

NATIONAL SECURITY COUNCIL MEETING

Monday, June 1, 1981

TIME AND PLACE: 3:30-4:30 P.M.
The Cabinet Room

SUBJECT: Arms Transfer Policy & F-16As for
Venezuela --
US Policy Toward Libya

PARTICIPANTS:

President Ronald Reagan
Vice President George Bush

State
Secretary Alexander M. Haig, Jr.

Defense
Secretary Caspar Weinberger
Deputy Secretary Frank Carlucci

CIA
Director William Casey

JCS
General David C. Jones
Lt General John S. Pustay

White House
Mr. Edwin Meese III
Mr. James A. Baker III
Mr. Michael K. Deaver
Mr. Richard V. Allen
Ms. Janet Colson
Mr. Frank Hodsoll

Office of the Vice President
Admiral Daniel J. Murphy

OMB
Mr. William Schneider

USTR
Ambassador David MacDonald
Mr. Stephen Lande

NSC
MGen Robert Schweitzer
Mr. Geoffrey Kemp
Major Robert Kimmitt

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BY RW NARA DATE 10/16/12

MINUTESArms Transfer Policy & F-16As for Venezuela

Mr. Allen opened the discussion by stating that the Secretaries of State and Defense submitted a proposed arms transfer policy statement, and that the NSC Staff prepared a draft National Security Decision Directive predicated on the Secretaries' statement. The NSDD makes a clean break with PD-13 and establishes a positive, flexible, and pragmatic approach toward arms transfers. Consideration of the policy statement also provides a good opportunity to discuss the sale of F-16A fighter aircraft to Venezuela.

Secretary Weinberger stated that there was agreement on the arms transfer policy statement. On Venezuela, he noted that there are MIG-21 and 23 fighters in Cuba, with airfields being built in Nicaragua and Grenada, thereby giving an expanded arc of capability to unfriendly air forces. This new arms transfer policy will permit consideration of all factors involved in a decision of this sort, rather than basing decisions on preconceived notions about arms transfers.

The President asked whether this decision might lead countries less able to pay for F-16s to request such aircraft for political reasons.

Secretary Weinberger responded that such requests could be received, and that they would be reviewed in the light of the new arms transfer policy.

The President then asked for a description of the differences between the FX fighter and the F-16.

General Jones responded that both the F-5G and the F-16/79 are very capable planes, but that the F-16 variant has an edge in capability and has a better image than the F-5G.

The President then asked whether it were true that the F-5G could outperform the F-16 in some categories and was it easier to maintain.

General Jones responded in the affirmative, noting that many F-5s have been sold around the world, some as part of coproduction ventures, and that they are cheaper, more easily maintainable aircraft.

The President asked how the F-5G compares against the Mirage.

General Jones responded that the advanced Mirage would be a good competitor for the FX, which includes both the F-5G and F-16/79, while the older Mirage aircraft are not as capable.

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The President then remarked that, given these very positive features of the F-5G, we should promote actively both the F-5G and F-16 in future sales efforts.

Secretary Haig then noted that we are really discussing two issues: the policy statement and F-16As for Venezuela. The policy statement is a long overdue revision of the Carter policy. It lays out, on page 2, the important issues that will be considered on an interagency basis prior to decision, including threat and absorptive capacity. Under Secretary Jim Buckley will oversee implementation of the policy at the interagency level. If a case raises significant policy issues, it will be forwarded to the President or the NSC for approval, in a paper that lays out the pros and cons of the particular sale. The policy itself should go out over the President's signature, with State doing both briefing and background work.

Mr. Allen then asked whether Jim Buckley had already given a preview of this policy both to the Hill and to industry.

Secretary Haig responded that he had, noting that industry was very supportive because they thought that the Carter policy was misguided.

The President agreed, noting that if we ever have to accelerate defense production, we would not have the capability to do so as matters now stand.

Secretary Haig reported that consultations had been undertaken on the Hill. House members, reflecting the Democratic majority, urged the use of more restraint-oriented language, while those in the Senate were more enthusiastic about the forthcoming nature of the policy. In sum, he foresaw no major problems on the Hill.

Mr. Allen stated that an NSDD revoking PD-13 would be forwarded to the President.

Secretary Haig then turned the group's attention toward the proposed sale of F-16A aircraft to Venezuela, noting that the F-16A is more capable than the F-16/79.

General Jones agreed, saying that the F-16A is a high performance aircraft substantially more capable than the F-5G.

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The President asked exactly which plane was being proposed for Venezuela.

General Jones responded that it was the high performance F-16A.

Secretary Haig stated that if the F-16A were not approved, the Venezuelans indicated that they would purchase Mirage aircraft from France. At this point, we are only providing details to the Venezuelans so that they can make a final decision on whether to purchase the aircraft.

Mr. Allen asked whether the decision was required before the Herrera visit.

Secretary Haig suggested that if the President were to approve the State-Defense-ACDA recommendation, we could provide the details now and, if the Venezuelans are interested, the final decision to sell could be announced when the President sees Herrera.

Mr. Allen then asked the cost of an F-16A as compared to the FX aircraft.

General Jones responded that both the F-16A and the F-16/79 would cost approximately \$30 million per aircraft, including support. The F-5G would be cheaper.

Secretary Haig then noted that this decision would have implications elsewhere in the world, particularly in Pakistan, which is also interested in F-16.

The President then remarked that anyone objecting to the sale should make his objections known.

Secretary Weinberger stated that it might be better to approve the sale before the Herrera visit so that it would not look as if the decision had been extracted from the President. It would also make for a better atmosphere at the meeting with Herrera.

Secretary Haig said that advance approval would also avoid making the President look like an arms merchant trading weapons for bilateral concessions.

The Vice President then asked what threat would be countered by this sale, since the new arms transfer policy makes clear that threat is a primary consideration.

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Secretary Weinberger responded that primary threat for Venezuela is MIG aircraft that are based in Cuba and that perhaps would be based in airfields in Grenada and Nicaragua.

Secretary Haig said again that if the Venezuelans did not receive approval to buy the F-16A, they would turn to the Mirage.

Secretary Weinberger stated that the F-16/79 would probably be sufficient to counter the threat to Venezuela, but since the Venezuelans are good friends and can pay for the F-16A, we should approve the sale.

Mr. Schneider agreed that the Venezuelans can afford the aircraft but noted that the other countries such as Pakistan cannot. He suggested, therefore, that a policy be developed that would take the recipient's financial situation into account before considering a sale of first-line fighters. Also, if one reason for making the sale is to reduce unit costs and warm the production base, we should consider the full range of first-line fighters, including the F-18.

The President remarked that this approach made good sense.

Secretary Haig noted that we will breach "the sound barrier" with this first-line sale to Latin America, and that we may be approached by other "have" nations (Argentina, Brazil, and Chile, for example) once the decision has been made. The fact is, however, that we have been lagging and the Europeans have been gaining. Thus, when new requirements develop, we will assess them against the new policy guidance.

Mr. Allen said that arms transfers raising significant issues should be considered good topics for the NSC advance notice calendar.

Mr. Meese underscored that this would be the first introduction of first-line fighter aircraft into Latin America.

General Jones said that if we were "free agents" on this issue, we would probably prefer to sell the FX to Venezuela. However, we were not free to do so in this case because of European competition.

Mr. Meese remarked that national prestige was also involved.

Mr. Allen stated that, in the guidance accompanying announcement of this decision, there should be some reference to our not desiring to spur an arms race by virtue of this sale.

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Secretary Weinberger agreed, noting, however, that we should not establish a policy of selling first-line aircraft only to those who could pay, because there may be cases in which we wish to provide such aircraft to poorer nations.

Secretary Haig said that State and Defense would prepare the necessary guidance to accompany this decision.

Mr. Baker asked whether the guidance would state only that the decision to provide details had been made.

Secretary Haig said it would be better to say that the President has approved the sale in principle.

Mr. Allen said that memoranda to the parties concerned would be prepared.

Mr. Baker asked whether we should defer announcing the decision if Herrera were to visit in July.

Secretary Weinberger thought not, since we should avoid the appearance of the sale being extracted from the President.

Secretary Haig agreed, saying that advance approval would also provide a better atmosphere for the visit.

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U.S. Policy Toward Libya

Mr. Allen: It's fair to say that of all the many problems we face today none are more vexing than that posed by the unacceptable behavior of Libya's Qadhafi toward us and our allies. Libyan activities have become a serious threat for the region and has included military invasion into Chad and possibilities of further adventurism into parts of Africa. With regard to our policy toward Libya, probably a lot of momentum has been lost as a result in the change of Administration in France. The paper before you addresses some of these issues and some of the proposals we have come up with for dealing with the Libyans.

Secretary Haig: I think closing the People's Bureau in Washington sent a signal to the Libyans, Mr. President. It suggests that you are not going to conduct business as usual. More specifically, the follow-on actions we have for putting pressure on the Libyans are rather modest. They are the best we could come up with without recourse to covert operations. What we have attempted to do is to avoid being excessively provocative. We have to be aware of the fact that there are 2,000 U.S. citizens working for the oil companies in Libya. We've sent out warnings to all U.S. citizens strongly urging companies to withdraw all but essential personnel.

The President: The head of Exxon was on TV the other day. They have told their people that they could get out, but everybody wanted to stay. We do have companies out there and I wonder what their policy is.

Secretary Haig: That's right, Mr. President. They seem to have reduced their personnel to a minimum, but there is no immediate jeopardy for them. We should stress that the actions that we proposed have been looked over very thoroughly by the Interdepartmental Groups -- the IGs and the SIGs and there is consensus.

Secretary Weinberger: Mr. President, one of the actions we want to talk about is our proposed military exercise into the Gulf of Sidra. We originally scheduled this for late June. Now we intend to defer to late August when we will have two battle groups in the area. We think this is necessary to provide the security in case there is hostile action. We don't know what the Libyans are going to do.

General Jones pointed to the map and repeated that we would have two carrier groups in the Mediterranean in August. This is the safest way to make a demonstration. We will

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have flights into the disputed zones in the Gulf of Sidra and then move ships in. In 1973, the Libyans started to claim sovereignty over the Gulf of Sidra and sent up air interceptors. In fact, in 1973 they shot at one of our aircraft. Then, there was relative quiet until last summer. At that time the number of intercepts went up dramatically. In September one tried to fire upon us, but we are not sure whether it was on orders. We picked up a message that suggested the pilot was meant to shoot. A Libyan pilot defector told us that there were often Syrian pilots in these planes. On this occasion they were reprimanded by Qadhafi for not firing at U.S. aircraft. At that point we began to escort. In April of this year, 25 MIGs (18 MIG-23s and 7 MIG-25s) came up to intercept our planes and closed in on us. Qadhafi evidently has given orders for them to shoot at us but the pilots seem to be scared. They are scared of the Phoenix missile and its long range intercept capability. Last week two French airplanes were fired at twenty miles offshore. Two fighters fired cannons at the French aircraft. This was the second time the French had been fired at.

The contended area is that below 32'30° degrees North. We used to run missile exercises just above that area. We had one scheduled for last September. Libya said that she would take action if we conducted the exercise and we didn't complete it.

With regard to the coming up exercise, there were two issues -- first, our proposed activities north of 32'30° North and second, what we would do south of 32'30° North. Our current plan is to go first with fighter aircraft south of 32'30° North, then send some ships in. The Libyans may fire upon us. We'll follow peace time rules of engagement. That is to say they are allowed to get the first shot. We'd suggest, Mr. President, that you consult with the Attorney General on how this relates to the War Powers Act. We will be informing our allies of what we are doing, especially the British.

The President then asked some questions about the rules of engagement.

General Jones said that there was probably a fifty-fifty chance that they'll shoot at us.

Admiral Murphy recalled that in 1973 when he was out there you could hear the Libyans say "Fire." At that time the whole operation was very closely monitored by the senior officers on the U.S. fleet and we were prepared to take out the Libyan aircraft.

The President recalled the shooting down of the U.S. plane over North Korea in 1968. He wanted to know what we would do if they shoot us this time.

General Jones said that there were contingency plans. That if they shoot one of our aircraft down we would not only go after their aircraft but after their airfields. It was for this reason we wanted two carriers in the region.

The President wanted reaffirmation as to why we needed the exercise at this time.

Secretary Haig said there were several reasons. Libya's behavior had become outrageous and was violating international law. Secondly, it engaged in harassment of our aircraft and ships which was intolerable. Thirdly, the whole Libyan problem has been raised by Sadat and the Moroccan Foreign Minister recently and most of the other countries of North Africa want something done about Libya. The Secretary felt that there was a feeling throughout the Departments that while the actions proposed, including the exercise, don't mean a great deal they are worth taking. We should not be bluffed out of the Mediterranean by this madman.

The President: This sounds good enough for me.

Secretary Haig: What this means then, Mr. President, is that you are approving in principle the actions that we have proposed. Obviously, closer to the time of the exercise we will have another session discussing in detail the rules of engagement and what legal considerations, such as the War Powers Act, you need to take into account.

The meeting adjourned at 4:40 p.m.