



Dept of State

UNITED STATES DEPARTMENT OF STATE

Washington, D.C. 20520

Egypt

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7/83

MEMORANDUM FOR MR. WILLIAM P. CLARK
THE WHITE HOUSE

Subject: Paper on the Status of Ras Banas related issues

Attached is the paper you requested in your memorandum of July 14, 1983 to Secretaries Shultz and Weinberger. The paper, which has been cleared by both State and Defense, assesses the status of Ras Banas related issues and discusses agenda topics in priority order for the next round of talks with the Egyptians.

Charles Hill
Executive Secretary

Attachment:

As stated.

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Cleared: NEA: RPelletreau
NEA/EGY: WLloyd *P for*
P: RRapnel *P for*
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DOD/ISA: ETixier *P for*

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U.S.-EGYPTIAN STRATEGIC COOPERATION: RAS BANAS AND BEYOND

Introduction

We are approaching a crossroads in our strategic military cooperation with Egypt. The Ras Banas negotiations with the Egyptians (and the Congress) are entering a make-or-break phase. Our success or failure with either the Congress or the Egyptians could affect the quality of our strategic relationship and the substance of our planning for the defense of the region. If the Egyptians reject our final efforts to meet their concerns about Ras Banas or are unable to carry out their part of the construction, questions will be raised within the USG about Mubarak's commitment to a meaningful strategic relationship. If the Congress rejects our approach to meeting Egyptian concerns and cuts off funding for Ras Banas, questions will be raised in Egyptian minds about whether we are interested in dealing with them as equals or wish a strategic relationship only on our terms. Either of these outcomes could have negative effects on our overall relationship with Egypt. On the other hand, if we succeed in moving ahead with an agreed plan for construction at Ras Banas, we will achieve our primary goal of obtaining a useful facility at a vital location in the region and reinforce our strategic cooperation by demonstrating we can resolve difficult problems and reach a workable solution.

It is important to note that despite the recent difficulties involving Ras Banas, other aspects of our strategic relationship with Egypt have continued. The most notable example is the month-long Bright Star 83 exercise which will begin in early August. Prized Falcon, an exercise involving F-16's from the U.S., is already underway. We have also had contingency planning talks with Egyptian political and military officials. An Egyptian delegation transited the Panama Canal on a NPW in mid-July as part of our continuing effort to win Egyptian agreement for NPW transits of the Suez Canal. We also continue to have materiel prepositioned at Wadi Qena (Site Mike), despite recent media publicity which led to opposition criticism of the Mubarak government. Also, the Egyptians have participated with us in efforts to defend Chad against a Qadhafi-supported invasion, as we cooperated earlier in the year in defending Sudan.

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The fact that these activities have been conducted routinely while we have been engaged in difficult negotiations with the Egyptians on Ras Banas demonstrates both the range of the strategic relationship and its fundamental importance to both our governments. Our shared political and strategic interests are so crucial to regional stability that we must ensure that problems on specific issues such as Ras Banas do not undermine the broader aspects of our relationship. The challenge is to manage the relationship, both with the Egyptians and within the U.S. government, so that we can realize that goal.

Ras Banas: Next Steps

The top priority now in U.S.-Egyptian strategic relations is to resolve the Ras Banas issue in a way that preserves as much as possible of our original plans without straining relations with Egypt or the Congress. As a practical matter we must accomplish this prior to the House-Senate Military Construction Appropriations Bill conference, given House and Senate disagreement on whether to rescind all FY 83 Ras Banas construction funds. The July round of negotiations with the Egyptians produced agreement in principle on a course of action which could meet this goal and helped win Senate agreement to retaining \$55 million in FY 83 milcon funds for Ras Banas. However, the details still need to be worked out in technical-level negotiations. Due to the possibility of Congress acting on the FY 83 MILCON Appropriations Bill during the first week of August, a draft joint construction plan covering Phase I development of Ras Banas is being sent to Cairo to be presented to Egypt for their immediate concurrence. Upon Egyptian concurrence, the plan will be presented to the Chairman of the Senate MILCON Appropriations Subcommittee. The Egyptians have agreed that the remaining issues are technical and have indicated a willingness to meet as soon as possible to satisfy Congressional requirements and work out construction details.

In preparation for resumed talks, the Defense Department has drafted a construction plan for use in discussions with the Egyptians. This plan, at a minimum, calls for the Egyptians to build a SPF-capable runway and apron, and for the U.S. to fund construction of a POL distribution and storage system. The plan also prioritizes follow-on construction required to give Ras Banas MAC and throughput capability. Work has also begun to prepare contract documents for U.S.-funded projects at Ras Banas,

with emphasis on fashioning a bilateral contract dispute resolution mechanism. Because no formal bilateral agreement for the Ras Banas construction exists, these contracts will deal with various issues not normally part of milcon contracts. The Egyptians may have some problems with this, and the contract negotiations will probably take some time.

DOD and State officials, in coordination with the Egyptian Embassy, will brief committee members and staffers on our progress to date and reiterate the high priority the Administration gives to retaining \$55 million of FY 83 milcon funds for Ras Banas. If necessary, the White House will be asked to support this effort with calls to key House and Senate Republicans. A detailed congressional strategy will be developed.

While the remaining issues are technical, failure to resolve them quickly will result in our losing all remaining construction funds. Without a formal guarantee of U.S. access, it is questionable whether Congress will appropriate the necessary funds. Thus, if an impasse with the Egyptians appears likely, we will have to raise our concerns to the political level in Cairo quickly.

Other Issues on the U.S.-Egyptian Strategic Agenda

Ras Banas is the most immediate issue on our strategic agenda with Egypt, but others also require attention. The fundamental issue is Egyptian confidence in the strategic relationship. While Mubarak has reiterated that strategic cooperation with the U.S. is a basic policy of his government, it is clear he wishes this cooperation to have a low profile to minimize domestic and regional criticism. It is also clear that there are those within the Egyptian government who are concerned that because of U.S. domination the strategic relationship will become a political liability for Egypt. It is likely that these views will cause ongoing irritations as we pursue various aspects of the strategic relationship. While we cannot completely overcome Egyptian concerns, we can deal with them through a straightforward, high-level dialogue, designed to reassure the Egyptians about our view of the relationship and maintain their support of the activities that give it substance.

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Issues related to Site Mike have taken on added importance in light of Mubarak's firm position against a U.S. caretaker force at Ras Banas. While we would like to expand our repositioning activities at Site Mike, a more fundamental concern is to avoid aggravating Egyptian sensitivities about foreign military presence. Several months ago we were warned that in the event of publicity about our presence, we would be asked to vacate the base. Despite this, we and the Egyptians successfully deflected a brief flurry of press stories about a secret base in Egypt, and there has been no indication the Egyptians will ask us to leave. While the Egyptians will not agree to formalizing arrangements at Site Mike, we should seek their acknowledgement that because of its importance we will not cease operations there because of publicity.

Underlying these immediate issues is the high priority we place on enhancing Egypt's ability to work with us effectively in responding to regional crises. Our joint efforts to protect countries such as Chad and Sudan against attacks from Qadhafi have demonstrated the benefits we both derive from our strategic relationship. Our security assistance, combined training exercises and planning talks help increase Egypt's ability to play a constructive regional security role.

The next priority is to breathe life into our strategic planning talks. These talks were nearly halted earlier this year because of Egyptian misperceptions about our intentions and our performance as a security partner. A round of planning talks took place in June, but the Egyptians were guarded and clearly do not believe these talks will bring benefits to Egypt. Our ability to meet a regional contingency will be hampered if this continues to be the case. We need to convince senior Egyptians of the importance of these talks and build their confidence.

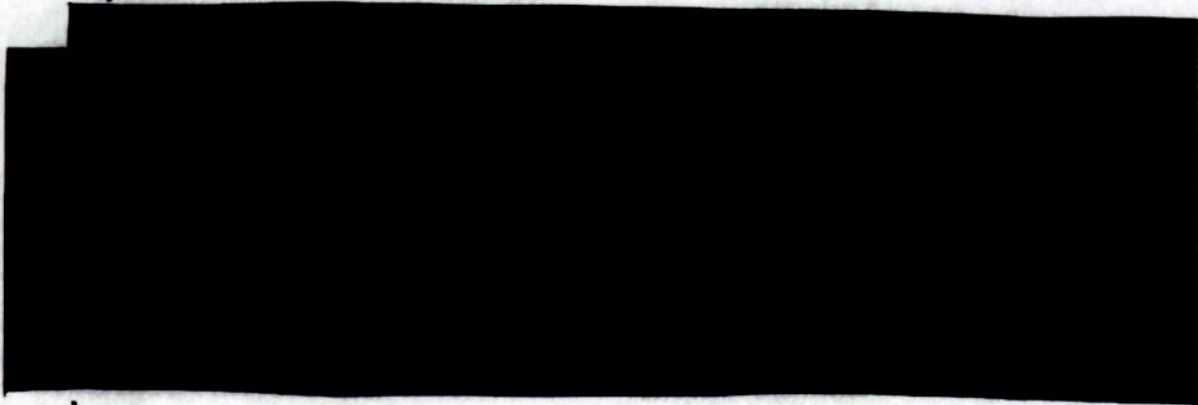
A continuing priority is maintaining Egyptian support for combined military training exercises. Political considerations affect the Mubarak government's approach to regional exercises.

_____ for example. To date the Egyptians have found that the benefits to their military from these exercises outweigh domestic and regional political criticism. The current Bright Star exercise is a

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OSD 3-3 (b)(5)(c)

case in point; despite Egyptian officials' concern about publicity and the attacks in the opposition press, Bright Star is going ahead as planned. To ensure this attitude continues, we must show sensitivity toward Egyptian concerns about publicity and seek to structure the exercises so that the benefits to the Egyptian military are relevant to its needs, particularly in dealing with regional problems, and to our FMS program.



The Egyptian View of Strategic Cooperation

The Egyptian view of our strategic relationship is driven by Egypt's political and military interests, which are similar, but not identical, to our own. The Egyptians share our concern about Soviet and radical threats to regional states and expect the U.S. to take the lead in resisting an overt Soviet military thrust into Southwest Asia. At the same time, the Egyptians may not regard regional events with the same degree of urgency as we would, unless directly threatening to Egypt. They also look to the U.S. as the principal source of military equipment needed to modernize the Egyptian military so that it can play a credible role in supporting key regional states, particularly Sudan, against subversion or attack from radicals such as Qadhafi. Finally, the Egyptians believe their strategic relationship with the U.S. both complements our political relationship and gives Egypt credibility as a regional political and military power.

In Mubarak's view our strategic relationship has political costs as well as benefits. The most important of these is popular suspicion, based on previous experience with the British and Soviets, of any military relationship with another power. Mubarak's domestic opponents regularly attack him for permitting [redacted] and for subordinating Egypt's interests to those of the U.S. These attacks are

OSD 3.3(b)(5)(6)

particularly virulent whenever [REDACTED]
Mubarak is also concerned about the effect of our strategic relationship on his efforts to reassert Egyptian leadership in the Arab and non-aligned worlds.

Mubarak, unlike Sadat, is not willing to dismiss these concerns and has put clear limitations on our strategic relationship. Mubarak will not permit us to do anything which might be interpreted as our having acquired a military base in Egypt. [REDACTED]



OSD 2.3(b)(6)

It should be noted that Mubarak has indicated that while there are limitations on our peacetime strategic cooperation, this would not be the case in a regional contingency. [REDACTED]

[REDACTED] Egypt has demonstrated this on more than one occasion.

A Strategic Cooperation Game Plan

Our principal focus over the next two months will be to reach agreement with the Egyptians and the Congress on Ras Banas construction and to get through the Prized Falcon and Bright Star exercises. We should then start a high-level dialogue with the Egyptians on our strategic relationship, along the lines described earlier in this paper. This could be done in one of two ways. It is possible that both Defense Minister Abu Ghazala and President Mubarak (if he attends the

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UNGA) will be in Washington in September. If this occurs, Secretaries Shultz and Weinberger should begin the dialogue here with Mubarak and Abu Ghazala. We could then hold follow-up discussions in Cairo. Should Mubarak not come to Washington, we would discuss the strategic relationship with Abu Ghazala during his mid to late-September visit and then send a high-level official to Cairo in October for follow-up discussions with Mubarak, Foreign Minister Ali and Abu Ghazala. Under Secretary Eagleburger could carry a message from President Reagan, which would be prepared after talks with Abu Ghazala.

Prior to the start of a dialogue with the Egyptians, a formal inter-agency review of the strategic relationship should be conducted, drawing upon ongoing NSDD 99 studies. This review would have two goals. The first would be to examine thoroughly U.S. strategic needs for Egypt, particularly those related to support U.S. force projection into the region during a contingency. The second would be to reach a consensus on our strategic priorities for Egypt and how these priorities fit within the overall bilateral relationship.

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