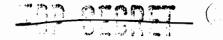
MEMORANDUM



THE WHITE HOUSE

WASHINGTON

TOP SECRET/SENSITIVE (CONTAINS CODEWORD)

March 18, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Weekly National Security Report #5

1. Opinions

Japan: Reprocessing Issue

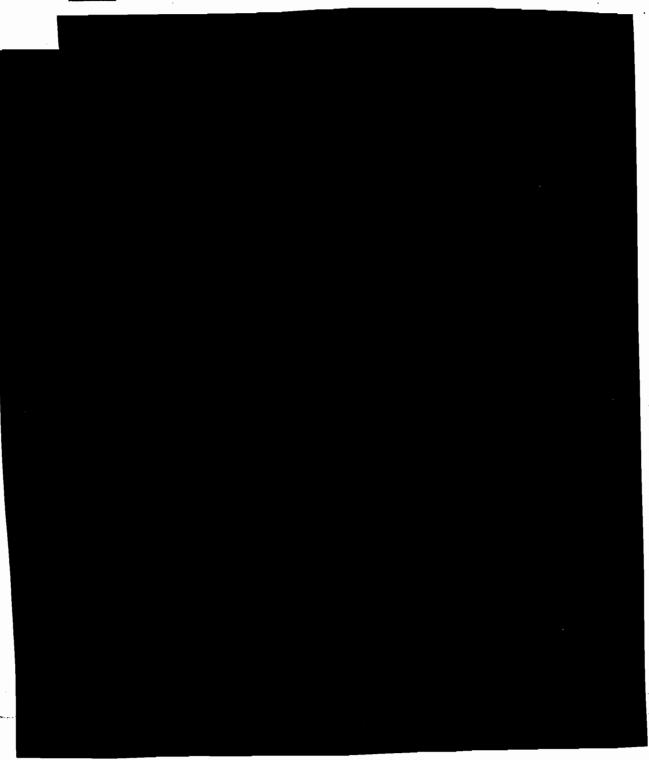
-- The nuclear reprocessing issue -- which will be a key topic of conversation with Prime Minister Fukuda next week -- could impose strains on our political relationship with Japan. As Ambassador Togo pointed out, the Japanese have invested considerable resources in developing an independent nuclear cycle. They justify their determination to begin reprocessing in terms of their need to explore alternatives to their dependence upon oil; the central importance of nuclear power to their future energy program, environmental concerns about storing spent fuel rods, and optimistic estimates of the prospects for early utilization of the fast breeder reactor. The Japanese now perceive that their plans for greater energy independence may fall victim to U.S. nonproliferation initiatives. Specifically, the Japanese Government feels it will be in a very exposed position in the event that the Tokai reprocessing plant -which has been in gestation for 14 years and has cost more than \$200 million -- is unable to operate as a result of a unilateral decision by the U.S. Government. The Japanese press has stimulated acute public interest in the issue.

Fukuda probably does not expect a resolution of this issue during his meetings with you next week. Their interest is in not having us say "no;" our interest for the moment is in not having to make that decision. We need to avert a confrontation, and this may best be accomplished by setting up a new consultative mechanism composed of people that are both technically competent and sensitive to arms control consideration, to exchange views with the Japanese on nuclear need for the reprocessing step in the nuclear fuel cycle. But beyond this we need to refocus attention to the more positive task of jointly working toward safe, economical, nondiscriminatory forms of nuclear technology.

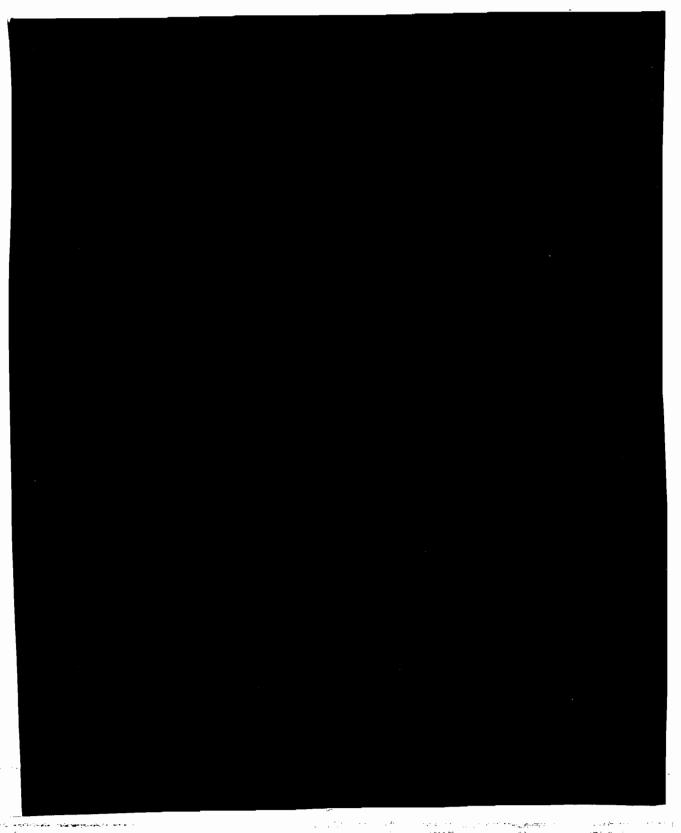
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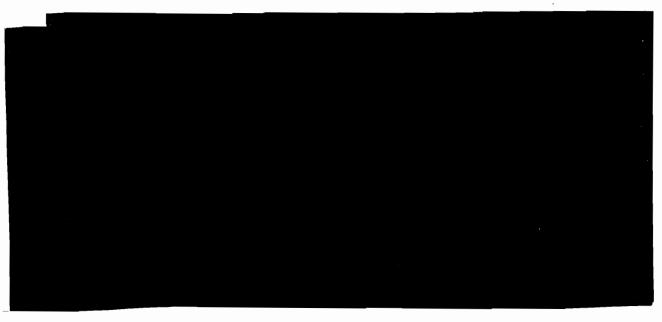
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PRC Claims Assets

NSC and State representatives met with PRC officials to discuss the Claims Assets issue on Thursday afternoon, March 17. We asserted our desire to return the negotiations to their state in February 1973, when we reached an agreement in principle. (Afterward, negotiations broke down.) We asked the Chinese whether their government is prepared to return to the agreement in priciple and proceed from there anew. The Chinese responded that they would inform Peking of our query.

Panama

Our initial strategy to hold the question of the termination date of a treaty in suspension while we explore Panama's position on neutrality and post-treaty defense arrangements has apparently failed. Your reference on March 6 to the year 2000 as the date after which we will be concerned with the Canal's neutrality was taken by the Panamanians as an indication that the only issue worth focusing on is neutrality, and we have been thrown on the defensive.

Torrijos was ill this past week, but yesterday told an Italian newspaper that he wanted the United Nations to control the waterway. Unless he accepts a special role for the U.S. within this guarantee-system, we are back to the beginning. Negotiations promise to be difficult in the months ahead unless we can convince Perez and Lopez Michelsen to get Torrijos to accept our requirements on neutrality.

Ethiopia

The situation in Ethiopia has become more tense following Fidel Castro's visit this week. The regime continues to arm workers and other people it believes are its supporters and random shootings, as well as killings of students and regime opponents, are increasing steadily. American tourists are being advised to avoid Ethiopia and there's discussion of possible evacuation of American official dependents.

3. Alerts

Zaire

The next "decision point" for Zaire could occur the middle of next week, after our communications are better established on the ground in Zaire and the situation is better clarified. We will probably be asked to follow up with a significant ammunition resupply effort. Taking this resupply step would commit us far more deeply than the small steps taken to date. A re-appraisal should be made, as you suggested in a comment in the PDB, at the NSC level before we respond to an ammunition supply request.

Pakistan

In Pakistan, the elections are over and Bhutto has repressed the opposition parties who took to the streets to protest what was apparently excessive rigging (even by Pakistani standards) of the outcome. The result is that Bhutto's legitimacy is considerably tarnished even though he still maintains firm control. The impact on U.S. interests is less easy to determine. Bhutto could become more preoccupied with domestic affairs and less of an international presence. He will probably claim that his domestic position is weakened; hence we should be more understanding of his needs in the nuclear and arms supply areas. On the other hand, if he resorts to jailings and continued strong-arm tactics, we are going to have the human rights issue raised in Pakistan. Bhutto's record has never been unblemished in this regard, but the American press is only now beginning to take an interest in Pakistan because of the unrest following the elections. If they start digging deeply, they may find some unpleasant things.

Anti-Boycott Legislation

The mark-up process on anti-boycott legislation has begun and the reaction of the business community to what seems to be emerging is very negative. Irving Shapiro is sending you a letter stressing the concerns of the Business Roundtable participants and requesting a meeting with Administration representatives. We have heard some complaints from Congressional staff members about the lack of a clear Administration position. Some amendments being proposed in the House and Senate would make it virtually impossible for U.S. companies to do business in Saudi Arabia without violating either our laws or Saudi laws. Secretary Vance intends to write to Committee Chairmen spelling out the Administration's views and it may be desirable for the White House to weigh in as well. Final mark-up for the House bill will be March 15 and for the Senate bill on March 17.

4. Concerns

U.S. Energy Policy and our Long-Term Relations with Europe. The success of your energy policy in reducing U.S. dependence will have a significant effect on our relationship with Europe and on Europe's internal well-being. Europe's high-level energy dependence in effect competes with its political, economic and security relationships with the U.S. This tension creates the potential for serious strains on Alliance cohesion in the event of a supply emergency like the Arab oil embargo of 1973-74. More generally, it may limit the responsiveness of European countries to American interests and priorities in a variety of contexts, including cooperation among oil-importing countries.

The effectiveness of American leadership in energy matters will depend critically on the perceived ability of the U.S. to limit European energy risks and vulnerabilities. This in turn will probably be particularly sensitive to two factors: the degree to which U.S. policies are seen as provocative to OPEC governments, and the level of U.S. dependence on imported oil. Because the U.S. has greater leeway than Europe both to increase domestic energy production and to curtail consumption, rising U.S. dependence may jeopardize the credibility of American policies --contributing to a suspicion of U.S. motives and a resentment of the economic strength that permits the U.S. to indulge its current pattern of energy use.

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However, energy trends are unlikely to provide an impetus for greater unity within Western Europe. On the contrary, growing disparities in energy dependence, as well as in underlying economic health, may increasingly challenge the progress of European integration, not only on energy issues but also in other areas.

The management of Atlantic trade and monetary relations will continue to be significantly influenced by the derivative effects of high energy costs. It will be necessary to cope with greater incentives for assertively nationalistic economic policies, as oil-importing nations attempt to manage energy-related domestic economic difficulties and to form special trade and investment relations with producers. These factors will also impinge on the coordination of U.S. and European policies on "North-South" issues.

There is some danger that these problems could spill over into the field of Atlantic security policy, as economic constraints place a strain on NATO defense budgets and as the Mediterranean/Middle East orientation of the Southern European countries is enhanced in response to energy dependencies.

On balance, energy trends make less likely the emergence of either an "Atlanticist" Europe -- highly responsive to U.S. priorities -- or a "Europeanist" Europe -- united and independent. Instead, these trends will tend to produce a Europe that is less autonomous, less unified, and relatively weaker than during the years before the 1973 oil crisis, but not necessarily more amenable to U.S. leadership and influence.

5. Reactions

UN Address

Initial Soviet reaction consisted of a brief English-language broadcast which featured your statements on strategic arms negotiations and your proposal to terminate all nuclear tests.

The broadcast's only reference to human rights said that you reiterated the U.S. position, "which was criticized in many countries, including America's allies." Evidently timed to coincide with your speech, this morning's <u>Pravda</u> denied allegations of human rights violations in the USSR and accused the West of waging a slander campaign on the issue.

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The Bulgarian, Czechoslovak, and Hungarian radios highlighted your statement that you intend to pursue SALT negotiations with the USSR and to reduce the arms race. Sofia and Budapest were critical of you on human rights.

Costa Rican officials were 'highly enthusiastic' about your support for a UN High Commission on Human Rights.

The Guatemalan Foreign Ministry declared that it "shares the concern" of the U.S. on human rights but added that the U.S. should work through "international agreement channels" so as to "give the accused government an opportunity to defend itself."

In Africa, the opposition Johannesburg <u>Star</u> praised the speech and said that you "offer a genuine commitment to peace, to human dignity, and to individual freedom."

India's Amrita Bazar Patrika editorialized that your call for talks with Moscow on demilitarizing the Indian Ocean represented a "meaning-ful step toward restricting military rivalry between his country and the Soviet Union."

By the way, Andy Young's office at the UN is very pleased. Members of the staff lingered in the vestibule after the speech and found the reaction -- particularly among African states -- extremely positive. They report that no head of state has received so much applause in recent memory. They call it "a tremendous boost for the U.S. at the UN."

Middle East Statements

Former Jordanian Prime Minister Zaid Rifai told Ambassador Pickering yesterday that he considered the President's March 9 statement the "most important event in the Middle East in recent years." In his view, the statement leaves plenty of room for negotiation on security arrangements, but calls for "the kind of territorial settlement the Arabs have been counting on." He feels that the Arabs should not fear normalization measures in the context of such a settlement. Moreover, he thinks the "Arabs should not be unhappy about the presence of Israeli forces on Arab territory for some period if necessary." He sees the reference of "up to eight years" as the period of phased withdrawals, not the negotiating period as some Arabs have interpreted it. He says he has relayed these views to King Hussein and to Syrian Foreign Minister Khaddam and that

they have revised their initial reactions as a result.

Japan: Korean Troop Withdrawals

The Japanese Foreign Ministry briefed our Embassy in Tokyo on an analysis they have just completed regarding prospective U.S. troop withdrawals from Korea. Their assessment -- designed to provide the basis for briefing of Prime Minister Fukuda prior to his visit -- is implicitly critical of the Administration's desire to conduct early withdrawals. The Foreign Ministry evidently is perplexed regarding the underlying motivations for the U.S. decision, and fears that it reflects domestic political considerations rather than strategic calculations. They regret that there is no apparent disposition to make U.S. withdrawals conditional upon steps by North Korea and its allies to stabilize the status quo on the Peninsula.

Venezuel a

Venezuelan President Perez praised your March 11 annual address to the Congress. Specific references in the three-hour presentation included:

- -- reference to your February 22 letter as a "categorical" refutation of the assertions in the New York Times of CIA payments, and indicative of your "noble moral stature";
- -- a description in glowing terms of the "tremendous progress" being made in the Panama Canal negotiations and of your emphasis on the global observance of human rights and effort to bring a halt to nuclear proliferation.

Brazil

Brazil's most important weekly magazine -- Veja -- carried an eight-page cover story on March 14 entitled "The Brazil-U.S. Confrontation." The article included what was presented as the full text of the State Department report on the status of human rights in Brazil.

Editor Robert Guzzo's "Letter to the Reader" on the lengthy story noted Brazil refusal of U.S. military assistance and commented that while Brazil surely does not need outsiders pointing out her errors or

determining what the nation can or cannot do, the controversy over human rights would not have been initiated if Brazil were living under fully democratic institutions.

Poland: Human Rights

A very interesting cable from Warsaw (copy attached) reports comments of high-level Polish editor (unidentified) to our Embassy praising your human rights approach and specifically your letter to Sakharov.