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MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

June 26, 1979

MEMORANDUM FOR ZBIGNIEW BRZEZINSKI

FROM: EUROPE *BJ*

SUBJECT: Evening Report

Eastern Europe

Romania/Warsaw Pact. According to statistics received from Embassies of Romania's Warsaw Pact allies, the share of Romania's trade with her WP allies declined from 41.5% in 1977 to 39.3% in 1978. Trade with Soviet Union experienced no growth, and share of trade with Moscow dropped from 19.1 in 1977 to 17.4% in 1978. If current five-year plan is fulfilled as expected, share of trade with WP allies will decline from current 39.3% to about 35%. (C) (Larrabee)

Yugoslavia/Hijacking. In course of conversation with Ambassador Eagleburger, Yugoslav FSFA Assistant Secretary Melovski expressed unhappiness about manner in which US handled Kajava hijacking of airline to Ireland, particularly characterization of Kajava as Serbian "nationalist" rather than terrorist. While Yugoslav concerns are often exaggerated, in this case they do have a valid point. As Eagleburger has noted in reporting cable, it is one thing for newspapers to use such a characterization, but State should avoid such terminology, especially in light of Yugoslav sensitivities. His point is well taken, and we should be more careful in the future. At the same time, Eagleburger rightly pointed to Administration's record regarding apprehension of terrorists: three years ago, none were in jail, today, some 17 are in prison or under indictment. (C) (Larrabee)

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Poland/Schaufele Meeting with Gierek. Ambassador Schaufele used occasion of President's letter to Gierek to request meeting with Gierek, which he received with unusual speed. In meeting, Schaufele underscored importance of "close and candid dialogue"

State Dept. review
completed

NLC Review
Completed.

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not only on bilateral issues but also on Poland's economic problems. He also raised humanitarian concerns referred to in President's letter. Gierek greeted President's letter with enthusiasm, but refrained from commenting on delicate subjects. (C) (Larrabee)

Turkey/Byrd Stop-over. Fended off several phone calls from Richard Burt of NYT who is trying to flush out background and rationale of possible stop-over in Ankara by Senator Byrd. Burt is interested in U-2 angle in particular. Coordinated with Madeleine to work out a common line. (C) (Larrabee)

Activities. Still plugging away trying to span the knowledge gap. Saw General Lou Allen, the P/M SALT office, the Soviet side of INR, and Al Friendly of SFRC. (U) (Bremont)

Gromyko Press Conference. Noteworthy points: a) categorical rejection of any renegotiation; b) emphasis on Brezhnev's personal SALT effort; c) call for participation of "other states" in SALT III; d) statement that Soviets had not detected a US "definite plan of action" for granting MFN; and e) support for establishment of "small" Palestinian state. (U) (Bremont)

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Western Europe

France. Translated Giscard's letter to the President and "processed" it in time for ZB's departure. The latest VGEgram conveyed full text of the official French Government reaction to SALT II, which was a statement more forthcoming (or less grudging) than I for one would have predicted. It makes good, by and large, on Francois-Poncet's earlier promise to come up with "positive public support."
(C) (Rentschler) 25X1

Portugal/Angola.

[redacted] Neto [redacted] 25X1
expresses his interest in improving relations with Portugal and the West, to the extent of putting a hold on relations with the Soviets and an end to Cuban troop presence in his country (in return for an arrangement that permits SWAPO to return to Namibia). Will be looking into this in greater detail with Thornton and/or Funk. (C) (Rentschler) 25X1

UK. A close look at the Thatcher Government's maiden budget reveals that all the noise about an extra 100 million pounds for defense is more than a little misleading: in fact, none of the extra funds will be for new programs or additional equipment and will be used to cover increased costs for existing items. Still, better than nothing. And it is true that defense is virtually the only government activity which has been allocated any kind of increase (all other public expenditures have been significantly cut). (U) (Rentschler)

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