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NATIONAL SECURITY COUNCIL MEETING

Thursday, June 4, 1981

TIME AND PLACE: 1:30 -  
The Cabinet Room

SUBJECT: China, Cuba, and Secretary Haig's  
Trip to the Far East

PARTICIPANTS:

President Ronald Reagan

Vice President George Bush

State  
Secretary Alexander M. Haig, Jr.  
Deputy Secretary William P. Clark

Defense  
Secretary Caspar W. Weinberger  
Deputy Secretary Frank C. Carlucci

Commerce  
Secretary Malcolm H. Baldrige

OMB  
Associate Director William Schneider, Jr.

CIA  
Admiral Bobby R. Inman

JCS  
General David C. Jones  
Lt. General John S. Pustay

White House  
Mr. Edwin Meese III  
Mr. James A. Baker III  
Mr. Michael K. Deaver  
Mr. Richard V. Allen  
Admiral James W. Nance  
Ms. Janet Colson  
Mr. Frank Hodsoll

Office of the Vice President  
Admiral Daniel J. Murphy

NSC  
Mr. James Lilley  
Mr. Roger Fontaine

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Mr. Allen: There are several issues on the agenda. The first issue that we will take up will be China. Last week we had a preliminary discussion of five basic questions before Secretary Haig's trip to China, which is scheduled to start Wednesday of next week. State, Defense, and others have reviewed these questions, and in addition we had an interagency group question. Today, we have come back to these questions for decisions, and I recommend that our discussion center around these issues. State will lead us through these discussions with contributions from Secretary Weinberger and Admiral Inman. The paper that we have here is from State and was dated today.

Secretary Haig: What we should try to do is to collapse time as I am leaving next Wednesday and I have two other meetings in the intervening period. We circulated this Decision Memorandum and it deals with the issue which we will address today. We have Commerce concurrence, but Secretary Weinberger has some minor changes. We must understand that in going into this situation, it did not begin with our present situation. More than a year ago the Carter Administration made promises to the Chinese and our bureaucracy would not cooperate. We want to move the process a step forward and persuade the Chinese that we will deliver on it. On export control policy, we must understand that our strategic interests are served by preserving China against the USSR. China ties down one-quarter of the Russian forces, 52 divisions, not all manned. This is up from 46 divisions. We want to know what can be done now, and also to implement what the previous Administration promised and could not deliver on. The difference comes in the performance. There is not too great a difference in the guidelines but we want to see results quickly. For instance, there has been an 18-month licensing delay on computers for a UN census, and over a 2-year delay for a CATSCAM for a hospital in Peking. These must be approved quickly. We should instruct the Department (of Commerce) that several hundred pending cases should be resolved and reported back in 60 days to get this backlog out of the way. We have the interagency group consensus on technology transfer. The time, unfortunately, has been too brief for the National Security Council staff to review this and to comment.

Mr. Allen: We should have the President's views on any component herein, and a guidance document should be put out on the decisions made on the choices presented today. I note in passing that the level will be twice what the Soviets had before Afghanistan.

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Secretary Weinberger: China is in a much outmoded status and is treated on the same basis as the USSR, and this is a major irritant to China to be treated this way. I believe that in the past this obsolescent legislation has limited the President's freedom of action, and we should have a review on a case-by-case basis, the same as any other friendly nation.

President Reagan: I see no reason not to approve this section.

Secretary Baldrige: I had some changes, but the State Department has preempted my position so I have no objection.

The next issue dealt with was arms transfers.

Secretary Weinberger: This is the process after you approve the policy.

Secretary Weinberger wanted to delete from the paper the section under Arms Transfer which said that these should take place consistent with guidelines established for dual use technology transfer. Weinberger wanted a case-by-case analysis and did not want the automatic transfer authority suggested in these guidelines. He said we have transferred technology in the past which has been converted by the Soviets to become a "rattlesnake." Weinberger commented that the term "consistent with dual technology transfers" was too fuzzy.

Secretary Baldrige: It is fuzzy, but that was our intention. What happened in the past when we loosened up on this was that in DOD people dug in their heels and they had their own separate way of stopping the transfers. We want this fuzzy guidance to expedite cases and we don't want people to lose cases.

Secretary Weinberger: We would not want to block cases by delay, but there is an inherent contradiction between the so-called position that they should be done according to dual technology guidelines, and the case-by-case decision.

Mr. Meese: But don't you need the guidelines?

Secretary Weinberger: We have the guidelines but they still should be handled on a case-by-case basis.

Mr. Meese: Aren't there guidelines for other countries?

Secretary Haig: Our intention is to make it easier, not harder.

Mr. Allen: I suggest that we have a footnote here governing our internal policy; i.e., a footnote which would say in effect....

Secretary Weinberger: I suggest that we take out this phrase about consistent with guidelines for dual technology. We don't feel it should be in there.

The President: I agree that it should be put in a footnote in our notes, but not what we say to the Chinese.

The next item was: Consultations on sensitive strategic matters.

Secretary Haig said that this was a new Administration and that these consultations should begin to establish a base with the Chinese.

Secretary Weinberger: I would rather substitute "at the Cabinet level" for "special emissary." We want to be sure that where Defense considerations are involved that we have Defense people involved. The special emissary could be used to exclude Defense.

Secretary Haig: We do not want to have these kinds of subtleties and we don't want to send a Cabinet officer every time we want to talk to them on sensitive matters.

Secretary Weinberger: On an interagency basis we want to be sure to have Defense in on it.

Mr. Allen: I would suggest that we put a footnote in here to the effect that Defense should participate in these discussions.

Admiral Inman suggested that we say that this would apply when we had matters concerning the Defense arena.

The next item was Taiwan arms sales.

Secretary Haig said that Weinberger wanted to insert that only if we are asked, will we tell the Chinese that we have not made a decision yet on such issues as the advanced aircraft. Weinberger felt that we should not volunteer this information. Weinberger then said for himself, "We don't want any indication that Taiwan sales take place only after consultations with the People's Republic of China. We can tell them they can read about it in the papers after we decide. We don't want to get them involved."

Mr. Allen: Yes, and I am concerned about what is meant by "quiet improvement" in the last line as applied to the Air Defense System.

Secretary Haig: We cannot live in a dream world on this. They are going to ask the questions on arms sales to Taiwan. I've just seen the Chinese Ambassador, and I know they are going to ask the question. They want to know what we are going to do as far as Taiwan arms sales are concerned and they will surely raise it.

Secretary Weinberger: Then we are agreed that this will not be done unless the Chinese ask us.

Secretary Haig: We don't want to rub dirt in their face. This is not a theological question. Deng sits on a shakey throne and we do not want to contribute to his demise. What are we doing to try to prove our manhood here?

The President: I don't see where we have to consult with the PRC on this issue.

Secretary Weinberger: Regarding modernizing of their aircraft, how would we respond to Chinese demands on this issue?

Mr. Allen: I believe that General Jones has a comment on replacement aircraft.

General Jones: When people talk about replacement aircraft in arms sales, they are talking about the F-5E and the F-104, not the F-5G. The F-5G is implied in the previous statement.

Mr. Meese: It seems to me that this commentary here, if expressed the way it is now stated, could appear to preclude the decision (that we have not yet made) for instance on the F-16. We have to sell aircraft as some models in Taiwan are fast wearing out.

Mr. Allen: The last sentence again deals with then "quiet improvements" in the air defense system.

Secretary Haig: We have really only one pending case which involves the air defenses. There is a CIA analysis that effective ground air defense systems could be a better way to defend Taiwan.

The President: But we don't have to tell them that.

Secretary Haig: The current language here commits us to the F-5G.

Mr. Meese: I believe that we should inform the Chinese so that they not get upset. There should be no decision by the end of this year, and aircraft sales will be next year, and the President will have to make that decision.

Secretary Weinberger: I endorse all of the rest of the paper.

The President: I wouldn't like to have anybody worry about the fact that we had no foreign policy.

Mr. Schneider: We have requests for seven types of equipment that the Taiwan people have asked for which are already in train. This includes items such as Armed Personnel Carriers. What should we do about these?

Secretary Haig: We move very slowly, by the end of the year. There is the improved Chapparal missile. We are committed to this in terms of commitments for contractors already underway. We are going to have to replace and modernize prudently, but defensively in character.

Mr. Allen: Under the Taiwan Relations Act this has to be defensive.

Secretary Haig: Then we favor reconciliation and regard growth of interests favorably. The process should be peaceful and we should not get in the middle. I know we will have pressure from the Chinese for us to get Taiwan together with them.

The President: I would not want to feel that if they (PRC) wanted to use force, they could use force, and that any language here could be misinterpreted by them in this regard.

Mr. Allen: The Chinese say, according to Guang Ming Er Bao and their new English language paper, that the Taiwan Relations Act is null and void. They say that those sections which are counter to the Joint Communique are irrelevant. You, Mr. President, made it clear to both Ambassador Chai and Ji Chaozhv that you intend to carry out the Taiwan Relations Act. I believe it is important that Secretary Haig reaffirm that the Taiwan Relations Act is something that you intend to implement. With all the words they have used against it, if we say nothing, they will assume that they have carried the day.

Secretary Haig: We abide by the provisions of the Taiwan Relations Act. We have posturing by both sides, including by Taiwan in the New York Times. The Chinese will challenge it (TRA), but we will have to live by it and we will specifically address the Taiwan Relations Act.

The Vice President: We did have frank discussions with Deng and we have not retreated from this. The President made it clear to Ji and Ambassador Chai. This is a major thing to them.

The President: Then we should add that if the subject is raised, we will inform the Chinese that this is the law of the land. If they can cancel our laws, we can cancel their income tax.

Cambodia/Vietnam

Secretary Haig then read the section about a division of labor between the Chinese and ourselves; to which we will be continuing to apply political and economic pressure while allowing ASEAN to take the lead, with the Chinese applying pressure in their side. Haig emphasized that Pol Pot in no way is an acceptable alternative to the current regime.

Mr. Allen then suggested it might be a good idea to "debrief" the Taiwanese on these issues; that Jim Lilley was going with you and he could go quietly to Taipei and "debrief" the Taiwanese subject to your guidance.

Secretary Haig: I had the same proposal for Dick Walters. What worries me is the high profile visit and the possible press coverage. Dick is a higher profile, but Jim is not too low. I would suggest that we do this after the trip is over, and we tell them in Peking that we are going to do it. Then we could decide whether we want to send someone over or to handle it in a briefing here.

The President then commented that when he was in Taiwan and Kissinger was in Peking making arrangements, the Chinese came in everyday with Taiwan newspaper accounts of what he (the President) was saying in Taiwan.

Secretary Haig agreed that we have to do this briefing of Taiwan. But this is our first high-level meeting with the Chinese, and they are a very nervous regime. Haig saw David Rockefeller of the Trilateral Commission yesterday and Rockefeller said the Chinese were very anxious to have Haig come but remain very nervous about Taiwan. Haig then suggested that we brief the Taiwanese here.

Admiral Inman said, on technology transfer, the slowness in the bureaucracy on this came in the context that if we approved items for China, the Soviets would be following. It would, therefore, be very important as we have done here to separate the Soviets from China and then the resistance in the bureaucracy would disappear. On Cambodia, Inman said that even with cooperation of the Chinese and Chinese support for Pol Pot, there was not much potential in any resistance to change the situation in Vietnam.

Secretary Haig: The main idea is to get ASEAN to work and to get together. No one should be optimistic about this but there are positive things that can be accomplished.

The Vice President then asked if intelligence would come up on this trip and how it would be handled.

Admiral Inman said the agreement had been made earlier in the Administration that if the Chinese raised intelligence with the Haig group, that they would say that this should be handled in different channels (CIA).

### Cuba

Mr. Allen introduced the Cuban question by pointing out the interim measures being considered which came out of a SIG. These measures are only the first steps to be taken. A more detailed policy will follow. It was Mr. Allen's view that among the more important measures was establishing a Radio Free Cuba -- a measure which the President has long advocated.

Secretary Haig outlined the interim policy and requested the President's and NSC approval for the concept so the measures can be flushed out.

The Secretary added the Administration is committed to deal firmly with Cuba. Our long-range goal is to get Cuba out of Africa, the Caribbean and Central America. A long-range plan of action will be ready this fall. Meanwhile, we want the Caribbean Basin plan to have its effect.

The initial approach is to keep the Cubans off-balance, build a foundation for a long-range policy, and to convince Castro we mean business.

The Secretary then summarized the NSC discussion paper laying out the six initial steps we should take vis-a-vis the Castro regime. He then pointed out other steps which can be taken later.

The Secretary also stated the Caribbean Basin plan would be a preliminary measure because it gives us an aura of concern for social justice.

The Secretary informed the NSC that five days after the Lopez Portillo visit we will be releasing a White Paper on Cuban covert activities in the hemisphere. We will also be releasing a paper on the Soviet Union's disinformation campaign regarding El Salvador now being prepared by the CIA. This paper is unprecedented because it shows precisely how people are being manipulated: the National Council of Churches, Amnesty International, the Western Europeans, etc. In the Secretary's words, "the paper is a winner."



Admiral Inman stated that the CIA logo would not be on the White Paper.

Mr. Allen said we had recent information that shows Lopez Portillo will try to convince the President that Nicaraguans are not that well-armed. We are preparing a counter-talker for the President with the evidence showing that is not the case.

The Vice President said we need the pictures -- the physical evidence.

Admiral Inman pointed out some of the limitations of the pictorial evidence but what the CIA has will be provided.

The Vice President brought up the problem of the Cuban criminals in the U.S. He asserted that there is real trouble at Ft. Chafee and we need to speed this up.

Secretary Haig said we can once we approve the six steps.

The Vice President added we might have to take them to Guantanamo and push them through the gate.

The President said that the only thing that concerned him about that suggestion is it might cause problems for the local Cuban population.

Secretary Haig then highlighted how we propose to deal with the Cubans over the next six months. Recently, a Cuban official at the U.S. Interests Section in Havana flatly rejected any conditionality on settling Namibia and Angola. Castro is nervous about the President -- with enough pressure the Secretary believed we might break him away from the Soviet Union.

Mr. Allen reminded the NSC that Radio Free Cuba will probably fall under the Board for International Broadcasting. We need to explore the possibility of a Television Free Cuba.

Mr. Schneider of OMB said an RFC should be closely supervised by the U.S. Government. It will also be relatively expensive: \$7.5 million per year for a three-hour daily broadcast.