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NATIONAL SECURITY COUNCIL MEETING

Wednesday, April 1, 1981

TIME AND PLACE: 2:00 - 3:30 p.m.
The Cabinet Room

SUBJECT: Haig Trip to Mideast and Europe,
Saudi AWACS, and Nicaragua

PARTICIPANTS:

Vice President George Bush

State
Secretary Alexander Haig
Deputy Secretary William F. Clark

Defense
Secretary Caspar Weinberger
Deputy Secretary Frank Carlucci

OMB
Associate Director William Schneider

CIA
Director William Casey

JCS
General David C. Jones
Lt. General John Pustay

White House
Edwin Meese III
James Baker
Michael Deaver
Richard V. Allen
Frank Hodsoll

Office of the Vice President
Admiral Daniel J. Murphy

NSC
Roger Fontaine
Geoffrey Kemp
Major Robert Kimmitt

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Classified and Extended By: Richard V. Allen
Review April 1, 2001
Reason for Extension: NSC 1.13(d) (g)

DECLASSIFIED
NLRR M1271 #717435
BY RW NARA DATE 7-6-10

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MINUTES OF MEETING

Vice President Bush arrived at 2:00 and took the chair.

Mr. Allen stated that there were at least six items on the agenda for today, including Secretary Haig's upcoming visit to the Middle East; the proposed AWACS sale to Saudi Arabia and Israel's request for further financial aid; the strategic petroleum reserve; terminating economic assistance to Nicaragua; reprogramming economic assistance to El Salvador and Liberia; and the Secretary of State's recommendations to the President concerning Libyan activities in Chad.

Mr. Allen then briefly reviewed the schedule of Secretary Haig's visit to the Middle East and Europe beginning on Friday, April 3. The itinerary now includes Cairo, Jerusalem, Amman, Riyadh, Madrid, London, Paris and Bonn.

It was noted that the trips to Bonn and Paris had been added after requests from Chancellor Schmidt to President Reagan and from Foreign Minister Genscher to the Secretary of State. Mr. Allen asked whether there was any pressure to also go to Italy?

Secretary Haig: Yes. They'll bleed, but I'll be there in May anyway.

Mr. Allen: I presume you'll keep in touch with the President and the Vice President if anything comes up en route?

Secretary Haig: Yes, we will keep in touch with all of you, through Dick Allen. Let me explain what this trip is about. The original purpose of the trip was to forestall the visits of Middle East leaders to the United States so early after the inauguration. In particular, we wanted to postpone Mr. Begin's visit because we didn't want to become involved in the Israeli elections. This meant that we had to put off Sadat, so that one purpose was to head off all the Middle East visitors. Now we hope to use this visit as a fact-finder. We don't expect to find the Holy Grail. We are going to explain that we are determined to build up our defenses worldwide and in the region; that we want to establish long-term security relationships with the local countries; that we want to get some positive feedback on the peacekeeping initiative and the stalled autonomy talks; and we also want to explore further the problems of the Sinai peacekeeping force. We recognize, of course, that in Israel economic aid will be an important item. We want to stress the Soviet problem. In Egypt we have special concerns we want to explore with Sadat. First, the access problem to Ras Banas. We want to

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be able to get in without having a high profile. We also want to discuss with him the transit of nuclear ships through the Suez Canal and finally, of course, the multinational force.

Vice President Bush wondered about any problems with the peace-keeping force?

Secretary Haig stated it was a rather simple problem. Israel wants to maximize the number of American troops in the force and to ensure that it is a force with substantial military capability. Sadat, on the other hand, wants a UN force, or at least wants to go through the theater of the UN before getting a multinational force established. On the issue of who will participate in the multinational force, we've sent out feelers with potential donor countries: Australia and Canada. We don't anticipate great enthusiasm or a large number of volunteers because of the non-UN nature of the force and the feeling on the part of many potential volunteer countries that this would antagonize the Arab countries who oppose Camp David. Secretary Haig noted that he would keep in touch with the President, the Vice President and Mr. Allen. He expects a great deal of press coverage in Israel, mostly mischievous, in view of the election.

Vice President Bush: Will anyone from Congress be coming with you?

Secretary Haig: No, but Senator Baker and his delegation should be in the area soon after us. Secretary Haig noted that the business in Europe was to bring the Europeans up to date so they don't get too far ahead of us on their initiative towards the Middle East and also to talk to them about our problems in southern Africa.

Mr. Allen: When does the Crocker mission leave for southern Africa?

Secretary Haig: It leaves next Friday.

Mr. Allen said that the next item on the agenda would be the AWACS issue and began by stating the AWACS problem. There was a lot of paper on this subject. This is a very important issue and a very sensitive one. It has already taken on a significance much greater than the original F-15 enhancement package discussed in February which the Congress was aware of. Mr. Allen feared that if the issue was not handled carefully it could result in the first-ever Congressional veto of a U.S. arms transfer agreement. Mr. Allen listed the items contained in the State paper which Saudi Arabia hoped to have approved, namely conformal tanks, air-to-air missiles, 5 AWACS and 12 ground radars, and 6 KC-135 aircraft for in-flight refueling. So far we had reached

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no decision on the bomb racks. Mr. Allen understood that a Saudi Colonel Fahad was here and was waiting to hear what our decision on this was. If our decision was unfavorable, it could raise problems unless we got our signals clear before Secretary Haig left for the Middle East.

Secretary Haig: He felt that there was a need to study the issue in some detail. The proposed F-15 and AWACS sales will face the President with a very difficult choice. The Saudis regarded this as an important test of our loyalty and friendship and have done so for some time. The Israelis, on the other hand, are concerned about AWACS and the effect this will have on what they call the "intelligence balance" in the Middle East. In particular, they fear it restrains their ability to conduct overflights of Arab air space to protect their interests and they are anxious that their qualitative military superiority which we have long supported will be overridden by our need for Saudi oil. But the Saudis will not permit Israel to seem to be vetoing their arms requests from the United States. The upcoming Israeli election has become a new issue in the problem. The AWACS have suddenly become important. It was pretty clear that Begin had decided to make an all out effort against AWACS for political reasons. The AWACS would face a very tough fight on the Hill. There was a major lobbying effort needed ahead and we had to face the fact that we might face defeat. The critical decisions were, first, when to notify the Hill and, second, what we could do to allay Israel's concerns. Secretary Haig noted that his initial preference had been to decouple the packages and defer on AWACS. He initially felt that if we could postpone the AWACS decision, we could get through the Israeli elections and get a stronger case together for the sale. However, he met with Secretary Weinberger for two and a half hours on Saturday and the Secretary had persuaded him, based on his discussions with the Saudis, that if we defer the AWACS decision to the fall we will have major problems. Therefore we were in a quagmire. If we go forward with all four items -- the missiles, the conformal tanks, the tankers and the AWACS -- we most certainly will run into grave difficulties on the Hill. Secretary Haig understood from Secretary Weinberger that they hoped to send up the formal notification to the Hill by April the 6th. Secretary Haig thought that this was premature given the timing of his trip. He would be arriving in the Middle East in time for a mini-holocaust if this happened. If we made the right decision today, it would help us on the trip. He suggests that we send up all four items after the Congressional recess around about April 30th. Secretary Haig was under the impression that conversations from the Defense Department and Colonel Fahad had gone farther and faster than he had anticipated. He was caught by surprise when he heard about how far the AWACS decision had gone.

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Secretary Weinberger: The Defense Department had gone ahead with formal discussions with the Saudis after the NSC decision had been reached on February 27th. The discussions with the Saudis had been about the numbers, types and specifics of the Saudi requirements, but this was all based on decisions that were taken in the February meeting. He didn't believe that at that point we'd had any objection as to whether we would sell the AWACS but rather what kind and how many, etc. Prior to that decision, a detailed study had been made by the U.S. Air Force. A report of that study had been given to them in December. The follow-on studies that had been done after the February 27 decision had been minor and had dealt with specifics. As far as delaying the requirement, we are committed to it. He felt that as far as the Israeli opposition was concerned, if we added to Israel's original request for economic assistance their anxiety might disappear. The Israelis wanted to increase the amount of Israeli defense equipment sold to the DoD.

General Jones felt that there were things that we could buy from them that we wanted.

Secretary Weinberger felt that although a decision on the four items for Saudi Arabia would be subject to criticism, we could sweeten the pot for Israel, but then, of course, we would have increased requests from Jordan and Egypt. He also felt that the longer we waited on the issue of the sales to Saudi Arabia the more we would hurt.

Vice President Bush felt it was unclear whether the President had really agreed to the AWACS.

Secretary Haig then went through the decision-making at the NSC meeting on February 27 where it was clear a decision on the enhancement package was reached but he thought more details were needed about what type of air systems we agreed to provide. He had heard that the AWACS system we were offering to the Saudis looked better than the one we had provided to our allies.

Secretary Weinberger then read from the relevant passages of the Haig-Weinberger memorandum to the President which was approved at the February 27 meeting.

Vice President Bush again asked whether the President had agreed to the decision? The Vice President felt that it was necessary to explore the full consequences of this sale before we reached a final decision. For instance, can't we explore further joint operations with the Saudis and tie them down more to uses of the AWACS?

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General Jones: We've tried to pin down joint operations but the Saudis were very sensitive to this. They regarded such insistence as patronizing as though we want to keep them under our tutelage. Anyway we will be there until 1985 and then after that we plan to have hundreds of civilian technicians and also many Air Force personnel operating the AWACS for them, giving us some control. If we said openly that we had control of the system, it would give us great problems.

Secretary Haig then asked General Jones what exact kind of AWACS we are planning to sell the Saudis? Is it the most sophisticated version?

General Jones: What they've asked for is an aircraft comparable to that we use for NATO and for the United States armed forces. However, some things have been left out, for instance the encryption gear and the special communications relays. These would not be provided to the Saudis. However, the Saudis would prefer that we configure the planes we sell them so that they could be quickly adapted to put in our equipment if there were joint operations.

Secretary Haig still wanted to know how we are going to explain to Israel that we are going to give more to Saudi Arabia than we are giving to the NATO countries?

General Jones and Secretary Weinberger were not sure that this was the case. These were not analogous situations: one was a purchase by a multinational alliance, the other was by a country with a bilateral relationship with the United States.

Secretary Haig: We had to admit that it's a problem. Seeing a shopping list with 5-6 AWACS and the air tankers came as a surprise. He thought that we had agreed to a three-phase strategy; that we deep-six the bomb racks; that we have additional time to decide on the AWACS; and that we go ahead with the two less controversial enhancement package items -- the fuel tanks and the air-to-air missiles.

Secretary Weinberger pointed out that in his view we had agreed to the sale.

Vice President Bush wondered what the situation on the Hill would be?

Mr. Allen pointed out that we would have great difficulties on the Hill and that they would try to kill some of the items.

Secretary Weinberger: The longer we wait the more serious the opposition will be. Saudi Arabia points to the fact that the

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sale was agreed to and that this is not a matter of delivery dates -- that would not be until 1985 anyway -- but the timing of the decision. But if we wait until after April then we could drift into the fall and if we split the items into two components then we'll have two fights. We should have one fight and get it all out of the way.

Vice President Bush: But surely these fights would be in varying degrees of fervor and opposition?

Secretary Weinberger: Therefore, if we have to lose it, it's better for the Congress to do the job for us.

Secretary Haig would prefer to decouple the items and go up to the Hill after his visit. But since this couldn't be done, we had to give something to the Israelis.

Vice President Bush: Looking at it from the President's point of view he didn't feel that the President had been sufficiently briefed to come to grips with all the details of this question, and the details are crucial to the decision. How we present it to the Hill is important. No figures have appeared so far as to the sort of opposition we face on Capitol Hill. We have to realize that the President is going to lose a lot of capital in getting this thing through even if he can.

Secretary Weinberger heard that the opposition would be 25 Senators at the most.

Secretary Haig thought no, we could lose. The opposition could be up to 35. Secretary Haig came back to what some of the options were. He did not want the issue to go to the Hill before he went to the Middle East. The Israelis are going to ask all sorts of questions. He needed answers for them before he went. Eppie Evron had already been in to see Secretary Haig with a long list of Israeli financial requests including a restructured aid package. This would include converting to grants the additional \$600 million in FMS credits programmed for Israel for FY 83 and FY 84 and purchases by the DoD of up to \$250 million of Israeli defense items for FY 82.

Secretary Weinberger had no problems particularly with items on the list except that the price keeps going up and up, and Egypt, Jordan and others are going to ask for more.

Vice President Bush: Isn't the AWACS a defensive weapon?

Secretary Haig pointed out that the AWACS couldn't fire anything but it could survey airspace, that it gave warning of patrols and attacks, and this could influence Israel's preemptive strategy. This was not an unreasonable concern for Israel.

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General Jones: What they are worried about is the ability to watch the Israeli Air Force, but in time of conflict they were much more capable than the Saudis and the Saudi aircraft.

Vice President Bush: Why do the Saudis really want an aircraft as sophisticated as AWACS?

Secretary Weinberger noted the possibility of conflict around littoral of the Gulf including Yemen and also that if the Soviets were to invade and attack the oilfields AWACS would be extremely helpful. That is why we have ours there.

Vice President Bush wondered if there was any way we could present them with a system that could not be used against Israel?

Secretary Weinberger said no, not really, but we would of course call for restraints on their use.

Vice President Bush: But what if Saudi Arabia attacked Israel?

Mr. Carlucci: We've seen what happens in the past. The Saudi Air Force wouldn't last 45 minutes in a war with Israel.

Secretary Haig repeated that he thought Israel had three major problems: the upcoming elections, genuine security concerns about AWACS, and the need to get something from us. The country was an economic basket case. Whether we like it or not we will have to continue aid for Israel. As far as he was concerned, he could not go ahead on the trip until he felt that he had answers to what he could offer Israel. In terms of money it needn't come out of the FY 82 budget, but for FY 83 and FY 84 he wondered what we could do? Could we forgive them anything?

Mr. Meese asked whether this was about \$600 million?

Mr. Schneider then addressed the question of money. He didn't like to but it was important. Here we were talking about a multibillion dollar program. The problem with Israel and Egypt was the unplanned and unphased character of these requests. Furthermore, it was not correct to say that we can defer these things to FY 83 and FY 84 as though there were no problems. We will have more serious problems in 1983 and 1984 than 1982 based on current trends. We might be worse off if we put the money decisions off.

Secretary Weinberger: We've got to face the fact that if we had trouble in Tel Aviv we are going to have trouble in Riyadh. We will lose the support of our Middle East friends; support we very much need to have.

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General Jones pointed out that anyway the U.S.-Saudi joint operations will continue until 1985.

Vice President Bush again raised the question about what actually had and had not been decided upon and how much the President had been briefed on this? He didn't see how Secretary Haig could go to the Middle East right now without our fuzzing some of the issues. He turned to Secretary Weinberger and said that he didn't think the President had addressed these types of details. He wondered again why we couldn't put some pressure on the Saudis for joint operations?

Secretary Weinberger: Well, they regard this as patronizing. They might even order us to pull out the four AWACS planes we now have in their country which are very important for the Iran-Iraq conflict.

Vice President Bush: You think they would cut off their nose to spite themselves?

General Jones: Yes, they're of such a mind they would cut off their nose to spite themselves.

Mr. Allen asked what the current AWACS we had in the region could do?

General Jones said that they were very important if there were going to be any attacks on the oilfields. They would enable us to operate an air defense system if we came in to protect against air strikes.

Secretary Weinberger made the point that the Saudis wanted to help us but that they can't admit it openly or publicly. It was too sensitive. However, he felt that given the completion of this order, there was a chance for much greater cooperation -- a willingness to be more cooperative and to put out a statement to the effect that they would regard this sale "as a helpful step towards the security and protection of all in the region" which, in terms of language, would be a considerable improvement on any of their recent statements.

Mr. Allen: He had talked to many pro-Israeli groups about this problem and the most important question and the hardest to answer was what is the quid pro quo? They could live with the first two items in the enhancement package but AWACS raised a very different set of problems. It had not come up, for instance, when Mr. Shamir talked to the President in February.

Secretary Haig: Yes, that was correct, but he felt that Shamir knew about it. Shamir had raised it with him. He also felt that Mr. Evron knew about it. In fact, Mr. Evron had said that if we

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took them to court on it, they wouldn't be able to carry the day. Secretary Haig repeated, however, that Israel's concerns were genuine. They faced a real threat. They had elections and they needed money urgently. They didn't want any more debt rescheduling; they had enough debts. He felt that we only started talking seriously about this problem two days ago and before we go to the Middle East we need more information and more talk.

Vice President Bush said that he knew the Jewish lobby very well and he felt that there were a range of quids for the quo that we could get if we orchestrated our tactics properly.

Secretary Haig: Well, of course, a lasting peace with security for all in the region would be the best overall result. But AWACS has become an election issue in Israel.

Secretary Weinberger: But do we want to help Begin? I thought Begin was the one we don't particularly want to help in the election?

Mr. Allen: But we would probably be helping him by going ahead with the AWACS sale!

Secretary Weinberger: We have to face the fact that we need extra friends. We need more friends than Israel.

General Jones: We had a similar problem in 1978 when the F-15 sale first came up. We made a decision. We were committed to it. We worked out a strategy. We had the Saudis in on it. We said to them we are going to go forward. If the time for decision slips much beyond April, we'll run into difficulties.

Mr. Meese outlined our objectives in the Saudi deal. In the short run we were interested in improvements in the defense of the region. In the long run we wanted cooperation for the overall peace process. We must be very careful not to blow away the advantages we get with the proposed offer to Saudi Arabia. We had to be very careful that we didn't drag things out until we lost all of our advantages. On the other hand, we didn't want to do something that raised major problems for Secretary Haig's trip. It seemed to him that we should make a commitment. That we should confirm this commitment, but that at the same time we should work out a strategy for the Senate. We should not bulldoze into the Senate until we had a clear strategy.

Secretary Haig concurred with this. But what about Israel? What can we do?

Secretary Weinberger: Whatever we offer to Israel will be repeated with requests from Egypt and Jordan.

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Secretary Haig said yes, that was true. Sadat might even come out and ask for AWACS himself.

Mr. Baker: Well, the Israelis could be offered the \$250 million purchases from the DoD budget without even touching the fiscal budget. Isn't that right?

Secretary Haig: Yes, that's true, but he didn't think they would agree to that. There would be a fight on the Hill and we could lose.

Vice President Bush: How can we win?

Secretary Weinberger: Well, the \$250 million Israeli purchase doesn't add to the Defense budget.

Mr. Schneider: But the Israelis wanted these purchases to grow every year by 30 to 40 percent.

Secretary Haig: You see what I am going to be taking to the Israelis then is No! No! No!

Mr. Meese then summarized the meeting. There had been no consensus on what to do about extra financial aid to Israel. There had been consensus on selling Saudi Arabia the four items, including fuel tanks, missiles, AWACS and aerial tankers. There was no decision as yet on the bomb racks. Mr. Meese then said that the timing of the decisions would be as follows: We would not go to Capitol Hill with the four Saudi enhancement items agreed upon until Secretary Haig returns from the Middle East. This date would probably be late April after the Easter recess. We would continue to study Saudi requirements for bomb racks and would complete the study at the end of the year as distinct from October. In return we would try to get from Saudi Arabia two things: First, agreement that the Saudis would help us in a coordinated strategy to go to the Hill to sell the package. Second, that they would be more cooperative on providing us with facilities on their aircraft after 1985 for intelligence data. As far as Israel was concerned, it appeared that there was agreement that the Department of Defense would purchase up to \$250 million worth of defense items from them this year. However, the issue of how much money they would receive in grants and loans in subsequent years was not resolved.

Secretary Haig believed that we should agree now to convert to grants the additional \$600 million in the FY 83 and FY 84 programs or at least \$300 million of it.

Secretary Weinberger wanted to be able to give a letter from him to Colonel Fahad so that he can return tomorrow.

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Mr. Carlucci produced drafts of the letter. This draft was to be modified and changed by the participants and then sent out.

At that point the discussion on AWACS terminated and the meeting moved to discuss Nicaragua.

Nicaragua Update

Mr. Allen stated the decision to cut aid to Nicaragua was broken in a UPI story.

Mr. Meese said the source came from the Hill.

Mr. Allen pointed out the wire story was inaccurate on one point: the US will not for the time being ask for reimbursement on previously extended aid.

Mr. Allen then asked if we are not prepared to go public at this moment.

Secretary Haig agreed we were not. But he would check on later developments after the meeting.

At this point the various options for evacuating US Embassy personnel in Managua were reviewed by General Jones.

During his opening remarks, Mr. Casey was asked if CIA had any recent information. He said that the Agency's estimate was that there was a 20 percent chance of a bad reaction from the Nicaraguan Government.

At this point, the Vice President asked that all people not needed for the following discussion should leave.

NSC staff and Mr. Schneider then left at 3:15 p.m.

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