• 155714 SECRET

THE DEPUTY SECRETARY OF STATE WASHINGTON

10 August 1981

MEMORANDUM FOR: THE PRESIDENT

From

: William P. Clark, Acting WPC

NLRR 11 453/2 # 155714 NLRR 11 7/3/14

1. Disruptive Action of Foreign Air Traffic Controllers.
International flights encountered increasing problems on August 10.
The most serious difficulties are with Canada and the North Atlantic.
The Canadian air traffic controllers have selectively refused to handle aircraft to and from the U.S., severely limiting flights across the North Atlantic. The situation is further complicated by the sympathy strikes of air controllers in the Azores and in Marseilles. If these work stoppages persist, they will undermine the FAA's efforts to reroute flights from the North Atlantic to the mid-Atlantic.

Work stoppages will probably continue for at least the next several days. The critical questions will be the Canadian Government's success in convincing Canadian controllers to resume their operations. The GOC has threatened to suspend or dismiss the strikers, but may not

be able to carry out these threats.

- 2. Poland. There is no indication of any significant change in the overall Soviet military posture on Poland's borders. Over recent days, Soviet forces have participated in an amphibious exercise codenamed BALTIYSK along the Soviet coast near Polish territory. Such exercises have been held at this time for the past several years. Though on a somewhat larger scale than in previous years, BALTIYSK's timing and configuration appear consistent with normal seasonal training. The Soviets may of course want to use this exercise to keep up pressure on the Poles, and there are indications that land forces may also begin exercises.
- 3. Portugal. Francisco Pinto Balsemao has announced that he will submit his resignation as Portuguese Prime Minister today. Assuming President Eanes accepts Balsemao's resignation, he will ask him to stay on until a new government is formed. It is too early to predict how this crisis will play out. What is clear is that Portugal is in for a protracted period of political turmoil. Although our interests will not be directly affected, the uncertain political situation could make the GOP more cautious about cooperating with us on politically sensitive issues such as transit of F-16's to Israel.
- 4. Countervailing Duty Case Against Australian Lamb. Australian Prime Minister Fraser called in Ambassador Nesen August 6 to emphasize the importance of amicably resolving the countervailing duty (CVD) case against Australian lamb. Fraser noted that the long history of U.S. trade restrictions makes Australians resent this sort of action and that the U.S. has a large (\$1.5 billion) trade surplus with Australia. If a CVD is imposed, he asserted, this "would do infinite damage to U.S.-Australian relations." If the situation cannot be resolved at a lower level, Fraser said he would telephone you personally.



MEMORANDUM



THE WHITE HOUSE

WASHINGTON

SECRET ATTACHMENT

August 11, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

Acting Secretary Clark's Evening Report

Attached is Acting Secretary Clark's Evening Report for August 10, 1981.

cc: The Vice President
Ed Meese
James Baker
Michael Deaver

SECRET ATTACHMENT

Received August 10, 1981, 10:15 p.m.

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SPECIAL INSTRUCTIONS/REMARKS:

THE CLARK REPORT -- DELIVER AT O.O.B.

1. RANCH -- THE PRESIDENT'S COPY SHOULD BE DELIVERED TO THE MILAIDE OFFICER WITH THE FOLLOWING INSTRUCTIONS:

"PLEASE DO NOT DELIVER TO THE PRESIDENT UNTIL YOU RECEIVE INSTRUCTIONS TO DO SO FROM MR. DEAVER IN SANTA BARBARA."

2. SANTA -- PLEASE PASS THE FOLLOWING INSTRUCTIONS TO MR. DEAVER:

"THIS MESSAGE HAS BEEN DELIVERED TO THE MILAIDE OFFICER TO THE PRESIDENT. HE IS AWAITING FOR YOUR INSTRUCTIONS AS TO WHEN HE SHOULD DELIVER IT TO THE PRESIDENT.

CLASSIFICATION

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