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Executive Secretary

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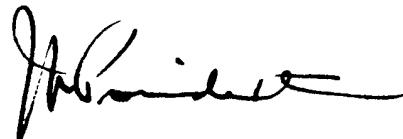
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February 19, 1986

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
THE SECRETARY OF EDUCATION
THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY
THE UNITED STATES REPRESENTATIVE TO THE
THE UNITED NATIONS

SUBJECT: Selected National Security Issues Book

Attached is a copy of the book: Selected National Security Issues. This book is a "snapshot" of US foreign policy as of the end of December. The drafts of this book have been coordinated throughout the Executive Branch by the National Security Council Staff. While the National Security Issues Book is unclassified, it should be used primarily by you and your staff for general information, not as a specific guide to all national security issues. I would appreciate any comments you may have.



John M. Poindexter



P-214-1R

SELECTED NATIONAL SECURITY ISSUES



December 1985

SELECTED NATIONAL SECURITY ISSUES

The following pages represent a second revision of the Selected National Security Issues Book first assembled in September 1984. The book attempts to provide a concise explanation of certain key national security-related issues of current concern to our Government, together with an account of Administration policy objectives, accomplishments, and suggested talking points on each issue. The document is not intended as a comprehensive or in-depth review of any one aspect of our national security policy; rather, it is hoped that it will serve a useful purpose by generally illuminating the specific policy issues it discusses.

December 1985

Selected National Security Issues
December 1985

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SELECTED NATIONAL SECURITY ISSUES

Overview

The Administration's record in the national security policy realm over the past five years is one of progress and accomplishment.

- o America has reasserted the kind of vigorous and prudent leadership the Free World expects and needs.
- o Because of this leadership, the world has become a safer place.
- o Because of this leadership, economic recovery in the West has been hastened and democracy is taking root and growing in parts of the Third World.
- o Perhaps most important of all, America has regained the sense of self-confidence that is the bedrock upon which true national security is built.

As the result of a useful meeting between President Reagan and General Secretary Gorbachev at Geneva this November, we have made a fresh start in our relationship with the Soviet Union. Even though our two governments disagree on much, we understand each other better now, and as President Reagan has said, "that's key to peace."

- o Our policy toward the Soviets is and will continue to be based on the principles of realism, strength, and dialogue.
- o We have the opportunity and mandate to reduce the danger of nuclear war by mutually agreeing on drastic cuts in our nuclear arsenals.
- o We want countries to stop trying to expand their influence through armed intervention and subversion, and hence we have proposed negotiated regional settlements, the withdrawal of outside forces, and international assistance in building economies and meeting basic human needs.
- o We must defend human rights everywhere, since countries which respect human rights are unlikely to begin wars.
- o We must establish better communications between our two societies, since misunderstandings based on poor communications make the world more dangerous.

We have made clear and steady progress in reversing or containing other challenges to our security interests that we found upon assuming office in January 1981:

- o Soviet military advances--and more subtle forms of penetration--into other parts of the world have been checked: not one square inch of free territory has fallen to Communism in the past four and a half years.
- o In Europe, relations with our Allies have been put on a stronger, steadier course.
- o The leading Western industrialized nations--and many developing nations as well--are increasingly swinging behind President Reagan's market-oriented approach to solving global economic problems.
- o Both the Israeli and Arab sides are making serious efforts to address their differences through a dynamic and far-reaching U.S.-conceived Middle East peace process.
- o Our consistent support and encouragement have helped foster democratic institution-building, especially in Latin America, where 26 of 33 countries are now democratic or in transition toward democracy.
- o In Central America, we have met the challenge of external-ly-supported subversion of democracy head on, and thanks in part to our support, have seen heartening progress in building democracy in El Salvador.
- o In Africa, we have seen several governments move away from Marxist/socialist economic models toward more privately-oriented economies, and we have led the world in providing humanitarian aid to drought and famine-stricken millions.
- o We have united the free world against repression in Poland and Soviet conquest in Afghanistan.
- o We are working with all peace-loving nations to combat terrorism effectively, and we are fighting the international drug traffickers poisoning our young people.
- o U.S. leadership has helped to ease the threat of energy shortages; our energy imports are down, oil reserves are high, and we have forged effective emergency energy arrangements with our allies.
- o For the first time we have begun taking effective steps toward stemming the flow of militarily-sensitive technology to the Soviet Bloc.

Despite our achievements thus far, we know we will have to work even harder in coming months to protect the gains already made and to cope effectively with the other international problems we face as a nation--and we are quite determined to do so.

- o Reaching sound and realistic arms control agreements with Moscow will continue to require much patience and effort. The Geneva Summit showed that we also need to continue our effort to gain Soviet acceptance of the proposition that a system of strategic deterrence based on defensive instead of offensive weapons would be more stabilizing than our present system.
- o President Reagan's regional peace initiative which he described at the UN in October, proposing negotiations among the warring parties, followed by bilateral U.S.-Soviet discussions, and U.S. participation in the economic reconstruction of the affected areas, will require a long-term commitment by all parties.
- o Clearly much remains to be done to reverse the spread and deter the perpetrators of international terrorism and drug trafficking--steps all nations must take if we are ever to halt the growth of these twin scourges of mankind.
- o Much likewise remains for us to do to foster democratic and market-oriented economic growth in those Third World countries looking to us for help in these areas.
- o Helping the peoples of southern Africa to attain social and political justice peacefully poses an especially difficult challenge to us.
- o Our efforts against economic protectionism and against short-sighted approaches to the international debt problem must be maintained if the world economy is to flourish.
- o Instabilities and conflict in many parts of the world--the Persian Gulf, Central America, and the Middle East, to name but a few--will continue to flare up in new challenges to our interests that will require our best efforts to counter effectively.

SOVIET UNIONIssue:

How can the United States further deter Soviet direct and indirect aggression and reduce the risk of a U.S.-Soviet war?

Objectives:

- o Build on the fresh start made at the Geneva Summit to develop a U.S.-Soviet relationship characterized by mutual respect, understanding, and cooperation as well as peaceful competition.
- o Seek Soviet agreement to deep cuts in the vast stockpiles of weapons in the world, particularly nuclear weapons, on a balanced, stabilizing, and verifiable basis.
- o Continue to improve U.S. forces, as well as assist our Allies and friends, so as to provide strong deterrent and defense capabilities.
- o Defend human rights in the Soviet Union and elsewhere and insist that the Helsinki accords and other international agreements on human rights be observed by all nations.
- o Establish better communication between the Soviets and ourselves in order to minimize the chances of dangerous misunderstandings.
- o Deny the Soviets the militarily significant Western technology they seek to acquire.
- o Block Soviet efforts to gain influence in other countries through armed intervention and subversion.
- o Counter Soviet attempts in the Third World and elsewhere to portray their system as progressive on social and economic issues.

In pursuing these objectives, our approach is based on three guiding principles:

- o Realism, which means that we must recognize the nature of the world we live in and the Soviet system, and must not sweep problems under the rug, but must deal with them forthrightly.

- o Strength, which is more than military power; it is an amalgam of political unity and will, economic health, and an adequate defense. The Soviet Union respects strength; it takes advantage of weakness.
- o Dialogue, which means that we are prepared to discuss the problems that divide us and to work for practical and fair solutions on the basis of mutual compromise.

Accomplishments:

- o By restoring our economic health, repairing our defenses, and strengthening our will to defend democracy, we have created the basis for a constructive dialogue with the Soviet Union. Therefore, the world is safer today than it was five years ago.
- o Our global alliances and traditional friendships, essential to deterring Soviet aggression, have been repaired and are sound.
- o President Reagan met with General Secretary Gorbachev at Geneva from November 19 to 21, 1985, and held intensive and frank discussions with him on the entire range of issues that divide us. The meetings represented an important step forward in our efforts to build the basis for more stable and constructive East-West relations. Although they disagreed on much, the two leaders succeeded in beginning a new and direct dialogue that is to lead to more frequent meetings between them, as well as in regular visits and exchanges at all governmental levels.
- o On arms control, although our differences with the Soviets over the relationship between strategic offense and defense remain profound, we both have agreed that a nuclear war cannot be won and must never be fought. We have also agreed to accelerate work at the Geneva Nuclear and Space Arms Talks as well as in other arms reduction efforts.
- o We and the Soviets have agreed to study the question of establishing risk reduction centers as a means of reducing the possibility of conflict between us because of accident, misunderstanding, or miscalculation.
- o Other recent gains in U.S.-Soviet relations include agreement on measures to promote safety on air routes in the North Pacific; a tentative agreement on the resumption of direct commercial air service between our two countries; an agreement on the simultaneous opening of Consulates General in New York and Kiev; agreement on broadening people-to-people contacts and exchanges in the scientific,

educational, medical, and sports areas; and agreement to cooperate on environmental and fusion energy research.

- o At the same time we have continued to make it clear that Soviet compliance with existing agreements, including those on arms control, human rights, and other major issues, has an important effect on our relationship.
- o By showing the superiority of free market economics in meeting basic human and social needs, we have also begun to challenge Soviet efforts to court the Third World.
- o We have established a pattern of consultation on regional issues. Despite our fundamental disagreements on many of these, consultations help us and the Soviets to avoid actions which could escalate into direct conflict.
- o We have in place a policy designed for the long term, since management of our relations with the Soviet Union must be steady and must avoid the rapid fluctuations of the past, which weakened our ability to defend our interests. It is based upon a realistic assessment of the Soviet Union, and on the recognition that we must preserve peace between us as we work toward solving problems.

Talking Points:

- o This Administration has moved decisively to contain Soviet expansionism. No country has fallen to Soviet aggression since 1981 and, despite its frequent saber-rattling and truculence, Moscow has been more cautious in its military behavior over the past five years. This is largely due to our refurbishing of our deterrent capacity and the strengthening of our alliances.
- o It remains essential for us to continue our currently planned defense modernization program. If this program is curtailed without verifiable agreements to constrain threatening Soviet programs, the Soviet leaders will have little incentive to negotiate, but will simply wait in the hope of achieving their objectives without any concessions on their part.
- o Our general policy vis-a-vis the Soviet Union is aimed at deterring further Soviet direct and indirect aggression in the world and achieving a lessened reliance on the use or threat of force, a reduction in nuclear and other armaments, and a more constructive U.S.-Soviet working relationship.

- o These policy aims were significantly advanced as the result of President Reagan's meetings with General Secretary Gorbachev in Geneva from November 19 to 21, 1985.
- o The meetings were very worthwhile and represented a good start toward establishing a more constructive bilateral relationship. As the President later reported, "I can't claim we had a meeting of the minds on such fundamentals as ideology or national purpose--but we understand each other better, and that's key to peace."
- o The Summit featured an extensive discussion of our differences--still admittedly profound--over the relationship between strategic offense and defense. But it also allowed us to make a measure of progress on a number of other important arms control issues, including agreement in principle on 50 percent reductions in nuclear weapons by both sides, agreement to accelerate work at the Geneva Nuclear and Space Arms Talks, agreement to enhance cooperation under the Non-Proliferation Treaty, and agreement on the concept of a chemical weapons ban.
- o Both sides also agreed at the Geneva Summit to emphasize the importance of the MBFR negotiations in Vienna and the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe, and to study the concept of establishing risk reduction centers on both sides to minimize the chances of accidental war.
- o The two leaders recognized the need to build greater confidence in dealings with each other. Accordingly, they agreed that Secretary Gorbachev will visit the United States in 1986 and President Reagan will visit the Soviet Union in 1987. In addition, a regular process of Cabinet-level exchanges is to be established, the ongoing dialogue at the experts' level on regional trouble-spots is to be intensified, and people-to-people contacts and exchanges in the scientific, educational, medical, and sports fields will be strengthened.
- o Other recent gains in the bilateral relationship include agreement on measures to promote air safety in the North Pacific, a tentative agreement to resume direct commercial air service between our two countries; an agreement for the simultaneous opening of Consulates General in New York and Kiev; and a pledge to cooperate on environmental and fusion energy research.

- o As positive as all these developments are--or will be, if implemented in good faith--we need to remain realistic. We and the Soviets disagree on much, and the competitive nature of our relationship will not change. But at least both our countries agree they jointly have an overriding responsibility to ensure that this competition remains peaceful. We are ready for the long effort--and steady course--that must be maintained to do this.

EASTERN EUROPE

Issue:

Given the current state of U.S.-Soviet relations and the Soviet campaign to reimpose more stringent controls on Eastern Europe, how can we maintain and improve our relations with East European countries?

Objectives:

- o Differentiate our policies toward East European countries to encourage domestic liberalization, diversity, and more autonomous foreign policies.
- o Promote security through enhanced trade, economic and political cooperation.
- o With those countries that manifest foreign policy autonomy or domestic liberalization, stimulate and further develop the East-West dialogue through cultural and scientific exchanges, international meetings, high-level visits, bilateral councils, and government-to-government contacts.
- o Help foster genuine national reconciliation in Poland that includes dialogue among the Government, Church, and the people (especially the Polish workforce); restoration of free trade unions; implementation of economic reform; and an enhanced role for the Church.
- o Maintain our strong support for an independent, unified, non-aligned, economically viable, and stable Yugoslavia.
- o Further develop dialogue with Romania on political and economic issues to encourage continuation of independent policies; use this dialogue to stimulate improvement in Romania's performance on emigration and other human rights issues.

Accomplishments:

- o In spite of U.S.-Soviet tensions and tighter Soviet controls in East Europe, we have succeeded in preventing the deterioration of U.S. relations with several East European countries and, in fact, have strengthened bilateral ties with Hungary and Romania through a policy of differentiation.

- o We have improved U.S.-Hungarian relations significantly, as manifested in a series of mutual high-level visits, resolution of all family reunification cases, Hungary's adherence to the conditions of MFN status, and our support for their membership in the IMF in 1982.
- o Romania has continued its independent foreign policy, notably with respect to participation in the Warsaw Pact on its own terms and expansion of high-level political and military contacts in Western Europe. Emigration from Romania to the West and to Israel continues to be high, and there has been progress in resolving divided family and other difficult emigration cases. We also have reached agreement with the Romanian Government on a new procedure governing emigration from Romania to the U.S., which provides for orderly processing under U.S. law and greatly reduced hardships suffered by intending emigrants prior to their departure from Romania. We consider improvement of religious rights an important element of our dialogue with Romania.
- o The Vice President's trip to Eastern Europe in September 1983 served as a visible manifestation of our differentiation policy and furthered bilateral dialogue with key East European leaders. His visits to Yugoslavia, Romania, and Hungary provided a foundation for durable improvement in U.S.-East European relations, and his speech in Vienna during the trip was the first clear, high-level articulation of our differentiation policy.
- o In January 1985, ACDA Director Kenneth Adelman led a U.S. Government delegation to Yugoslavia, Romania, and Hungary to brief East European officials on the results of the Shultz-Gromyko meetings in Geneva. The trip was a resounding success, as we were able to provide accurate information about U.S.-Soviet arms control positions, counter Soviet propaganda, and foster greater East European interest and involvement in this vital area of East-West relations. Similar briefings will be provided periodically.
- o Our sanctions policy toward Poland has contributed to a certain moderation displayed by Warsaw (i.e., in July 1984 the declaration of amnesty for all political prisoners enabled us to respond to positive measures taken by the Polish Government with equally significant steps). Despite some backsliding on the Polish side this year, we continue to view sanctions as an effective lever to encourage the Polish Government toward more concrete progress (economic reform, restoration of free trade unions, etc.).

- o Over the last three years, we have provided over \$230 million in humanitarian aid to Poland. Specifically, the Administration has assisted voluntary agencies (CRS, CARE, and Project Hope) by providing food, medicine and other humanitarian aid to the Polish people through nongovernmental channels.
- o Bilateral relations with Yugoslavia have been strengthened further by the visit of Prime Minister Planinc to Washington in May 1985, during which the Administration reiterated its strong support for constructive financial assistance to Yugoslavia in support of its economic stabilization program.

Talking Points:

- o We have successfully maintained, through our policy of differentiation, good bilateral relations with several East European countries, despite overall East-West tensions and persistent Soviet efforts to tighten political controls.
- o We have rejected any notion of there having been a "lawful" division of Europe. There was no agreement at Yalta to divide Europe into "spheres of influence." Rather, the Soviet Union pledged itself to grant full independence to Poland and other states in East Europe, and to hold free elections. The Soviet violation of these obligations is a root cause of East-West tensions today.
- o With respect to Poland, we have maintained a measured, effective, step-by-step approach under which we began easing our sanctions in direct response to meaningful liberalization measures taken by the Polish Government. However, a sharp increase in the number of Poles detained for political reasons has brought further progress to a standstill for the time being. We have also provided humanitarian aid through non-governmental channels (totaling over \$230 million) over the last three years. It is essential that the regime move toward genuine dialogue and reconciliation with all elements of Polish society, including the workforce.
- o With respect to Romania, we seek to encourage development of that country's independence in foreign policy through expansion of political and economic dialogue on a number of issues. Emigration from Romania to the West and Israel continues at a high level, and we are encouraged by agreement on new procedures making emigration to the U.S. more orderly and less disruptive to the lives of the

emigrants themselves. We remain concerned by restrictions on the expression of religious belief in Romania and are engaging the Romainian Government on this issue as part of our bilateral dialogue.

- o With respect to Yugoslavia, we have maintained good relations through high-level visits, continued bilateral trade and mutually beneficial commercial activity.

WESTERN EUROPE

Issue:

How can the United States most effectively expand and strengthen our longstanding and deep political, economic, and military ties with and interests in Western Europe?

Objectives:

- o Strengthen the NATO Alliance and our political and military relations with other Western European nations.
- o Neutralize Soviet efforts to decouple the U.S. from its West European Allies.
- o Work with our Allies to improve NATO conventional defense capabilities, as well as NATO's nuclear capabilities.
- o Insure that our strategic modernization and arms control policies are in consonance with our European objectives.
- o Stimulate further the economic recovery of our European Allies and friends.
- o Secure support for our opposition to protectionist tendencies and for a new round of multilateral trade negotiations.
- o Ensure that Allied dependence on the Soviet Union for energy supplies remains at a level that does not pose a security threat.
- o Curb the flow of militarily significant technologies, products, and resources from the West to the Soviet Union and its Allies.
- o Devise an effective U.S.-Allied policy to combat international terrorism.

Accomplishments:

- o The Administration has put relations with our European friends and Allies on a stronger and steadier course. This was partly accomplished via frequent meetings between the President and key European leaders.
- o We have secured Allied consensus that free market policies and reduced government spending will promote non-inflationary growth and elimination of structural rigidities; we also have Allied agreement on a pragmatic approach to Third World debt problems.

- o We brought the Soviet Union back to the nuclear arms control negotiating table in Geneva. Allied solidarity in support of our policies played a key role in this success.
- o NATO's unity on INF deployment policy has helped neutralize Soviet efforts to decouple the U.S. from Europe and has sent Moscow a strong signal of Alliance resolve and solidarity. At the same time, we and our Allies remain fully committed to achieving significant arms reductions.
- o We have played a major role in developing measures to improve NATO's conventional defenses by means of several programs, among them better utilization of emerging technologies and enhanced arms cooperation, as in the U.S.-FRG Patriot program.
- o The Administration has successfully renewed military basing agreements with Spain, Portugal, and Greece that are vital to our deterrence strategy.
- o The U.S. economic recovery has helped stimulate non-inflationary economic growth in West European countries. (European real GNP grew 1.3% in 1983 and 2.5% in 1984.)
- o Progress has been made toward launching a new round of multilateral trade negotiations, including trade with and among developing countries. Further trade liberalization will strengthen the economic expansion in the U.S. and Western Europe, and help spread the recovery to the LDCs.
- o Together with our Allies, we have been implementing a five-point strategy on a case-by-case basis to address the problems of international indebtedness.
- o We have agreed with our Allies not to subsidize the Soviet economy or aid Soviet military expansion by offering preferential trading terms or easy credits.
- o We have agreed with our Allies to restrict the flow of products, materials, and technology which would increase Warsaw Pact military capabilities.
- o We have helped to foster a more balanced and realistic understanding among our Allies of the Soviet threat and the means by which the Soviets seek to achieve their aims.
- o We have agreed with the Europeans on a strategy to reduce European dependency on the Soviet Union as an energy supplier.

- o We have reached agreement with our Allies to explore the possibility of a joint space station.
- o We have agreed with our Allies on concrete steps to combat international terrorism.
- o We have obtained Allied support for the President's Strategic Defense Initiative research program as a prudent hedge against Soviet ballistic missile defense efforts.

Talking Points:

- o Our objectives in our relations with our Western European Allies and friends have been to expand and strengthen our political, economic, and military cooperation; to assist in spurring their economic recovery; and to negate Soviet efforts to sow discord among us.
- o The Western Alliance system has become strong again. We have excellent relations with all of our Allies, and President Reagan has developed strong personal ties with many European leaders. As President Reagan said when he met with the NATO Foreign Ministers in May 1984, "For us, our NATO partnership is an anchor, a fixed point in a turbulent world."
- o The 40th anniversary of the end of World War II serves to remind us of the progress our united democracies have achieved in building strong, prosperous, democratic nations in Europe and Asia, whose well-being is safeguarded by our collective security Alliances. In other words, as the President noted in his trip to Canada in March, "freedom works."
- o We continue working closely with our Allies in a number of areas of fundamental importance to us all. These include: the pursuit of peace and arms control with the Soviet Union; planning cooperative responses to a possible oil shortage; resolving the world debt problem; restricting the flow of sensitive technology to the Soviet Union and its Allies; reducing European dependency on Soviet energy; exploring the possibility of a joint space station; and combating international terrorism.
- o Our Allied solidarity in the face of Soviet intimidation and threats succeeded in forcing the USSR to retreat from its commitment not to return to the negotiating table. We now have the opportunity of achieving verifiable reductions of the most threatening weapons systems, the land-based ICBMs.

- o The Alliance is in fundamental agreement regarding the nature of the challenge posed by the Soviet Union and its Allies. Despite Soviet threats, NATO is deploying INF missiles to counter the SS-20 deployments, has reached a new consensus on preventing the flow of militarily significant technologies to the East, and has undertaken a program to enhance NATO's conventional defense capability.
- o The U.S. economic expansion has provided the impetus for growth in West Europe. Other joint initiatives, designed to eliminate protectionist tendencies and promote trade with developed as well as less-developed nations, will continue to strengthen the economic expansion in the U.S. and West Europe and help spread the recovery to the LDCs.

JAPAN

Issue:

How should the United States manage the increasingly complex relationship with Japan?

Objectives:

- o Maintain and strengthen our excellent overall bilateral relationship.
- o Continue to manage our economic and trade relations in a careful manner while increasing our efforts to get the Japanese to open their markets more fully to U.S. goods, especially manufactured goods, and shift toward domestic rather than export-led growth.
- o Encourage Tokyo to meet its declared commitments for self-defense.
- o Enhance our ability to compete openly with the Japanese in high technology.
- o Seek Japanese support for our key security and other policies in other parts of the world.
- o Urge Japan to import more U.S. energy.

Accomplishments:

- o At their meeting in Los Angeles on January 2, 1985, the President and Prime Minister Nakasone strengthened their already close personal working relationship which has led to increased U.S.-Japanese cooperation in economic and security areas. They mutually agreed to intensively investigate four sectors to eliminate trade barriers in those areas.
- o Prime Minister Nakasone assured President Reagan's personal envoy on March 31 that his government would take additional steps to help meet growing demands by the Congress for increased U.S. access to the Japanese market for U.S. telecommunications and other products. There still remain, however, some problems to be solved in the important market access area.
- o The President and Prime Minister Nakasone have agreed to a long term energy cooperation program which when fully implemented may result in many new U.S. jobs and greater security for both nations.

- o The Finance Ministers of each country have endorsed a plan to further open Japanese financial markets, which, by "internationalizing" the yen, should improve the yen-dollar relationship over the longer term. On September 22, Japan joined the U.S. and other major countries in announcing its intention to take appropriate fiscal/monetary steps to insure continued non-inflationary domestic growth.
- o In the defense area, Japan has agreed to an expanded self-defense role which, if properly funded, will aid global and regional deterrence. On September 18, the Nakasone cabinet approved a five-year defense program which, if carried out, will significantly increase Japan's capability to meet its national defense goals. The program has official Japanese Government backing, as opposed to its two predecessors, which were only Defense Agency estimates that carried no weight in the government.

Talking Points:

- o The U.S.-Japan relationship remains the foundation of U.S. policy in the Pacific.
- o The President's trip to Japan in November 1983 and Prime Minister Nakasone's visit to the U.S. in January 1985 strengthened U.S.-Japanese ties and the partnership for peace existing between our two countries.
- o Japan has committed itself to removing trade impediments, encouraging more imports, and purchasing more energy materials from the United States over the longer term.
- o We see Japan's decision to identify a target figure of 18.4 trillion yen (over \$76 billion) in defense spending in connection with the five-year defense plan as a further indication of Japan's continuing commitment to attain its defense objectives.
- o We are pleased that the Japanese have shown a resolve to improve their defense establishment, that they are committed to increase further their economic aid to the developing world, and that they have promised to take more market-opening measures. Nonetheless, Japan has an obligation to take on even greater responsibility in both the military and international economic areas.

PEOPLES REPUBLIC OF CHINA

Issue:

How can the United States facilitate continued, steady improvement in a long-term relationship with China?

Objectives:

- o Provide conditions conducive to continued growth in our cultural, economic, and trade relations.
- o Increase our dialogue with Beijing on political and strategic matters of joint concern.
- o Demonstrate to the Chinese the parallelism of our global objectives.
- o Enhance our mutually beneficial relationship with China without compromising our commitments to the people of Taiwan.

Accomplishments:

- o The highly successful visits of Premier Zhao and President Li to the U.S. and President Reagan and Vice President Bush to China reflect both countries' strong determination to improve their ties.
- o Our economic relations are expanding significantly with total trade approaching \$7 billion in 1985. The U.S. is China's third largest trading partner and second largest foreign investor with more than \$150 million in over 60 joint equity ventures and \$550 million in offshore oil exploration.
- o The U.S. has liberalized controls over exporting high-technology products such as computers and laboratory instruments to China.
- o A number of senior U.S. military officers have visited China in the past year. These visits and future ones demonstrate the limited but important cooperative relationship which has developed with the goal of strengthening our mutual defensive capabilities. Congress was notified of the first sale of defensive equipment to China in August 1985.
- o A bilateral agreement on peaceful nuclear cooperation was signed on July 23, 1985, during the visit of President Li. When in force, it will permit U.S. cooperation in China's energy development.

Talking Points:

- o The visits of Premier Zhao, President Reagan, and President Li during the past two years have shown the world how important the relationship is to both countries and how determined Washington and Beijing are to strengthen it. Under President Reagan's leadership, our ties with China have become closer than they have been since our re-establishment of relations in 1979.
- o We are realistic about our relationship, frankly acknowledging the fundamental differences in ideology and institutions between our two societies. We do not minimize our differences, but our ties have developed to the point where difficulties in one area do not affect progress in others.
- o We seek to enhance our mutually beneficial relationship with China in the areas of cultural, economic and trade relations, without compromising our commitments to the people of Taiwan.
- o U.S.-Chinese cooperation and understanding contribute to peace and stability in Asia and in the world. We have many parallel foreign policy objectives. We have begun a limited but important cooperative arrangement designed to strengthen Chinese defensive capability.
- o President Reagan feels that bilateral progress in five areas--trade, technology, investment, student exchanges, and exchanges of scientific and managerial expertise--is particularly promising in assisting China's modernization efforts.
- o Our trade with each other shows great promise for the future, particularly in areas such as machinery, technology, oil equipment, petroleum, agricultural, and manufacturing products.
- o Americans have invested almost \$700 million in joint ventures and offshore oil exploration in China, making the U.S. China's largest foreign investor. Some 50 Chinese firms have established offices or branches in the United States, and China has invested in several joint ventures in the U.S.

EAST ASIA/PACIFIC BASIN

Issue:

What should the United States do to facilitate the growth of secure, prosperous, and politically stable nations, closely associated with U.S. principles and goals, in Korea, Southeast Asia, and the Pacific Basin?

Objectives:

- o Continue developing a comprehensive Pacific Basin development strategy that will enhance regional cooperation with the U.S. throughout the area.
- o Support the bilateral strengthening of U.S. economic, political, and security ties with the members of the Association of Southeast Asian Nations (ASEAN).
- o Work closely with the Government of the Philippines to improve their economy, revitalize their political institutions, and counter the growing communist insurgency.
- o Deter North Korean aggression by continuing to provide a U.S. force presence as well as security assistance to the Republic of Korea.
- o Encourage direct talks between North and South Korea while discouraging efforts to involve the U.S. in them.
- o Resolve the Southeast Asia POW/MIA issue as a matter of the highest national priority.
- o Maintain our historically close ties with Australia and encourage New Zealand to reverse its policy with respect to port access by nuclear-powered or nuclear-armed vessels so that our traditional military and intelligence cooperation with them can be restored.
- o Encourage the development of friendly, democratic Pacific Island nations with foreign policies supportive of U.S. interests.

Accomplishments:

- o The President's trips to Japan, Korea, and China in 1983 and 1984, the Vice President's trip to Japan and Indonesia in 1984, and Secretary Shultz's three visits to ASEAN and Oceania clearly affirmed our commitment to a policy of close cooperation with the countries of the region.

- o We have moved well along with our friends and Allies in the region in the process of forging a Pacific Basin development strategy. At ASEAN's July 1985 meeting in Kuala Lumpur, the members agreed to continue to consult on human resources development throughout the area.
- o We have actively supported the economic development of the ASEAN countries and have established excellent bilateral relations with each of them. Singaporean Prime Minister Lee Kuan Yew paid an official working visit to Washington in October 1985.
- o In seeking to resolve the problem of the American POWs and MIAs from the Vietnam war who are still missing, we opened direct negotiations with both the Governments of Vietnam and Laos, which has resulted in joint crash site excavations in each country and a Vietnamese commitment by specific workplan to resolve the issue in two years. Operating on the assumption that prisoners may still be held, the live prisoner issue is pursued both through negotiations and intelligence channels as a matter of highest priority.
- o U.S.-Korean relations continue on a sound basis. Security ties continue to be strong, although economic relations have been strained recently because of U.S. efforts to open selected Korean markets to U.S. business and continued protectionist pressures from the Congress.
- o This Administration has established close personal ties at all levels with Australian officials. Our defense ties, including the crucial U.S.-Australian joint facilities and frequent ship and aircraft visits, continue strong.
- o Our relations with New Zealand officials, while friendly, are restrained by the policies of the present Labor Government, which changed the operational character of ANZUS and led us to curtail our military and intelligence cooperation.
- o Bilateral treaties of friendship with four Pacific nations --the Cook Islands, Kiribati, Tuvalu, and New Zealand (for Tokelau)--were signed by the President and ratified by the Senate. The treaties resolve conflicting territorial claims of long standing and preserve U.S. fishing rights and other interests. The Prime Minister of Fiji made an official working visit to the U.S. in November 1984--the first by any leader of a South Pacific island nation. We have undertaken a major National Security Study of Oceania.

Talking Points:

- o The nations of the Pacific Basin represent the most dynamic and fastest-growing economies in the Free World. The President has noted that: "I see America and our Pacific neighbors as nations of the future going forward together in a mighty enterprise to build dynamic growth economies and a safer world."
- o We have strongly supported ASEAN's economic and political activities and have simultaneously increased our security cooperation with the individual member states. We have encouraged the ASEAN countries to continue their forward-looking economic policies based on free trade. We are encouraging increased U.S. trade and investment in the region.
- o We will continue to support ASEAN nations' efforts to forge a Pacific Basin development concept at a pace with which they are comfortable.
- o The U.S. strongly backs ASEAN's quest for a negotiated settlement in Cambodia. At the same time we have continued to stress that the POW/MIA matter remains the most important bilateral issue between ourselves and Vietnam. We have made it clear to the Vietnamese that this issue is separate and humanitarian, but the American people would not permit us to move forward to normalization without substantial progress. They also know that real progress would improve the atmosphere between our countries and pre-position them for a settlement in Cambodia.
- o The United States will maintain its security commitments to the Republic of Korea. We will continue, however, to urge North and South Korea to ease tensions by continuing the ongoing bilateral negotiations.

SOUTH PACIFICIssue:

What should the United States do in the South Pacific to facilitate the growth of secure, stable nations supportive of U.S. principles and goals?

Objectives:

- o Successfully conclude ongoing negotiations of a regional fisheries agreement guaranteeing access to the region's fishery for the U.S. tuna fleet.
- o Implement the Compact of Free Association for the Marshall Islands, the Federated States of Micronesia, and Palau.
- o Respond to the newly-established South Pacific Nuclear Free Zone Treaty (SPNFZ) in a manner that protects U.S. interests but does not alienate moderate island leaders who support the Treaty.
- o Maintain access to the region's ports for U.S. warships.

Accomplishments:

- o We have established a bilateral assistance program for Fiji in recognition of its long history of support for the U.S. on issues of vital national interest.
- o We have maintained an active ship visit program in the South Pacific, with nuclear-powered warships having called in Western Samoa and Tonga in 1985.

Talking Points:

- o The Administration is committed to passage of the Micronesia Compact by the Congress and to its implementation at the earliest possible time.
- o We have vigorously pursued negotiation of a regional fisheries agreement that would guarantee American fishermen access to the region's tuna stocks while at the same time bringing economic benefit to the island states.
- o The President and Secretary Shultz have publicly acknowledged Fiji's contribution to regional security through its open port policy. We are equally pleased with the contributions to the region's security of Tonga, Papua New Guinea, and Western Samoa in welcoming the visits of U.S. warships.

ISRAEL/ARAB STATES/LEBANON

Issue:

How can the United States effectively improve prospects for a lasting peace between Israel and her Arab neighbors and assist Lebanon in attaining unity and stability?

Objectives:

- o End the cycle of violence among the Arab and Israeli peoples by dealing with its underlying causes through direct negotiations among the involved parties.
- o Encourage the improvement of relations between Egypt and Israel in accordance with their peace treaty.
- o Ensure the security of Israel within defensible and recognized international borders.
- o Expand U.S. relations with selected Arab states.
- o Support the development of a stable, unified, and independent central government in Lebanon.
- o Encourage the return of all Lebanese territory to sovereign Lebanese control, including the withdrawal of all foreign forces from Lebanon.

Accomplishments:

- o The United States took the lead in setting up the Multinational Force and Observers in the Sinai. The success of this venture made it possible to return the Sinai to Egypt.
- o The President's peace initiative of September 1, 1982 set forth a balanced set of positions which the parties to the Arab-Israeli conflict know the U.S. will stand by as soon as negotiations are resumed.
- o Our contacts with all factions in Lebanon have allowed us to be an important force for restraint at critical moments.
- o The presence of our Embassy in Beirut and our continuing economic and military assistance programs are important, concrete indications of our support for the central government.

- o We have begun to engage more actively in the Middle East peace process through a continuing series of discussions with regional leaders, both here in Washington and during Secretary Shultz's trip to the Middle East in May and Assistant Secretary Murphy's trips to the region.
- o We are pleased by the recent high-level contacts between Israel and Egypt to achieve a resolution of the Taba dispute. We intend to help the parties bridge their differences if we can.
- o Last year, at the request of the Government of Egypt and in cooperation with other nations, we assisted in mine-clearing operations in the Gulf of Suez following the mining of this vital waterway by an unknown party. We also assisted the Saudi Government in like manner in their waters near Jidda and Yanbu.
- o We reached agreement with Israel in late 1983 to set up a Joint Political Military Group to plan and coordinate strategic cooperation, and the group now meets on a regular basis.
- o On the economic side, we have concluded a free trade area agreement which went into effect on September 1. Negotiations are currently underway for the establishment of a VOA/RFE transmitter in Israel.

Talking Points:

- o Israel and her Arab neighbors (other than Egypt) have been in conflict since the State of Israel was founded in 1948. Ever since that time, it has been our policy both to help Israel survive and defend itself and to work with Israel and the Arab States to help them resolve their differences peacefully. This Administration has reaffirmed and re-emphasized these two key aspects of our overall Middle East policy while attempting to enhance our security cooperation with all parties as an essential element in achieving our mutual goal of peace in the region.
- o As a nation, we have invested a great deal in working for peace in the Middle East. Although not all these investments have yet paid tangible dividends, they serve to demonstrate our deep interest in helping bring peace, freedom, and prosperity to all the peoples of the region.
- o We have been encouraged by recent positive trends toward a peaceful resolution of Middle Eastern problems, and are working with the parties involved to help them move toward direct negotiations.

- o American-Israeli relations, always close, are at an especially high level. JPMG and the FTA are examples of our deepening relationship.
- o Israel faces serious economic problems that only she, through serious efforts of economic discipline, can solve, but we will back those efforts. In this regard, we strongly support the economic measures that have been introduced by the government, and we look forward to their prompt and effective implementation.
- o We support Lebanese efforts to obtain the withdrawal of all foreign forces from their country. We believe that any settlement between Lebanon and Israel should be reached through direct negotiations and should ensure the security of Israel's northern border while respecting Lebanese sovereignty.

IRAN-IRAQ WARIssue:

How can the United States contribute to international efforts to improve the security of the Persian Gulf region and find a solution to end the five-year old Iran-Iraq war?

Objectives:

- o Support diplomatic efforts to end the Iran-Iraq war and prevent its spread to the Persian Gulf and other countries.
- o Assist our friends in the Gulf to meet their legitimate self-defense needs in the event that the Iran-Iraq conflict expands.
- o Reduce Soviet opportunities to exploit the conflict and further destabilize the region.
- o Ensure that the Strait of Hormuz remains open to international shipping.
- o Within the framework of U.S. neutrality, continue to develop our political and economic relationship with Iraq in support of its nonaligned status.
- o Maintain our current state of military readiness to deter, and if necessary, defend against possible escalation of the conflict, thereby reducing the threat to non-belligerent oil and shipping interests.
- o Continue to urge our Allies and regional states to cooperate in the event of a crisis to avoid panic oil-buying and subsequent oil price increases and shortages.

Accomplishments:

- o By encouraging restraint by both combatants, by not supplying arms to either side, and by discouraging the sale of military equipment to Iran by Western suppliers, we have helped prevent a widening of the war.
- o By providing U.S. AWACS and surface-to-air missile systems to Saudi Arabia, we have demonstrated to our friends in the Gulf that we are committed to helping them meet their legitimate self-defense needs.

- o In response to instability in the Persian Gulf, the U.S. led a process within the International Energy Agency to improve international energy emergency preparedness. An IEA decision (July 1984) calls for a coordinated stock draw in the event of a crisis coupled with other measures (demand restraint, increases in indigenous production) to avoid a rush to the spot market. In addition, all nations which do not have adequate stocks have agreed to make best efforts to increase them.
- o The Soviets have not yet improved their position in this important region.
- o Last December, we re-established normal diplomatic relations with Iraq after a 17-year break.

Talking Points:

- o The United States is and has been concerned about this five-year old conflict because it threatens the security of the other states in the Persian Gulf and the flow of Gulf oil to the West, and it increases the opportunities for Soviet meddling.
- o We have continued our efforts to prevent a widening of the Gulf War and to bring about a negotiated settlement, working closely with our Allies in efforts to contain the conflict and to prepare for any temporary disruption of the flow of oil from the region. We also have been working with the UN to try to develop a formula for restraint leading to a comprehensive settlement.
- o We are committed to helping our friends in the Gulf meet their legitimate self-defense needs and to help keep the Gulf open to the shipping of non-belligerents.
- o We are attempting--so far successfully--to avoid direct Soviet or other external involvement that would further destabilize the region.
- o We have made it absolutely clear to the Iraqi Government that we abhor its use of chemical weapons against Iran, and we have reminded both sides of our neutrality, as attacks on shipping and Iranian stop-and-search efforts have increased.

AFGHANISTAN/SOUTH ASIAIssue:

What should the United States do to help end the Soviet military occupation of Afghanistan, enhance Pakistani security against external aggression, and encourage peaceful relations among all South Asian nations?

Objectives:

- o Support U.N. resolutions calling for Soviet withdrawal from Afghanistan.
- o Assist in obtaining the restoration of Afghanistan's neutral and non-aligned status, self-determination for the Afghan people, and the opportunity for Afghan refugees to return home in peace, freedom, and honor.
- o Help project the international image of the Afghan resistance as a national liberation movement.
- o Improve bilateral relations with all South Asian countries.
- o Promote regional understanding and cooperation in order to reduce the possibility of an all-out arms buildup, especially in nuclear weaponry, in the area.
- o Assist Pakistan to remain free and secure despite the threats posed by the Soviet occupation of Afghanistan.
- o Take advantage of the opportunities opened by Rajiv Gandhi's accession to power and his successful visit to Washington to improve U.S.-Indian relations.

Accomplishments:

- o We have helped keep the issue of Soviet aggression in Afghanistan before world public opinion; there is overwhelming international condemnation of Soviet behavior there.
- o The United States has contributed heavily to the support of the 3.4 million Afghan refugees who have fled their homeland; we are the largest contributor to the refugee relief effort in Pakistan.
- o We have also participated in a program of cross-border assistance designed to help the Afghan civilian population better sustain itself inside Afghanistan.

- o We have been in the forefront of those nations encouraging a political settlement that would allow the Soviets to withdraw from Afghanistan.
- o Thanks largely to the provision of \$3.2 billion in American aid, Pakistan's security has been enhanced.
- o We are exploring ways to improve our relationship with India and have generally improved bilateral relations with all South Asian countries.
- o We are urging the Jayawardene government in Sri Lanka to be conciliatory toward the island's Tamil minority and seek peaceful solutions of the communal problems there.
- o We continue to urge Pakistan and India to peacefully resolve all tensions and frictions between them.

Talking Points:

- o U.S. policy on South Asia has focused on seeking an end to the Soviet occupation of Afghanistan, strengthening Pakistan's security against potential Soviet aggression, improving relations with India, and promoting regional South Asian peace and understanding.
- o Our position on Afghanistan has been shared by 117 nations which have consistently voted with us on UN General Assembly resolutions regarding Afghanistan. We have also helped promote the search for peace by supporting Pakistan's efforts to seek a political solution to the Afghan dilemma through the good offices of the UN Secretary General.
- o The Afghan national liberation movement, like others which struggle against regimes imposed by Soviet imperialism, cannot be defeated by force of arms. Like the colonial powers earlier in this century, the Soviet Union must recognize that the tide of history is against them in Afghanistan.
- o We have made a strong commitment to help Pakistan protect itself, providing it with \$3.2 billion over the next several years in economic and military assistance.
- o We have worked through the International Atomic Energy Agency and other organizations to reduce chances of nuclear weapons proliferation into the region.

- o We have conducted a dialogue at the Head of State level with India, Pakistan, Nepal, Sri Lanka, and Bangladesh in the last three years. Our contacts have also continued at other levels.
- o We have attempted, with some success, to improve relations with India.
- o We have encouraged South Asian countries in general, and India and Pakistan in particular, to develop strong and peaceful relations.
- o We have supported efforts to improve regional ties such as the South Asia Regional Cooperation forum. We see these efforts as being the best way to build future stability in the area.

SOUTHERN AFRICA

Issue:

How can the United States best use its influence to help establish racial and political democracy in southern Africa and avoid bloodshed, revolution, and susceptibility to extremist solutions?

Objectives:

Our policy approach is regional and has the following goals:

- o Eliminate apartheid.
- o Promote the need for dialogue and negotiations between the South African Government and representative black leaders.
- o Lessen regional violence.
- o Achieve Namibian independence.
- o Enhance U.S. influence and reduce Soviet and Soviet-proxy influence in southern Africa.

Accomplishments:

- o Despite recent backsliding by South Africa, a framework has been established for the reduction of cross-border violence in the region. The Nkomati Accord between Mozambique and South Africa, and the Lusaka Agreement between Angola and South Africa--both reached with facilitative efforts by us--provide the basis for contact among the parties aimed at lessening cross-border tension. Continued efforts by all the parties are, of course, necessary to make the agreements work.
- o Limited progress has been made on Namibian independence, including all parties' commitment to UN Security Council Resolution 435 as the basis of settlement, and Angolan acceptance in principle of the need for Cuban troop withdrawal.
- o On September 9, President Reagan issued Executive Order 12532, which formalizes the U.S. rejection of apartheid. As the President said when he signed it, the Order "puts in place a set of measures designed and aimed against the machinery of apartheid without indiscriminately punishing the people who are victims of that system."

Under the Order, U.S. loans and credits to apartheid-enforcing agencies of the South African Government are banned.

Talking Points:

- o We remain convinced that current U.S. policy offers the best opportunity for us to help foster racial and political justice, minimize bloodshed, and protect U.S. security interests throughout the region as a whole.
- o The President has determined that our policy of active engagement in South Africa and the region is correct and that we are to stay the course.
- o President Reagan's Executive Order of September 9 underlines our abhorrence of apartheid and violence in South Africa. It puts into effect a series of measures structured to avoid economic damage to the region while sending the appropriate signals. It targets apartheid and apartheid-enforcing agencies.
- o Our diplomatic efforts to foster change are bolstered by a \$15 million assistance program directed exclusively at the South African black community. It is aimed at furthering education and training, promoting human rights, and assisting the black private sector.
- o We work closely with the business community in encouraging adherence to the Sullivan Principles of fair employment practice, and these principles (or more stringent ones) are applied to the South African employees of all U.S. Government agencies. Further, the Executive Order requires U.S. firms in South Africa employing at least 25 persons to implement these principles by the end of 1985, or face loss of U.S. export assistance.
- o The U.S. business community engaged in South Africa has formed a corporate council under GM's Roger Smith and Burroughs' Mike Blumenthal, which is designed to actively promote efforts to end apartheid and speed racial reform.

AFRICA: SECURITY

Issue:

How can the United States respond most effectively to requests from friendly African states for help in resisting outside aggression and promoting peaceful solutions to local conflicts?

Objectives:

- o Increase security assistance on a selective basis to those countries under threat of external aggression.
- o Promote the peaceful resolution of local and regional conflicts through diplomatic means.
- o Attack the root causes of instability through economic development assistance and promotion of local private sectors which create growth and jobs.
- o Continue working for the withdrawal of all foreign forces from the southern African region as part of our multifaceted initiative to create a security framework under which all states of the region can live in peace.

Accomplishments:

- o We have blunted the Soviet projection of power in Africa. No sizable new influx of Soviet or surrogate forces has occurred, and Moscow has gained no new African allies since 1981. Mozambique and other African governments allied with the Soviets in the 1970's have begun dialogues with us and have begun moving away from Soviet influence toward genuine non-alignment.
- o We have been a catalyst facilitating the peaceful resolution of local disputes. Specific examples include the improvement in relations between Kenya and Somalia, the March 1984 non-aggression pact between South Africa and Mozambique, and the February 1984 Lusaka agreement providing for disengagement and withdrawal of South African forces from Angola. (Recent events in southern Africa nevertheless show that there are continuing problems in maintaining regional accords.)
- o Faced with deteriorating economic situations, a number of African governments have signalled the U.S. their displeasure with Marxist/socialist economic models, and their willingness to move toward more privately-oriented economies.

- o Timely U.S. security assistance and military air deployments helped counter Libyan aggression in Chad and Sudan in 1983 and helped Somalia stop an armed incursion from Soviet-aligned Ethiopia in 1982. U.S.-made equipment such as C-130 transport aircraft permitted Zaire to quell rebel attacks in the eastern part of the country in late 1984; continued U.S. military and economic assistance to Sudan following the downfall of the Nimeiri government has helped the new government to maintain a course toward the re-establishment of a civilian democracy and elections next year.
- o We have obtained agreement by all parties on implementation of the UN plan for Namibia, pending only Angolan agreement on Cuban troop withdrawal. We have established a reputation as an honest broker in our diplomatic work on this most difficult of Africa's problems.
- o We have played a quiet but vital part in bringing about general diminution of cross-border violence in southern Africa.

Talking Points:

- o The United States has a significant geopolitical and strategic stake in the security of the African continent and the seas around it. Our interests are seriously affected when Soviets, Cubans, and Libyans seek to expand their influence in the region by force or by exploitation of instability.
- o The late 1970's saw Africa become increasingly exploited by the Soviet Union and its allies. Violence in southern Africa and the Horn of Africa was escalating, insurgencies were growing in eight African countries, and cross-border armed raids by opposition groups were occurring elsewhere on the continent. Feeding on these conflicts, the Soviet Union poured almost \$5 billion in arms into Ethiopia, Angola, and Mozambique and fielded almost 5,000 military "advisors" in Africa. Two Cuban expeditionary forces, totaling almost 40,000 combat troops, were garrisoned in Ethiopia and Angola. Libyan-sponsored subversion against neighboring African states was on the increase and in 1980-81 a Libyan military force of 8,000 occupied Chad.
- o Thanks in large part to U.S. policies and efforts in the area, the Soviets have added no new national converts in Africa since 1981 nor have they dispatched new surrogate troop contingents to Africa. Several African governments which were counted as Soviet allies in 1980 have moved closer to real non-alignment.

- o U.S. military assistance to Africa has increased from \$94.7 million (FY 81 actual) to \$170 million (FY 85 estimated). The bulk of the program has been converted to grant aid in recognition of the difficult economic situations of the recipients. We nonetheless have maintained a 4:1 ratio of economic assistance to security assistance in Africa in recognition of the fundamental security role economic stability and progress plays. This ratio favors non-military assistance even more when emergency fund aid is taken into account.
- o There has been a significant increase in dialogue among neighboring states in southern Africa. This process has led, with the U.S. acting as a catalyst, to a non-aggression pact between South Africa and Mozambique in March 1984 and a landmark force disengagement agreement between South Africa and Angola formalized in Lusaka in February 1984.
- o We have undertaken a special regional security initiative for southern Africa. Specific components include a complex diplomatic initiative to lead to an internationally recognized settlement of the Namibia problem and Namibian independence; support for regional economic development; withdrawal of foreign forces from the area; and support for peaceful progress in ending apartheid in South Africa.
- o There is a growing dynamic for change in South Africa and the last few years have seen important, fundamental changes: institutionalization of black trade unions, legitimization of black residence in urban areas, the enfranchisement of coloreds and Asians, major increases in expenditures for black education, and the beginning of black municipal and local self-government. We have played a quiet but real part in encouraging and facilitating such constructive forces for peaceful, positive change.
- o We are concerned about recent increased Soviet military assistance to Angola and the violence this fuels in Angola and the region. Our policy is to continue efforts to promote national reconciliation in Angola, and as a matter of principle, to support UNITA's efforts to resist Soviet designs in Angola.

AFRICA: DEVELOPMENT**Issue:**

What should the United States do to help the African countries most severely affected by economic crisis and famine, and how can we assist them in coming to grips with their critical economic and developmental problems?

Objectives:

- o Work with other nations and organizations to combat famine by providing food relief assistance and follow-on recovery and rehabilitation programs.
- o Induce African governments to make serious and sustained efforts to help themselves by undertaking substantial structural reforms which provide incentives to the indigenous private sector, so that broad-based, equitable growth can be attained.
- o Persuade African governments that economic development goals can best be pursued through mechanisms and incentives which incorporate the principles of private enterprise and free trade.
- o Encourage and assist the IMF to devise a solution to the debt problem.

Accomplishments:

- o We are providing nearly \$2 billion in regular and emergency food aid this year.
- o We have led the world in providing humanitarian aid to African refugees.
- o Our regular, non-food economic assistance will increase to almost \$800 million this year, of which over half will support economic reform, primarily in agriculture.
- o We have joined the African Development Bank and increased our support to the African Development Fund.
- o We have initiated an African Policy Reform Initiative and are proposing a "Food for Progress" program that will assist African nations to make the transition from socialist, centrally-controlled economies to ones based more on freer markets and private incentives.

- o We have placed major stress on the need for private sector development in Africa, recognizing that the unleashing of the indigenous private sector holds the key to long-term economic development.
- o We have seen major economic reforms take hold in Zaire and Ghana, where recovery is beginning.
- o We have seen agricultural production raised dramatically in Somalia when centralized controls were lifted.
- o We have seen food self-sufficiency attained in Niger during normal rainfall years, owing to remunerative producer prices.
- o We have seen every self-described Marxist and Marxist-Leninist government in Africa (except Ethiopia and Angola) approach Western donors for increased aid in return for fundamental reversals in economic policy, including de-control of the economy and freeing of the private sector.

Talking Points:

- o Virtually all 45 nations of Sub-Saharan Africa, with a rapidly growing population that now totals 400 million, continue to face an economic crisis of stark proportions. Per capita food production has fallen by 20 percent in the last 20 years; real per capita income has decreased 2-3 percent per year over the past three years. Refugees number over two million. A recession that has touched every African nation began with the 1979 oil crisis and has not yet ended.
- o While recent rains have at least temporarily ended the drought that caused famine and ecological damage over vast areas of Africa, recovery and rehabilitation will require years of concerted effort, reform, and international assistance.
- o The economic crisis has many causes--drought, the flow-through effect of recession in the developed world, effects of the 1979 oil price increase, civil wars--but the World Bank identifies the prime cause as the failure of inappropriate domestic price incentives. Too many African governments have held too long to failed policies which stifle domestic production, chief among them being the rigid hewing to central planning and control precepts and practices.

- o The unprecedented economic crisis in Africa threatens U.S. interests on several levels. Unless alleviated, African leaders may increasingly look to authoritarian political strategies. Moreover, economic malaise breeds political instability that opens opportunities for Soviet, Cuban, and Libyan meddling.
- o The African debt problem, though small compared to other areas, puts strain on the international financial system. Unchecked crisis will lead to greater famine and civil strife. The U.S. is working with the IMF and the World Bank to ease Africa's debt situation and to stimulate economic growth.
- o We remain committed to indigenous private sector development in Africa, and Western private investment and trade, as the long-term answer to the continent's development needs. We see agricultural self-sufficiency as the first order of economic recovery and development there. We fully support the international financial organizations in requiring structural reforms in return for renewed financial assistance.
- o The efficiency and success of our efforts so far may be measured by the fact that nearly all the centrally-planned economies in Africa have undertaken positive change in the direction of providing incentives to the private sector.

CENTRAL AMERICA

Issue:

What should the United States do to eliminate Nicaraguan, Cuban, and Soviet subversion and military adventurism in the region and promote democratic and economic development efforts?

Objectives:

- o Encourage the strengthening of democratic governments in Central America and support genuinely democratic groups throughout the region.
- o Improve the economic well-being of the free peoples of the area.
- o Help friendly Central American countries to defend themselves against Nicaraguan, Cuban, and other outside-supported aggression and subversion.
- o Support diplomatic efforts to achieve effective, fully verifiable regional political solutions.

Accomplishments:

- o The United States has worked diligently through regular and special diplomatic channels to pursue realistic solutions to Central America's problems. Our efforts have included several trips to the region by the President, Vice President, and Secretary of State, and the consecutive appointments of two Special Envoys to Central America. The current envoy has made 34 separate foreign trips dealing with the region's problems. We have also continuously supported the peace-seeking process initiated by the Contadora countries (Mexico, Panama, Colombia, and Venezuela).
- o The Administration has taken the lead in formulating a major, comprehensive regional assistance and development plan for the area in January 1984. Called the President's Central America Democracy, Peace, and Development Initiative, the program implements the January 1984 recommendations of the National Bipartisan Commission on Central America. We are continuing efforts to obtain Congressional approval for the full amount of resources recommended by the Commission.
- o Central America is a major recipient of U.S. financial and other economic assistance, which comprises 80 percent of all U.S. assistance to the region.

- o Our support for the democratic resistance effort in Nicaragua was greatly enhanced in August 1985 when the Congress provided an additional \$27 million in humanitarian aid. In addition to material assistance, it represents a major shift by the Congress in favor of the President's policies in Central America.
- o Our defense assistance to El Salvador has been modest (about \$472 million) over the past six years) but crucial in helping that country begin to turn the tide against the anti-democratic guerrilla insurgency. Democracy in El Salvador has taken root, and our defense assistance is vital in helping nourish it.
- o U.S. military exercises in Honduras and provision of U.S. military training and assistance to Honduran forces have helped limit aggression by Nicaraguan forces, which number 120,000 persons, including reserves, and which have become increasingly active near the Honduran border.

Talking Points:

- o Nicaraguan, Cuban, and Soviet-assisted subversion and Communist aggression have created a crisis in Central America, particularly within Nicaragua itself and in El Salvador. Should Communist gains continue unchecked, we could face the threat, as the President has stated, that "100 million people from Panama to the open border on our south would come under the control of pro-Soviet regimes." We are countering this threat by helping those people to defend themselves.
- o In addition to our modest military assistance to the region, our contribution in economic and developmental assistance is substantial. Through the President's Central America Democracy, Peace, and Development Initiative, our commitment to help the free peoples of the area in speeding their economic growth is becoming larger and, we believe, more effective.
- o Our support for the democratic resistance in Nicaragua was enhanced by the action of the Congress in August 1985 in approving an additional \$27 million in humanitarian aid for those forces.
- o We continue to support the efforts of the Contadora countries (Mexico, Panama, Colombia, and Venezuela) to arrange a peaceful, verifiable solution of Central America's security problems.

LATIN AMERICA/CARIBBEAN

Issue:

How can the United States most effectively assist Latin American and Caribbean democracy, economic improvement, and ability to resist outside aggression and subversion?

Objectives:

- o Support democratic governments where they already exist and encourage the few non-democratic governments remaining to make the transition to democracy.
- o Help improve the economic well-being of the free peoples of Latin America and the Caribbean.
- o Encourage the adoption of sound market-led economic policies in order to establish the basis for long-term growth.
- o Assist friendly, democratic governments and governments making the transition to democracy in the region in defending themselves against externally-supported communist subversion and aggression.
- o Ensure that the historically close U.S.-Latin American relationship continues.
- o Support democracy by encouraging respect for human rights and improvement in the administration of justice.

Accomplishments:

- o We have provided consistent support and encouragement for democratic institution building: today 26 of 33 countries with 90% of the population are democratic or in transition toward democracy. Since November 1980 there have been over 40 free national elections in 25 countries, virtually all with very high voter participation, including El Salvador, Honduras, Guatemala, Brazil, Argentina, the Dominican Republic, Grenada, and Peru. The Administration has provided tangible support for democratic labor unions and democratic institution-building through programs, such as the new National Endowment for Democracy proposed by President Reagan in 1982 and passed by the Congress in 1983.
- o We have been working with the area's public and private sectors and the International Monetary Fund to encourage involved parties to work effectively to resolve the \$380 billion Latin American debt problem.

- o We have also worked actively with our hemispheric neighbors to address a growing and pervasive threat: production and trafficking in illegal narcotics. Our efforts are beginning to pay off. Recent successful actions by the Governments of Bolivia, Colombia, Jamaica, Mexico, and others in disrupting shipments and destroying processing facilities show that the region is actively involved in the effort.
- o Under the leadership of this Administration, U.S. economic assistance to the Latin America-Caribbean region has more than doubled. In addition to our major Central American development program, we devised and are implementing another innovative regional assistance and development plan, the Caribbean Basin Initiative, which offers participating countries increased access to the U.S. market for 12 years and can create many jobs and sources of income.
- o Our most dramatic Caribbean accomplishment was to join, in October 1983, with the East Caribbean democracies at their request to rescue their and our citizens in Grenada, remove the Soviet bloc/Cuban presence from Grenada, and facilitate the process leading to the restoration of democratic institutions in Grenada. Since that time, the U.S. and other military forces have left, free elections were held, and Grenada has joined the Regional Security System that the U.S. is helping area nations to build.
- o In South America we have consistently supported democratic governments politically and economically as they have worked to strengthen their institutions and generate economic growth. Our assistance has helped assure that no country that was democratic six years ago has lost its freedom.
- o We are also supporting an orderly transition to democracy in Chile through such means as endorsing the National Accord signed in September 1985 by 11 Chilean political parties.

Talking Points:

- o The United States is linked by history, proximity, and special ties of friendship with the 33 independent countries and 380 million people of Latin America and the Caribbean. Objectives of this Administration have been to encourage democracy, support economic improvement, use active diplomacy to solve disputes, and provide security assistance so that governments threatened by Soviet bloc, Cuban, and Nicaraguan subversion could defend themselves.

- o For the region as a whole, a highly encouraging recent trend has been the return of several countries to democratic government. Today, 26 of 33 countries are democratic or in a defined process of democratization. These account for 90% of the area's population. The Administration has consistently encouraged the process of democratic institution-building in the area.
- o In addition to our modest military assistance to the region, our contribution in economic and developmental help has been substantial. Through the Caribbean Basin Initiative and the President's Central America Democracy, Peace, and Development Initiative, our commitment to help speed the process of economic growth in those areas will become even larger and, we believe, more effective.
- o We are continuing to work with friendly governments in the region to help them cope with their severe debt problems.
- o We are also working with friendly governments to bring drug traffickers to justice and destroy their production facilities and transport networks.
- o In Grenada, the United States and the Caribbean democracies rescued a nation from Soviet bloc and Cuban control and internal repression and helped it return to a democratic course. Free elections were held there in December 1984, and the last troops from the U.S. and other regional countries helping Grenada to rebuild its own security forces were able to leave earlier this year.
- o In South America we are helping governments strengthen their democratic institutions and generate economic growth. The result: no country that was democratic six years ago has lost its freedom.

INTERNATIONAL ECONOMICSIssue:

What should the United States do to help sustain and extend world economic recovery; better coordinate international economic policy; help debtor nations help themselves; assist the developing countries to begin to realize substantial, lasting economic growth; and promote free and fair trade?

Objectives:

- o Formulate and implement sensible economic policies at home aimed at holding down inflation and reducing government spending.
- o Develop a Free World consensus on policies designed to achieve enduring, non-inflationary economic recovery, financial stability, and liberalized trade.
- o Encourage an effective IMF-based economic adjustment process for debtor nations including sufficient private and public financing and selective reschedulings to ease the debt burden on LDC's and to restore conditions for sustainable economic growth.
- o Heighten Allied attention to the security dimensions of East-West economic relations including the forging of common objectives in NATO, OECD, IEA and COCOM.
- o Obtain global progress toward free trade, including reversing protectionist pressures here and abroad, eliminating unfair trade practices, and initiating a GATT round on reducing trade barriers.

Accomplishments:

- o This Administration has succeeded in rebuilding a strong domestic economy which has pulled much of the world out of recession and into recovery: annual GNP growth rose from more than 1% in 1981 to 6.8% for 1984; average inflation of 13.5% in 1981 was cut to 4.3% last year; more than 6 million American jobs were created in the past two years alone.
- o A consensus among the Allies has developed which reaffirms the economic policies espoused by President Reagan: market-oriented adjustment in the domestic and global economies.

- o We have begun implementing a sensible five-part strategy to handle the debt problem that was developed at the Williamsburg Summit, embodied in the Williamsburg Declaration, and later reaffirmed at the London Summit.
- o Administration leadership on the trade agenda has recently included Presidential statements warning of veto action against protectionist legislation, self-initiation of several Section 301 unfair trade practices cases against foreign governments, and our participation in a meeting of Allied finance ministers in September to discuss means of bringing the dollar into line with other currencies.
- o At a meeting of GATT Contracting Parties on October 3, the U.S. succeeded in getting GATT to continue considering a new trade round whose agenda would include issues, such as services, that are of particular interest to us. GATT is expected to create a committee in late November to prepare for a new round with a 1986 commencement date.
- o Substantial progress has been made in domestic and international energy emergency preparedness through the accelerated buildup of our Strategic Petroleum Reserve (SPR) and an IEA agreement among the Allies for early use of petroleum stocks and demand restraint to avoid unnecessary volatility in the spot market.
- o An historic Allied consensus on East-West economic relations has been achieved which has led to elimination of preferential terms on credits to the USSR; reduction of the political/economic/security risk of Western European dependence on Soviet energy resources; and strengthened measures in COCOM to reduce the availability to the Soviets of strategically important Western technology.

Talking Points:

- o The President inherited a fractious and deteriorating international economic order characterized by record inflation, high unemployment and severe recession.
- o From the outset, the President emphasized the importance of sensible domestic economic policies designed to halt inflation, increase employment, and stem the tide of increased government spending.
- o The President has repeatedly demonstrated his strong and visionary leadership in advancing a common Allied approach to key economic, trade, financial and security objectives

through bilateral meetings in Washington and abroad, annual economic Summit meetings and in international fora such as OECD, IEA, NATO, and COCOM.

- o The President first put forward his economic policies at the Ottawa Economic Summit in 1981. By the time President Reagan hosted the Williamsburg Summit two years later, it was clear that his policies were leading the U.S. and the free world on the path to full economic recovery. Under the President's leadership the Summit leaders agreed to coordinate policies to promote sustainable, noninflationary growth and to forge a consensus on the security dimensions of East-West economic relations which had proved elusive in the past.
- o This was followed up a year later by the successes of the London Economic Summit which reinforced the importance of free market economics, open markets, and management of the debt problem. Agreement was also reached on important political statements on East-West relations, terrorism, democratic values and the volatile Persian Gulf situation.
- o The participants at last spring's Bonn summit reiterated the goals that had been set forth at earlier meetings and reaffirmed the importance of pursuing non-inflationary, growth-stimulating, market-oriented policies.
- o Working closely with our NATO Allies and Japan, we have made major gains in correcting the serious imbalance of the past between the advantages of trading with the USSR and our common security requirements. We have reached agreement with the Allies on eliminating preferential terms on credits to the USSR and reducing the substantial risk of Western European dependence on Soviet energy resources.
- o In working closely with the COCOM countries, we have met head-on the challenge of stopping the flow of militarily-relevant Western technology to the USSR through the upgrading of the COCOM review process, the harmonization and tightening of national licensing and enforcement procedures, and the monitoring of the potential military application of emerging technologies.
- o The President has taken important steps to assure that we can manage the impact of any temporary energy disruption. Our Strategic Petroleum Reserve (SPR) has been increased fourfold and IEA member countries have agreed to coordinate the use of their stocks in an energy emergency.

- o The five-part debt strategy adopted by the Summit leaders at Williamsburg, and reaffirmed in London, has successfully contained the debt crisis. The Administration has also encouraged modification of the strategy, to include such measures as multi-year reschedulings for those responsible debtor countries which have performed well under IMF programs. We have also supported an increased flow of long-term direct investment to debtor nations and endorsed closer cooperation between the IMF and World Bank.
- o Through the leadership of President Reagan in the Summit process, the Allies have dedicated themselves to the expansion of international trade by the reduction of trade barriers.
- o The President has given major new impetus to American economic ties with Asia by reaching out to the economically dynamic Pacific Basin nations, including a significant improvement in bilateral relations with Japan, and strengthening relations with China, South Korea, and other countries of this vital region.
- o ~~The improvement of the world economy, led by the U.S., and Allied agreement to resist protectionist trade policies and to assist struggling, developing nations through encouraging IMF-based economic adjustment, government and private sector financing and increased investment have begun to restore economic and financial stability to a number of Third World countries.~~
- o In our own hemisphere, the Caribbean Basin Initiative and the Central American Peace Initiative have helped open up markets for the exports of our neighbors and Allies. Our efforts to help Grenada rebuild its economy, as illustrated by our commitment to complete the airport at Point Salines, and our active support of U.S. private sector initiatives to expand Grenadian investment and trading potential are demonstrating the benefits of a return to democracy.
- o The President has initiated a major Administration effort to increase the effectiveness of resource allocations to meet the urgent problem of world hunger by providing help to build new infrastructure where needed, and by taking other measures to speed up the impact of relief measures.
- o The President also has initiated a trade policy action plan based on five principles: free trade and fair trade

are in the best interest of the citizens of the U.S.; the U.S. plays the critical role in ensuring and promoting an open trading system; our trading partners should join us in working to improve the trading system that has benefited us all; and the U.S. will fight unfair trade practices.

- o Although there has been substantial progress on the debt problem, new realities such as slowing exports, protectionism, and recovery to only moderate domestic economic growth rates is making adherence to the current debt strategy difficult for many debtor country governments. New strategies to make continued austerity and economic reform more palatable are needed; without them, it is not unthinkable that one or more of the major LDC debtors might decide in the face of a severe liquidity crunch to declare a moratorium rather than opt for the rescue methods utilized in 1982-83. Conditional responses to such a scenario might be warranted because of the severe ramifications if it were to come about.
- o Stemming the tide of protectionist actions is still of paramount importance. Rising protectionism threatens the effectiveness of the multilateral trading system under GATT; generates retaliatory measures directed against "non-protected" sectors; and stymies LDC efforts to obtain real boosts in exports.
- o Despite the rapid U.S. growth of 1984, full global economic recovery remains elusive, especially in Europe and the Third World. Lack of recovery in these areas adversely affects their stability and aggravates U.S. trade problems.
- o The major industrial countries have not fully achieved effective and timely coordination of international monetary policies. Making progress toward greater convergence of monetary and economic policies will help smooth the extreme fluctuations of internationally-traded currencies.

INTERNATIONAL ENERGY

Issue:

How can the United States best guarantee a reliable and adequate supply of the energy resources needed for national and international security and economic well-being?

Objectives:

- o Reduce government intervention in the energy sector and in energy trade through increased reliance on market mechanisms.
- o Improve the energy security of the U.S. and its Allies by action to reduce both the probability of future disruptions and the impact such supply interruptions might have on our economics.
- o Promote free energy markets.
- o Urge key Allies to diversify their energy resources so that they are not dependent on single supplier nations, particularly in the case of gas imports from the Soviet Union.
- o Promote a balanced and mixed energy resource system that avoids undue dependence on any single energy source.

Accomplishments:

- o The Administration's decision to deregulate oil prices has stimulated domestic production and reduced oil imports to 35 percent of our oil needs.
- o The partial decontrol of natural gas prices on January 1, 1985 has helped maintain gas production without causing a price increase. More than one-half of U.S. gas production is now sold at market prices.
- o The Strategic Petroleum Reserve contains 489 million barrels of oil, the equivalent of 108 days of net oil imports.

- o The U.S. has led initiatives within the International Energy Agency (IEA) to limit Western European reliance on Soviet natural gas, including Ministerial decisions in 1983 and 1985 to avoid undue dependence on any one source of gas imports and to emphasize indigenous OECD sources. We have formed a consensus that Western Europe will need additional supplies of natural gas in the mid-1990s. Commercial negotiations to fulfill part of that demand from the Netherlands have been completed. Commercial negotiations to develop Norwegian sources have begun and are reportedly progressing well.
- o In July 1984 the IEA agreed to a policy of coordinating stock draw and other measures early in a supply disruption in order to counter a sharp run-up of prices and protect economic growth and stability.
- o President Reagan and Prime Minister Nakasone agreed in November 1983 to a program to increase energy trade between the United States and Japan. Over the long run, this effort can create thousands of new jobs for Americans and greater energy efficiency for both our nations.
- o Ministers at the July 1985 IEA Ministerial agreed to "pursue expeditiously a common approach whereby they would maintain or create conditions such that imported refined products could go to the markets of different IEA countries and regions on the basis of supply and demand as determined by market forces."

Talking Points:

- o U.S. Administrations since the 1973/1974 oil embargo have seen energy supply as a constraint on economic systems. The present Administration sees energy supply as an opportunity to promote economic growth and prosperity.
- o Action to deregulate oil and gas prices has encouraged domestic production and as a result, U.S. net oil imports have declined to 4.7 million barrels per day, roughly 35 percent of our oil needs; gas production has not declined as anticipated.
- o With the maintenance of oil and gas production as well as increased coal use and nuclear power, we now produce about 87 percent of the energy we use.

- o We have urged our Allies in Europe and the Pacific to consider buying more U.S. coal, thereby reducing their dependency on more uncertain supplies of energy. Prime Minister Nakasone and President Reagan have endorsed increased energy trade between the United States and Japan, which can mean jobs for citizens and greater security for both nations.
- o In addition, we have led a process in the IEA to improve cooperation in more efficient use and supply of energy, and in special arrangements for emergency sharing among key industrialized countries to ensure that we can minimize the possibility or effects of any future oil shortage.
- o The SPR would be our first line of defense in an oil supply disruption, and we are committed to its early use in large quantities in coordination with other IEA members, whom we expect to take complementary actions.
- o IEA members at the May 1983 Ministerial agreed that member countries should avoid undue dependence on any one source of gas imports and obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. This emphasis on natural gas security was reaffirmed at the July 1985 IEA Ministerial.
- o At the July 1985 IEA Ministerial, member states agreed to pursue a common approach to maintain or create conditions so that refined products go to markets on the basis of supply and demand as determined by market forces without distortions.

TECHNOLOGY SECURITYIssue:

How can the United States and its Allies resolve their own disparate views and devise a comprehensive means of preventing the Soviet Union and its Allies from acquiring sensitive technology?

Objectives:

- o Reach agreement with our Allies and other friendly nations on the nature of the threat posed by the uncontrolled transfer of militarily significant technologies to the Warsaw Pact.
- o Introduce new countermeasures and constraints on a multilateral basis, whenever possible, to impede if not prevent such losses.
- o Continue to improve our intelligence on technology transfer matters.
- o Curb the loss of militarily sensitive technology without slowing down the development of new technologies in the West and without bringing undue hardship to U.S. and Allied economic interests.

Accomplishments

- o The Reagan Administration is the first to fully recognize the security risk posed by technology transfer. It has taken many steps toward stemming the flow of militarily sensitive know-how and hardware to the Soviet Bloc.
- o Domestic U.S. procedures in both intelligence-gathering and export control have been strengthened and made more effective.
- o Through a government-wide outreach plan, U.S. industry has been made more aware of the threat and encouraged to institute its own technology security measures.
- o Under U.S. initiatives, COCOM procedures have been made more effective and the list of multilaterally controlled items has been brought up to date.
- o Bilateral arrangements are in place or being negotiated with a number of non-COCOM countries for the protection of U.S. and indigenous technologies.

- o The effectiveness of our technology security program has increased dramatically. The results are being seen in court cases and convictions for diversion and espionage.
- o Both U.S. Customs and the Commerce Department have significantly increased their enforcement work, and since 1980, technology security has become an area of priority in our intelligence effort. Good relationships with Customs' counterparts abroad have resulted in the foiling of large number of diversion attempts.
- o The security services of our Allies have uncovered and had expelled many Soviet Bloc intelligence collectors of militarily sensitive technology, a result partially attributable to U.S. efforts to highlight this issue. Also, the U.S. has closed down many means previously used by the Soviets to acquire technical information.

Talking Points:

- o The Soviets and their Warsaw Pact Allies, using espionage as well as legal and illegal trade channels, have sustained a large-scale effort for some time to obtain Western technical information and hardware to improve their weapons and their military's supporting industrial base. The Soviets are well behind the U.S. in many technologies having military use, e.g., computers and microprocessor technology, and thus require Western, and especially U.S., information to meet weapons requirements.
- o Europe and Japan are, like ourselves, innovative and scientifically advanced. Our Allies have a vested common concern in stemming technology loss, as this loss leads to higher defense budgets for all, while concurrently weakening deterrence. On the other hand, each ally has its own view of its economic relationship with Bloc countries; there is, therefore, a tension of competing interests among our Allies over economic gain versus the provision of technology to the Bloc. At issue is how to resolve these disparate views.
- o Despite progress, a problem so complex as the loss of technology cannot quickly be remedied. The Soviets are very skilled in their collection techniques. Acquisition of technical information has been a long-standing campaign, with numerous avenues of collection. Awareness of Soviet methods and their effects is the cornerstone of our response to their campaign.

- o The U.S. is an open society with a heritage of free expression. This freedom of expression is exploited by the Soviets in their collection program; the U.S. Government must ensure proper protection of militarily sensitive information while not impeding the rights and traditions of free expression.
- o The effort to slow or stop the loss of strategic technology must be a persistent, long-term undertaking. It is essential both for ourselves and our Allies that the threat continue to be highlighted and exposed for the danger that it poses, and that unilateral, bilateral, and multilateral countermeasures be kept in place and supported by the highest levels in the Administration. A great deal of progress has been made, and this progress must be sustained and enhanced by organizational, legal, and technical means.
- o At the same time that we have been working to slow or stop technology losses, we have been working to reduce the delays imposed on the private sector when export licenses are reviewed as part of our control efforts. This has won the increased support of U.S. industry for the Government-wide technology security program.

TERRORISM

Issue:

How can the United States improve its ability to deter, protect against, and respond to terrorist attacks?

Objectives:

- o Improve international cooperation to detect and combat terrorism bilaterally with allies, and multilaterally in groupings of like-minded states and other international fora.
- o Enhance operational capabilities and inter-governmental coordinating mechanisms to prevent and respond to terrorist attacks.
- o Continue refinement of legal instruments and agreements to counter terrorism, including steps for the extradition and prosecution of persons involved in terrorism.

Accomplishments:

- o Over 90 planned terrorist attacks upon U.S. citizens or facilities abroad were identified and pre-empted during the past year by improved intelligence and stronger security and cooperation with other governments.
- o We resolved successfully and peacefully the TWA 847 hijacking and obtained the release of the hostages without violating our policy against deals with terrorists.
- o Through the Summit Seven experts group, we promoted the revitalization of the Bonn Declaration, its expansion into civil aviation and airport security, and the examination of other non-civil aviation issues for joint action.
- o The U.S. hosted high-level multi-agency delegations from the U.K., Italy, Turkey, Greece, Egypt, Israel, and about 18 other states where closer cooperation in fighting terrorism was discussed under the auspices of the Anti-Terrorism Assistance Program.
- o We developed a coordinated interagency training and assistance effort, using reprogrammed funds, to counter threats against Americans by Colombian narcotics traffickers. This effective program serves as a model for the new anti-terrorism program planned for Central America.

- o Some 1,243 persons from 13 countries have been brought to the United States for specialized counter-terrorism training under the Anti-Terrorism Assistance program.
- o We have established a system of coordinated threat alerts from all members of the U.S. intelligence community to provide more timely and accurate information on terrorist threats to our overseas Missions, reducing the problem of duplicate warnings and reporting.
- o Closer ties have been developed between the Interdepartmental Group on Terrorism (IG/T) and the intelligence community organizations that focus on terrorism.
- o An interagency understanding has been developed concerning the composition, leadership, and utilization of special teams to send to the scene of a terrorist incident to assist the Ambassador or the host government.
- o We have created an Anti-Terrorism Assistance Coordination Committee under the IG/T to coordinate all U.S. Government assistance in the field of counter-terrorism, ensure maximum efficiency, and eliminate waste in counter-terrorism assistance.
- o A Public Diplomacy Working Group has been established under the joint sponsorship of the IG/T and the International Information Committee. The Group aims to generate greater global understanding of the threat from terrorism and the importance of intensive efforts to resist the threat.
- o We have developed new procedures for producing Emergency Action Plans at overseas posts, increasing compliance from less than 25 percent to more than 96 percent during the year.
- o We have begun implementing the recommendations of the Inman Panel, which call for sweeping organizational changes in State Department security and counter-terrorism functions to meet the USG's security challenges overseas more effectively and to develop a dynamic and anticipatory security program. A new Bureau of Diplomatic Security will be created and an Ambassador-at-Large for counter-terrorism will be appointed.
- o A major program to enhance physical and operational security at 112 diplomatic posts abroad has been initiated, with spending at the \$55 million level this fiscal year and requesting \$391 million and \$331 million for FY 86 and FY 87 respectively. This will raise all U.S. diplomatic facilities abroad to higher minimum security standards.

- o As authorized in 1984 legislation, we have established procedures for a rewards program. The first rewards were offered for information about the murderers of the six Americans in El Salvador in June.
- o We have negotiated an extradition treaty with the U.K. which includes language about political offenses. The treaty was submitted to the Senate in August and will be the model for other similar treaties.
- o Implementation has begun of a number of important anti-terrorism provisions in the Foreign Aid Authorization bill for 1986 and 1987, which Congress passed and the President signed into law in August. These provide for additional sanctions against countries supporting terrorism or maintaining unsafe airports and authorize additional funds for the ATA program and research and development on equipment to detect explosives.
- o Other bills passed during the 1984 session include an omnibus crime bill enabling federal authorities to prosecute in certain conspiracy cases, including possible terrorism plots, and legislation implementing the Montreal Convention against Aircraft Sabotage and the UN Convention against the Taking of Hostages.

Talking Points:

- o Terrorism is a worldwide phenomenon which is becoming increasingly frequent, indiscriminate, and state-supported. Terrorism is likely to be a prominent factor on the international political landscape for the rest of the century.
- o The nature of the international terrorist threat is evolving. Recent developments include the rise of international Shia and Sikh terrorist movements, and a resurgence in Western Europe of coordinated leftist terrorist activity against NATO-related targets.
- o The overall threat is increasing. There were more than 600 terrorist incidents last year, compared with an annual average of about 500 in previous years. The number of incidents continues to rise this year. During recent months we have seen the hijackings of TWA Flight 847 and a Jordanian airliner, the hijacking of the Italian cruise ship Achille Lauro, explosives planted aboard other airliners, bombings at airports, the kidnapping of more persons in Lebanon, and attacks on the Emir of Kuwait.

- o Terrorist attacks are likely to become increasingly violent. The number of casualties and fatalities generally has grown with the number of incidents.
- o A broader spectrum of citizens are likely to be the victims of terrorism, as exemplified in the Achille Lauro and TWA 847 incidents. Prominent public figures may remain the central focus, but trends in recent years show that diplomats and military personnel represent a declining share of the victims, while travelers, businessmen, journalists, and even clergymen are increasingly the targets of attack.
- o The U.S. is a prime target of terrorist acts overseas due to our extensive official and commercial global presence. Our citizens and facilities are readily accessible; our policies are directly opposed to the interests of many terrorist groups; and we frequently support governments which terrorists are trying to destabilize.
- o U.S. policy on terrorism is unequivocal: we will make no concessions to terrorists. We pay no ransoms, nor do we permit releases of prisoners or agree to other acts which might encourage additional terrorism. We make no changes in U.S. policy because of terrorists' threats or acts. In countering terrorism, we are prepared to consider a wide range of actions appropriate to the situation at hand.
- o The peaceful resolution of the TWA 847 hijacking, and the swift detention of the four hijackers of the Achille Lauro demonstrate the increasing effectiveness of current U.S. policy on terrorism.
- o The Department of State has been assigned the lead inter-agency role in combatting terrorism outside the U.S. State's Office for Counter-Terrorism deals with the problems of international terrorism on two levels: in its coordinating role within the Department of State, and in its similar role as head of the Interdepartmental Group on Terrorism.
- o As part of the continuing high priority given to countering terrorism, President Reagan recently asked Vice President Bush to convene a Task Force headed by Admiral Holloway to concentrate on strengthening and supplementing U.S. policy on terrorism.

- o Efforts to counter international terrorism include a major effort within the U.S. Government and with friendly governments to improve our intelligence on the identity, objectives, plans, capabilities, and locations of terrorist organizations. We have increased efforts to inform the public, both here and abroad, about the international terrorist threat and the need to be alert in helping to combat it.
- o Additional unilateral efforts to counter terrorism include continuing to improve the security of U.S. installations overseas, stepped-up training for U.S. employees, and improvements in the collection, analysis, and dissemination of intelligence information. Laws passed in recent years, such as the 1984 Act to Combat International Terrorism (which offers rewards for the arrest and conviction of terrorists), and certain provisions of the Export Administration Act (regulating sales to countries supporting terrorists), have also strengthened the anti-terrorism effort.
- o Multilateral steps include the Hague Convention on aircraft hijacking and the Montreal Convention on aircraft sabotage; UN conventions against attacks on diplomats and the taking of hostages, and the Summit Seven's Bonn Declaration, which provides for concentrated action against states that fail to take appropriate legal action against hijackers.
- o International cooperation in countering terrorism is imperative. We cannot succeed alone when the threat originates and is carried out abroad where other governments have the major responsibility.
- o We continue to encourage other countries to overcome their reluctance to take an active stand--through diplomatic, legal, and economic means--against terrorism. They are, after all, frequently as much the victims of such attacks as we.

NARCOTICSIssue:

How can the United States reduce the flow of illicit narcotics from foreign drug-producing and transit countries?

Objectives:

- o Increase the awareness of our young people and others of the dangers of drug usage.
- o Continue to promote and fund crop eradication and interdiction operations in source countries.
- o Promote and improve international and regional cooperation in combating drug trafficking.
- o Enhance the enforcement and operational capabilities of drug law enforcement agencies to counter the growing sophistication of the drug industry.

Accomplishments:

- o Successful crop eradication programs have been carried out in several producing countries, and aerial surveys, a necessary first step toward future eradication programs, have been completed in others.
- o Carefully targeted and U.S.-supported interdiction operations in Latin America have resulted in unprecedented seizures of cocaine and destruction of processing laboratories.
- o The President's establishment of the National Narcotics Border Interdiction System has greatly improved the collection, assessing, and sharing of narcotics information and has resulted in improved interdiction operations in the Caribbean.
- o The Congress significantly strengthened U.S. narcotics enforcement efforts last year when it enacted the Comprehensive Crime Control Act. Among its important drug-related provisions, the law establishes a Cabinet-level board to develop Government-wide drug enforcement programs and coordinate the efforts of the various federal agencies; increases the penalties for drug offenses to include up to 20 years of imprisonment and fines of \$250,000 for offenses involving even small amounts of heroin, cocaine, and certain hallucinogens; revises criminal and civil forfeiture laws to permit forfeiture in

all felony drug cases and allow the Government to seize more property; and strengthens the Government's efforts to detect and deter drug money-laundering.

- o Two First Ladies' Conferences here on drug abuse in April and October 1985 have helped to raise awareness of the growing internationalization of the drug trade and have resulted in many first ladies becoming actively involved in promoting drug control in their countries.
- o A number of countries have begun pushing for greater UN involvement in drug control, and the issue is expected to be an important item on this fall's General Assembly agenda.
- o Cooperation against drug trafficking will be the lead item on the agenda of the Economic Summit meeting next spring.

Talking Points:

- o Despite more successful U.S. and foreign drug interdiction efforts, the amount of drugs entering the United States continues to rise. The criminal trafficking organizations behind this increase are using the wealth acquired through narcotics to subvert drug control and economic, political, and security institutions in many countries.
- o Drug crop production is expanding in many countries and is spreading to others not equipped to halt it. Growers are developing more scientific techniques and obtaining higher yields than ever before.
- o Several countries have initiated successful crop control and eradication programs that have substantially reduced harvests. These gains have been offset by resurgent narcotics activities in countries whose once-successful control programs were subverted by graft, violence, and other countermeasures, and in countries whose governments have little or no control over the countryside.
- o The immense profits realized by the drug trade have prompted criminal trafficking organizations to resort to violence to protect their industry. These organizations strike at U.S. and foreign symbols of law and order at all levels to intimidate governments and thwart control programs.
- o Governments of drug-afflicted nations also face threats to their security from terrorist and insurgent involvement in drug trafficking. These groups use narcotics as a lucrative and usually non-traceable method of obtaining funds to further their anti-government goals.

- o The narcotics trade's activities across national borders are stimulating bilateral and regional cooperation against it. Several Latin American countries have already dealt setbacks to growers and traffickers by staging joint operations against them.
- o Rising drug abuse has now affected many Western and other consuming countries, prompting them to seek international solutions. Although an effective and coordinated world-wide strategy is still several years away, the increased attention devoted to the narcotics issue has already led to tougher laws and more effective enforcement in many countries.
- o Two First Ladies' Conferences on drug abuse hosted by Mrs. Reagan this year have helped to raise awareness at home and abroad of the growing internationalization of the drug trade and the dangers it poses to the world's young people.
- o Effective drug control will require patience and a long-term commitment, and its goals will sometimes be affected by competing foreign policy objectives. Because those who traffic in drugs are so adept at exploiting weaknesses and vulnerabilities, gains in one country will frequently be offset by setbacks in others. Unless we persevere despite the inevitable setbacks, however, the international drug trade will have the potential to undermine our society and that of other friendly governments.

ARMS CONTROL

Issue:

The United States is seeking to negotiate meaningful, verifiable arms control agreements with the Soviet Union that reduce the arsenals and risks of war and enhance U.S. security.

Objectives:

- o Reduce the risks of war between East and West, particularly nuclear war, while maintaining our freedom and that of our allies.
- o Negotiate arms control agreements which, in the President's words, provide for "deep cuts, no first-strike advantages, defensive research--because defense is much safer than offense--and no cheating."
- o Ensure that arms control remains an integral component of a comprehensive, coherent security policy that includes the maintenance of credible deterrent forces.
- o Promote compliance with existing arms control accords.
- o Ensure that the panoply of arms control efforts deals with the relationship between strategic offensive and defensive systems.
- o Support expanded membership in the Non-Proliferation Treaty and seek to prevent the spread of nuclear explosives to additional countries.

Accomplishments:

- o This Administration has the most far-reaching arms control agenda in U.S. history. Arms control issues were extensively discussed when President Reagan met with General Secretary Gorbachev in Geneva in November 1985.
- o Even though our two nations still profoundly disagree over the relationship between strategic offense and defense, we made some progress at the Geneva Summit on arms control issues. Both sides agreed in principle on 50 percent reductions in U.S. and Soviet nuclear weapons, on accelerating our work at the Geneva Nuclear and Space Arms Talks, and on seeking an interim agreement on limiting Intermediate Range Nuclear Force (INF) missile systems. We also agreed in principle on the need for progress in other arms control-related areas as spelled out below.

- o When the U.S. and Soviet Union agreed in January 1985 to resume arms reduction negotiations at Geneva, the Administration developed a three-phased strategic concept as the heart of its approach to the Nuclear and Space Arms Talks: (1) near-term significant reductions in nuclear arms and the stabilization of the offense-defense relationship; (2) a period of transition to a more stable world with a reduced reliance on nuclear arms and greater reliance on non-nuclear defenses against nuclear arms; and (3) the eventual complete elimination of nuclear arms.
- o START: The highest U.S. priority stemming from this long-term goal remains to strengthen stability through substantial, equitable, and verifiable reductions in strategic forces below the levels set in SALT II, focusing on the most destabilizing elements (the ballistic missiles and their warheads). The U.S. has proposed a cut of about one-half in land- and sea-based strategic ballistic missiles and a cut of about one-third in the warheads on such missiles. In addition, the U.S. proposed reducing heavy bombers and the number of ALCMs they carry. U.S. negotiators have unprecedented flexibility to explore alternative methods of reduction, to explore tradeoffs which would not dictate Soviet or U.S. force structure, and to discuss Soviet proposals in areas where differences exist.
- o INF: We proposed far-reaching arms control accords in the negotiations on Intermediate-Range Nuclear Forces prior to the Soviet walkout in November 1983 and reiterated those proposals when INF talks resumed in March 1985. There are now nearly 600 Soviet longer-range INF missiles (LRINF), including well over 400 SS-20 missiles, each equipped with three highly accurate warheads. As of March 1985, the United States had deployed 134 of the 572 Pershing II and cruise missiles envisioned in the 1979 dual-track decision. We have continued at Geneva to seek the elimination of all LRINF missiles or the reduction to the lowest possible equal global levels of warheads. We are also prepared to: consider a commitment not to deploy in Europe all of the LRINF missiles to which we would be entitled under equal global ceilings; apportion reductions appropriately between Pershing IIs and GLCMs; discuss LRINF aircraft limitations; explore different approaches leading to a zero global ceiling; and consider serious Soviet proposals that meet U.S. and Allied security concerns.
- o Defense and Space: In the Defense and Space negotiations, we are examining ways to strengthen deterrence by moving away from sole reliance on the threat of nuclear retaliation and toward greater reliance on defenses which will

threaten no one. We also have been discussing our view of the offense-defense relationship, Soviet actions which are eroding the ABM Treaty, and Soviet non-compliance with this and other existing agreements with respect to both offensive and defensive forces. We will continue to press for Soviet compliance and corrective action in cases where there is non-compliance. While some issues posed by SDI are for the future, we are nonetheless prepared now to discuss defense and space arms and the broader question of strategic defense, including existing Soviet defenses and systems based in space as well as systems based on earth which can reach space.

- o MBFR: In 1982 and again in the spring of 1984, the U.S. and NATO proposed in the Mutual and Balanced Force Reduction (MBFR) talks in Vienna major new initiatives to resolve disagreements over the size of conventional forces, and their reduction, in Central Europe. Our proposals envisage major troop reductions to equal NATO and Warsaw Pact levels and effective verification procedures. In February 1985, the East made a move which essentially repackaged its 1983 proposals. The move did not address the central issues of data and verification nor respond to the offer of flexibility in the West's 1984 proposal. The U.S. and NATO are assessing the Eastern proposal and other broader factors in their continued efforts to move the talks forward. At the November 1985 Summit, President Reagan and Secretary Gorbachev emphasized the importance they attach to progress in these talks.
- o CDE: At the 35-nation Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) that opened in Stockholm in January, 1984, the U.S. and other Western nations proposed a package of concrete measures that would make military activities in Europe more open and would make it more difficult to launch a surprise attack or intimidate others by using military force. In June 1984, the President announced that we would consider a Soviet proposal on non-use of force in Europe if the Soviets would seriously negotiate with us on the Western package of confidence-building measures. In May 1985 the President repeated this offer in his address to the European Parliament in Strasbourg. Also in 1985, the U.S. and NATO presented their complete package of confidence and security-building measures in language appropriate for a final agreement. These measures, if adopted by the Conference, would give concrete, new meaning to the non-use of force principle enshrined in the UN Charter and the Helsinki Final Act. At the November 1985 Summit, the U.S. and the Soviet Union agreed to work with the other CDE participants toward an early and successful conclusion of the Conference.

- o CW: In April, 1984, the U.S. proposed to the 40-nation Conference on Disarmament (CD) in Geneva a comprehensive treaty banning development, production, use, transfer, and stockpiling of chemical weapons, to be monitored through far-reaching challenge inspection procedures. The Soviets have yet to make a serious, detailed response to the U.S. draft treaty, but they agreed at the Geneva Summit in November 1985 to join us in accelerating work to conclude an effective and verifiable international convention on this issue and to intensify bilateral discussions at the experts level on all aspects (including verification) of such a ban.
- o Nuclear Testing: The U.S. has three times within the past two years sought to work with the Soviet Union in strengthening verification provisions of the signed, but unratified, Threshold Test Ban Treaty (prohibiting nuclear tests exceeding 150 kilotons) and Peaceful Nuclear Explosions Treaty. The Soviets have rejected such efforts, even as we have received evidence of likely Soviet noncompliance with these threshold agreements and with the Limited Test Ban Treaty that obliges the parties not to conduct an underground nuclear test if the explosion would cause radioactive debris to be present outside the borders of the state conducting the explosion. They have also failed to respond positively to the President's proposal at the September 1984 UNGA to exchange U.S. and Soviet experts to measure tests at each other's test sites in order to facilitate required verification improvements. Finally, they have failed to accept the President's unconditional invitation extended in June 1985 to send a Soviet team to measure the yield of a nuclear test at a U.S. test site with such equipment as they deemed necessary, in order to increase confidence in the verifiability of test limitations.
- o The U.S. has also supported discussion but not negotiations at the Conference on Disarmament in Geneva, of verification and compliance issues related to a comprehensive test ban. Such a ban is a long-term U.S. objective in the context of broad, deep, and equitable arms reductions, improved verification capabilities, enhanced confidence-building measures, and peace at a time when a nuclear deterrent is no longer essential for national security as it is today.
- o Non-Proliferation: We continue to seek strengthened international safeguards to prevent further proliferation. The NPT review conference that met in Geneva in September 1985 produced a consensus document strongly endorsing the

Treaty, an action that serves to strengthen U.S. non-proliferation efforts. President Reagan and Secretary Gorbachev reaffirmed both countries' commitment to the Treaty at the Geneva Summit in November 1985. They also agreed to additional measures to enhance the Treaty's effectiveness, including enlarging its membership and strengthening the International Atomic Energy Agency.

- o Other Confidence-Building Measures: In June 1984, the U.S. renewed the U.S.-Soviet agreement to prevent incidents at sea. In July 1984, a new agreement was signed with the Soviet Union to improve the Direct Communications Link, or "Hot Line," by adding a facsimile capability; an agreement on the transfer of U.S. upgrade equipment to the Soviets was signed in September 1985. In July 1985, the U.S. and the Soviet Union signed a "Common Understanding" to the 1971 "Accidents Measures" Agreement clarifying their obligations to consult in the event of a nuclear incident involving unknown or unauthorized parties, including terrorists. President Reagan and Secretary Gorbachev agreed at the Geneva Summit in November 1985 to study the concept of establishing risk reduction centers to further reduce the chances of conflict between us.

General Talking Points:

- o Nuclear War: The President and his Administration have no higher priority than reducing the risks of war. Nuclear war in particular, as the President has said repeatedly, and as both he and General Secretary Gorbachev explicitly agreed at Geneva in November 1985, "cannot be won and must never be fought." We seek arms control agreements that truly enhance stability and security.
- o Arms Control: Although we and the Soviets still profoundly disagree over the relationship between strategic offense and defense, we did make some progress at the Geneva Summit on arms control issues. The Administration has a broad arms control agenda involving far-reaching proposals for arms reductions, constraints, and confidence-building measures. We are seeking agreements that are militarily significant, equitable, and verifiable. In each of our efforts, including a number of major negotiations, the U.S. and our Western Allies have made forthcoming new proposals in an effort to achieve progress.
- o Geneva Negotiations: Both sides agreed at the Geneva Summit to accelerate work at the Geneva Nuclear and Space Arms Talks. We still have a long road and tough issues ahead. Patient and persistent dialogue will continue to be required. We hope that through this dialogue, we can

eventually translate the Summit agreement in principle on an equitable, verifiable 50 percent reduction in both sides' nuclear weapons into agreements that will pave the way for further deep cuts.

- o We have carefully examined the new Soviet counterproposal presented at Geneva on September 30. We find it disappointingly one-sided, since it calls for deep reductions in U.S. aircraft and INF systems without offering parallel cuts in comparable Soviet systems. U.S. modernization would be restricted while Soviet modernization would be preserved, and the proposal would maintain the Soviet monopoly in antisatellite programs. Nevertheless, while it falls significantly short in several key areas, Moscow's proposal contained certain positive seeds which we wish to nurture. We have now presented a new proposal of our own which builds upon these positive elements and calls for very significant, even-handed reductions of comparable nuclear systems, particularly the most destabilizing ones.
- o In the negotiations, the U.S. and Soviet Union agree that there is a relationship among all the different types of arms to be addressed. Offensive and defensive systems are closely related and cannot be considered in isolation from each other. However, progress in any of the three Geneva forums should not be held hostage to progress in another. A vital task before us is to strengthen stability by moving over time to a different kind of strategic relationship, one less dependent on the threat of nuclear devastation and more dependent on defensive systems that threaten no one.
- o Other Negotiations: In addition, we are actively involved in a number of other serious arms control efforts. These include the Vienna negotiations on Mutual and Balanced Force Reductions (MBFR), the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE), and the Conference on Disarmament (CD) negotiations in Geneva on a comprehensive chemical weapons ban, as well as discussions at the CD on limits on nuclear testing, on outer space, and on other areas of bilateral and multilateral concern. Both sides agreed at the Geneva Summit to increase their efforts to reach effective agreements in these areas.
- o Verification: Verification and compliance are the pacing elements of arms control today. The primary systems of verification are the National Technical Means of each side. U.S. verification capabilities have improved since the late 1970s. In the future, arms control accords will

continue relying on National Technical Means as the primary verification tools, but they will also require on-site inspection, a form of verification of proven value which both Governments have long accepted.

- o Compliance: The U.S. is seriously concerned about Soviet noncompliance with existing agreements. In the President's February 1985 Report to the Congress on Soviet Non-compliance with Arms Control Agreements, the U.S. Government reaffirmed the conclusions of its January 1984 report that the Soviet Union has violated the Helsinki Final Act, the Geneva Protocol on Chemical Weapons, the Biological and Toxin Weapons Convention, and two provisions of SALT II (telemetry encryption and ICBM modernization), the ABM Treaty (through the siting, orientation, and capability of the Krasnoyarsk Radar and through testing of SAM and ABM components) and the Limited Test Ban Treaty. The U.S. Government has also reaffirmed its previous conclusion that Moscow probably has violated the SS-16 deployment prohibition of SALT II. In addition, we are concerned about Soviet preparations for a prohibited territorial ABM defense. We must insist that the Soviets rectify those areas where they are in violation as their failure to do so has serious consequences for the arms control process. For our part, we are continuing to carry out our own obligations and commitments, and will continue to seek effective verification and compliance measures in all arms control efforts we undertake.
- o Interim Framework for Mutual Restraint: In order to foster an atmosphere of mutual restraint conducive to serious negotiation in Geneva, in June 1985 the President announced the U.S. decision not to undercut the SALT I or SALT II agreements as long as the Soviet Union exercised equal restraint. On this basis, the U.S. retired a Polaris submarine in the summer at the time of Trident deployment and in compliance with SALT.
- o Confidence Building Measures: The U.S. has raised and will continue to pursue with the Soviet Union a wide range of CBM proposals at the Geneva Nuclear and Space Arms Talks, at the MBFR negotiations, and at the CDE as well as in other fora to help to ensure that war does not erupt because of accident, miscalculation, or misunderstanding. In July 1984, the Soviet Union signed what we hope will be the first of several agreements to this end: an agreement to upgrade the hotline. At the Geneva Summit, both sides agreed to study the concept of establishing risk reduction centers to further reduce the possibility of conflict between us. We hope that, over time, the Soviets will agree to build on this to establish a much broader-based means of ensuring against accidental nuclear war.

DETERRENCE

Issue:

How can we maintain our ability to deter attack on the US and our allies while moving toward a more stable world with lower levels of nuclear forces?

Objectives:

- o Maintain our ability to deter war today and to reduce the risk of war or coercion by the threat to use force.
- o Move away from deterrence based exclusively on the threat of nuclear retaliation to an enhanced deterrence based on the increasing contribution of defensive systems, primarily non-nuclear systems, that threaten no one.

Accomplishments:

- o Through our strategic, intermediate-range nuclear, and conventional forces modernization programs, we have begun to remedy the significant vulnerabilities in those forces --as in C3I capabilities--which were inherited in 1981. This will permit us to maintain deterrence today and into the near future.
- o The Strategic Defense Initiative, a broad-based research program, will provide future options for moving away from deterrence based on nuclear retaliation and towards a safer, more secure and more stable deterrent.

Talking Points:

- o Deterrence is the cornerstone of US national security policy. We deter by ensuring that the leadership of all potential aggressors is aware of our policy to maintain forces adequate to deny an aggressor his basic war aims and, through retaliation, make the costs of aggression far outweigh any potential benefits.
- o The President has emphasized that a nuclear war cannot be won and must never be fought. Our recognition of this fact is not sufficient to prevent nuclear war; we must be certain that the Soviet leadership understands it as well.

- o Deterrence based on nuclear retaliation has worked for over 30 years. However, Soviet improvements in both their offensive forces and their own strategic defenses, if unanswered, will erode deterrence.
- o Our strategic modernization program is designed to ensure our ability to deter today. The SDI program seeks to create a better basis for deterrence in the future.

STRATEGIC MODERNIZATIONIssue:

How can the United States close the gap between its strategic capabilities and those of the Soviet Union?

Objectives:

- o Redress the most serious weaknesses in our current strategic posture.
- o Provide incentive to the Soviets to negotiate meaningful arms reductions that promote strategic stability.

Accomplishments:

- o The President early-on recognized the need for strategic modernization and as a result proposed a five-element mutually reinforcing program to restore the strategic balance.
- o The five-point program directed the Department of Defense to: design and produce a cost-effective Peacekeeper intercontinental ballistic missile; refine and improve the basic design of the B-1 strategic bomber and place it into series production; select a design and develop an Advanced Technology Bomber (ATB) to complete the basic modernization requirements of the strategic bomber force of the 1990s and beyond; deploy a Trident submarine and develop an improved Trident II/D-5 submarine-launched ballistic missile system and a nuclear-armed SLCM; and design and deploy improvements to our command-and-control system to ensure positive control to further reduce the risk of war.
- o A major change to the President's program was incorporated after its initiation: at the recommendation of the Scowcroft Commission, work was initiated on a Small ICBM for deployment in the 1990s in addition to the Peacekeeper.
- o Significant progress has been made on all five of the Strategic Initiatives.
- o Improvements to the Strategic Command-and-Control system are being implemented.
- o The B-1 is now being deployed to operational bases months ahead of schedule and below cost. Research on the ATB is on or ahead of schedule.

- o The first 42 Peacekeeper missiles are in production, and the Peacekeeper missile has had nine successful test launches, including the first test from a silo.
- o Research on the D-5 missile is on schedule and the nuclear-armed SLCM has been deployed.
- o Improvements to our strategic air defenses are being implemented.

Talking Points:

- o Strategic modernization is required to redress the serious weaknesses in our strategic posture caused by the massive Soviet build-up of strategic forces over the past 10-15 years, a period of U.S. restraint in deployment of strategic systems. It is also needed to restore our deterrent strength and to provide strong incentives to the Soviets to negotiate genuine arms reductions.
- o Under President Reagan's leadership, a multi-element, mutually reinforcing strategic modernization program has been initiated. Significant progress has already been made in a number of areas.
- o Strategic communications-and-control systems are being improved to ensure that we could employ our nuclear forces effectively, which is essential to a credible deterrent.
- o Bomber modernization is underway to reduce the risks associated with the aging and potentially vulnerable B-52 force.
- o Sea-based forces, currently the most survivable leg of our strategic Triad, are being modernized and a new Trident has been deployed.
- o Our land-based missile force is being modernized to remedy an important part of the strategic imbalance. This modernization is critical because of the important contributions of the ICBM which include: prompt hard target capability; secure command-control-and-communications; rapid re-targeting; high alert rate; and low operations and support costs (12 percent of the total for the entire Triad).
- o The President's strategic modernization program is an essential element in helping us meet our arms control objectives. We have stated that we are willing to negotiate trade-offs in each side's advantages and a build-down of strategic systems leading to significantly lower and more stable strategic forces. We seek to reach an equitable and verifiable arms control agreement in the talks under way in Geneva.

ICBM MODERNIZATIONIssue:

How can the United States maximize the effectiveness of the ground-based portion of the strategic Triad in support of credible deterrence?

Objectives:

- o Modernize the aging ICBM force through the deployment of 100 Peacekeeper missiles and the development of a new small mobile ICBM.

Accomplishments:

- o The Peacekeeper test program has been an outstanding success: all test objectives have been met or exceeded, and accuracy/reliability results have been excellent.
- o 50 Peacekeeper missiles have been approved for silo deployment. Research is underway for a more survivable basing mode for an additional 50, pursuant to the FY 1986 Defense Authorization Act.
- o Production has been approved and initiated on the first 42 Peacekeeper missiles, and work in connection with the deployment of the first 50 missiles in existing Minuteman silos at F.E. Warren Air Force Base, Wyoming, is progressing on schedule. All other requirements for an operational deployment of Peacekeeper in 1986 are on schedule.
- o Development of the small ICBM has begun and is on schedule for a possible deployment in the early 1990's.

Talking Points:

- o ICBM modernization is essential to the viability of the strategic Triad of bombers, submarine-launched ballistic missiles, and ICBMs that has kept the peace for well over two decades.
- o The President has endorsed the recommendations of the Bipartisan Scowcroft Commission to deploy the Peacekeeper missile as soon as possible and develop a small ICBM, while vigorously pursuing arms control.
- o Peacekeeper is the only near-term ICBM that can help restore the strategic imbalance that developed as the Soviets modernized during a period of U.S. restraint.

- o Since the early 1970s, the Soviets have modernized their ICBM force through the addition of a new generation of MIRVed ICBMs, 150 SS-17 missiles, 308 SS-18 missiles and 360 SS-19 missiles. The U.S. has deployed no new systems during this period.
- o Peacekeeper deployment is an important element in demonstrating U.S. resolve to maintain its modernization program consistent with national security objectives while pursuing deep reductions in both sides' nuclear arsenals at the Geneva talks. Failure to deploy Peacekeeper would provide no incentive for the Soviets to undertake serious negotiations aimed at limiting and reducing strategic systems.
- o Peacekeeper deployment is a vital first step in a logical, comprehensive, and progressive approach toward permitting us and encouraging the Soviets to move toward smaller, survivable, and more stable systems at lower levels of forces. Without Peacekeeper, the Soviets have little incentive to move in this direction in the near term. With ICBM modernization, stability and deterrence will be enhanced well into the Twenty-First Century.
- o A new single warhead small ICBM is also required. Each of these ICBMs represents a low-target value from a Soviet attack-plan perspective. A flexible and survivable basing mode is being developed as a complement to a small ICBM. (Current emphasis is on a hard mobile concept.)

NUCLEAR-ARMED SEA-LAUNCHED CRUISE MISSILE**Issue:**

How can the United States most effectively modernize the Navy's deterrent capability?

Objectives:

- o Offset the threat posed by the Soviet Union's large force of sea-launched cruise missiles (SLCMs).
- o Enhance the U.S. deterrent posture.

Accomplishments:

- o The Administration announced the decision to deploy nuclear SLCM as part of its October 1981 Strategic Modernization Program. The nuclear-armed SLCM contributes to our nuclear reserve force and the modernization of our worldwide naval deterrent capability.
- o Funding of the SLCM program first was approved by the Congress in FY 1981 and has continued without interruption ever since, enabling the program to meet its scheduled initial deployment date of July 1984.

Talking Points:

- o In the early 1970's the U.S. decided to develop conventional and nuclear-armed SLCMs to improve our deterrent posture and to offset the threat posed by Soviet SLCMs.
- o The nuclear-armed SLCM provides badly-needed modernization of our Navy's deterrent capability. When deployed on surface ships or submarines, it is a highly survivable system. It is a highly accurate weapon, and its procurement costs are relatively low.
- o The SLCM program actually offsets a Soviet capability that has existed since the early 1960's, when their first sea-launched cruise missiles were deployed. Moscow now has seven operational SLCM systems, six of which are dual-capable--i.e., are currently deployed in both conventional and nuclear-armed configurations. At least two of these systems feature weapons with ranges in excess of 400 kilometers that can threaten many coastal U.S. cities.
- o Nuclear arms control regimes involving SLCMs must enhance stability, strengthen the credibility of the U.S. nuclear deterrent, and be effectively verifiable. Limitations which fail to meet these criteria are not in the U.S. national security interest.

STRATEGIC DEFENSE INITIATIVE

Issue:

How can the United States attain its long-range goal of making ballistic missiles impotent and obsolete?

Objective:

- o Research the potential of advanced defensive technologies which could support a future U.S. decision on whether to develop and deploy an effective defense against ballistic missiles.

Accomplishments:

- o On March 23, 1983, the President directed that research within the limits prescribed by the ABM Treaty go forward on neutralizing the ballistic missile threat.
- o Early feasibility studies determined that advanced technologies showed promise for providing an effective anti-ballistic missile defense and that such defenses could enhance deterrence, stability, and prospects for arms reductions. The studies recognized that uncertainties could only be resolved through further research. As a result, defense experts recommended a vigorous research program designed to answer the remaining questions as to whether an effective defense is feasible.
- o After consulting Congressional leaders and our Allies, the President directed that an accelerated research effort be conducted. The objective is to provide answers that will permit us to make an informed decision in the future on whether to proceed with developing such defensive systems. All research will be fully compliant with our treaty obligations.
- o In recognition of the importance of SDI both to the United States and our Allies, the U.S. extended an offer to our Allies to participate in the SDI program. We have followed up the offer by holding detailed discussions with several of the Allies.

Talking Points:

- o The President's Strategic Defense Initiative seeks to explore the potential of emerging defensive technologies to enhance deterrence and improve stability by significantly reducing the military effectiveness of ballistic missiles.

- o The pace of the Soviet offensive and defensive buildup has upset the balance in the areas of greatest importance during crises. Their modernization of offensive nuclear forces has been particularly striking.
- o When the ABM Treaty was signed in 1972, it was agreed that a comprehensive treaty on offensive nuclear forces of indefinite duration should parallel it. It was hoped that such a treaty could be concluded in two years, and certainly within five years. This has not occurred.
- o The SALT I Interim Agreement, which was concluded at the same time as the ABM Treaty and anticipated this further progress on offensive force limitation, simply froze each side's ballistic missile forces at unequal levels.
- o However, in the thirteen years since that agreement was signed, the Soviet Union has modernized its offensive forces in an unprecedented manner while the U.S. has exhibited relative restraint.
- o Over time, the quantitative advantage the Soviets were granted through the SALT I Interim Agreement has evolved into a qualitative advantage, as well. Further, the heavy emphasis that their offensive force structure places on ICBMs, with increased accuracies and massive throw-weight capacity, now represents a serious threat.
- o The Soviet Union's relentless improvement of its ballistic missile forces has steadily eroded the survivability of our land-based retaliatory forces.
- o The President's Strategic Defense Initiative addresses his deep conviction that "certainly, there should be a better way to strengthen peace and stability, a way to move away from a future that relies so heavily on the prospect of rapid and massive retaliation and toward greater reliance on defensive systems which threaten no one."
- o On March 23, 1983, President Reagan announced his decision to take an important first step toward this goal by directing the establishment of the Strategic Defense Initiative research program.
- o The extensive Soviet activities in strategic defense have eroded the foundation on which deterrence has long rested. In concert with their massive and newly modernized offensive forces and already impressive air and passive defense capabilities, such a move poses a serious new threat to U.S. and Allied security.

- o At a minimum, the SDI program is a prudent response to the very active Soviet research and development activities in this field, and it provides insurance against Soviet efforts to develop and deploy unilaterally an advanced defensive system. But the SDI program is designed to do more than this.
- o This vigorous research program emphasizes advanced, non-nuclear defensive technologies, with the aim of finding better ways of deterring aggression, strengthening stability, and increasing the security of the United States and its Allies.
- o The research will provide to a future President and a future Congress, possibly in the early 1990s, the technical knowledge required to support a decision on whether to develop and later deploy advanced strategic defensive systems.
- o SDI offers us, our Allies, and the world in general the possibility of radically altering today's dangerous trends by moving to a better, more stable basis of deterrence. It would allow us to move away from reliance on the threat of nuclear retaliation to deter aggression, and towards an enhanced deterrence based upon defensive capability that threatens no one.
- o In the Geneva Nuclear and Space Talks, our priority is in obtaining Soviet agreement to significant reductions in offensive nuclear weapons and in reversing the erosion of the ABM Treaty. We also seek to engage the Soviets in discussion of the offense-defense relationship and our view of how a transition to increased reliance on defense could enhance mutual security and strategic stability.

ANTI-SATELLITE (ASAT) DEVELOPMENT AND ARMS CONTROLIssue:

How can the United States best protect its interests in space and strengthen deterrence?

Objectives:

- o Ensure that we have a full range of options for protecting our military and civil systems deployed in space.
- o Deploy a U.S. anti-satellite capability (the MV - Miniature Vehicle System) and develop other space systems and capabilities as well as negotiate agreements that maintain and strengthen deterrence in these areas.

Accomplishments:

- o U.S. National Space Policy, announced by the President on July 4, 1982, states that the United States will consider verifiable and equitable arms control measures that would ban or otherwise limit testing and deployment of specific weapons systems, should those measures be compatible with U.S. national security.
- o With U.S. support, a specialized ad hoc committee to consider issues relevant to space arms control, without a negotiating mandate, was formed in the forty-nation Conference on Disarmament in Geneva. The mandate for this Committee is largely that proposed by the U.S. and its Allies over a year ago and focuses on legal and verification issues.
- o In March 1984, the Administration submitted a comprehensive report to the Congress on U.S. Policy on ASAT Arms Control which pointed out factors that impede identification of effective ASAT arms control measures. These include verification difficulties, diverse sources of threats to U.S. and Allied satellites, and threats posed by Soviet targeting and reconnaissance satellites. The report also indicated that the U.S. would continue to study selected limits on specific types of systems or activities.
- o The Soviets introduced their ASAT system over a decade ago. It is today the world's only operational ASAT system.

- o The U.S. ASAT Program under development has made significant technical progress: the ASAT Boost System and its miniature vehicle have been tested in space; and a successful test has been made against a satellite target in space.
- o Research continues on technologies with potential for ASAT use, including directed energy weapons and space tracking technology.
- o Survivability of U.S. space assets is being upgraded through the development of measures which reduce or eliminate the effectiveness of Soviet ASAT systems.
- o On March 12, 1985 the United States and the Soviet Union began talks on space and nuclear arms with the objectives of preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms, and at strengthening strategic stability.

Talking Points:

- o Current Soviet ASAT capabilities include an operational orbital interceptor system; ~~ground-based test lasers~~ with probable ASAT capabilities; possibly the nuclear-armed Galosh ABM interceptors (if modified); and the technological capability for electronic warfare (jamming) against space systems.
- o The operational Soviet ASAT system threatens U.S. low-altitude satellites.
- o The 1978-1979 ASAT arms control talks revealed major U.S.-Soviet differences, and subsequent study has brought space arms control issues into sharper focus. Problems in space arms control include: verification difficulties; high risk of Soviet break-out due to existing Soviet ASAT capabilities and research; difficulties in defining space weapons, since many ground-based systems have space capability and manned space systems have extreme flexibility; and the fact the Soviets have deployed systems whereas we have not.
- o The Soviets' proposal in the 1983 UNGA for an ASAT arms control treaty lacked provisions for effective verification, was unclear with regard to Soviet targeting satellites, and did not deal with residual ASAT capabilities. This moratorium proposal seemed clearly designed to block tests of the U.S. ASAT while allowing the USSR to maintain

its monopoly with the world's only operational ASAT interceptor system. (In June 1984, in connection with their proposal for talks in Vienna in September 1984, the Soviets essentially reiterated these same proposals.)

- o The U.S. is prepared in the Defense and Space Negotiations Group in the Geneva Nuclear and Space Talks to consider Soviet proposals and to present ideas of its own on this complex subject. So far the Soviet proposal for a ban on ASAT testing and deployment suffers from the same defects as their earlier proposal.

SPACE

Issue:

How can the United States capitalize on the full potential of the medium of space in satisfying overall national interests?

Objectives:

- o Strengthen the security of the United States.
- o Maintain U.S. space leadership.
- o Benefit economically and scientifically by exploiting space.
- o Expand U.S. private sector investment and involvement in civil space-related activities.
- o Promote international cooperative activities in space that are in the national interest.
- o Work with other nations to preserve the freedom of space for all activities that enhance the security and welfare of mankind.

Accomplishments:

- o On July 4, 1982, President Reagan signed the National Space Policy to guide the conduct of our space program. The policy states that our space program will be conducted according to a set of principles.
- o We are committed to the exploration and use of space by all nations for peaceful purposes and for the benefit of mankind.
- o We reject any claims to sovereignty by any nation over outer space, celestial bodies, or any portion thereof, and reject any limitations on the fundamental right to acquire data from space.
- o We consider the space systems of any nation to be national property with the right of passage through and operations in space without interference.
- o We encourage domestic commercial exploitation of space capabilities, technology, and systems for national economic benefit.
- o We will conduct international cooperative space-related activities that achieve sufficient scientific, political, economic, or national security benefits for the nation.

- o Our space program will be comprised of two separate, distinct, and strongly interacting programs-- national security and civil.
- o The Space Transportation System (STS) is the primary space launch system for both national security and civil government missions.
- o We will pursue activities in space in support of our right of self-defense.
- o We will continue to study space arms control options.
- o Our Space Assistance and Cooperation Policy, which was issued on August 6, 1982, promulgates broad U.S. objectives in international space cooperation and provides policy on space launch and technology assistance.
- o The President has directed the maintenance of orbiter production through manufacturing structural and component spares.
- o In May 1983, the President established a policy to facilitate the commercialization of expendable launch vehicles (ELVs). A Senior Interdepartmental Group (Space) study subsequently led to establishing procedures for licensing commercial space launches and giving lead-agency responsibility to the Department of Transportation.
- o Following the completion of an interdepartmental study, the President announced in his State of the Union Address on January 25, 1984, that developing the frontier of space would be one of the four major goals for the U.S. in the 1980s. In this context he announced that: the U.S. will develop a permanently-manned space station and place it in orbit within a decade; our friends and Allies are invited to join us, and we have now included allied scientists in the program; and we would implement a number of initiatives designed to promote private sector investment in space.
- o At the Bonn Economic Summit in May 1985, we received positive responses from the European Space Agency, Canada, and Japan to participate in the U.S.-manned Space Station program.
- o On July 20, 1984, the President announced 13 initiatives to encourage commercial activity in space.

- o On August 15, 1984 the President approved a National Space Strategy. The Strategy implements the National Space Policy by providing 17 priorities for the U.S. Space Program in the STS, Civil Space, Commercial Space, and National Security Space areas. Seven follow-on efforts to further implement the policy are directed.
- o On February 25, 1985, the National Security Launch Strategy was issued. It authorizes the Department of Defense to procure a limited number of ELVs in order to maintain assured access to space. It also directs a joint Defense-NASA study on the development of a second-generation space transportation system that would be a follow-on to the Shuttle.
- o On July 30, 1985, the President approved a plan for implementing full cost recovery of foreign and commercial Shuttle flights occurring after October 1, 1988. In approving this plan, the President directed that the price charged to DOD for Shuttle flights would be negotiated separately from that charged under the foreign and commercial policy, and would include appropriate compensation for DOD services rendered in connection with Shuttle flights.

Talking Points:

- o A vigorous and forward-looking space program is one of the most highly visible and tangible demonstrations of world leadership.
- o Few other national endeavors have equaled the potential of the U.S. Space Program to: perform functions in the national security, domestic and private sectors that either cannot be performed any other way or cannot be performed as economically or as well; advance the state-of-the-art in high technology; and elevate the human spirit, capture our imaginations, demonstrate our pioneering initiative, and hold out hope for a progressive future for our nation and all mankind.
- o Since announcement of his National Space Policy on July 4, 1982, President Reagan has issued approximately eight directives and made numerous decisions that will help implement this broad policy. The Senior Interdepartmental Group (SIG) for Space was established to coordinate the implementation.
- o Much remains to be done to set the U.S. Space Program on a course that ensures U.S. leadership in the decades ahead. By the President's direction, a National Space Strategy has been completed which establishes broad priorities for the U.S. Space Program and identifies potential issues to be resolved through follow-on studies.

MILITARY CAPABILITY/READINESSIssue:

Are our armed forces more "ready" than in 1980?

Objectives:

- o Continue to improve training and skill levels of U.S. forces.
- o Reduce longstanding shortages in combat sustainability, including stock levels of critical consumables.
- o Provide modern equipment to enhance combat effectiveness and survivability.
- o Provide better capability to deploy and support forces over long distances.
- o Blend equipment, sustainability, logistics, and manpower improvements into more combat-capable armed forces.

Accomplishments:

- o In force readiness (i.e., the ability of forces, weapons systems, etc. to deliver outputs--without unacceptable delay--for which they were designed), substantial progress has been made in the past three years and steady improvement is projected for the future.
- o Since FY 1980 there has been an almost 16 percent increase in the number of enlisted personnel with four or more years of service, and the percentage of recruits with high school diplomas has increased from 68 percent to 93 percent.
- o While trends in average training hours/flying days/steaming days have been steady or have improved slightly since 1980, the quality of training has improved considerably.
- o Trends in the material condition (i.e., mission-capable rates) of most major weapons categories have been steady or slightly improving since FY 1980. Now, however, we are supporting larger numbers of more sophisticated and complex weapons, operating them for longer periods, and still realizing readiness improvements in some areas.

- o In force sustainability (the staying power of our forces in combat), because of the long lead times involved in procurement, our increased funding from FY 1982-84 for sustainability has not yet been fully translated into significantly increased inventories. However, we have increased the budget allocation by 100 percent over the 1980 level, which will result in increased sustainability.
- o In force structure (i.e., the numbers, size, and composition of our forces), we have provided for significant increases in the numbers of some units (divisions, battalions, tactical fighter wings, Navy aircraft squadrons, and ship battle groups) over the past four years. The need to provide balance among the components of military capability within finite resources has required, however, that revisions in force structure receive a somewhat lower priority than modernization, readiness, and sustainability.
- o In strategic mobility, we can deliver 25 percent more tonnage to Europe by air. We have done more to improve sealift since 1981 than in all the years since WW II.
- o In force modernization, we have obtained appropriations of over \$27 billion for construction of 34 new major combat ships. We have funded a substantial increase for procurement of modern weapons systems for the Army and Marine Corps, e.g., for some 3,769 M-1 Abrams tanks; 2,855 Bradley Fighting Vehicles; 315 AH-64 Apache attack helicopters; 720 Light Armored Amphibious Vehicles; and 11,057 Stinger missiles. We can provide 62 percent more air sorties in Europe, sorties whose individual effectiveness is improved because they are flown by newer aircraft carrying more accurate weapons.
- o The introduction of more modern, capable, and effective weapons systems has in some cases been accompanied by a period of lower apparent readiness, in terms of equipment fill, during the period of transition when not all of the ancillary support equipment has been delivered and there are no suitable substitutes to offset the shortage. This apparent reduction in readiness, however, is only temporary and is more than offset by modernization improvements that enhance overall capability.
- o The Bottom Line: In the professional judgment of each U.S. Unified and Specified Commander-in-Chief, his command is indeed far more ready "by every measure of common sense" than it was four years ago.

Talking Points:

- o This Administration inherited several acute defense problems which required immediate attention: There was no comprehensive plan for strategic modernization; production rates for many important procurement programs were grossly inefficient; war reserves were extremely low; and there was an ongoing "hemorrhage" of skilled manpower. The commitment to address and resolve these problems appeared to have been woefully inadequate.
- o This Administration's primary objectives have thus been to improve near-term training, readiness, and manpower problems; integrate the modernization of strategic forces; increase conventional force modernization; and make inroads in the longstanding deficiencies in combat sustainability.
- o Overall, substantial progress has been made in many aspects of these problems in the past four years, and gradual but steady improvement is projected in the future. We have more and better people; they are better trained; and our men and materiel are better supported.
- o It has never been our view that all the problems we inherited could be solved within four years. But we have shown that it is possible to set defense priorities and to make balanced progress in improving overall military capabilities.

NUCLEAR WEAPONS MODERNIZATION IN NATO

Issue:

How can the United States best advance the process of modernizing NATO's weapons to provide an effective and credible deterrent which supports NATO strategy while preserving the Alliance's unified approach to modernization?

Objectives

- o Continue, in the absence of an arms control agreement, to deploy long-range intermediate nuclear weapons (LRINF) in accord with the 1979 NATO Decision.
- o Maintain an effective and credible nuclear deterrent in NATO which supports NATO strategy and objectives at the lowest reasonable inventory level.
- o Enhance the utility, survivability, and safety of nuclear weapons in NATO.

Accomplishments

- o The NATO nuclear weapons inventory has been reduced to its lowest level in twenty years. Following a withdrawal of 1,000 warheads in 1980 as part of the 1979 Dual-Track Decision, we reached further agreement in 1983 to withdraw 1,400 additional weapons.
- o Alliance unity has been maintained through extensive consultations throughout INF negotiations. We agree on negotiating positions and on adherence to measured deployment of 572 LRINF weapons in the absence of a verifiable, equitable arms control agreement. Deployment has proceeded on schedule in the U.K., the FRG, Belgium, and Italy.
- o Following Belgian Prime Minister Martens' visit here in January 1985 and President Reagan's letter to the Prime Minister in early March, the Belgian Government decided to proceed immediately with the scheduled deployment of 16 cruise missiles on its soil.
- o We continue to explore ways to reach the lowest inventory level and weapons mix consistent with a credible and effective nuclear deterrent.

- o We have obtained Allied recognition of and support for improvements in conventional defense capabilities to permit less reliance on nuclear weapons in NATO strategy. U.S. defense improvements have led the way in reducing the need for early resort to nuclear weapons.
- o A limited but effective modernization program for shorter-range systems has been developed, to provide needed capabilities at reduced inventory levels. Modernization also enhances the accuracy, flexibility, and security of stockpile warheads.

Talking Points

- o Over the last four years, progress in NATO nuclear weapons modernization has been substantial. We have reduced the overall weapons inventory to the lowest level in twenty years, and in 1983 we reached agreement in the Alliance to withdraw another 1,400 warheads, plus an additional warhead for each Pershing II or Ground-Launched Cruise Missile deployed.
- o We have maintained Alliance unity in pursuit of both tracks of the 1979 Dual-Track Decision. We have negotiated constructively and flexibly on INF, with full Alliance accord on our position; we have adhered to a limited and gradual deployment of Pershing II and Ground-Launched Cruise Missiles in the absence of an equitable and verifiable INF arms control agreement.
- o We have pursued a limited modernization program for other short-range nuclear warheads, which will allow us and NATO to maintain a credible, effective theater nuclear deterrent at the lowest possible inventory level.
- o We have led the way in conventional defense improvements in NATO, and there is allied agreement on the wisdom of improving conventional forces and reducing reliance on nuclear weapons if deterrence fails.
- o The United States has undertaken a sustained, expanded, and in some cases unprecedented, level of consultations with its NATO Allies.
- o The NATO Special Consultative Group (SCG), chaired by the U.S., meets regularly and often to review and coordinate our INF negotiating efforts.
- o The NATO High-Level Group (HLG), also chaired by the U.S., also meets frequently to examine critical nuclear issues facing the Alliance, providing the analysis on which NATO decisions on these issues have been based.

- o The Ministerial-level Nuclear Planning Group (NPG), of which the U.S. is a participant, meets semiannually to discuss nuclear issues in the Alliance.
- o The U.S. also has participated in a series of bilateral High Level Defense Group meetings with various NATO partners which have resulted in improved understanding of defense matters.

NON-FIRST-USE OF NUCLEAR WEAPONSIssue:

How should the United States respond to pressures to renounce the first use of nuclear weapons in a conflict?

Objectives:

- o Support NATO strategy of not being the first to use force of any kind.
- o Protect our ability to deter attack by avoiding categorical assurances that we will never be the first to use nuclear weapons.
- o Deflate the claim that a declaratory policy forswearing the first-use of nuclear weapons is verifiable or militarily meaningful or that it enhances rather than undercuts stability and security.

Accomplishments:

- o The Administration has reaffirmed U.S. adherence to the principle, embodied in both the UN Charter and the North Atlantic Treaty Organization Charter, that we will not be the first to resort to force of any kind.
- o In consultation with our NATO Allies, we also have revalidated the strategy of flexible response as first and foremost a deterrence strategy, not an aggressive strategy.
- o The U.S. has offered to discuss, in CDE, a reaffirmation of the principle of non-use of force if the Soviets will enter serious negotiations about taking concrete steps toward substantive and verifiable confidence-building measures which enhance security and lessen the possibility of an outbreak of war. The Soviets have not yet done so.

Talking Points:

- o America's policy on how to promote world peace has consistently been more inclusive--and thus potentially more productive -- than any one declaration on a specific kind of weapon: we are pledged not to be the first to use force "of any kind." We are also seeking agreements on major reductions in U.S. and Soviet nuclear arsenals, in limiting conventional forces, and in banning chemical weapons.
- o Our policy on this issue has been developed in close consultation with our Allies, especially the other NATO members. We approach this issue in concert.

- o A declaration about non-first-use of nuclear weapons would undermine the credibility of our deterrent strategy, which is designed to prevent any aggression, nuclear or conventional, against the Western democracies, especially in view of the Warsaw Pact's preponderance in non-nuclear forces.
- o Over the last four years, we have devoted considerable energy and resources to improving conventional defense capabilities. This will allow us to reduce our reliance on nuclear weapons and maintain a credible overall deterrent -- but from a posture which enhances overall security rather than placing it at risk.
- o Signaling in advance to a potential aggressor who clearly enjoys a substantial advantage in conventional and chemical forces how we might -- or might not -- respond to his aggression could encourage him to see how far he might be able to go. This would undercut NATO's longstanding deterrence strategy, thereby actually increasing the chances of nuclear war.

REVITALIZATION OF SPECIAL OPERATIONS FORCES

Issue:

Why is it necessary to expand and improve U.S. military Special Operations Forces (SOF)?

Objectives:

- o Rebuild and maintain SOF capable of conducting the full range of assigned missions at all levels of conflict on a worldwide basis.
- o Provide the National Command Authority a flexible military force for use in pursuit of strategic national objectives, especially in situations in which the use of conventional forces would be inappropriate or infeasible.
- o Answer the challenge of Soviet-sponsored or encouraged destabilization in the Third World by maintaining the ability to help others build their nations and counter low-level aggression.
- o Ensure that the process of revitalization is fully completed by 1990.

Accomplishments:

- o The Reagan Administration has made SOF revitalization one of its highest defense priorities.
- o Management of the SOF revitalization effort has been enhanced by the creation of the Joint Special Operations Agency under the Chairman of the Joint Chiefs of Staff and activities within the Office of the Secretary of Defense.
- o Command and control has been improved through the establishment of the Army's 1st Special Operations Command and the Air Force's 23rd Air Force (MAC).
- o SOF force structure is being expanded with the activation of new Special Forces Groups, Ranger battalions, and SEAL Teams. Existing understrength units are being filled.
- o We are procuring new special operations aircraft and Naval Special Warfare Craft and replacing outdated equipment such as weapons and radios.
- o We are undating and revising SOF doctrine and expanding and improving specialized training.

- o We are working to ensure that those who serve in special operations have opportunities for career advancement equal to those of their peers in other branches of service.

Talking Points:

- o The Reagan Administration inherited SOF debilitated by a decade of neglect and deep cuts in funding and manpower.
- o Our determination to revitalize these forces is based on the recognition of the strategic role they can play at all levels of conflict.
- o In particular, we are concerned about the threat to our security posed by low-intensity conflict. Since Cuba went communist, 17 countries have fallen to this form of aggression, and today one out of four countries in the world is engaged in some form of hostilities. More importantly, because the nuclear and conventional defenses of the Free World have deterred direct Soviet aggression, the Soviets have turned to destabilization as a more subtle means to achieve their expansionist goals.
- o SOF have a unique role to play in countering this threat. Because of their specialized skills, they are ideally suited to train others to act in their own defense and build their nations so peace and freedom can prevail. In so doing, they are reducing the likelihood of more widespread aggression.
- o Since 1975, SOF have been involved in more than 500 Mobile Training Teams deployed to some 60 countries around the world. Today they account for more than one-quarter of such teams and are the most heavily committed of our military forces.