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Chief, Records & Declass Div, WHS
Date: AUG 03 2018

THE SECRETARY OF STATE
WASHINGTON

19 DEC 1981 09 17

OFFICE OF THE
SECRETARY OF DEFENSE

ISRAEL

December 18, 1981

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Dear Cap,

As we discussed briefly at this morning's breakfast, it is important that our two Departments closely coordinate the implementation of the decisions reached at yesterday's White House meeting on U.S.-Israeli relations.

You are, of course, aware of the basic points. While we will do nothing at this time to interfere with the implementation of the normal security assistance relationship, we will not move ahead on any discretionary initiatives. In particular, there will be no further work with the Israelis on implementing the MOU on strategic cooperation, nor will there be further discussions with the Israelis on moving ahead on the following defense trade measures:

- stimulation of Israel's defense industry by promoting DOD purchases of up to \$200 million annually in Israeli produced goods and services;
- future steps authorizing Israel to use up to \$100 million in FMS annually to purchase its own defense related goods and services;
- possible Third country use of FMS or U.S. subsidies to purchase Israeli produced or held items.

It seems to me that operationally, the above decisions translate into a postponement of the first Coordinating Council meeting called for by the MOU. Similarly, meetings intended to discuss or reach agreement on the various defense trade activities would not proceed. This applies to meetings on these issues in Israel as well as in Washington and to Defense and State officials alike.

The above decisions have been briefly spelled out in a letter from me to Israeli Foreign Minister Shamir. In addition, in handing over the letter to Ambassador Evron, I once again took the opportunity to emphasize our unhappiness and concern with the Israeli Golan decision.

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330-25-0104, bk7, Israel (18 Dec 1981)

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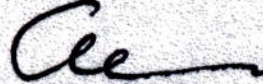
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The course of action outlined here should guide our policy towards Israel for the foreseeable future. At the same time, we should treat this door as closed, but not locked, in order to preserve some future leverage over Israeli behavior; if Israel demonstrates a greater sensitivity to American interests, we should indicate a willingness to review these suspensions. Our staffs ought to remain in close contact to ensure that these decisions are implemented fully, as well as to ensure that related activities not specifically covered by yesterday's meeting are treated in a consistent manner. ✓

Sincerely,



Alexander M. Haig, Jr.

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
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