005

NO OBJECTION TO FULL RELEASE SUBJECT TO NSS CONCURRENCE

~~SECRET~~

THE SECRETARY OF STATE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: George P. Shultz
Caspar W. Weinberger - 5 DEC 1984

SUBJECT: Implementation of the Near East and South Asia Strategy (NSDD 99)

(U) Over the past year we have worked hard to implement the strategy you approved in NSDD 99 (US Strategy for the Near East and South Asia). In August we discussed with you the major political issues and military difficulties we face in this area of the world. Since then, an interagency group has further reviewed the extent to which the NSDD 99 Work Program has been implemented over the last half-year, and the first of its biannual reports is attached.

(S) As expected, progress in implementing our overall strategy has been slow. Programs to improve our capability to deploy and maintain military forces in this region are taking effect and we have seen signs of limited increased regional cooperation. But key diplomatic objectives in this endeavor remain to be attained. We have also had productive meetings with Israel on joint planning and areas of increased cooperation.

(S) As we proceed further in security cooperation, we must improve bilateral and regional political relationships. We must also emphasize increased cooperation by our European and Asian allies, as experience has proven the best results are achieved politically and militarily when we act in concert with our allies. In terms of US military capability, one of the greatest needs is in the area of in-theater communications. We intend, therefore, to focus over the next six months on:

-- ensuring our arms transfer policy is consistent with the strategy and responsive to defensive needs of regional states, especially those willing to promote the peace process;

-- encouraging greater allied cooperation in regional matters; and

-- gaining access for and establishing an effective military communications network in the region.

~~SECRET~~
~~DECL: OADR~~

DOC#1
12-M-1505

RT

~~SECRET~~

MILITARY PLANNING AND SUPPORT REQUIREMENTS

(S) Military planning for regional contingencies has continued both within and outside the Joint Operational Planning System (JOPS) process. Formal tasking under JOPS of commanders of unified commands was completed in the current cycle on 31 January 1984. It incorporated policy guidance for regional contingencies through NSDD 114. National policy affecting regional planning published subsequent to that date (i.e., NSDDs 138, 139, and 141) was promulgated outside the planning cycle.

(S) Concerns expressed in the NSDD 99 Conclusion Paper regarding the US military ability to execute the NSDD 99 strategy are still germane. These concerns include: adequacy of forces available to meet a "worst case" scenario (direct Soviet aggression); early and decisive use of strategic warning time; access to en route and regional facilities; agreements for host nation support and pre-positioning; adequacy of lift assets; and planned use of forces listed as NATO "assigned" in the Defense Planning Questionnaire.

(S) Concurrent with refining contingency planning, emphasis has been placed on continuing military-to-military contacts with regional states. Since 1 January 1984, small combined exercises have been held in Kenya, Egypt, Jordan, and Oman. USCENTCOM conducted a major exercise at western US locations with participants and/or observers from Jordan, Oman, Pakistan, Egypt, and the United Kingdom. Planning has begun for BRIGHT STAR 85, our largest recurring exercise in the region. It is critical that the US make prior arrangements to pay for goods and services acquired in the region in support of this exercise. USCENTCOM has drafted an acquisition MOU for presentation to the Egyptian MOD. It is imperative that we move ahead in this area.

(S) In the region, USCENTCOM has conducted formal defense surveys requested by Pakistan, Bahrain, and Kuwait; a Defense team visited GCC states in response to NSDD 114 tasking for military consultations on combined planning; intelligence briefing teams have made quarterly visits throughout the region; and USCINCCENT has visited seven countries in the area.

(C) Additionally, the United States responded this summer to urgent requests from Egypt and Saudi Arabia for mine clearing assistance in the Red Sea approaches. We committed three ships, seven helicopters, and approximately 1400 people to these mine clearing operations. Great Britain, France, Italy, and the Netherlands also provided assistance. The response of these NATO Allies in a non-NATO situation and the cooperation displayed during the operations were tangible evidence of European participation in SWA.

~~Classified by Multiple Sources~~
~~Declassify on OADR~~

~~SECRET~~

(S) Regarding support requirements, USCENTCOM's original submission cited in Section II of the Work Program remains the baseline of the total requirements for a combat capability in SWA. Current programming concentrates on those requirements which contribute to meeting both the most demanding and most likely scenarios. USCINCCENT has developed a Master Programming List (MPL) providing, in priority, the requirements for access, facilities, mobility, sustainment, C^3I, forces, medical, and host nation support. USCINCCENT revises this list semi-annually with the first revision done in the fall, 1984. Although the following service-specific actions represent progress in the fulfillment of SWA requirements, significant shortfalls remain in our ability to support a major US deployment to Southwest Asia.

(S) Army. The current Army program (FY 86-90) contains funds for POL discharge and distribution, and for water production, treatment, storage, cooling, and distribution support to USCENTCOM for operations in an arid environment. More combat service support capability is being allocated to depot ships, and there are funds for purchase of long haul HF radios and for two communications nodes in the region. Additionally, watercraft, logistics-over-the-shore support, and merchant ship cargo discharge equipment have been funded, along with funds for transporting and maintaining 14,000 short tons of other operational projects stocks planned for pre-positioning in SWA when access becomes available (possibly aboard the NTPF if access is not granted). Also, USARCENT will pre-position a 400-bed field hospital and maps in warehouses at Port Sudan in early FY 85. Due to political difficulties, military construction funds for austere facilities in Southwest Asia have been deferred to the program out-years. Futhermore, to make up for the current shortfall in staging capability, the Army program provides near-term funds to purchase a deployable Army brigade staging package.

(S) Air Force. Ashore pre-positioning programs continue on a limited scale in Oman, Sudan, and Egypt. During this year, the Air Force pre-positioned bare-base equipment and vehicles at Thumrait, Oman; 37 vehicles in Egypt; and vehicles, bare-base equipment, medical assets and refueling equipment in Port Sudan. The Government of Bahrain has not responded to a request to lease 250,000 ft^2 of storage space for pre-positioning. Congress has approved limited funds for runway shoulder stabilization, site upgrade, and quality of life projects in Egypt. However, although Congress appropriated $49M for Ras Banas MILCON, recent Egyptian decisions regarding participation by the Corps of Engineers jeopardize the execution of that construction program. Also, the Government of Oman recently indicated contract services for pre-positioned US material should be awarded non-competitively to a British firm. We will continue competitive selection, however, subject to Oman's concurrence. Also, continued use by Oman of facilities constructed with US MILCON

funds portends contention over which country has priority use of the facilities. Future pre-positioning is subject to resolution of these issues. Finally, Congressional approval of FY 85 MILCON for a warehouse at Seeb, Oman, and liquid oxygen storage at Thumrait, Oman, was offset by disapproval for aircraft shelters at Seeb and field accommodation storage sites at Seeb and Thumrait. This may indicate Congressional reluctance to support further Oman MILCON. In Sudan, the uncertain political situation has raised concerns about the future of the pre-positioning program in that country.

(S) Navy. USCENTCOM lists improvements to fuel bunkering in SWA as one of its "top ten" requirements for 1984. A jet fuel (JP-5) agreement was recently concluded to provide for 75,000 bbl storage at Berbera, Somalia. There is also the possibility of fuel storage in Australia and the Defense Fuel Supply Center is preparing to solicit for commercial storage in support of US Navy Pacific Fleet operations. Substantial MILCON is programmed at Diego Garcia for air and weapon support in the FYDP years. During FY 84, a P-3 squadron deployed to Diego Garcia. Detachments from this squadron are flying periodically out of Mombasa, Kenya, and Djibouti. In Berbera, Somalia, runway and facilities improvements have been completed to support P-3 operations. In Oman, there are P-3 flights out of Seeb and Masirah. As a result of interpretation of priority use of facilities, however, difficulties have been encountered with the Omani release of US MILCON facilities for P-3 use. Navy/Marine Corps efforts on the Maritime Pre-positioning Ship (MPS) program continue with the deployment of the first squadron to the North Atlantic (afloat pre-positioning for one MPS Brigade) expected in early 1985.

(S) According to USCINCCENT, the most critical requirements problem is the lack of a communications infrastructure in the region. The JCS have approved and forwarded to OSD a briefing for use in initial negotiations with Egypt, Saudi Arabia, and Oman. Additionally, a defense contract study of regional communications systems and their potential for support of USCENTCOM requirements is in final draft.

(C) The lack of assured access to regional and en route states remains the overarching problem. While political realities of the region make it apparent that access negotiations will be a slow, uneven process, access is critical to the success of the strategy. We must continue our negotiation efforts. To assist, the JCS have approved and forwarded to OSD and State two USCENTCOM access requirements lists, one for regional contingencies and the other for potential near-term crisis actions in the Persian Gulf.

(C) Another particular concern is contracting difficulties encountered during recent exercises and in the negotiation of caretaker contracts for US pre-positioned assets. If the US wants to do business in this part of the world, we must reconsider the applicability of some defense acquisition regulations that are appropriate for domestic acquisition but inappropriate in a foreign acquisition relationship.

DOS

28 November 1984

Implementation of US Strategy for the Near East and South Asia

(S) The NSDD 99 Work Program, completed earlier this year, outlined the steps necessary to implement US strategy for the Near East and South Asia and called for biannual review of how well and how fast these steps were being accomplished. This paper reviews what has been done since the Work Program was completed. Specific reports on progress made in military planning, regional cooperation, allied cooperation, and security assistance are attached (Tabs A-D). An overview of the Work Program progress is found at Table 1.

(S) Progress has been slow over the six-month period covered by this report. This was not unexpected--significant results were not anticipated in a short period. Nor is the picture entirely bleak, as we have moved forward in a number of ways. Over the last six months, we have, for example, conducted initial defense surveys in Pakistan, Kuwait, and Bahrain; pre-positioned limited amounts of materiel in Oman, Egypt, and Sudan; begun the improvement of air defense capability in several Gulf states; and improved our bilateral security relationships with Egypt and Saudi Arabia, most recently, by responding to their requests for assistance in mine clearing operations in the Red Sea. In addition, we have discussed security issues with Israel under the auspices of the Joint Political Military Group. But as Table 1 indicates, we have a long way to go before we can say our strategy for the region has been implemented. Most importantly, little progress has been made toward developing a strong capacity to stop Soviet military intervention in this area of the world.

(S) It is increasingly evident that we are reaching a plateau in the amount and type of security cooperation friendly Arab states are willing to undertake. While we should press forward on security issues, our bilateral and regional political relationships need to catch up with our military cooperation. Increased emphasis, therefore, should be placed on diplomatic initiatives that will improve the political environment within which we work to increase security cooperation. And we must ensure that our arms sales policy supports the strategy.

(S) Saudi Arabia is key to many of the NSDD 99 recommendations to implement US strategy in Southwest Asia. Conditions for closer military cooperation with Saudi Arabia were set forth by Prince Sultan, Minister of Defense and Aviation (MODA), during the visit of Rear Admiral Poindexter and Assistant Secretary Murphy in April 1984. Specifically, Prince Sultan stated that a US/Saudi Military Coordinating Group should be convened to review all pending

Saudi requests for military equipment. This group should also make an assessment of existing Saudi military capabilities and do further detailed US/Saudi contingency planning. Both sides have agreed that the assessment of Saudi military capabilities is already being conducted on a daily basis by USMTM. In addition, the US Coordination Planning Group, assigned to USMTM and actively engaged in contingency planning with the Saudi Armed Forces since September 1982, has been tasked to conduct the follow-on contingency planning agreed upon with Prince Sultan. While responses to most Saudi arms requests were provided to Saudi Arabia last May, decisions on several sensitive items were deferred and will be addressed before the Secretary of Defense-Saudi MODA meeting in December 1984. Until the US responds to Saudi requests for additional military equipment, further joint contingency planning will be limited.

(U) The Interagency Coordinating Group recommends particular emphasis be placed on the following specific actions over the next six months.

(S) Regional Cooperation. Within the region, diplomatic initiatives must be broad-based, but we should pay special attention to the important role of Jordan in our regional strategy and to its defensive needs (Stinger and I-Hawk air defense missiles and advanced aircraft). We also expect to reestablish formal diplomatic relations with Iraq in the near future and should take full advantage of this opportunity.

(S) Arms transfer policy. Our current FX policy differentiates among the Gulf states as to which fighter aircraft they can purchase; in some cases, this puts US policy in opposition to the military-political preferences of regional states. Other politically related arms sales (e.g., to Saudi Arabia, Egypt, Jordan, Pakistan) need to be integrated into a comprehensive legislative strategy for presentation to Congress. An interagency group should review arms transfer policies for the region, with special attention to the effect of US sales on intra-regional competition (e.g., Egypt-Israel, Saudi Arabia-Iraq). The fighter aircraft sales policy should also be addressed, and a report submitted by February 1985 to the Secretaries of State and Defense. This would be the first step in developing a legislative strategy for notifying Congress of future sales proposals.

(S) Allied cooperation. Although overall progress on European allied cooperation has been slow, there have been recent positive signs. The allies' responses to crises in Chad and Lebanon and the mining threat in the Red Sea demonstrated their willingness to take out-of-area military actions to further collective Western security. Our allies must be encouraged to take additional concrete actions in support of our common interests in Southwest Asia. This must be done without degrading other efforts to improve NATO's conventional capabilities, although it should also be recognized that actions

taken by NATO countries to strengthen the defense of Europe and our efforts to seek allied cooperation for Southwest Asia are not mutually exclusive endeavors. Progress with the allies will, to a great extent, depend upon their perception that support for US policy is separated from US support for Israel.

(S) Specifically, there are three actions that should be taken in the coming months. First, in the NATO forum, we must continue to emphasize the importance of out-of-area issues that affect the security of the Alliance and seek concrete results on the compensatory measures identified in the Southwest Asia Impact Study. Second, we should plan a State-DoD delegation visit to key European capitals, initially to Rome, London, Paris, and Bonn, in early 1985 to discuss Southwest Asian issues and cooperative actions. Before the trip, careful consideration must be given to reexamining specific requirements and what we hope to achieve with each ally. Finally, special attention should be paid to Turkey, with due regard for Turkey's ambivalence toward our Southwest Asia effort. The Work Program called for increased NATO exercises in Turkey and bilateral US-Turkey exercises in eastern Turkey, which should be scheduled as soon as possible.

(S) Military Requirements. The Joint Chiefs of Staff continue to identify lack of assured access to regional and en route states as a significant military problem. Prospects for increased access will be improved if we strengthen political relationships with regional states, an aspect of which would be progress on the peace process. In the meantime, several specific actions should be taken by March 1985 to address other military requirements. First, given the urgent military need for a communications infrastructure in the region, State should initiate contacts with Egypt, Saudi Arabia, and Oman concerning accommodation of a theater communication system. The JCS and Services have already designed and programmed equipment for a theater-level C3 system in Southwest Asia ($284M over FY 1986-91). Second, with State Department clearance, the Defense Fuel Supply Center should solicit commercial fuel storage in Egypt, Qatar, UAE, Saudi Arabia, Jordan, Kuwait, Pakistan, the Comoros, Maldives, and Reunion (France). Third, we should move ahead toward building a rear staging area. Although Congress appropriated $49 million for construction at Ras Banas, recent high-level Egyptian decisions excluding participation by the US Corps of Engineers have put the project indefinitely on hold. Therefore, Defense should assess alternative sites (in particular, upgrading existing facilities), as well as the extent to which we could use deployable staging facilities in the region, and submit its recommendations to the Interagency Coordinating Group. Our ongoing assessment of the role of Israel's military capabilities and infrastructure in the event of a Soviet invasion of SWA should also be factored in and kept up to date.

~~SECRET~~ 005

TABLE 1

PROGRESS SUMMARY

NSDD 99 WORK PROGRAM ITEM	PROGRESS OVER PAST SIX MONTHS		
	Moderate	*Limited*	*None**
OVERALL EVALUATION		X	
MILITARY PLANNING			
Op Plans	x		
Avoid dual-commitment of forces to NATO/SWA		x	
MILITARY SUPPORT REQUIREMENTS			
Define the requirements		x	
Pre-positioning		x	
HNS			x
In-theater communications		x	
Forward basing		x	
En route access			x
Forward Headquarters Element (land-based)			x
REGIONAL COOPERATION			
Access/pre-positioning		x	
Military-to-military security cooperation		x	
Potential for Lebanon to contribute			
ALLIED COOPERATION			
Compensation		x	
NATO		x	
Japan	x		
Facilitation		x	
Increased transit access in S. Europe			x
Pre-position mat'l in Med. littoral			x
Collocated operating bases in Turkey	x		
Participation		x	
Allied training cruise in I.O.			x
Redeployment of French MCM to Djibouti			x
Allied participation in USCENTCOM exercises		x	
Increased NATO exercises in Turkey			x
US-Turkey exercise in E. Turkey			x
Coordinated MILCON			x
Third country funded projects			x
Intell. sharing with UK/France	x		
Counterterrorism cooperation	x		
ARMS AND TECHNOLOGY TRANSFER			
GCC interoperable air defense system		x	
Regional coastal defense system			x
Anti-armor/anti-air ground force improvements		x	
Maintenance of friendly Soviet equipment		x	
OTHER CONSIDERATIONS			
Resolution of Cyprus issue			x
Increased assistance to Turkey		x	
Improving relations with India		x	
Improving relations with Iraq	x		
Cooperative planning with Israel	x		

*Reasons for "no progress" include: (1) efforts were made, but failed to produce results; (2) no effort was made over the past six months; and (3) no

~~SECRET~~

 B-1

REGIONAL COOPERATION

(S) In the Spring of 1984, the threat of an Iranian offensive against Iraq and attacks on shipping in the Gulf heightened fears of an escalation of the war and created opportunities for us to expand security cooperation with regional states. Capitalizing on the opportunity, we initiated contingency planning consultations and offered near-term air defense assistance to states in the region. Although regional states have shown an increased willingness to discuss military cooperation with us, the degree of cooperation is directly related to the ebb and flow of the current crisis. It is apparent we are approaching a plateau in the amount of meaningful military cooperation the moderate Arabs are willing to allow, short of a perceived threat to their security and survival. Gulf perceptions that we may be unable to sustain Congressional and public support for our commitments in the Gulf, that our strategy focuses on East-West confrontation rather than the regional threats and issues, and that open military cooperation with the US will provoke Iran and cause domestic and regional political problems have contributed to this limit on cooperation. Progress in resolving key Middle East political issues and demonstration of our commitment to regional self-defense will contribute significantly to furthering military cooperation in the area.

PROGRESS TO DATE

(S) Security Consultations and Planning:

-- We have initiated a security dialogue with the smaller Gulf states on Gulf war scenarios and planning for their defense and have formal joint security/military consultations with Morocco, Tunisia, Jordan, Saudi Arabia, Bahrain, Egypt, and Pakistan.

-- At Prince Sultan's request, we are proceeding with discussions on contingency planning through the USMTM Coordination Planning Group, while simultaneously conducting a comprehensive review of all pending Saudi arms requests with an eye to providing an official response to each as soon as possible, and an evaluation of Saudi military capabilities. Saudi military authorities have agreed that the US Military Training Mission (USMTM) provides such an evaluation in the course of normal duties with the Saudi Armed Forces. While responses were provided on the majority of Saudi arms requests, decisions on requests for major systems were deferred and will be addressed before the Secretary of Defense-Saudi MODA meeting in December 1984.

-- In Oman, we have exercised the SON/USCINCCENT CONPLAN for the protection/surveillance of shipping in the Strait of Hormuz and adjacent waters.

-- In conjunction with the US/Israeli JPMG, we have furthered joint military cooperation with Israel and enhanced our ability to respond to crises in the region involving the Soviet Union.

-- We have begun a low key, informal dialogue with India and Iraq with the expectation of improving bilateral relationships when circumstances permit.

(S) Security Assistance and Requests for Assistance:

-- We have conducted surveys in Bahrain, Kuwait, and Pakistan and offered equipment packages to Bahrain and Kuwait to help improve their air defense capability, expedited release of Stinger to Saudi Arabia, increased the number of tanker aircraft in the Kingdom, and undertaken efforts to allow the sharing of AWACS data with Kuwait.

-- We participated in a successful multi-national mine clearing operation in the Red Sea and at Egypt's request, deployed E-3A aircraft to Egypt in response to a Libyan air attack in the Sudan.

(S) Exercises:

-- We have established routine bilateral exercise programs with Oman, Egypt, Israel, Jordan, Morocco, and Tunisia; planning for BRIGHT STAR 85 is ongoing; and we continue to conduct Freedom of Navigation operations throughout the region to challenge illegal claims.

(S) Access for Military Construction and Pre-positioning:

-- We have pre-positioned limited amounts of USAF material in Oman, Sudan, and Egypt to support our SWA strategy; near-term pre-positioning ships are deployed in the Indian Ocean and Mediterranean Sea; and discussions with Egypt, Jordan, and Bahrain for other pre-positioning arrangements are ongoing. The amount pre-positioned, however, remains limited compared with objectives established for each country and the region.

-- Our military construction program in Southwest Asia, although decreased by Congress, is progressing on schedule.

-- We have negotiated fuel storage arrangements with Somalia, are currently negotiating with Oman, and are about to proceed in Sudan and Australia.

CHALLENGES AHEAD

(S) Despite our progress, it appears we are reaching a plateau in the amount and type of security cooperation the moderate Arabs are willing to undertake with us. Our bilateral and regional relationships need to catch up with our military cooperation. Our involvement in Lebanon, US-Israeli strategic cooperation, and Congressional

opposition to the transfer of sophisticated arms to Arab states have created a crisis of confidence in our ability and willingness to respond to Arab requests for assistance and to meet our stated security commitments in the region.

(S) Our arms sales policy is viewed as discriminatory by the moderate Arabs, has led to expanded Soviet military supply relationships in Kuwait and possibly Jordan. To combat the growing Arab perceptions that we are not a reliable security partner and to use the sale of defensive equipment as a method of pre-positioning and creating a US presence, we need to make a determined effort to meet mutually agreed upon defense needs with states of the region. Regional states prefer to develop a self-defense capability sufficient to meet regional threats, rather than invoke a US military presence or intense US military cooperation to ensure their security.

PROPOSED STRATEGY

(S) To restore US credibility and Arab confidence in our commitment to their national self-defense posture, we must develop a realistic arms transfer policy to meet the defense needs of moderate Arab states and thereby reduce the possibility of direct US military intervention. We must reverse the growing trend toward Arab reliance on other security assistance sources, particularly the Soviet Union, which limits achievement of US regional objectives, diminishes US influence, and limits our ability to ensure Israel's security.

(S) One of the keys to restoring Arab confidence in our commitment to peace is sustaining a consistent public position on key issues that will arise in eventual peace negotiations. This, along with clear indications that we remain ready to assist the parties in finding a lasting solution to these persistent problems through a process of negotiations, will put us in a strong position to reverse adverse trends in our relationships with moderate Arab states and further Arab willingness to cooperate on security issues. At the same time, we must not raise Arab expectations beyond our ability to satisfy those expectations.

(S) A key objective is to explain to Congress our strategy for the region, emphasizing our objectives and interests and our need for a balanced approach. In this connection, the interagency group should prepare a briefing for Congress which includes an overview of outstanding security assistance requests.

SECRET

ALLIED COOPERATION

(U) The paper on Allied Cooperation (Section IV) of the NSDD 99 Work Program identified specific near-term objectives in the areas of compensation, facilitation, and participation which we should pursue with our European and Pacific allies. The Work Program also cautioned that out-of-area issues should not become a focus of allied contention and that specific measures must be weighed against other important NATO defense initiatives that seek to improve NATO's conventional capabilities. This paper provides a status report on out-of-area initiatives as well as an update on our efforts regarding economic and military assistance to Turkey and an update on Cyprus/Aegean issues.

Compensation.

(S) NATO Compensatory Measures. Efforts to include compensatory measures identified in NATO's Southwest Asia Impact Study (SWAIS) in the NATO Force Goals for 1985-90 met some success. Defense Planning Committee (DPC) action on recommended compensatory measures was delayed for several months by a Greek-Turkish dispute over the treatment of the Aegean in the SWAIS. As a result of the delay, the SWAIS compensatory measures that were not already in the Force Goals were not included in the 1985-1990 Force Goals reviewed at the May 1984 DPC meeting. However, at US urging, the Military Committee has now developed add-on measures as a supplemental package of the 1985-1990 force proposals. Because of its complexity, the portion of the SWAIS on combat support and combat service support (CS/CSS) is being handled separately.

(S) Prospects appear good for the package of supplemental Force Goals to be presented to the ministers this December. The CS/CSS compensatory measures, in turn, should be approved by the DPC in time to incorporate them into the next set of Force Goals for 1987-1992.

(S) The Defense Planning Committee's efforts to facilitate approval of the supplemental out-of-area measures in time for the December Ministerial reflects increased interest in compensation issues. NATO Secretary General Carrington has taken a personal interest in this subject in his search for ways to respond constructively to US Congressional concerns. The Allies, however, will remain reluctant to implement high-cost compensatory measures that compete with other defense priorities. From a European perspective--as the SWAIS itself suggests--the preferable solution is for the US to change its plans for SWA and thereby reduce the need for compensation. Given this attitude, we should not expect rapid progress on out-of-area compensatory measures. Full implementation of many of the measures that are already Force Goals is unlikely and those that become Force Goals will not result in major near-term improvement.

SECRET

(S) Japanese Compensation. Moderate progress has been made toward the four measures outlined in the Work Program. The deployment of an additional destroyer to Yokosuka and a conventionally-powered submarine and an Amphibious Ready Group to Sasebo have either been accomplished or are proceeding smoothly. Progress towards accomplishing a Japanese defense capability out to 1000 miles has been steady, including an increased defense budget and critical sustainability improvements for present Japanese forces. A bilateral SLOC defense study is expected to be completed in 1985. The Japanese have provided additional host-nation support for the F-16s, and the policy obstacles to transfer Japanese military technology have been removed. We are working on procedural methods to implement technology transfer.

Facilitation.

(S) Increased Transit Access in Southern Europe. There has been no change over the past six months in the status of our transit access rights.

(S) Access to Portuguese facilities in the Azores continues to be excellent, though subject to prior notification of sensitive flights to non-NATO destinations. Spanish access is routine for NATO destinations and for scheduled resupply flights, but authorization is required on a case-by-case basis for non-NATO destinations. The Spanish are particularly sensitive about SWA transits, but it should be noted that support for the Red Sea mine clearing operations functioned smoothly. In seeking Spanish acceptance of SWA transit facilitation, we will have to calculate the advisability of an approach in view of such factors as the Spanish Socialist Party's decision this fall on remaining in NATO, pressures to lower US military presence and renegotiate base rights, and Spanish hopes to commit the US to defend the North African enclaves. We should study these factors and make a decision regarding an approach, if any, to Spain in early 1985.

(S) Access to Italian bases is also on a case-by-case basis for non-NATO related missions. Before making an approach on facilitating SWA transits, careful study is required to define the extent of US requirements; the nature of the agreement required (formal/informal); and how best to raise this with the Italians. We should complete this study and decide on an approach, if any, to Italy in early 1985.

(S) Pre-positioning of Material Along the Mediterranean Littoral. Prospective locations identified in the Work Program for pre-positioning SWA material were Italy and the British sovereign bases in Cyprus. Preliminary discussions with Italian officials on pre-positioning indicate the possibility of a favorable response to a US request. We need to make a decision whether or not to approach the Italians and British now with specific proposals to pre-position US-purchased materiel in host government supported facilities.

(S) Construction of Collocated Operating Bases in Turkey (Mus and Batman). We have made progress on this initiative. Funds to finance construction of a runway at Mus and additional facilities at Batman were approved for FY84. Construction contracts are expected to be awarded in early 1985, with work starting shortly thereafter. It is anticipated the Mus runway will be completed in 1986. Funds to pre-finance additional construction at Mus in FY85 were not approved; however, these facilities will probably be included in NATO Infrastructure Slice 37 (1986). We will continue to press for a high priority for this project in the NATO Infrastructure program.

Participation.

(S) Combined Training Cruises and MCM Deployments. No progress to date has been made in these areas. The Work Program proposed we seek individual discussions through navy-to-navy mechanisms with the UK, France, New Zealand, and Australia to join us in planning a combined training cruise in the Indian Ocean. The Joint Staff/ Navy intend to address this subject with each navy in early 1985. As also recommended, the Joint Staff discussed with the French General Staff the possibility of redeploying French mine countermeasure ships to Djibouti. The French do not envisage such a redeployment, absent a serious crisis in the region.

(S) Participation of Selected Allies in USCENTCOM Exercises. Efforts to invite allies to exercises produced limited results. USCENTCOM invited the French and British to participate in GALLANT EAGLE which took place in the US from August to October 1984. The British accepted and participated; the French did not. No invitations were extended to third countries for ACCURATE TEST, an air defense exercise in Oman. Due to Jordanian sensitivities, no invitations were extended for SLY FOX (special forces) and SHADOW HAWK (air defense).

(S) Bilateral and Increased NATO Exercises in Turkey. The Joint Staff is developing a concept involving a special forces exercise to fulfill the Work Program requirement for a bilateral US-Turkey exercise in Eastern Turkey. Regarding efforts to increase NATO forces exercise activity in Turkey, the Commander-in-Chief Allied Forces, Southern Europe, has passed the recommendation through SACEUR to NATO's Military Committee. Since it is a low priority issue in the Southern Region, the proposal has received little interest to date.

(S) Coordinated Construction of Militarily Useful Infrastructure. To date, no progress has been made. The possibilities for coordinated military construction/POL storage in SWA include US-UK in Oman/ Kenya, US-Italy in Somalia, US-UK/France in the Comoros, and US-France in Djibouti. We should identify projects for coordinated construction and decide on specific approaches to allies in early 1985.

(S) Increased Intelligence Sharing with the UK and France. We have ongoing intelligence exchanges with both the UK and France on SWA activities, and the mechanism for expanding those exchanges is in place.

(S) Cooperation with Selected Allies in Counterterrorism Operations. Operations, coupled with exercises, training, and visits with regional and European counterterrorism forces have fostered a close working relationship and have provided the basis for an exchange of tactics, information, and equipment.

Update on Turkey/Cyprus.

(C) Diplomatic Strategies for Resolving the Cyprus and Aegean Issues. UN Secretary General Perez de Cuellar is currently conducting talks with the Greek and Turkish Cypriots aimed at finding a negotiated solution to the problems which divide them. He has asked our assistance in weighing in with both sides, and Secretary Shultz and the US Special Cyprus Coordinator did so during the UNGA bilaterals in late September 1984. We have followed up in capitals as well. This UN effort is the best chance we have had for some time. We should do all we can to support it. However, we cannot count on its success or even its continuation.

(C) In the Aegean, there has been no change in the situation nor do real prospects for such change exist. Papandreou has virtually halted the dialogue at all levels with Turkey and shows no signs of renewing it. As long as there is little prospect for resolution of Aegean issues, a confrontation between Greece and Turkey is always a danger. But both sides are well aware of the need to avoid situations where an active military confrontation might take place. Their jockeying for advantage in the Aegean will continue, with the situation tense, but probably manageable.

(C) Options for Securing Higher Levels of US Assistance to Turkey. Turkey is potentially a key state in our SWA planning. However, our prospects for increasing the levels of US security assistance to Turkey in sufficient amounts to provide a significant boost to Turkish support for US SWA policy are not good. We fought hard in Congress this last session to prevent FY85 levels from dipping below FY84 and to ensure that language conditioning security assistance to Turkey on specific Turkish Cypriot concessions did not become part of the legislation. At the same time, we have increased security assistance to Turkey during the last three years. While these higher levels have allowed us to start modernization, it will be a long time before Turkish forces are equipped to even minimum NATO standards. Even when this is achieved, Turkey would be reluctant to cooperate in any SWA contingency which was not endorsed by NATO.

(C) We believe a minimum of one billion dollars a year in US assistance will be required for Turkey for the next decade. Realistically, we cannot expect to reach that goal in the foreseeable future. The Turkish Cypriot declaration of independence late last year as well as the subsequent exchange of Ambassadors between Turkey and the self-proclaimed new government set back security assistance prospects for Turkey considerably. The current UN initiative undertaken by UNSYG Perez de Cuellar has helped somewhat in the Congress, but clearly not enough to make significant headway. If progress toward a Cyprus settlement continues to prove elusive, our ability to gain Congressional approval of our security assistance request for Turkey will remain difficult owing to a growing sense of frustration that the problem is intractable and the Turks are to blame. Furthermore, there is little possibility of Ankara making the kind of concessions that would ease our legislative struggle, in large part because Turkey's view of the Cyprus issue (and Turkish politics) sharply circumscribes both what it can as well as what it is disposed to compromise.

(C) Turkey has its own regional interests and sensitivities which make it reluctant to endorse our SWA strategy. Turkey, as a Moslem country, sees itself with a special vocation in the Middle East. It is deeply concerned with the Iran-Iraq war and in particular believes it must retain adequate ties to Iran. It also has considerable economic ties to Libya. These factors play a part also in Turkey's wary attitude toward and low profile regarding our SWA concept.

(C) In sum, in view of the likely lack of progress on Cyprus, continued Congressional attitudes, and Turkey's ambivalence, a major Turkish commitment to our SWA effort is improbable. This is unlikely to change short of a Soviet threat or pressure clear and overt enough so that the Turks will see the necessity to resist.

(S) At the request of King Fahd of Saudi Arabia in May 1984, the President exercised his emergency authority and approved an urgent sale of 400 Stinger air defense missiles without waiting for the normal congressional review period required under the Arms Export Control Act. The balance of the total Saudi requirement of 1200 missiles is pending. Requests for Stinger from other Gulf states were not acted upon. Saudi Arabia is also purchasing I-TOW (2500 for $26M) and AGM-65B Maverick (1600 for $140M). Both the I-TOW and AGM-65B support the NSDD 99 objective to improve the region's anti-armor capability.

(C) An F-20, F-16/J-79, F-16A, F-16C and F/A-18 comparative fighter aircraft briefing was presented to the UAE, Kuwait, and Qatar in August 1984. This was the first time the Department of Defense has briefed a complete aircraft configuration including munitions, radar warning receivers, and jammers. Aircraft configurations included the new AIM-9P4 IR air-to-air missile and the ALQ-131/ALR-69 electronic warfare systems. The Secretary of Defense approved these configurations. The purpose of the briefings was to establish an inter-government dialogue to assist these countries in developing a credible air defense system and to show US interest in their security needs. The current FX policy, however, makes it difficult to meet the fighter aircraft requirements of these states.

(C) A Consultative Group Meeting met in April 1984 to examine the long- and short-range bilateral security assistance goals and objectives with Pakistan. The meeting discussed the priority of future requests and reviewed progress of the current program. DoD conducted a survey of Pakistan's air surveillance requirements in July 1984. Plans are underway for an E-2C orientation flight in Pakistan in January 1985.

(C) A Joint Military Commission (JMC) meeting met in May 1984 in Morocco, and the Tunisia JMC is scheduled for November 1984 in Washington. These meetings enhance bilateral planning on military procurement and joint exercises and encourage short- and long-term planning.

(S) In summation, the security assistance program has assisted in developing an increased regional capability in air defense and communications (C3I) and has defined aircraft weapons and avionics configurations acceptable for technology transfer. The security assistance program has also reinforced US presence through repair of Soviet equipment in those areas where significant amounts of Soviet equipment were in place, and has expanded US influence and presence throughout the region.