI ARMS REQUESTS SHOULD BE DIVIDED INTO THREE CATEGORIES; THOSE ITEMS THAT WE ARE READY TO APPROVE IMMEDIATELY; THOSE WE MIGHT GIVE TO BEGIN DURING HIS VISIT; AND THOSE WHICH SHOULD BE RELATED TO PROGRESS IN NEGOTIATIONS.

ON THE ARAB SIDE, WE WILL HAVE TO CONSULT CAREFULLY WITH CONGRESS TO DETERMINE THE POLITICAL FEASIBILITY OF THE F-5S FOR SAUDI ARABIA AND VARIOUS ITEMS FOR EGYPT. SENATOR HUMPHREY HAS INDICATED HIS SUPPORT FOR THE F-15 OR F-16 TO SAUDI ARABIA, BUT FEELS WE MUST ALSO CONSULT SENATOR JAVITS. SECRETARY VANCE INTENDS TO TALK TO SENATOR HUMPHREY NEXT WEEK ON THE ITEMS FOR EGYPT. THE DCI SUGGESTED THAT WE MIGHT

3. SECRETARY VANCE'S TRIP.

THE CENTRAL PURPOSE OF SECRETARY VANCE'S TRIP SHOULD BE ANNOUNCED AS PREPARATION FOR GENEVA, BUT IT'S EMPHASIS MIGHT BE ON GETTING THE

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PRC017 (CONT)

PARTIES TO AGREE TO A PRE-GENEVA INFORMAL MEETING IN WASHINGTON OR ELSEWHERE, THEREBY AVOIDING THE PLO ISSUE FOR NOW AND KEEPING THE SOVIETS OUT OF THE SUBSTANTIVE ASPECTS OF THE TALKS. DURING THE TRIP THE SECRETARY COULD GET THE PARTIES TO STATE THEIR POSITIONS ON SPECIFIC PRINCIPLES, WITH THE UNDERSTANDING THAT WE WOULD COMPARE THESE AND TRY TO TRANSLATE THEM INTO A SET OF AGREED PRINCIPLES IN THE PRE-GENEVA INFORMAL TALKS. IT WAS FELT THAT WE SHOULD KEEP UP THE PRESSURE FOR GENEVA, WHILE EMPHASIZING TO THE ARABS THE NEED FOR CAREFUL PREPARATION AND FOR MORE FORTHCOMING POSITION ON PEACE.

4. WEST BANK-PALESTINIANS.

THE IDEA OF A TRUSTEESHIP AND EVENTUAL REFERENDUM ON THE WEST BANK WAS DISCUSSED. THE ATTRACTIVENESS OF THE IDEA RESIDES IN THE DIFFICULTY OF OPPOSING THE IMPLIED CONCEPT OF SELF-DETERMINATION, WHILE ALSO PREEMPTING A BEGIN MOVE TO INCORPORATE THE TERRITORY INTO ISRAEL. PRACTICAL DIFFICULTIES ARISE OVER HOW TO SET UP A TRUSTEESHIP, BUT THE IDEA IS WORTH STUDY.

5. FOLLOW-ON ACTIONS.

A PAPER WILL BE PREPARED ON ISRAELI ARMS REQUESTS BY STATE AND DOD.

A STRATEGY PAPER ON THE BEGIN VISIT, THE VANCE TRIP, AND A FOLLOW-ON FORMAT FOR TALKS AFTER THE SECRETARY'S TRIP WILL BE PREPARED BY STATE AND NSC.

THE TRUSTEESHIP IDEA WILL BE STUDIED IN DETAIL BY STATE AND NSC.

THE ITEMS FOR EGYPT WILL BE EVALUATED AND FEASIBILITY AND POLITICAL SENSITIVITIES BY STATE, DEFENSE AND NSC.

A PRC MEETING ON THE MIDDLE EAST WILL BE SCHEDULED FOR JUNE 24 OR 27.

IRANIAN REQUEST FOR F-18L AIRCRAFT
16 JUN 77

MATHEWS

DR770172

THE PRESIDENT HAS REVIEWED THE IRANIAN REQUEST FOR F-18L AIRCRAFT. BECAUSE US ARMS TRANSFER POLICY REQUIRES THAT NEWLY-DEVELOPED, ADVANCED WEAPONS SYSTEMS MUST BE OPERATIONALLY DEPLOYED WITH US FORCES BEFORE A COMMITMENT CAN BE MADE FOR FOREIGN MILITARY SALES, HE HAS DECIDED THAT THIS PROPOSED SALE CANNOT BE APPROVED.

**SGD ZBIGNIEW BRZEZINSKI

FINAL DISPOSITION:

PRESIDENT DISAPPROVED IRANIAN REQUEST & SALE.

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DR770172 (CONT)

SEE PD/NSC-13 FOR US POLICY DECISIONS ON ARMS TRANSFERS.
NO FURTHER ACTION NECESSARY.

PRC MEETING ON MIDDLE EAST
25 JUN 77 QUANDT

PRC018

POLICY DECISION:

THE SUMMARY OF CONCLUSIONS FOR THE JUNE 25 PRC MEETING ON THE MIDDLE EAST HAS NOT BEEN ENTERED. (U)

PRC MEETING ON MIDDLE EAST - FMS CREDITS FOR ISRAEL
12 JUL 77 QUANDT

PRC024

POLICY DECISION:

THE PRC MET ON JULY 12 TO REVIEW MIDDLE EAST ISSUES. IT REACHED THE FOLLOWING CONCLUSIONS:

1. CHARIOT TANK.

THE GROUP AGREED THAT WE SHOULD ALLOW ISRAEL TO USE \$107 MILLION IN FMS CREDITS TO EXPAND THE PRODUCTION LINE ON THE CHARIOT TANK, BUT THIS DECISION SHOULD BE INCLUDED IN A POST-BEGIN VISIT ARMS PACKAGE. SECRETARY VANCE WILL MEET WITH THE HUMPHREY SUBCOMMITTEE THIS WEEK ON THE NON-LETHAL ITEMS FOR EGYPT AND ON F-15S FOR IRAN. IF ASKED ABOUT CHARIOTS, HE WILL SAY THAT HE IS INCLINED TO RECOMMEND IN FAVOR OF THE REQUEST, PROVIDED THAT THE QUESTION OF FUTURE ISRAELI EXPORTS CAN BE RESOLVED.

2. BEGIN VISIT.

IT WAS THE PRC'S CONSENSUS THAT THE PRESIDENT SHOULD OPEN THE MEETING WITH PRIME MINISTER BEGIN WITH A BROAD OVERVIEW OF OUR STRATEGIC ASSESSMENT AND OF THE BASIC ELEMENTS OF OUR POLICY. IT SHOULD BE MADE CLEAR THAT WE ARE NOT TRYING TO IMPOSE THESE VIEWS, BUT THAT THEY REPRESENT OUR BEST JUDGMENT ON THE LIKELY OUTCOME OF COMPREHENSIVE PEACE NEGOTIATIONS, AND ARE ALSO IN OUR JUDGMENT FAIR TO ALL PARTIES.

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PRC024 (CONT)

IF ISRAEL CAN DO BETTER IN NEGOTIATIONS, WE WILL NOT BE AN OBSTACLE. THE PRESIDENT SHOULD ANTICIPATE THAT BEGIN MAY ARGUE AGAINST ANY PRECONDITIONS FOR GENEVA AND MAY PROPOSE AN ALTERNATIVE APPROACH OF LIMITED AGREEMENTS IN SINAI AND GOLAN, PLUS A REFUGEE SETTLEMENT. CONCERNING THE IDEA OF A US-ISRAELI SECURITY TREATY, THE GROUP GENERALLY FELT THAT IT WAS PREMATURE TO RAISE THIS WITH BEGIN, BUT THAT IT MIGHT BE DESIRABLE AT A LATER STAGE.

3. PRINCIPLES.

THE PRC AGREED THAT SECRETARY VANCE SHOULD DISCUSS A LIST OF DRAFT PRINCIPLES WITH BEGIN. ON EACH POINT, HE WOULD BE PREPARED TO EXPAND ORALLY UPON OUR VIEWS, BUT THE OBJECT OF THE WRITTEN LIST IS IT STANDS WOULD BE TO TRY TO GET ISRAELI AND ARAB ACCEPTANCE OF THESE PRINCIPLES AS A COMMON FRAMEWORK FOR NEGOTIATIONS. WE SHOULD TELL BEGIN THAT WE WILL BE DISCUSSING THE SAME LIST WITH THE ARAB LEADERS DURING SECRETARY VANCE'S UPCOMING TRIP.

THE PRINCIPLES DO NOT MENTION THE 1967 LINES OR A LINK OF A PALESTINIAN ENTITY TO JORDAN, BUT SECRETARY VANCE WOULD DISCUSS OUR POSITION ON THESE ISSUES WITH EACH OF THE LEADERS. IF BEGIN ACCEPTS THE POINTS, OR AGREES TO CONSIDER THEM, THEN WE WILL WORK ON GAINING ARAB ACCEPTANCE. IF HE COMPLETELY REFUSE THE IDEA OF AGREED PRINCIPLES WE WILL NONETHELESS TAKE THEM TO THE ARAB LEADERS, AS WE PROMISED WE WOULD DO. THIS COULD, HOWEVER, BECOME POLITICALLY CONTROVERSIAL IF IT RESULTS IN THE APPEARANCE OF THE US AND THE ARABS LINING UP AGAINST ISRAEL BEFORE GENEVA.

4. PALESTINIAN REPRESENTATION.

WHILE NONE OF THE OPTIONS AVAILABLE IF FULLY SATISFACTORY, IT WAS FELT THAT WE SHOULD DISCUSS THEM WITH BEGIN AND GET HIS VIEWS. WE WOULD HOPE TO RESOLVE THIS IN PRE-GENEVA PROCEDURAL TALKS.

5. PRE-GENEVA PROCESS.

REGARDLESS OF HOW THE DISCUSSION OF DRAFT PRINCIPLES GOES, WE SHOULD RAISE WITH BEGIN, AND LATER WITH THE ARAB LEADERS, THE IDEA OF SOME FORM OF PRE-GENEVA TALKS, OSTENSIBLY TO DISCUSS PROCEDURES, BUT ALSO TO DEVELOP COMMON GROUND ON SUBSTANCE. ONE POSSIBILITY WOULD BE FOR THE FOREIGN MINISTERS TO COME TO WASHINGTON IN SEPTEMBER BEFORE THE UN GENERAL ASSEMBLY SESSION.

6. AWACS FOR IRAN.

IN VIEW OF CONGRESSIONAL CRITICISM OF THE SALE OF 7 AWACS TO IRAN, A WORKING GROUP SHOULD DEVELOP GUIDANCE FOR USE BY ADMINISTRATION OFFICIALS IN TESTIMONY OR IN ANSWERING QUESTIONS. IN BRIEF, THE AWACS

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